U.S. Congress,

Congressional Record

PROCEEDINGS AND DEBATES

OF THE

FIRST SESSION OF THE SEVENTY-SECOND CONGRESS

OF

THE UNITED STATES
OF AMERICA

VOLUME 75—PART 12

JUNE 13, 1932, TO JUNE 23, 1932

(Pages 12739 to 13810)

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1932

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

26443

Law
J
11
.R5

Congressional Record

SEVENTY-SECOND CONGRESS, FIRST SESSION

SENATE

MONDAY, JUNE 13, 1932

The Chaplain, Rev. ZeBarney T. Phillips, D. D., LL. D., offered the following prayer:

O Savior of the World, who for our sakes has worn the robe of mortal flesh; grant that by Thine own indwelling we may discover the flowering of eternity in the living forms of time. In the midst of all that saddens and perplexes make us humbly glad to live in this difficult and splendid day, wherein only by contact with life in all its wholeness can we discern its drift. Bestow upon us now the love which casts out fear, that, following the path to which the implacable voice of duty calls us, we may combine the shepherdly heart with a clear and radiant wisdom, and, by our stainless, opulent lives, challenge every man who hears the faintest whisper of that voice to follow in our train. We ask it in Thy name and for Thy sake. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar day of Saturday last, when, on request of Mr. VANDENBERG and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes; that the House had insisted upon its disagreement to the amendments of the Senate Nos. 46 to 168, inclusive, to the said bill, agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MCDUFFIE, Mr. DOUGLAS of Arizona, and Mr. WOOD were appointed managers on the part of the House at the further conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes; that the House had receded from its disagreement to the amendment of the Senate No. 6 to the said bill, and concurred therein; that the House had receded from its disagreement to the amendment of the Senate No. 76 and agreed to the same with an amendment, in which it requested the concurrence of the Senate; and also that the House insisted upon its disagreement to the amendments of the Senate Nos. 13, 14, 15, 16, 17, 21, 22, 29, 30, 53, 56, 61, 67, 68, 69, 77, and 82 to the said bill.

The message further announced that the House had agreed to the following concurrent resolutions of the Senate:

S. Con. Res. 7. Concurrent resolution to print and bind the proceedings in Congress, together with the proceedings at the unveiling in Statuary Hall, of the statue of Gen. John Sevier, presented by the State of Tennessee;

S. Con. Res. 21. Concurrent resolution to provide for the publication of the proceedings in Congress and in Statuary Hall in connection with the unveiling of the statues of Junipero Serra and Thomas Starr King, presented by the State of California; and

S. Con. Res. 24. Concurrent resolution to print and bind the proceedings in Congress and in Statuary Hall upon the occasions of the unveiling in the Capitol of the statues of Jefferson Davis and James Z. George, presented by the State of Mississippi.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 11337) authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. VANDENBERG. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

Ashurst	Costigan	Johnson	Pittman
Austin	Couzens	Jones	Reed
Barbour	Cutting	Kean	Robinson, Ark.
Barkley	Dale	Kendrick	Robinson, Ind.
Blaine	Davis	Keyes	Schall
Borah	Dill	King	Sheppard
Bratton	Fletcher	La Follette	Shipstead
Brookhart	Frazier	Logan	Smoot
Broussard	George	McGill	Steiwer
Bulkley	Glass	McKellar	Thomas, Idaho
Bulow	Goldsborough	McNary	Thomas, Okla.
Byrnes	Hale	Metcalf	Trammell
Capper	Harrison	Moses	Tydings
Caraway	Hastings	Neely	Vandenberg
Carey	Hatfield	Norbeck	Walcott
Cohen	Hayden	Norris	Walsh, Mont.
Connally	Hebert	Nye	Watson
Coolidge	Howell	Oddie	Wheeler
Copeland	Hull	Patterson	White

Mr. SHEPPARD. I wish to announce that the Senator from North Carolina [Mr. BAILEY] is detained by illness.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is detained from the Senate in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Seventy-six Senators have answered to their names. A quorum is present.

PROVISIONS PERTAINING TO INTERIOR DEPARTMENT APPROPRIATIONS (S. DOC. NO. 104)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting draft of proposed provisions pertaining to certain appropriations contained in the acts making appropriations for the Department of the Interior for the fiscal years 1932 and 1933, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

WAR-PROFITS TAX (S. DOC. NO. 105)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, in response to Senate Resolution No. 180, certain information and recommendations relative to the application in time of war of

a 95 per cent tax on all incomes of corporations and of individuals in excess of the prior 3-year average income, which was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial from the executive committee of the Brownsville Workers' Club, Brooklyn, N. Y., remonstrating against the passage of legislation known as the Dies deportation bill, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by members of the Aeronautical Association of America (Inc.), at Chicago, Ill., favoring the passage of legislation assuring the maintenance of the Reserve Officers' Training Corps, increasing enrollment opportunities in the Air Corps, etc., which was ordered to lie on the table.

He also laid before the Senate a letter from W. J. Kyle, of Detroit, Mich., relative to employment conditions and favoring the taking of immediate measures to relieve unemployment, which, with the accompanying newspaper clipping, was ordered to lie on the table.

He also laid before the Senate a letter from Mr. and Mrs. T. M. Gerow, Portland, Oreg., relative to the reinstatement of Mr. Gerow in the Postal Service, which was referred to the Committee on Civil Service.

He also laid before the Senate a letter in the nature of a petition from Marie E. McGrath, Washington, D. C., praying for the passage of the bill (H. R. 10358) for the relief of Marie E. McGrath, which, with the accompanying papers, was referred to the Committee on Claims.

He also laid before the Senate a letter in the nature of a memorial from E. A. Thomas, of Bloomington, Ill., remonstrating against the passage of legislation to make immediate payment of adjusted-service compensation certificates (bonus), which was referred to the Committee on Finance.

He also laid before the Senate a resolution signed by William H. Coston, past department chaplain, United States War Veterans' Encampment (by the authority of and at the behest of the Allied Negro Patriotic Organizations of the District of Columbia), relative to the matter known as the Massie case in Hawaii, and favoring the separation of Lieut. Thomas H. Massie, United States Navy, and the two enlisted men involved in the case from the naval service, which was referred to the Committee on Naval Affairs.

He also laid before the Senate a resolution adopted by the council of the village of Dupo, Ill., praying for the passage of legislation authorizing a bond issue not to exceed $5,000,000,000 for financing municipal public improvement projects so as to aid employment, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter, in the nature of a petition, from J. S. Swan, of Los Angeles, Calif., praying for the issuance of $2,500,000,000 in cumulative currency, etc., which was referred to the Committee on Banking and Currency.

Mr. ASHURST presented a telegram from Russell B. Fairgrieve, of Tucson, Ariz., expressing appreciation of the attitude of the senior Senator from Arizona [Mr. ASHURST] in opposing the so-called King bill in reference to emergency officers' retirement, and also protesting against "all attempts to remove presumptives from retired benefits because there are many worthy cases in Arizona," etc., which was referred to the Committee on Military Affairs.

Mr. BROOKHART presented petitions of sundry citizens of Webster County, Iowa, praying for the passage of the legislative program sponsored by the national farm organizations, which were referred to the Committee on Agriculture and Forestry.

Mr. SHEPPARD presented resolutions adopted by the district meeting at Amarillo, Tex., representing 90 Baptist churches, and the Fundamentalist Baptist Church, representing 500 people, of Amarillo, in the State of Texas, opposing resubmission of the eighteenth amendment of the Constitution to the States and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

Mr. COPELAND presented a resolution adopted by the North Tonawanda Taxpayers' Association, of North Tonawanda, N. Y., favoring retrenchment in governmental expenditures of every nature, which was ordered to lie on the table.

He also presented a resolution adopted by Pershing Square Post, No. 957, American Legion, of New York City, N. Y., protesting against the proposal to withhold the pay and allowances of some 2,000 officers of the Army in pending legislation, which was ordered to lie on the table.

He also presented a resolution adopted by the Board of Trade of the village of East Aurora, N. Y., favoring the making of appropriations only to the extent of meeting absolute necessities, which was ordered to lie on the table.

He also presented a resolution adopted by the Fifth Avenue Association (Inc.), of New York City, N. Y., favoring retrenchment in governmental expenditures, the curtailing of expenditures in behalf of veterans of the Spanish-American and World Wars who did not actually suffer disability in war service by $450,000,000, etc., which was ordered to lie on the table.

He also presented a letter from the secretary and treasurer of the Steuben County (N. Y.) Coal Merchants' Association, indorsing a resolution adopted by the National Retail Coal Merchants' Association convention, at Louisville, Ky., favoring the balancing of the Budget and retrenchment in governmental expenditures, which, with the accompanying paper, was ordered to lie on the table.

He also presented a letter from Harold S. Thurber, commander of John Purroy Mitchell Post, No. 208, the American Legion, of New York City, N. Y., inclosing a letter from that organization addressed to Henry L. Stevens, Esq., national commander the American Legion, stating "that there should be no reduction in compensation insurance or hospitalization for World War disabled or relatives of the dead," but "that all other veteran expenditures should be reduced to a minimum, and that all hospitalization should be abandoned for injury or illness other than that occurring in line of duty," which was referred to the Committee on Finance.

He also presented a memorial of members of the Liberty Ever Ready Club, of Newburgh and vicinity, N. Y., remonstrating against the membership of the United States in the World Court or the League of Nations, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Square Table Club, of New York City, N. Y., favoring the immediate repeal of the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

He also presented a resolution of the Niagara County Board of Supervisors, New York, favoring the repeal of the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

STABILIZATION OF BUSINESS

Mr. DAVIS. Mr. President, in behalf of the western Pennsylvania committee of the National Committee for Trade Recovery I desire to have printed in the CONGRESSIONAL RECORD a plan which was conceived as a stimulus for the revival of stabilization of our business and industrial activities. The plan, set forth in the form of a resolution, was forwarded to me by Edward Jones, editor of the Construction Digest, which is published in Pittsburgh, Pa., and which I understand enjoys a large circulation and is held in high regard throughout the construction field of our national economic life.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter is as follows:

Whereas there can be no real trade recovery until there has been recovery in the building construction industry; and

Whereas the building construction industry, were it not for projects of a public or semipublic nature, would to-day be nonexistent; and

Whereas there is little or no immediate prospect of new private building construction, due to the timidity of capital to initiate projects and the reluctance of investing institutions to provide mortgage money under present conditions: Therefore be it

Resolved, That this committee bring to the attention of the National Committee of Trade Recovery for its approval and advocacy the following plan, which in our opinion has all the earmarks of soundness and practicability. This proposal in brief is as follows:

That the construction-materials industry of this Nation be enabled to initiate a nation-wide program of slum rehabilitation in our cities and towns through the construction of large and small units of housing that can be rented economically at a price within the reach of the lowest income groups.

That in order to furnish the initial capital for such an enterprise the construction industry memorialize the President and Congress to levy a 5 per cent sales tax on all construction industry materials.

That the proceeds of this tax, estimated at $100,000,000 annually under present conditions, be set aside to guarantee the interest and amortization of bonds to be issued by a corporation to be created by Congress and to be known as the National Housing Corporation.

That inasmuch as for every dollar raised by such a tax at least $8 in bonds could be issued, such a plan would make available for this national housing program from $800,000,000 to $1,000,000,000 annually, and, therefore, would do more to stimulate general business than any other form of construction activity.

This kind of a housing program can not be objected to on the ground that there are now too many vacant residences. There is no housing surplus in the slums, and if the above amount of money was invested annually in slum rehabilitation it would be many years before the last of our blighted areas would be eliminated.

European nations, Germany especially, have found in the inauguration of such housing programs a partial solution to unemployment problems, a vehicle for elevating the standards of living, and that the projects themselves are economically successful.

Funds of this proposed National Housing Corporation should also be made available for those who wish to remodel existing structures. Many such dwellings, even though old, are structurally sound, and can be modernized through relatively small expenditures.

The time has long since passed for talking. Waiting for some one else to start something has not and will not get us on our way. Some one has to initiate productive construction enterprises. And there is none better fitted for this task than the construction industry itself.

If the heads of our construction-materials industries will get together and act on this suggestion, it will not be long before concrete results will be forthcoming.

STABILIZATION OF INDUSTRY AND EMPLOYMENT

Mr. DAVIS. Mr. President, I desire to present a plan for the stabilization of industry and employment, which is sponsored by Prof. Knox McIlwain, of Philadelphia. I have read the plan with much interest and believe it merits a place in the CONGRESSIONAL RECORD, so that our legislators and our people may have an opportunity to consider its merits. The plan, sponsored by Professor McIlwain, was placed in my hands by Edward A. Kelly, a prominent lawyer of Philadelphia, who has shown a marked interest in humanitarian and economic problems.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter is as follows:

In most attempts to evaluate the causes of economic maladjustments or depressions great stress is laid on a discussion of such subjects as the gold standard, the unequal distribution of wealth, the tariff, the operation of the stock market, private or government operation of industry, etc., which are in reality only details of the industrial system which society has constructed. Such discussion of details, some of them of a very complicated nature, usually only serves to cloud the main issues to anyone who is not a specialist in the particular field discussed, and is regrettable in its effects. The fundamental issues in the industrial scheme are raw materials, labor, and efficient production and distribution. Raw materials are present in sufficient quantity and there has been for some years an oversupply of labor, so that lack of these two are not roots of difficulties. The means of production—machines, factories, and efficient management—are highly developed. There are, however, two main lacks in the present system, viz: A proper method of forecasting demand with responsive control of production and an efficient distribution system. It is in these two faults that the fundamental causes of depressions will be found.

Barring major upheavals, such as wars, widespread epidemics, or world-wide failure of crops, it is not impossible to predict within a few per cent the total demand for any seasoned product in a given area. Statistical organizations have records of the demand for years past and can allow for growth of population, decrease in price, etc., and can predict fairly well, for instance, the total number of automobiles which will be bought in a particular State or county in a given year. The planning group of an individual automobile company, however, has the added problem of predicting what per cent of the total demand will be for its particular make of car. In a competitive market this is always extremely difficult, if not impossible. During periods when the people are sanguine both the total demand and the percentage allotment to individual companies will be overestimated, which results frequently in a temporary oversupply of maybe 50 per cent of the total normal demand. During periods of depression equally serious underestimates will be made.

The other fault, inefficient distribution, is most strikingly evident from a comparison of the retail and factory costs of the usual articles of commerce. The factory cost of most staple articles varies from 15 to 35 per cent of the retail cost. Using an average figure of 25 per cent for the factory sales price (this includes the manufacturer's profit), it costs three times as much to sell an article as it does to make it. The reason for this high cost of selling is not difficult to find. In almost every neighborhood there are two or three grocery stores, usually within a few yards of each other; at every important crossroads there are from two to four gasoline stations, some selling 20 or more brands of gasoline; in many places two railroads run between two towns, running trains which leave at the same time, arrive at the same time, charge the same fares, and are each half full. Such examples of duplication of effort and investment could be cited indefinitely and indeed are required as a necessary feature of our competitive system. Even when the business men running the companies can show that economies would be effected by consolidation such procedure is usually held illegal, as in the instance of the "packers' consent decree" recently decided by the Supreme Court of the United States.

The present competitive capitalistic system is thus inefficient, wasteful, and every seven years or so exceedingly painful to a large number of citizens. Historically the prevention of the formation of large trusts was instituted because of the misbehavior of many of them and the piracy of the men forming and operating them. However, there are two ways to prevent an elephant from doing mischief, one is to kill the elephant, the other is to train him and to limit his movements to a definite area. Since our traditional measure of killing our elephants, or rather preventing their growth, brings inefficiency and hardship in its trail, and since in at least one instance, the American Telephone & Telegraph Co., we have succeeded in taming an elephant, one of the means of improving the industrial system should be to reverse our traditional policy and encourage the formation of large efficient corporations under proper supervision.

Such corporations could reasonably predict the demand for their product a year ahead and make proper provision to fulfill it. They would undoubtedly organize large research groups which in a few years would greatly increase efficiency and so lower production costs. Distribution would be immeasurably simplified, since there would be only one kind of gasoline to be marketed, or at most two or three grades marketed through the same organization. The automobile trust would probably find a demand for six or eight different grades of cars and might well have several salesrooms in a large city, but the overhead expenses of sales would be cut at least one-third.

This increase of efficiency would lower costs greatly, but would have the bad effect of reducing the number of workers required. This could eventually be translated into the good effect of reducing the time during which each worker worked. During the period of adjustment some provision should be made for the displaced workers to avoid the hardship and fear which would otherwise result.

Therefore these concrete proposals are made as a solution for the present maladjustment and the prevention of future ones:

1. Repeal of the Sherman and Clayton Antitrust Acts. (Some of the fair-practice portions of the Clayton Act could well be retained.)

2. The passage of a law providing that when any two or more companies desired to merge into one company, and all of the stockholders were satisfied, the merger could be made without interference by the Government. If any minority stockholders were dissatisfied, the Federal Trade Commission should appoint a committee of engineers and accountants who would determine fair limits within which the merger could be made, provided the majority of stockholders in each company so desired.

3. The passage of a law preventing holding companies and other forms of complicated corporate structure, so as to prevent the masking of piratical manipulation of profits.

4. The passage of a law that when any company, group of cooperating companies, trade association, or group of cooperating trade associations represented one-third of the total business in a particular field—in a word, whenever monopoly was approached—such monopoly would be subject to the same control now exercised in the case of the telephone company. This control should be liberal, allowing earnings of, say, 20 per cent on the value of the outstanding common stock, of which not more than 10 per cent could be paid as dividends, the remainder being added to surplus.

To encourage economy of management and increased efficiency a provision should be made that the savings accruing from any advance in technique or improvement in method could be passed on to the stockholders for three years in the form of increased dividends, after which time the savings must be applied to reduction in price of the articles marketed.

5. The passage of a law that whenever any man, for any reason wanted work he could apply to a near-by Federal employment bureau, which must either find for him satisfactory employment in industry or else give him work. The rate of pay of such bureaus should be well below the normal industrial rate but somewhat above a starvation wage. About $2 a day would seem to be a fair figure at the present time.

The work to be furnished would be of such a nature as not to compete with industry, but much of it could be made self-liquidating. The construction of roads, bridges, dams, and tunnels; the deepening of waterways, the clearing out and replanting of forests, the reclamation of city slum districts, and the construction of Government airports are typical possibilities. The length of the working week would have to be shortened periodically as efficiency increased, so that the number of workers on the Government pay roll would be kept small. Government employment would simply act as a safeguard during periods of readjustment and as a stabilizing force to avoid the wide swings in business activity to which we are now subject.

The acceptance and initiation of these measures would inevitably restore confidence to great numbers of citizens. Most people hoard money because they are afraid of starvation. When once guaranteed that as long as they were willing to work they could always obtain jobs, the fear of starvation would cease to exist. It should also act to restore confidence through having a stimulating effect on the stock market from the prospect of consolidations. This plan also pumps money into the country at the point where it is most needed. The combination of a mild inflation, decreased fear of starvation, and increased hope for investors would undoubtedly bring us out of this depression. The responsive control provided by monopolies, and the safety valve of the Government guaranteed job will operate to prevent future depressions of any size.

The objections so far raised to the plan are:

(1) That it concentrates too much power in a few hands; (2) that it costs too much; and (3) that people will get in too much trouble if the working week is cut down to three or four days.

To the first objection I can only say that there is infinitely more power concentrated in the hands of the President of the United States and the Congress than there would be in the governing group of any one trust. The controlled monopoly system furnishes the same balance of power and clash of interest on which the American system of government is based. The desire of the stockholders for dividends, of management to retain its control, and of the consumers, as represented by government, for lower prices would operate to prevent gross misuse of power. Any scheme which will achieve responsive control must concentrate power in a few people. The answer to the second objection lies in a consideration of how much more expensive it is to do nothing to cure unemployment. The average man's labor is worth at least $5 a day to society; that is, he produces $5 worth of goods. At that rate the depression is costing the Nation $50,000,000 per day, or $15,000,000,000 a year. In addition there is an unmeasured loss in the physical harm being done to the unemployed and their children through semi-starvation, and also the mental worry caused to those now having jobs. The third objection condemns the plan because it might work too well, but is indeed the most valid criticism. The only answer is that the plan merely permits consolidation and efficiency, and does not require it. The complete solution of the industrial problem would undoubtedly take many years to effect, giving a gradual rather than a sharp increase in comfort and leisure to the average citizen.

It must be stressed in closing that the plan must be accepted as a unit. A guaranteed job without permitting industry to consolidate in strong units would increase taxation and discourage enterprise to a dangerous extent; while the combination of business units for efficiency without taking care of the workers released by such improved operation, would cause untold hardship, worse depressions than we have now, and an eventual collapse of our industrial structure.

However, by training our industrial elephant to operate efficiently, and caring for the individual worker who is temporarily unadjusted, we can in a few years achieve a stabilized system which allows free play for the ambitious individual, offers security from too great hardship to all, and will gradually increase our standard of comfort and leisure to an unpredictable extent.

PRICES OF BREAD

Mr. ROBINSON of Indiana. Mr. President, I have received a letter from the Retail Meat and Grocers Association of Indianapolis with reference to the rise in the price of bread. It is brief, and I shall read it:

INDIANAPOLIS, *June 9, 1932.*

The Hon. ARTHUR R. ROBINSON,
Washington, D. C.

DEAR SENATOR: On Monday, June 6, we wired you a night letter to investigate at Washington the price fixing of bread.

The chain stores here in Indianapolis are now selling a pound loaf of bread, sliced or unsliced, for $0.04 per loaf. They have large banners and streamers announcing to the general public that the $0.04 per pound loaf of bread is here to stay on their store fronts and in their stores.

On Monday, June 6, the wholesale bakers, who were formerly charging $0.04 per pound loaf of bread, sliced or unsliced, jumped the price $0.02 per loaf. The independent merchant is now being forced to sell sliced or unsliced pound loaf of bread at $0.07 per loaf.

Since the price of raw materials, etc., have not taken a sudden advance in price, and the local bakers have effected labor saving and salary reductions amounting to not less than 20 per cent and in some cases 30 per cent, we independent merchants feel that the sudden raise in price should be investigated, as our large bakeries are controlled by eastern capital, called this special meeting of local bakeries that raised the price of bread. This sudden increase in price is giving the chain system of grocers an unfair advantage over the independent merchant.

Your full cooperation would be greatly appreciated in the above matter.

Yours truly,
INDIANAPOLIS RETAIL MEAT AND GROCERS ASSOCIATION,
HAROLD E. VOGEL, *Secretary.*

The interesting thing about this matter is that at the very moment when the price of bread was raised 2 cents, from 5 cents to 7 cents a loaf, the price of wheat had hit the lowest point, as I remember now, since 1896. Of course, the matter should be investigated. I am asking the Federal Trade Commission to make a thorough investigation of the situation at the earlist possible moment.

The VICE PRESIDENT. The letter will be referred to the Committee on Agriculture and Forestry.

HEROISM OF ENLISTED MEN IN ACCIDENT AT CAMP KEARNEY, CALIF.

Mr. ROBINSON of Indiana. Mr. President, also I ask to have inserted in the RECORD a resolution in the nature of a petition from the South Bend Post, No. 50, Department of Indiana, the American Legion, of South Bend, Ind., urging that some recognition, congressional or on the part of the Navy Department, be accorded posthumously to two enlisted men who lost their lives and presently to the one man who was saved, all of whom exhibited heroism in obeying orders and added to the fame of the military services of the country in connection with the dirigible disaster, U. S. airship *Akron*, at Camp Kearney, Calif., on May 12, 1932.

There being no objection, the resolution in the nature of a petition was referred to the Committee on Naval Affairs and ordered to be printed in the RECORD, as follows:

SOUTH BEND, IND., *June 9, 1932.*

Hon. ARTHUR R. ROBINSON,
United States Senate, Washington, D. C.

DEAR MR. ROBINSON: Inclosed herewith please find resolution adopted by the South Bend Post, No. 50, of the American Legion, Department of Indiana (Inc.), referring to the dirigible disaster (U. S. S. *Akron*) at Camp Kearney, Calif., on May 12, 1932.

The desire of this organization is that you use your influence in obtaining some meritorious recognition congressionally or from the Naval Department.

Thanking you for your kind attention and your cooperation, we remain,

Very respectfully,
SOUTH BEND POST, NO. 50, AMERICAN LEGION,
G. L. SCHAUS, *Commander.*

Attest:
E. A. SCHLENDER, *Adjutant.*

RESOLUTION

Whereas on May 12, 1932, there occurred a fatal mishap at Camp Kearney, Calif., in attempting to moor the giant dirigible, the U. S. S. *Akron*, to which a detail of enlisted men of the United States Navy had been assigned under orders to assist; and

Whereas when the attempt to moor the giant dirigible was made, it got out of control and arose in the air, carrying suspended thereto three enlisted men, Robert H. Edsall, of Elkhart, Ind.; Nigel Hinton, of Fresno, Calif.; and Charles Cowart, and the first two men named lost their hold on the mooring ropes and fell to their death, and the third, Charles Cowart, succeeded in tying himself to the rope in such a manner, that after hanging suspended for a long period of time he was rescued; and

Whereas the said Charles Cowart stated, upon being rescued, that he had retained his hold on the mooring ropes for the reason, "That he had been ordered to do so." and that subsequently he carried out this order under conditions not previously anticipated in the face of great danger or death; and

Whereas it is believed that the other two men, Robert H. Edsall and Nigel Hinton, acted upon the same orders as aforesaid, which resulted in their death; and

Whereas we believe that this conduct on the part of these three men of the Navy demonstrated the wonderful devotion to duty and obedience to authority, and they responded in the face of grave danger in carrying out the orders of their superiors, over and above the call of duty: and, therefore, be it

Resolved by the South Bend Post No. 50, the American Legion, Department of Indiana (Inc.), That we, as former members of the Army and Navy recognize and commend the courage and devotion of these men in the performance of their duty in the military service as an outstanding example of America's trained forces and their heroic example of courage above and beyond the call of duty, should be recognized by our Government and our fellow citizens; and be it further

Resolved, That it is our belief that the congressional medal of honor or some other suitable award of recognition for merit should be awarded to Charles Cowart and posthumously to the parents of Robert H. Edsall and Nigel Hinton: and be it further

Resolved, That a copy of this resolution be made a part of the permanent records of this organization and further copies be forwarded to our Congressman, Hon. SAMUEL B. PETTENGILL, Senator ARTHUR R. ROBINSON, and Senator JAMES E. WATSON, and that they be requested to take suitable action to carry out the intent of this resolution.

The foregoing resolution, unanimously adopted at the regular meeting, on the 9th day of June, 1932.

G. L. SCHAUS, *Commander*.
E. A. SCHLENDER, *Adjutant*.

SELECTION OF FARM-LOAN DIRECTOR—AGRICULTURAL RELIEF

Mr. ROBINSON of Indiana. Mr. President, a few days ago the Indiana Federation of National Farm Loan Associations held its annual meeting in Anderson, Ind., and adopted two resolutions, copies of which have been forwarded to me. I ask unanimous consent to have them incorporated in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

BLOOMFIELD, IND., *June 11, 1932*.

Hon. ARTHUR ROBINSON,
United States Senator, Washington, D. C.

DEAR SENATOR ROBINSON: The Indiana Federation of National Farm Loan Associations, which had their annual meeting in Anderson, Ind., just a few days ago, passed two resolutions and instructed the writer as the State secretary-treasurer to send copies of these resolutions to you and to urge you to carefully consider the same and, if possible, support proper legislation to carry out these things.

The members of this association who were present at that meeting regretted very much your inability to attend and address the meeting, because all of us had every confidence that your sympathies have been and are with the agricultural interests of Indiana and that you will support legislation that will be beneficial to your State and the agricultural interests thereof.

Sincerely yours,

C. C. HENDREN,
Secretary-Treasurer Indiana Federation of National Farm Loan Associations.

Whereas the Federal farm loan act now provides that the director at large shall be voted upon by the associations of Ohio, Indiana, Kentucky, and Tennessee; and

Whereas from the three persons receiving the highest number of votes are then considered by the Federal Farm Loan Board, who selects any one of these three persons they desire; and

Whereas this federation believes that the director at large should be elected by the National Farm Loan Association of this district and that the person receiving the plurality of the votes should be declared elected: Now, therefore, be it

Resolved, That this federation recommends that Congress pass an amendment to the Federal farm loan act providing the person receiving a plurality of votes cast for director at large shall be declared and be the director at large for said office.

C. C. HENDREN,
D. L. MCKESSON,
HARLEY SOMERS,
MILTON BROWN,
D. H. FISHER,
Resolutions Committee.

Whereas the situation of the farmers of this Nation is such that immediate relief from the burden of taxes and debts is necessary to prevent their degeneration to the condition of the peasant farmer of Russia, thousands of them have lost their homes in the last two years and have either moved to the cities or become tenants, many upon the farms they originally owned. At the present level of prices of farm products it is impossible for the best of farmers upon the best of lands to pay taxes and interest on his investment, much less to make a profit. Nine-tenths of our farmers have been unable to show a profit for many years. Taxes and interest have been eating into the capital of the farmers until bankruptcy is just ahead, and when general bankruptcy of the farmers occurs the Nation is doomed: Now, therefore, be it

Resolved, That we, the secretary-treasurers and officers of the various national farm-loan associations in Indiana assembled at the Indiana Federation of National Farm Loan Associations, hereby express our unqualified approval of the Senate bill (No. 1197) known as the farmer's farm relief act, introduced in the United States Senate on December 9, 1931, and respectfully ask that our Senators and Representatives work and vote for its early enactment into law.

C. C. HENDREN,
D. L. MCKESSON,
HARLEY SOMERS,
MILTON BROWN,
D. H. FISHER,
Resolutions Committee.

RESOLUTIONS OF WESTERN NEW YORK FEDERATION OF WOMEN'S CLUBS

Mr. COPELAND presented a letter from Rebecca Adair Dudley, Corfu, N. Y., inclosing copies of resolutions adopted at the annual convention of the Western New York Federation of Women's Clubs, which, with the accompanying resolutions, was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

CORFU, N. Y., *June 10, 1932*.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

DEAR SIR: For your information I am sending copies of four resolutions which were adopted, without opposition by voice or vote, at the annual convention of the Western New York Federation of Women's Clubs in East Aurora, May 20.

We have a membership of 45,000 voters.

Very respectfully yours,

REBECCA ADAIR (MRS. J. M.) DUDLEY,
Member, Resolutions Committee.

No. 1: Believing that public opinion in America will be a great influence in bringing about disarmament and in promoting peace: Be it

Resolved, That the Western New York Federation of Women's Clubs shall use its influence—

(a) To secure the close cooperation, official or unofficial, of the United States Government with the League of Nations in every effort for substantial progress in the reduction of armaments; and

(b) To secure speedy adherence of the United States to the World Court, as an assurance of our sincerity in the promotion of international security and friendliness; be it further

Resolved, That we urge our local clubs to concentrate during the coming year on a study of international affairs and keep close watch upon Government action.

No. 2: Believing that the decision of the Supreme Court in refusing citizenship to Doctor Macintosh, of Yale University, tends to strengthen the military spirit in America, and puts our country in a false light before other nations, and believing that the dissenting opinion of Chief Justice Hughes expresses the convictions of our Christian people: Be it

Resolved, That we call upon our representatives in the House and Senate at Washington to exert their efforts to have the Griffin and Cutting bills reported out of committee and enacted into law.

No. 3: Admitting that the prohibition law has not yet functioned satisfactorily owing largely to conscienceless assaults made upon it, we believe that conditions are infinitely better now than when we had the open saloon: Therefore be it

Resolved, That we oppose all agitation against the eighteenth amendment and call for a fair and honorable observance and enforcement of this and all law; and be it further

Resolved, That should the present propaganda for a referendum on the prohibition question be successful, we call upon Congress to oppose the submission of a bald "Yes" or "No" ballot on repeal, but instead to see that the alternate plans of the wet element are included, so that we may not be tricked into voting blindly on prohibition with no assurance that a far worse situation may not follow.

No. 4: Recognizing the immense power of the movies for good or evil, and recognizing the deep degradation that now marks the pictures shown, and recalling that the so-called regulators of the business are in the pay of the movie companies: Be it

Resolved, That we favor the passage of the Brookhart bill and call upon our representatives in Washington to support it.

REDUCTION IN APPROPRIATION FOR RAILROAD-VALUATION WORK

Mr. TYDINGS. Mr. President, I have received numerous petitions from employees of the Interstate Commerce Commission. The one I hold in my hand is typical. It is short, and I ask that the wording of the petition may be read by the clerk at this time.

There being no objection, the petition was read and ordered to lie on the table, as follows:

Hon. MILLARD E. TYDINGS,
United States Senate, Washington, D. C.

MY DEAR SIR: Reference is made to page 29, line 5, of the independent offices appropriation bill, wherein the appropriation of $2,750,000 for carrying on the work of the valuation of common carriers was stricken by the Senate Appropriations Committee and in lieu thereof a sum of $750,000 was substituted for the completion of the work.

This work is very necessary in that it provides a base from which all passenger and freight rates are reckoned. It is a base for the issuance of securities against the property, and provides information for tax purposes.

The following voters of the State of Maryland who are employed on this work respectfully solicit your assistance to the end that the House figure of $2,750,000 be restored by an amendment from the floor of the Senate, or in the conference committee of the two Houses of Congress, in order that they may not be forced out of employment.

It is estimated that if the appropriation as reported by the Senate Appropriations Committee as of June 10, 1932, becomes final the result will be that not less than 750 employees out of a total of 952 will be dismissed from the service on July 1, 1932, with less than two weeks' notice.

PRICES OF SOAPS

Mr. BARBOUR presented a letter from J. Eavenson & Sons (Inc.), signed by I. Katz, vice president, etc., Camden, N. J., relative to prices of soaps, which, with the attached

clipping, was ordered to lie on the table and to be printed in the RECORD, as follows:

CAMDEN, N. J., *June 8, 1932.*

Hon. W. WARREN BARBOUR,
United States Senate, Washington, D. C.

MY DEAR SENATOR BARBOUR: During the course of the debate on the Shipstead amendment to the tax bill, H. R. 10236, which amendment proposed to lay an additional tax on imported oils and fats, some statements were made on the floor of the Senate to the effect that the price of soap had not decreased since the decline in the price of raw materials. This obviously is a misapprehension on the part of the Senators who made the statements, as there has been an enormous decline in the price of soap of all classes. Might we request your kind offices, therefore, to the extent of placing this letter in the CONGRESSIONAL RECORD, in order that the statements as made will stand corrected?

If any Senator is desirous of ascertaining the prices of laundry soaps or other soaps, what he wants to do is to ask for information from the smaller concerns who have no advertised brands. He will then find that the price of laundry soap, as well as all other soaps, has dropped the last two or three years to less than half in price. He will find, for instance, that the sixty 1-pound-bars case of yellow laundry soap is selling anywhere from around $1.50 to $1.75 a case instead of $3 to $3.50, which it sold at formerly. Also, toilet soaps are selling at less than half the price.

Even the large companies are selling enormous quantities of bulk soaps and nonbranded soaps at tremendously reduced prices; some of these nonadvertised brands are passing or have already passed the advertised brands in volume.

In addition to this even a great many of the advertised brands have dropped their prices, which you can easily find out by checking up with the large companies.

Cincinnati, Ohio, is the largest distributing center of soap in the United States, and if you will refer to the Department of Labor, Bureau of Statistics pamphlets you will find that the price of laundry soap at Cincinnati has dropped from $4.70 per box in 1930 to $2.68 per box of 100 cakes in March, 1932, a reduction in price of over 40 per cent. The price of soap at Philadelphia, as shown by the March bulletin of the Bureau of Labor Statistics, appears to be down only 35 cents per box. However, this is because the manufacturer whose price the Labor Department quotes has preferred to greatly enlarge the cake of soap which he sells rather than to change his base price as much as other manufacturers have changed theirs. Certainly he would have to sell his soap at approximately the same price as the Cincinnati manufacturers or he would not be able to sell a pound. I personally know and can prove to you that sixty 1-pound bars of high-grade laundry soap is selling in the Philadelphia market as low as $1.50 a case, and it is being resold to the public as low as 3 cents a bar.

Let me assure you that the public is to-day buying soap at the lowest prices that it has for the last 20 years, no matter from what manufacturer the soap may be purchased.

Inclosed you will please find copy of an advertisement of one of our larger department stores, which appeared in the Philadelphia newspapers showing a sale of soap, 40 cakes for $1, or 2½ cents a cake to the public. This is a very high-grade toilet soap which we are making for them, and our price to them is about 1½ cents a cake. These prices are the lowest at which toilet soap has ever been sold in the history of our country.

Soap is cheap, and it rightly should be in this hour of depression, as the best way to sustain the morale of a man out of a job is to see that he has the means of keeping himself clean. Most community chests, realizing this fact, issue free soap along with their food rations. I hope you will realize that any criticism of the prices at which soap is selling at the present time is most unjust, as you can readily ascertain by investigating any of the official Government records.

May I add, in respect to fish oil, of which there has been much discussion in the Senate lately, that domestic fish oil constitutes less than 1 per cent of all the oils and fats consumed annually in America for all purposes; so it can be seen that fish oil is an exceedingly unimportant oil in the oils and fats economic scheme. Aside from this, over 50 per cent of the menhaden fish oil—the domestic fish oil which is produced in the largest volume—is used in the paint industry, so the proportion of it which goes into soap is exceedingly small in relation to the total ingredients used in the soap kettle.

If you will be kind enough to investigate, you will find that all soaps all along the line have had a radical decline, and are at the present time still going down in price.

During this depression the soap industry by scientific application and by close economy has been able to keep their men employed, and in spite of loss of volume have maintained their industry intact. In our own plant we are employing more people this year than last year, and as far as I know it is the only plant in this vicinity which is employing labor on full time. The passage of the Shipstead amendment would, of course, have utterly disabled our business and rendered it impossible to employ anywhere near the number of laborers at present employed.

Yours very truly,
J. EAVANSON & SONS (INC),
I. KATZ, *Vice President and General Manager.*

REPORTS OF COMMITTEES

Mr. NYE, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 4497. An act to add certain lands to the Boise National Forest (Rept. No. 809); and

S. 4522. An act to authorize the conveyance to the State of Tennessee of certain land deeded to the United States for the Great Smoky Mountains National Park and not needed therefor (Rept. No. 810).

He also, from the same committee, to which was referred the bill (H. R. 1133) to provide for the relinquishment by the United States of certain lands to the city of Coeur d'Alene, in the county of Kootenai, in the State of Idaho, reported it without amendment and submitted a report (No. 811) thereon.

Mr. CUTTING, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 4509. An act to amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain" (Rept. No. 812); and

S. 4710. An act to amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain (Rept. No. 813).

Mr. BRATTON, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 4818) to authorize the transfer of certain lands in Bernalillo County, N. Mex., to the city of Albuquerque, N. Mex., reported it with an amendment and submitted a report (No. 814) thereon.

Mr. ASHURST, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 4735) to authorize the acceptance of relinquishments by the State of Arizona and the city of Tempe, Ariz., to certain tracts of lands granted by the act of April 7, 1930, and to direct the Secretary of the Interior to issue patent to said tracts to the Salt River Valley Water Users Association, reported it without amendment and submitted a report (No. 815) thereon.

Mr. CAREY, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 2707) for the relief of William Alexander Keys, reported it without amendment and submitted a report (No. 816) thereon.

Mr. KENDRICK, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 406. An act to validate a certain conveyance heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, to Pacific States Box & Basket Co., a corporation, involving certain portions of right of way in the vicinity of the town of Florin, county of Sacramento, State of California, acquired by the Central Pacific Railway Co. under the act of Congress approved July 1, 1862 (12 Stat. L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat. L. 356) (Rept. No. 817); and

H. R. 2418. An act concerning the claim of Jacob Landry (Rept. No. 818).

Mr. WALSH of Montana, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 7308. An act for the relief of Amy Turner (Rept. No. 819); and

H. R. 9004. An act for the relief of Agnes C. Reder (Rept. No. 820).

Mr. WALSH of Montana also, from the Committee on the Judiciary, to which was referred the bill (H. R. 4738) to incorporate the Disabled American Veterans of the World War, reported it without amendment and submitted a report (No. 823) thereon.

He also, from the same committee, to which was referred the joint resolution (S. J. Res. 101) directing the President of the United States of America to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir

Pulaski, reported it with amendments and submitted a report (No. 824) thereon.

Mr. COPELAND, from the Committee on Education and Labor, to which was referred the bill (H. R. 4743) to amend an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended, reported it without amendment and submitted a report (No. 821) thereon.

Mr. HALE, from the Committee on Appropriations, to which was referred the bill (H. R. 11452) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes, reported it with amendments and submitted a report (No. 822) thereon.

Mr. HATFIELD, from the Committee on Immigration, to which was referred the bill (H. R. 10829) relating to the naturalization of certain women born in Hawaii, reported it without amendment and submitted a report (No. 825) thereon.

Mr. REED, from the Committee on Immigration, to which was referred the bill (H. R. 7793) to secure the departure of certain aliens from the United States, reported it without amendment and submitted a report (No. 826) thereon.

EXECUTIVE REPORTS OF COMMITTEES

Mr. HATFIELD, from the Committee on Immigration, reported favorably the nomination of Ernest A. Burguieres, of Louisiana, to be commissioner of immigration at the port of New Orleans, La.

Mr. HALE, from the Committee on Naval Affairs, reported favorably sundry nominations of officers in the Navy and Marine Corps.

Mr. WALSH of Montana, from the Committee on the Judiciary, reported favorably the following nominations:

David D. Ashworth, of West Virginia, to be United States attorney, southern district of West Virginia, to succeed James Damron, whose term expired January 4, 1932; and

Harry A. Weiss, of West Virginia, to be United States marshal, northern district of West Virginia.

Mr. DILL, from the Committee on the Judiciary, reported favorably the nomination of Frank C. Patton, of North Carolina to be United States attorney, western district of North Carolina, to succeed Charles A. Jonas.

The VICE PRESIDENT. The nominations will be placed on the Executive Calendar.

BILLS AND A JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 4877) for the relief of Juan Garcia; to the Committee on Military Affairs.

A bill (S. 4878) granting a pension to Nancy Elizabeth Talbert (with accompanying papers); to the Committee on Pensions.

By Mr. DAVIS:

A bill (S. 4879) authorizing the Central Jersey Power Co. and its assigns to construct, maintain, and operate a bridge across the Susquehanna River at or near the Borough of Millersburg, Dauphin County, Pa.; to the Committee on Commerce.

By Mr. FLETCHER:

A bill (S. 4880) to amend section 5235, United States Revised Statutes (U. S. C., title 12, ch. 2, sec. 193), and for other purposes; to the Committee on Banking and Currency.

By Mr. JOHNSON:

A joint resolution (S. J. Res. 177) to authorize Mr. Knowles A. Ryerson, principal horticulturist in charge of Division of Foreign Plant Introduction, Bureau of Plant Industry, United States Department of Agriculture, to accept a decoration from the Sultan of Morocco; to the Committee on Foreign Relations.

LOANS TO THE STATES—AMENDMENT

Mr. BROUSSARD submitted an amendment intended to be proposed by him to the bill (S. 4755) to provide for grants and loans to the several States to aid in relieving unemployment, to facilitate the construction of self-liquidating projects, to provide for the construction of certain authorized Federal public-works projects, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENTS TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. ODDIE submitted amendments intended to be proposed by him to House bill 12443, the second deficiency appropriation bill, which were referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 22, line 4, strike out "$2,000,000" and insert in lieu thereof "$7,000,000," so that the item will read as follows:

"Boulder Canyon project: For the continuation of construction of the Hoover Dam and incidental works in the main stream of the Colorado River at Black Canyon, to create a storage reservoir, and of a complete plant and incidental structures suitable for the fullest economic development of electrical energy from the water discharged from such reservoir; to acquire by proceedings in eminent domain, or otherwise, all lands, rights of way, and other property necessary for such purposes; and for incidental operations, as authorized by the Boulder Canyon project act, approved December 21, 1928 (U. S. C., Supp. V, title 43, ch. 12A), $7,000,000, to remain available until advanced to the Colorado River Dam fund; which amount shall be available for personal services in the District of Columbia and for all other objects of expenditure that are specified for projects included in the Interior Department appropriation act for the fiscal year 1933 under the caption 'Bureau of Reclamation' without regard to the limitations of amounts therein set forth."

On page 22, line 11, after the words "set forth," to insert a semicolon and "for payment to the city of Las Vegas, Nev., for furnishing educational facilities during the fiscal year ending June 30, 1932, to children of employees working on the Hoover Dam and incidental works, the construction of which is authorized by the Boulder Canyon project act, $29,282.04, to be immediately available."

BIMETALLIC MONETARY STANDARD

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD a letter on the subject of bimetallism from Mr. Charles B. McCrory, of Okmulgee, Okla., under date of June 6, 1932, addressed to Hon. W. W. HASTINGS, Member of Congress from the State of Oklahoma.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OKMULGEE, OKLA., *June 6, 1932.*

Hon. W. W. HASTINGS,
Congressional Office, Washington, D. C.

MY DEAR MR. CONGRESSMAN: You perhaps would be surprised at the reaction of the average citizen to the suggestion that our Government reduce the value of the present 200-cent dollar by a more liberal use of silver, and if necessary return to a bimetallic basis. He may or may not know why he favors such a system. He does know, however, that to relieve the depression which so severely paralyzed business in the early nineties both the Republican and Democratic Parties in their respective platforms, recognizing that it was hopeless under then existing conditions to increase price levels by a tender of credits, declared for the use of both gold and silver as a standard money.

The Republicans, then under the leadership of such a statesman as McKinley, advocated bimetallism with international agreement. The Democrats advocated the return to bimetallism, independent of international agreement, as it had existed in the United States from 1792 until 1873.

The Republican National Convention, in June, 1892, declared: "The American people, from tradition and interest, favor bimetallism, and the Republican Party demands the use of both gold and silver as a standard money, with such restrictions and under such provisions, to be determined by legislation, as will secure the maintenance of the parity of values of the two metals."

If I remember correctly, the Republican platforms of Pennsylvania and other States in 1892 also emphatically indorsed bimetallism.

That the American people from tradition have favored bimetallism is evidenced by the logical arguments which distinctively characterized the Forty-fifth Congress when such eminent Republican statesmen as James G. Blaine, of Maine, Davis, of West Virginia, McDonald, of Indiana, Jones, of Nevada, McKinley, of Ohio, and Ingalls, of Kansas, advocated the use of both gold and silver as a standard money; James G. Blaine in submitting his arguments in support of the Bland-Allison Act of 1878, among other things, says:

"Gold and silver are the money of the Constitution, the money in existence when the Constitution was formed, and Congress has the right to regulate their relations," as disclosed by his treatise entitled "Twenty Years of Congress," on page 606. In referring to the silver dollar this able statesman says: "Such a silver dollar

as will not only do justice among our citizens at home, but prove an absolute barricade against the gold monometallists."

Senator Davis, of West Virginia, is quoted as favoring the utilization of silver, "because," (as he insisted), "it is one of our chief products, will make the money known to the Constitution more abundant, will relieve distress, and lead back to prosperity."

Senator Ingalls, of Kansas, after referring to gold as "the money of monarchs," is quoted as saying: "That the public debt is payable in silver, and if the money unit should be established in the metal least subject to fluctuation—that metal is silver."

The Congressmen from Pennsylvania, and from the South and West, also championed the principles advocated by the statesmen whom I have quoted, while the Representatives from New England, New York, and New Jersey allied themselves with the then bond-holding interests in favoring the gold standard.

I submit that if the principles of the national and State platforms in 1892 and 1896, and those successfully maintained by such a distinguished statesman as James G. Blaine, were sound then, they are sound now.

The American citizens knew then, as they know now, that the country, with pathetic success, was at that time as now, trying to do business with a 200-cent dollar. In referring to the 200-cent dollar we refer to the value of money in exchange for what it will purchase, or, in other words, its purchasing power.

It does not, Mr. Congressman, seem to impress but few of our present-day statesmen that vigorous and concentrated efforts should be made with the use of silver to lower the present high value of the dollar; the dollar, together with gold, has increased to a 200-cent dollar, and correspondingly lowered the value of everything measured by it. A 200-cent dollar is a dishonest dollar.

We note that Senators WHEELER, BORAH, and THOMAS, and a few other eminent statesmen, courageously voice the sentiment demanding a more liberal basis for the coinage and circulation of money. History records that this and other leading nations of the world were on a bimetallic basis for many generations before Mr. Bryan was born, and yet it is my observation that when a statesman now advocates bimetallism, some financial fop, instead of seriously studying the history and principles of bimetallism, flippantly refers to it as "Bryanism."

It is not improbable that the gold discoveries in this and other countries in 1848, and subsequently, supplied sufficient currency and incidental credits for the volume of business as then existed. In 1873 the accumulated supply of gold may possibly have justified the legislation, though insidiously passed, which demonetized silver and established the single gold standard, which at the sacrifice of all other kinds of property still remains the basis of our financial system.

It is not improbable that during the quarter of a century previous to the widespread financial depression of 1893 the gold supply of the world did not increase with the increased demands and volume of new business. This was the factor which so materially contributed to the bank failures and prolonged depression commencing in 1892 and 1893.

Following the educational campaign of ninety-six came the discovery of gold in Alaska supplying hundreds of millions in gold bullion. This volume of newly discovered gold so relieved the country of the depression following the campaign of ninety-six as to obviate the necessity of bimetallism at that time.

There has been no great gold discovery for over a quarter of a century. The volume and demands of business during the same quarter have tremendously increased. Has not this increase in the volume of business increased the necessity for a corresponding increase in currency?

Estimate, if you can, the added thousands of newly discovered products of commerce, including the multiplied millions of business transactions incident to carry on even but a few of our new enterprises, such as our modern electric, petroleum, automobile and insurance enterprises, and you will readily appreciate the significance of the inquiry as to whether the increase in the products and volume of business has likewise increased the necessity for an increase in legitimate currency. Can securities or credits be depended upon, in lieu of currency, in times of extreme depressions?

When a tender of bank credits fails, as is characteristic of the credit system, to relieve the business public, is not, as maintained by many students of economy, an increase and a widespread circulation of legal tender currency the only weapon with which to fight a depression? I refer to a depression by which price levels have been forced below the economic line to the extent of increasing the dollar value as to destroy the buying and borrowing power of the public.

You will recall that during the last decade, and until 1929, enterprises were freely maintained as the results of inflated and inexcusable credits. These credits, instead of being gradually deflated, were by our masters of finance abruptly and ruthlessly deflated. This abrupt and remorseless deflation caused the crash of 1929. Deflations are always accompanied by an increase in the value of money per unit and a corresponding decrease in the value of property. They involve falling prices, the repayment of loans, unemployment, bread lines, suicides, and a trail of tears.

When deflation is forced below the economic limit—that is, to the depth which materially destroys and encumbers the producing and buying powers of the public—prosperity can not be restored by a tender of bank credits. In other words, a tender of credits can only be made available to a people with ample collateral on which to borrow. The psychology of an encumbered people can not be improved by telling them to borrow their way back to normalcy.

Thus far the only remedy provided by our present Congress is that our big banking groups are to inflate credits. The dominating banks of the country conceive of no objections to inflating credits in the form of commercial paper. The same banking groups, however, pretend that it would be a calamity for the Government to reduce the 200-cent dollar by legitimately increasing the currency. In other words, from the big bankers' viewpoint, inflation is commendable if it may be administered by the bankers, but lamentable if it is to be administered by the Government in the form of an increase in legitimate currency.

In an endeavor to remedy the present economic condition by legislation or otherwise, keep in mind that a 200-cent dollar, plus, necessarily means 50-cent property, minus. This is true, whether such property be farm lands, city blocks, crops, livestock, silver, oil, stocks, securities, or bonds.

The New York financiers, sometimes referred to as experts in finance, being engaged in the business of making profits out of credits and the manipulations thereof, have in the past accumulated millions. The single gold standard being so designed has for years past well answered their purpose. They are the class who are always for a restricted issuance of currency. It was these masters of finance, whom Mr. Blaine aptly termed "gold monometallists," when, in addressing the United States Senate, he referred to the silver dollar as "such a silver dollar * * * as will do justice among our citizens at home, but will prove an absolute barricade against the gold monometallists."

The use and availability of credits beyond the economic limits is a hazardous substitute for legal-tender money. Under such a credit system the big bankers at the height of inflation to which they have contributed call their loans. Credits characterized by poltroonery shrink and vanish. The business public and the Government itself, like a helpless giant, are left prostrate and dependent upon the limited supply of currency as can be afforded by the single gold standard. The dollar is bloated to a 200-cent dollar. The value of all property decreased to the shadows of insolvency. Query: Is our Government's monetary system sound when its dollar value and the value of private properties are so susceptible to the will of a group of New York bankers?

When the people champion a constitutional change in our monetary legislation to warrant the Government to coin and issue more legal-tender currency the big banking group protest that such a change will decrease the value of what is now a 200-cent dollar; an inflated dollar, which has reduced all property values and depreciated and destroyed the buying power of the public.

Any student of economics knows that the abrupt deflation of credits, as applied by the dominating banks to raise the value of gold, has raised it to a near 200-cent dollar, and that by the same process depressed the value of all kinds of property excepting gold. The banking groups are always engaged in the game of making cycles in trying to maintain the wealth value of gold.

The same designing "gold raising" process, as applied in the early nineties, brought on at that time the most prolonged depression, with the exception of the present era of despair, this country has ever suffered.

The method of restoring prosperity which Congress has delegated to the banks is expected, according to the New York press, to function as follows:

The Federal reserve banks, private institutions, are for a period of weeks to purchase once a week $100,000,000 of outstanding Government bonds chiefly from various local banks of the country. When the local banks receive the purchase price for their respective bonds they are expected to hold such funds for loaning purposes. Loan to whom? At this point the plan for inflation stops.

In other words, unless the people and industries of the country still have the disposition to incur further indebtedness aggregating hundreds of millions of dollars and also have ample collateral to properly secure their local banks, the program of inflation fails.

Query: Can an encumbered people, Mr. Congressman, borrow their way back to prosperity?

The proposed plan of Senator THOMAS, subject to some sound economic objections, to issue and distribute two billions of dollars in currency directly to the war veterans, has in addition to its primary objects at least the merits of providing for a direct and extensive increase in the circulation of currency, and credits incidental thereto, throughout the country. It is opposed, particularly by the banker groups, upon the grounds that our gold standard will not stand the strain.

To save the gold standard the veterans are asked to forego the bonus. To save the gold standard the people are asked to forego the benefits of an increase in the circulation of currency. The opposition say that the weakness of the Thomas plan is that the gold standard will not sustain the additional circulation of currency. The average American citizen believes the weakness of the gold standard is that it will not even supply a circulation of currency to the extent of stimulating normal business.

If the bonus legislation proposed by Senator THOMAS were based upon the financial principles so successfully applied by James G. Blaine, William McKinley, and other eminent statesmen, when Congress, to provide silver certificates to retire Government bonds, passed the Bland-Allison Act in 1878, it would materially relieve the strain from the gold standard by providing a silver basis in addition thereto.

This would not in its aspects constitute bimetallism, but the bonus legislation would have the merits of being supported by both gold and silver the statesmanship of the past and successful

historical precedents. Legal tender supported by both gold and silver at a fixed or controlled ratio as standard money would be, and under appalling conditions perhaps is, the only effective weapon with which to successfully fight panics and depressions. "Cash," says Walter Bagehot, the great English student of economics, "is the only reserve against any panic."

Inquire of bankers of this country whether there is need for more legal currency. They will tell you that there is a surplus of currency in the banks. This does not answer your question. The answer implies that in the conduct of their daily business bankers do not think—that is, the bankers do not think about the extent of our legal tender; the theory of currency; the cause of high dollar value; the relation of gold and silver; the distinction between a fixed and controlled ratio; and the Government's monetary standard and its relation to the country's volume and demands of business.

The active library of the astute and successful banker is usually limited to Julian's Interest Calculator, Babson's Statistics, and the Wall Street Journal. The leading treatises on economics and statesmanship seldom find any place in his library.

"We all know," says the present governor of the Federal reserve, "the evils of the gold standard, but * * *." This recent confession is an honest one. It implies, however, the inability of the banker mind to solve the problems of economics and statesmanship. The average student knows, Mr. Congressman, that it is a mistake to expect the master of finance to solve the economic and monetary problems of government.

Mr. Blaine in his Twenty Years of Congress, volume 2, page 602, describes the battle waged in behalf of the silver dollar in the Forty-fifth Congress, and refers to the CONGRESSIONAL RECORD of that historic session, and particularly to the report of the Monetary Commission presented to Congress March 2, 1877, as presenting the most valuable contribution to financial literature ever afforded to a legislative body.

The evil effects of the increased dollar value is illustrated by Prof. Irving Fisher, who tells us that "when the dollar becomes a dollar and a half it hurts the business man just as if a yardstick grew to a yard and a half, or the bushel to a bushel and a half, and he had to make delivery on that basis. Until this individual bloating of the dollar is overcome business can not revive."

Mr. Babson, keenly appreciating the necessity of a greater volume of currency, makes bold to hazard the suggestion of a direct and widespread distribution of United States legal tender certificates as the means of increasing the price levels of prosperity. Though the eminent statistician's suggestion upon first impression is shocking, yet when we recognize that the personal and property resources of our citizens are so depleted in value as the result of the increase in the dollar value, and that such resources remain so taxed and encumbered as to be unavailable for credit, we need not be surprised that some such drastic remedy as proposed by Mr. Babson may in an hour of peril be demanded as an emergency to prevent a complete breakdown.

In other words, Mr. Congressman, to the average citizen there seems to be two sides to the picture—the property side (the low price levels) and the gold side (the high-price dollar).

Would it not be possible for Congress to analyze the "gold side," its relation to our system of bank credits, to our 200-cent dollar, and deal directly with the cause of the "catastrophic" rise in the dollar value?

"Money under our present system," observes the scholarly Governor of Utah, "consists of gold, currency, and bank credits." He reminds us that at this time the bank credits are thirteen billions less than they were in 1929. This means that the people have thirteen billions less money available for productive and business enterprises than they had three years ago.

Query: Were the credits deflated by the New York banking group, which so deprived the people of the use of the thirteen billions to save the gold standard? Are the American people to be depressed to enable the dominating banks in their financial ambitions to maintain the integrity of the dollar abroad? Are not our people first entitled to such a dollar as will maintain the integrity of property at home? Is not silver as well as gold money of the Constitution? Did not both gold and silver exist as this country's standard of money for three-quarters of a century, from 1792 to 1873?

You may be impressed by the further consideration that the people's tax obligations to meet the gross indebtedness of our Federal, State, and local governments, aggregating about $32,000,000,000, and our mass indebtedness amounting to multiplied billions, must be paid, and if required to be paid under our present gold standard system, will have to be so paid with 200-cent dollars. In other words, the American people, if they can, will have to produce and market, if a market can be provided, twice as much property to acquire the volume of dollars with which to pay such taxes and indebtedness.

We respectfully submit, Mr. Congressman, that that part of our social class, known as the bond-holding class, has no vested right in the legislation of 1873 which demonetized silver and now unfortunately burdens the people with the single gold standard.

The congressional act destroying silver and retaining gold as our standard of money is admitted to have surreptitiously gone through the Halls of Congress in 1873 "like the silent tread of a cat." The legislation seems to have been directed by the invisible hand of high finance. It is the visible hand of high finance which is now demanding that this legislation be not repealed by an American Congress without international conferences. It is to an American President and an American Congress and not to international bankers that the American people are looking for legislative relief.

Mr. Congressman, with this country being confronted as pathetically pictured by Justice Brandeis, "with an emergency more serious than war, misery widespread in a time not of scarcity but of overabundance, a long-continued depression which has brought on unprecedented unemployment, a catastrophic fall in commodity prices, and a volume of economic losses," would it be too much to expect Congress before adjourning so to regulate our monetary system with the view of decreasing the unit value of the 200-cent dollar?

"Until," says Professor Fisher, "this individual bloating of the dollar is overcome business can not revive."

When England decided to abandon the gold standard it did so. When France decided to decrease the value of its franc it decreased it. Is the United States in these hours of distress to await the results of extended negotiations with foreign countries before an American Congress at Washington may feel at liberty to regulate our own monetary system?

Respectfully submitted.

CHAS. B. MCCROBY.

REVENUE RESULTING FROM INVESTIGATION OF CONTINENTAL TRADING CO.

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Daily News, of Washington, D. C., June 7, 1932, entitled "Government Return on Senate Inquiry Nearly $6,000,000."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GOVERNMENT RETURN ON SENATE INQUIRY NEARLY $6,000,000—NYE'S FRIENDS OFFER FIGURES IN ANSWER TO CAMPAIGN CHARGES OF EXTRAVAGANCE

By George Sanford Holmes

The Government has collected nearly $6,000,000 in cash for back income taxes, penalties, and interest, as a result of the Nye Senate investigation of the Continental Trading Co., offshoot of the famous Teapot Dome inquiry.

Of this amount $1,398,910.09 was collected in back income taxes and penalties from an unnamed man for Liberty bond holdings disclosed as a side issue of the Senate's Continental Co. investigation. The holder of the bonds was not involved in the Continental Co. with Blackmer, O'Neil, Sinclair, and Robert W. Stewart, his liability being discovered only incidentally.

In addition, the Government has collected $606,097.18 for back taxes and interest on the bonds held by the Continental Co.—some of which were traced through Harry Sinclair to former Interior Secretary Albert B. Fall. This sum includes a 25 per cent penalty for failure to file when due.

PROFITABLE INQUIRY

These collections, in addition to the $3,669,784 collected recently from Henry M. Blackmer, of Paris and Denver, for back taxes, and $60,000 from him for contempt of court in refusing to testify against his friend Sinclair, bring to nearly $6,000,000 the Government's return from the Senate's Continental Co. inquiry.

The Continental inquiry was a follow-up on the Teapot Dome-Elk Hills Senate investigation, and taking into account the estimated values of the oil leases recovered, and other refunds and payments to the Government, a net gain of some three-quarters of a billion dollars is shown.

These figures were disclosed by friends of Senator NYE (Republican, North Dakota) here to-day in answer to campaign charges of extravagance leveled against him in connection with the Continental investigation. He headed this inquiry as chairman of the Public Lands Committee. Its appropriation—the "investment" which brought in the $7,000,000 cash—was $25,000 for this activity and some of the appropriation was returned unspent.

RECORD RECOVERY

As to their bearing on the often-raised query, "What price Senate investigation?" the figures show that from the series of oil investigations, led first by Senator WALSH (Democrat, Montana) and later by NYE, a value has been recovered to the Government immeasurably larger than the combined costs of all congressional investigations since the establishment of the Republic.

Meantime, it is understood, an adjustment is in progress on the disputed income taxes of Sinclair, Stewart, and the late James O'Neil, all associated with Blackmer in the Continental Co., amounting to about $1,250,000 more.

The $606,097 payment came on the profits taken by the Continental Co. itself during its short life. It was a Canadian corporation and made big profits in an oil resale to some of the refining companies. NYE's committee disclosed the company itself was liable for 1922–23 income taxes of $393,653. The Government added a 25 per cent penalty for failure to file a return and interest. The company was dissolved by that time and the Government moved to collect from the four prime movers.

THEY FINALLY SETTLE

O'Neil, who like Blackmer went to France to avoid testifying against Sinclair in the oil trials, paid $151,597 as his share before he died abroad. Blackmer paid the same amount, and from the president and general counsel of the Sinclair Crude Oil Petroleum

Co., Tulsa, $303,194 was obtained to meet the claims on Sinclair and Stewart.

Of the four who organized the shadowy company, Blackmer is still in self-imposed exile in France; O'Neil died there; Stewart was ousted as head of Standard of Indiana by the Rockefeller interests; and Sinclair served seven months in jail on Senate and court contempt charges.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, informed the Senate that Hon. HENRY T. RAINEY, a Representative from the State of Illinois, was elected Speaker pro tempore during the absence of the Speaker.

ENROLLED JOINT RESOLUTION SIGNED

The message announced that the Speaker pro tempore had affixed his signature to the enrolled joint resolution (S. J. Res. 97) extending for one year the time within which American claimants may make application for payment, under the settlement of war claims act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission, and it was signed by the Vice President.

NATIONAL INCOME OF THE UNITED STATES

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day.

The Chief Clerk read the resolution (S. Res. 220), submitted by Mr. LA FOLLETTE on June 8, 1932, as follows:

Resolved, That the Secretary of Commerce is requested to report to the Senate of the United States on or before December 15, 1933, estimates of the total national income of the United States for each of the calendar years 1929, 1930, and 1931, including estimates of the portions of the national income originating from agriculture, manufacturing, mining, transportation, and other gainful industries and occupations, and estimates of the distribution of the national income in the form of wages, rents, royalties, dividends, profits, and other types of payments. These estimates shall be prepared by the Bureau of Foreign and Domestic Commerce, and the bureau shall use available official and unofficial statistics and such relevant data as may be in the possession of the various departments, bureaus, and independent establishments of the Federal Government.

Mr. McNARY. The resolution, as I understand, seeks to obtain information as to the gross income of the country for certain specified years.

The VICE PRESIDENT. That is the understanding of the Chair. Is there objection to the consideration of the resolution?

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia object to the reconsideration of the resolution?

Mr. GLASS. What is the nature of the resolution, Mr. President?

Mr. ROBINSON of Arkansas. Let the resolution be read.

The VICE PRESIDENT. The resolution will again be read.

The Chief Clerk again read the resolution.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

DISPLACEMENT OF BANKING BILL AS UNFINISHED BUSINESS

Mr. GLASS. Mr. President, I wish to submit a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. GLASS. Mr. President, for the first time since last January I found it necessary to be absent from the Senate for three days last week. Before leaving I took the precaution to request a colleague on the Banking and Currency Committee to take note of the proceedings and to see to it that the banking bill maintained its status as the unfinished business of this body. I note from the RECORD that in my absence, and presumptively in the absence of the colleague to whom I mentioned the matter, the Senate has superseded the bill to which I refer and has made another bill the unfinished business, and that without any notice to me and, I take it, without any notice to members of the Banking and Currency Committee. May I inquire if some other bill is now the unfinished business of the Senate?

The VICE PRESIDENT. The recollection of the Chair is that unanimous consent was asked that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of an appropriation bill. That was objected to, and then a motion was made to proceed to the consideration of the appropriation bill, which motion was carried and displaced the unfinished business.

Mr. GLASS. Of course, had I been present, Mr. President, I would have very readily yielded to the suggestion to lay aside temporarily the banking bill for the consideration of the appropriation bill. That was understood.

Mr. REED and Mr. ROBINSON of Arkansas addressed the Chair.

The VICE PRESIDENT. Does the Senator from Virginia yield; and if so, to whom?

Mr. GLASS. I yield first to the Senator from Pennsylvania.

Mr. REED. Mr. President, I think I am the culprit who accomplished the result of which the Senator speaks; but I want to assure him that I had no desire to put off the banking bill as the unfinished business. I asked unanimous consent to lay that bill aside temporarily, and that unanimous consent was refused, and I had to move to take up the Army appropriation bill, but it was with no malice against the bill of the Senator from Virginia.

Mr. GLASS. I would have had no objection to taking up the appropriation bill; but I understand that some other bill than an appropriation bill has been made the unfinished business of the Senate.

Mr. REED. That was done on Saturday, I believe; but on Friday, when I tried to take up the Army appropriation bill, I had to move to take it up because consent to lay aside temporarily the banking bill was refused.

Mr. GLASS. I have no objection to the banking bill being superseded by an appropriation bill, but what I now inquire of the Chair is whether some other bill has been made the unfinished business of the Senate in my absence?

The VICE PRESIDENT. Senate bill 4536, to amend the agricultural marketing act, has been made the unfinished business by order of the Senate.

Mr. GLASS. Mr. President, I think it was a distinct discourtesy to the Banking and Currency Committee, and not only that, but it was yielding to those interests whose immoral and almost criminal depredations have precipitated the present great distress upon this country. It indicates that the Senate is extending them an invitation to resume their activities whenever they please.

Mr. ROBINSON of Arkansas. Mr. President, I do not believe the Senate intended to displace the bill of the Senator from Virginia. It has been the unfinished business and has been temporarily laid aside, with the consent or at the request of the Senator from Virginia and others for several days. When the bill which now appears on the calendar as the unfinished business was consented to be taken up, I think it was in contemplation of the Senator from Oregon, although I have no authority to speak for him, that the banking bill should retain its status and be temporarily laid aside for the purpose of taking up the bill which he had in mind. I do not think it was called to the attention of the Senate that the banking bill was being displaced.

Mr. McNARY. Mr. President, I do not think any Member of the Senate intentionally desired to have the banking bill displaced. I did not know it had occurred until the motion was made to take up the appropriation bill. On Saturday the Senator from Nebraska [Mr. HOWELL] moved to make the bill to amend the agricultural marketing act the unfinished business, and that motion was adopted without debate. So far as I am concerned, I should be very happy to cooperate with the Senator from Arkansas and the Senator from Virginia to restore the status of the banking bill.

Mr. GLASS. I take pleasure in saying that the Senator from Oregon has been the soul of courtesy to me, not only with respect to this bill but during my service in the Senate. The RECORD shows, however, that the banking bill was not temporarily laid aside, to which I would not have raised any objection, but that it has been superseded.

I ask unanimous consent that after we shall have considered the agricultural marketing bill the banking bill may be restored to its status as the unfinished business of the Senate.

The VICE PRESIDENT. Is there objection?

Mr. BLAINE. Mr. President, withholding any objection at this time, I was going to inquire of the Senator from Virginia if that would not in effect exclude the consideration of the bill relating to Philippine independence?

Mr. GLASS. Not necessarily. The Senator from Virginia has been very accommodating in permitting the banking bill to be temporarily laid aside, and I want it restored to its status.

Mr. BLAINE. It is true that it would not necessarily displace it, but the effect would be that when——

The VICE PRESIDENT. The Chair will state that it would not interfere with the agreement because the agreement provides that, if there is any unfinished business, it shall be temporarily laid aside at the night session.

Mr. BLAINE. Mr. President, I did not finish my statement preliminary to the possibility of making an objection. I mention the Philippine independence bill, for instance, and the Goldsborough bill, and there are a number of other bills——

Mr. SHIPSTEAD. The unemployment relief bill.

Mr. BLAINE. And as the Senator from Minnesota suggests, the unemployment relief bill, a number of bills that are all of pressing and immediate necessity. If the bank bill is made the unfinished business now, I can see no hope for the consideration of any other of these bills. It will then be necessary to obtain unanimous consent for their consideration or for a majority of the Senate to displace the bank bill.

Mr. GLASS. The bank bill was the unfinished business and would still be the unfinished business had I been in the Senate Chamber.

Mr. BLAINE. The bank bill was the unfinished business; that is true. I had nothing to do with its displacement; but the bank bill has had a number of days for consideration. It has had its show. It has had its day in court.

Mr. GLASS. The bank bill had two days' consideration and then was temporarily laid aside for emergency measures.

Mr. BLAINE. It had a number of days for discussion, as I recall, before it was temporarily laid aside. As I recall, there were several days devoted to debate on the bank bill—three or four days, if I am not mistaken. That bill has had its opportunity, and I want to see some of these other bills given an opportunity. It is quite obvious to me that when the bank bill is made the unfinished business, what will happen is this: The appropriation bills will come before the Senate; the bank bill will be temporarily laid aside until such time as all the appropriation bills are disposed of; and then a resolution to adjourn will be presented, and this session of Congress will adjourn without opportunity to discuss or consider a number of bills in which the country is very much interested.

Mr. GLASS. That would be equally true of any measure that the Senator might propose.

Mr. BLAINE. That may be true; but I am speaking of measures in which the Senate is very much interested.

Mr. GLASS. If the Senator wants to take advantage of my absence in this way to deprive the bank bill of the status to which it was entitled, of course, he can do that. Thereupon I shall move, if I am in order——

Mr. BLAINE. I think I ought to be permitted to finish my statement.

The VICE PRESIDENT. The Senator from Wisconsin has the floor.

Mr. BLAINE. I have no disposition to breach any faith. I have had no pledge of faith on the proposition. I have kept faith, so far as I am personally concerned. I think the Senate disposed of the bank bill quite definitely. I think it was generally understood in the Senate that the bank bill was set aside, was disposed of for the time being, at least, and that we would proceed to the consideration of other bills; and, compatible with that suggestion, a unanimous-consent agreement was obtained for the consideration of the McNary bill, the farm relief bill. Consideration under unanimous-consent agreement is to be given to the Philippine independence bill at the evening session to-night. So there must have been a general feeling on the part of the Senate that the bank bill had been laid aside and would not again be taken up unless it were taken up upon a motion.

I can see very plainly that if the bank bill becomes the unfinished business, to be temporarily laid aside only for appropriation bills, then the Senate will have placed itself in a position where it will not act and can not act upon any other measure before the Senate. It must be obvious to everyone that there is a desire on the part of a great many Members of the Senate to have an adjournment, and at a very early time; and that laying the bank bill, known as the Glass bill, before the Senate will not afford the opportunity for an adjournment just as soon as the appropriation bills are out of the way.

I am not taking any advantage whatever of the Senator from Virginia. I do not believe that the personal wishes of any Senator are to be considered at this period in the session of the Congress. These are strenuous times; and if the bank bill is to be brought up again, it should be brought up in its regular course, upon a motion, or in pursuance of a unanimous-consent agreement.

I want to say to the Senator from Virginia that I have no responsibility whatever for the fact that the bank bill has been set aside as the unfinished business. We are now in a position where the Senate may take up the consideration of other bills. In view of the very grave situation, and in view of the fact that the bank bill has had many days for consideration, I think it is my duty toward the people of this country to interpose an objection, so that there will be an opportunity to prevent that which I have outlined, and also for the purpose of permitting an opportunity to consider some of these other bills.

The bank bill is not going to be passed in the twinkling of an eye. There is considerable opposition to many features of the bank bill; and if it is again taken up it will consume all of the time that our leaders on both sides plan to have allotted before adjournment. So I am clearly within my rights, and in no way breaching any good faith whatever, so far as I am personally concerned, in interposing an objection to the unanimous-consent request of the Senator from Virginia presently. Later on, when we see how these measures are progressing, how we are proceeding, I then perhaps and no doubt will be placed in a position where I can withhold any objection to making the bank bill the unfinished business; but I think these other bills ought to be given consideration.

Under the circumstances, I must interpose the objection to the request.

The VICE PRESIDENT. The Senator from Wisconsin objects.

Mr. GLASS. Mr. President, I am not astonished that the Senator from Wisconsin thinks that after opposing the bill in a 2-hour speech it was disposed of. Nevertheless, others of us had not that conception of the situation; and I shall resort to any parliamentary expedient, regardless of the requirements of courtesy, to restore the bank bill to the status that it held when I was necessarily away.

THE CALENDAR

The VICE PRESIDENT. The clerk will state the first bill on the calendar.

The first business on the calendar was the bill (S. 88) to authorize the Postmaster General to investigate the conditions of the lease of the post-office garage in Boston, Mass., and to readjust the terms thereof.

Mr. BLAINE. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 268) to amend subdivision (c) of section 4 of the immigration act of 1924, as amended, was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

MAILING OF UNSOLICITED MERCHANDISE

The Senate resumed the consideration of the bill (S. 1663) to prohibit the sending of unsolicited merchandise through the mails.

Mr. McNARY. Mr. President, some statement should be made with regard to this measure, or it should be read by the clerk.

The Chief Clerk read the bill.

Mr. McNARY. Mr. President, this is a very important bill. The chairman of the committee is absent. I think some statement should be made regarding its attitude, and the general purposes of the bill.

Mr. HAYDEN. Mr. President, the bill is designed to end a "racket" which has been going on for some years—the sending of unsolicited merchandise through the mails to the annoyance of the public. In these hard times it is difficult enough for legitimate local business enterprises to exist without being compelled to endure unfair competition from those who seek to "muscle in" through the United States mails. There was some objection to the bill, in that it was deemed too strict; but the Senator from Maryland [Mr. GOLDSBOROUGH] offered an amendment to liberalize the measure. I should like to inquire of the Chair if the amendment has been adopted.

The VICE PRESIDENT. The amendment was agreed to.

Mr. HAYDEN. In that event, I do not see that there should be any opposition to the bill. Its enactment into law is highly recommended by the Postmaster General.

The VICE PRESIDENT. The bill will be read as amended.

The Chief Clerk read the bill, as amended, as follows:

Be it enacted, etc., That hereafter unsolicited merchandise which any person desires to send for the purpose of sale to the addressee shall not be accepted for mailing. The term "person," when used in this act, means an individual, partnership, corporation, or association, except any religious, charitable, or eleemosynary society or institution: *Provided*, That the Postmaster General may provide by suitable regulations for the submission of applications by any such religious, charitable, or eleemosynary society or institution, accompanied with satisfactory evidence of its bona fides, for the privilege of sending through the mails unsolicited merchandise bearing the pledge of the sender to pay the return postage if undeliverable or refused.

SEC. 2. If such unsolicited merchandise is deposited in the mails it shall not be delivered to the addressee, but, under such regulations as the Postmaster General may prescribe, shall be returned to the sender charged with postage due at double the regular rates to be collected from him upon delivery. On failure of the sender to pay such return postage the matter shall be disposed of as other dead matter.

Mr. KING. Mr. President, I inquire of the Senator from Arizona how the post office is to determine whether a package that is submitted to be mailed has been ordered or is being sent unsolicited.

Mr. HAYDEN. The Senator from Utah will understand that this is a business which has grown to considerable proportions. Some firm sends out neckties that people do not want. Another firm sends out Christmas cards that those who receive them do not want. The mailings are heavy. It is very easy for the Post Office Department, when a complaint is once made, to ascertain the nature of the business in which the company is engaged. As the Senator will note, if the unsolicited matter goes through the mail, and the party to whom it is addressed does not desire to receive it, it is returned to the sender with double postage, collect. If the sender thinks enough of the neckties that he has sent out or the Christmas cards that he has sent out to pay double postage and take them out of the mail, he can have his property back.

Mr. KING. The question in my mind was how the post office could determine, when a package is presented, that it is being sent unsolicited.

Mr. HAYDEN. I have inquired of the department and am advised that there will be no administrative difficulty in that respect at all; that the firms sending out this kind of mail are well known, and the mailings are easily identified.

Mr. KING. Suppose some friend of the Senator's who is not engaged in the merchandising business should send to him a package of merchandise, a box of candy, or what not. How is the Post Office Department to determine whether it has been solicited or not?

Mr. HAYDEN. If the sender were my friend, he would not put in a bill with a box of candy and ask me to remit.

Mr. KING. No; that is true. Nevertheless the Senator, not knowing the character of the package, might reject it.

Mr. HAYDEN. No; not at all. The unsolicited character of the merchandise is evident when the receiver obtains a package inclosed in which is a request either to return the article or to send so much money in payment for it. That is the customary way in which such business is done.

Mr. DILL. Mr. President, I think this is an extremely desirable piece of legislation. I think the way this business has been worked up in this country is a nuisance, almost a curse; and I hope some such legislation as this can be enacted to put a stop to it.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

NATIONAL MUSEUM OF ENGINEERING AND INDUSTRY

The bill (S. 2642) to establish a commission to be known as a commission on a national museum of engineering and industry was announced as next in order.

SEVERAL SENATORS. Over.

The VICE PRESIDENT. The bill will be passed over.

REORGANIZATION OF EXECUTIVE AGENCIES

The joint resolution (S. J. Res. 76) authorizing the President to reorganize the executive agencies of the Government was announced as next in order.

Mr. GEORGE. Mr. President, this joint resolution was included in the House economy bill and in the bill which passed the Senate. I therefore think the joint resolution might be indefinitely postponed.

The VICE PRESIDENT. Without objection, the joint resolution will be indefinitely postponed.

BILL AND RESOLUTION PASSED OVER

The bill (S. 1856) to provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation, and/or similar districts other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The VICE PRESIDENT. The bill will be passed over.

The resolution (S. Res. 166) to print the pamphlets entitled "Draft of Mooney-Billings Report" and "Appendix Containing Official Documents," was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The resolution will be passed over.

COLVILLE INDIAN RESERVATION SCHOOL

The Senate proceeded to consider the bill (S. 3323) to provide funds for cooperation with the school district at Nespelem, Wash., in the construction of a public-school building to be available to Indian children of the Colville Indian Reservation.

Mr. DILL. Mr. President, when this bill came up some weeks ago on the Calendar the Senator from Pennsylvania raised some objection and asked some questions as to the amount of money provided, $75,000, and suggested that that was too large an amount. While I still think it is the proper amount, I recognize that there is some merit in the objection, and I should like to offer an amendment to strike out, in line 5, "$75,000" and to insert in lieu thereof "$50,000."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of $50,000 for the purpose of cooperating with the board of the public-school district at Nespelem, Wash., for construction and equipment of a public-school building: *Provided*, That the expenditure of any money so appropriated shall be subject to the condition that the school maintained by said school district shall be available to all Indian children upon the

same terms and conditions as are afforded other children of the district, except that tuition may be paid for attendance of said Indian children in the discretion of the Secretary of the Interior.

BILLS AND JOINT RESOLUTIONS PASSED OVER

The bill (S. 3696) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, was announced as next in order.

Mr. REED. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3377) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, was announced as next in order.

Mr. McNARY. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, was announced as next in order.

SEVERAL SENATORS. Over!

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 15) to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals, in the State of Alabama, to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 572) to provide that the United States shall cooperate with the States in promoting the general health of the rural population of the United States and the welfare and hygiene of mothers and children, was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1058) repealing various provisions of the act of June 15, 1917, entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes" (40 Stat. L. 217), was announced as as next in order.

Mr. REED. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 97) to protect trade-mark owners, distributors, and the public against injurious and uneconomic practices in the distribution of articles of standard quality under a distinguishing trade-mark, brand, or name, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 80) authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens, was announced as next in order.

Mr. REED. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

BOARD OF INDETERMINATE SENTENCE AND PAROLE

The Senate proceeded to consider the bill (S. 1155), to establish a board of indeterminate sentence and parole for the District of Columbia and to determine its functions, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments.

Mr. KING. Mr. President, my understanding is that this bill received consideration a few days ago.

Mr. CAPPER. Mr. President, one objection was raised, the objection being that it was thought the bill might create additional offices and result in additional expense to the District of Columbia.

I have just received a letter from Major Donovan, the auditor of the District of Columbia, in reply to my inquiry as to whether there would be any new positions created, or any additional cost, and he makes the statement positively that it would mean no additional cost to the District of Columbia or to the Federal Government, and, furthermore, that both the Federal Government and the District government hope the bill will pass.

The VICE PRESIDENT. The clerk will state the amendments of the committee in their order.

The amendments of the Committee on the District of Columbia were, on page 2, line 1, after the word "for," to strike out "one year, one for two years, and one for three years" and insert "three years, one for five years, and one for seven years"; in line 5, after the words "term of," to strike out "three" and insert "seven"; in line 10, after the word "the," to strike out "alienist" and insert "psychiatrist"; on page 3, line 7, after the word "of," to strike out "said parole officers" and insert "each such parole officer"; on page 3, line 17, after "SEC. 3," to strike out:

That hereafter, in imposing sentence on prisoners convicted in the District of Columbia of crime or an offense against the laws of the United States or of the District of Columbia, the justice or judge of the court imposing such sentence shall sentence the prisoners for the maximum period, not exceeding the maximum fixed by law, and for the minimum period not exceeding one-fifth of the maximum period fixed by law, and any prisoner so convicted and sentenced may be released on parole as herein provided at any time after having served six months of his sentence and after having served the minimum sentence.

And insert:

That hereafter, in imposing sentence on a person convicted in the District of Columbia of a felony, the justice or judge of the court imposing such sentence shall sentence the person for a maximum period, not exceeding the maximum fixed by law, and for a minimum period not exceeding one-fifth of the maximum period fixed by law, and any person so convicted and sentenced may be released on parole as herein provided at any time after having served the minimum sentence.

On page 4, line 20, after the word "whenever," to insert a comma and "within the limitations of section 3 of this act"; on page 5, line 7, after the word "authorize," to strike out "and" and insert "the"; in the same line, before the word "such," to insert "of"; on page 5, after line 20, to strike out:

SEC. 5. That if the superintendent of penal institution from which a prisoner shall have been paroled, or said board of indeterminate sentence and parole or any member thereof, shall have reliable information that the prisoner has violated his or her parole, then in the event that the prisoner shall be beyond the bounds of the District of Columbia, on application of the said superintendent of said penal institution the Supreme Court of the District of Columbia, at any time within the term or terms of the prisoner's sentence, shall issue a warrant to any Federal officer authorized to serve Federal process within the District of Columbia, and the officer to whom such warrant shall be delivered is authorized, empowered, and required to execute such warrant by taking such prisoner wherever he may be found, and returning him to the penal institution from which he was paroled.

On page 6, after line 10, to insert a new section, as follows:

SEC. 5. If said board of indeterminate sentence and parole, or any member thereof, shall have reliable information that a prisoner has violated his parole, said board, or any member thereof, at any time within the term or terms of the prisoner's sentence, may issue a warrant to any officer hereinafter authorized to execute the same for the retaking of such prisoner. Any officer of the penal institution from which such prisoner shall have been paroled or any Federal officer authorized to serve criminal process within the United States to whom such warrant shall be delivered is authorized and required to execute such warrant by taking such prisoner and returning him to said penal institution.

On page 7, line 6, after the word "thereof," to insert:

And if such order of parole be revoked and the parole so terminated the said prisoner shall serve the remainder of the sentence originally imposed, the unexpired term of imprisonment of any such prisoner to begin to run from the date he is returned to the institution, and time the prisoner was out on parole shall not be taken into account to diminish the time for which he was sentenced.

In line 15, after the word "advisable," and the period to strike out:

(If such order of parole be revoked and the parole so terminated, the said prisoner shall serve the remainder of the sentence originally imposed, and the time for which he was sentenced.)

At the top of page 8, to strike out:

SEC. 8. Upon the appointment of the members of said board, the powers of the existing parole board over prisoners confined in the institutions of the District of Columbia, or at Occoquan, or Lorton, shall cease and determine.

On page 8, after line 5, to insert the following section:

SEC. 8. Any person confined in a penal institution of the District of Columbia who escapes or attempts to escape therefrom, or any person who procures, advises, connives at, aids, or assists in such escape, or conceals any such prisoner after such escape, shall be guilty of an offense and upon conviction thereof in any court of the United States shall be punished by imprisonment for not more than five years, said sentence to begin, if the convicted person be an escaped prisoner, upon the expiration of the original sentence.

And on page 8, after line 14, to insert the following new section:

SEC. 9. Upon the appointment of the members of said board, the powers of the existing parole board over prisoners confined in the penal institutions of the District of Columbia shall cease and determine and all the powers of said existing parole board under the authority of the act of Congress approved June 25, 1910, entitled "An act to parole United States prisoners, and for other purposes," as amended, over said prisoners confined in the penal institutions of the District of Columbia shall be transferred to and vested in said board of indeterminate sentence and parole: *Provided, however,* That in the case of a prisoner convicted of felony committed prior to the effective date of this act, and in the case of any prisoner convicted of misdemeanor when the aggregate sentence imposed is in excess of one year, said board of indeterminate sentence and parole may parole said prisoner, under the provisions of this act, after said prisoner has served one-fifth of the sentence imposed.

So as to make the bill read:

Be it enacted, etc., That there shall be established in the District of Columbia a board of indeterminate sentence and parole for the penal institutions for said District, to consist of 3 members, residents of said District, to be appointed by the Commissioners of the District of Columbia, none of which members shall be officially connected with the prison administration in any other capacity; that of the 3 members first appointed after the passage of this act, 1 shall be appointed for 3 years, 1 for 5 years, and 1 for 7 years; thereafter all appointments, except such as may be made for the remainder of unexpired terms, shall be for the term of 7 years. It shall be the duty of the board of indeterminate sentence and parole to examine into the physical, mental, and moral records of the prisoners committed to the penal institutions of the District; receive reports of wardens and other officials, including the psychiatrist; recommend the treatment which, in their opinion, is most conducive to the prisoners' reformation; and provide for a system of determining the proper time of release and the rehabilitation of the ex-prisoner in the community. The board shall adopt rules and regulations for its procedure, subject to the approval of the Commissioners of the District of Columbia. The members of the board shall serve without compensation: *Provided,* That actual and necessary traveling expenses of the members of the board, incurred in the performance of duties under this act, shall be allowed and paid as herein provided.

SEC. 2. The board of indeterminate sentence and parole shall, subject to the approval of the Commissioners of the District of Columbia, appoint parole officers, in such number as shall be approved by Congress from time to time, for the penal institutions of said District, one of whom shall also act as the clerk of said board of indeterminate sentence and parole. It shall be the duty of such officers, subject to the discretion and control of said board, to perform such duties and exercise such authority as the said board may direct. Salaries and the actual and necessary traveling expenses of each such parole officer shall be paid out of the appropriation for the maintenance of the penal institution to which he is assigned and receive compensation in accordance with the rates established by the personnel classification act of 1923. (All other necessary expenses incurred in the administration of this act shall be paid out of the appropriations for the penal institutions from which prisoners are paroled, and such appropriations are hereby made available therefor.)

SEC. 3. That hereafter, in imposing sentence on a person convicted in the District of Columbia of a felony, the justice or judge of the court imposing such sentence shall sentence the person for maximum period, not exceeding the maximum fixed by law, and for a minimum period not exceeding one-fifth of the maximum period fixed by law, and any person so convicted and sentenced may be released on parole as herein provided at any time after having served the minimum sentence: *Provided, however,* That this act shall not abrogate the power of the justice or judge to sentence a convicted prisoner to the death penalty as now or hereafter may be provided by law: *Provided further,* That where a justice or a judge of the Supreme Court of the District of Columbia has imposed a life sentence on the prisoner convicted in the District of Columbia, said prisoner serving such sentence shall be eligible to parole as herein provided at any time after having served 15 years of his life's sentence.

SEC. 4. That whenever, within the limitations of section 3 of this act, it shall appear to the board of indeterminate sentence and parole, from the reports of the prisoner's work and conduct which may be received in accordance with the rules and regulations prescribed, and from the study and examination made by the board itself, that any prisoner serving an indeterminate sentence is fitted by his training for release, that there is a reasonable probability that such a prisoner will live and remain at liberty without violating the law, and in the opinion of the board such release is not incompatible with the welfare of society, said board of indeterminate sentence and parole may, in its discretion, authorize the release of such prisoner on parole, and he shall be allowed to go on parole, outside of said prison, and in the discretion of the board to return to his home upon such terms and conditions, including personal reports from said paroled prisoner, as said board of indeterminate sentence and parole shall prescribe, and to remain, while on parole, in the legal custody and under the control of the superintendent of the institution from which the prisoner may have been paroled, until the expiration of the maximum of the term or terms specified in his sentence, less such good-time allowance as is, or may hereinafter be, provided by law; and the said board shall in every parole fix the limits of the residence of such person paroled, which limits, however, may be thereafter changed in the discretion of the board.

SEC. 5. If said board of indeterminate sentence and parole, or any member thereof, shall have reliable information that a prisoner has violated his parole, said board, or any member thereof, at any time within the term or terms of the prisoner's sentence, may issue a warrant to any officer hereinafter authorized to execute the same for the retaking of such prisoner. Any officer of the penal institution from which such prisoner shall have been paroled or any Federal officer authorized to serve criminal process within the United States to whom such warrant shall be delivered is authorized and required to execute such warrant by taking such prisoner and returning him to said penal institution.

SEC. 6. At the next meeting of the board of indeterminate sentence and parole held after the issuing of a warrant for the retaking of any paroled prisoner, said board shall be notified thereof, and if such prisoner shall have been returned to the institution, he shall be given an opportunity to appear before said board of indeterminate sentence and parole, and the said board may then, or at any time in its discretion, revoke the order and terminate such parole or modify the terms and conditions thereof, and if such order of parole be revoked and the parole so terminated the said prisoner shall serve the remainder of the sentence originally imposed, the unexpired term of imprisonment of any such prisoner to begin to run from the date he is returned to the institution, and time the prisoner was out on parole shall not be taken into account to diminish the time for which he was sentenced: *Provided,* That the parole board, at its discretion, may afterwards grant a new parole to said prisoner, in the event said board should deem it advisable.

SEC. 7. That all acts or parts of acts inconsistent with the provisions of the act are hereby repealed: *Provided, however,* That for any felony committed before this act takes effect, the penalty, sentence, or forfeiture provided by law for such felony at the time such felony was committed shall remain in full force and effect and shall be imposed, notwithstanding this act.

SEC. 8. Any person confined in a penal institution of the District of Columbia who escapes or attempts to escape therefrom, or any person who procures, advises, connives at, aids, or assists in such escape, or conceals any such prisoner after such escape, shall be guilty of an offense and upon conviction thereof in any court of the United States shall be punished by imprisonment for not more than five years, said sentence to begin, if the convicted person be an escaped prisoner, upon the expiration of the original sentence.

SEC. 9. Upon the appointment of the members of said board, the powers of the existing parole board over prisoners confined in the penal institutions of the District of Columbia shall cease and determine and all the powers of said existing parole board under the authority of the act of Congress approved June 25, 1910, entitled "An act to parole United States prisoners, and for other purposes," as amended, over said prisoners confined in the penal institutions of the District of Columbia shall be transferred to and vested in said board of indeterminate sentence and parole: *Provided, however,* That in the case of a prisoner convicted of felony committed prior to the effective date of this act, and in the case of any prisoner convicted of misdemeanor when the aggregate sentence imposed is in excess of one year, said board of indeterminate sentence and parole may parole said prisoner, under the provisions of this act, after said prisoner has served one-fifth of the sentence imposed.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (S. 1039) establishing additional land offices in the States of Montana, Oregon, South Dakota, Idaho, New Mexico, Colorado, and Nevada was announced as next in order.

Mr. REED. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 13) to authorize the merger of street-railway corporations in the District of Columbia, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 1251) relating to the making of loans to veterans upon their adjusted certificates was announced as next in order.

Mr. MOSES. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The Senate proceeded to consider the bill (S. 3950) to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes," as applied to the Virgin Islands of the United States, which had been reported from the Committee on Commerce with an amendment, on page 2, line 3, after the word "States," to insert the words "States until the President of the United States, after a full investigation of the local needs and conditions, shall, by proclamation, declare that an adequate shipping service has been established to such islands and fix a date for going into effect of the same."

The VICE PRESIDENT. The Senator from Tennessee [Mr. McKELLAR] offered an amendment, which will be stated.

The CHIEF CLERK. On page 2, after line 7, the Senator from Tennessee proposes to insert a new paragraph, as follows:

SEC. 2. Title IV of the merchant marine act, 1928, shall not be construed to authorize ocean mail contracts for routes between continental United States and (a) the Virgin Islands or (b) Panama or the Panama Canal Zone.

Mr. JOHNSON. Mr. President, in order that this bill may be enacted at the present session, it will have to be acted on to-day. It is of very small consequence, merely authorizing a ship to stop at the Virgin Islands under the circumstances indicated in the title of the measure.

The Senator from Tennessee [Mr. McKELLAR] has presented an amendment. Can not the Senator eliminate the latter part of this amendment, relating to the Panama Canal, and make his amendment solely applicable to the particular stoppage at the Virgin Islands?

Mr. McKELLAR. Yes; I shall be very glad to do that.

Mr. JOHNSON. If the Senator will eliminate that part of the amendment, in order that the bill may be acted upon at this session of Congress, I will accept his amendment.

Mr. McKELLAR. Very well.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDENT pro tempore. The question now is on agreeing to the amendment offered by the Senator from Tennessee as modified.

The amendment as modified was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

IMMIGRATION VISAS

The bill (S. 34) to provide for review of the action of consular officers in refusing immigration visas was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

REGULATION OF PLUMBING AND GAS FITTING

The Senate proceeded to consider the bill (S. 3400) to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia," which had been reported from the Committee on the District of Columbia with amendments.

The PRESIDENT pro tempore. The amendments having been agreed to at a previous session of the Senate, the question is on engrossing the bill and reading it a third time.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1523) for the relief of certain tribes or bands of Indians in the States of Washington, Idaho, and Montana was announced as next in order.

Mr. REED. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

CHIPPEWA INDIANS OF MINNESOTA

The Senate proceeded to consider the bill (S. 3879) to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims," which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 1 of an act approved May 14, 1926 (44 Stat. 555), be, and the same is hereby, amended to read as follows:

"SECTION 1. That jurisdiction be, and is hereby, conferred upon the Court of Claims, with right of appeal to the Supreme Court of the United States by either party as in other cases, notwithstanding the lapse of time or statute of limitations, to hear, examine, and adjudicate and render judgment in any and all legal and equitable claims arising under or growing out of the act of January 14, 1889 (25 Stat. L. 642), or arising under or growing out of any subsequent act of Congress in relation to Indian affairs which said Chippewa Indians of Minnesota may have against the United States, which claims have not heretofore been determined and adjudicated on their merits by the Court of Claims or the Supreme Court of the United States. In any such suit or suits the plaintiff, the Chippewa Indians of Minnesota, shall be considered as including and representing all those entitled to share in either the interest or in the final distribution of the permanent fund provided for by section 7 of the act of January 14, 1889 (25 Stat. L. 642), and the agreements entered into thereunder: *Provided, however*, That nothing herein shall be construed to affect the powers of the Secretary of the Interior to determine the roll or rolls of the Chippewa Indians of Minnesota for the purpose of making any distribution of the permanent Chippewa fund, or of the interest accruing thereon; nor as submitting to the Court of Claims for determination any individual claim, or claims, to enrollment or to share in interest or principal of the permanent Chippewa fund; nor shall the qualifications necessary to such enrollment be deemed affected or changed in any manner by this act. This act shall apply to any and all suit or suits brought under said act of May 14, 1926."

BILLS PASSED OVER

The bill (S. 939) to limit the jurisdiction of district courts of the United States was announced as next in order.

Mr. REED. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2842) to authorize construction of the Casper-Alcova division, North Platte project, Nebraska-Wyoming, was announced as next in order.

Mr. COSTIGAN. I request that that bill may go over.

The PRESIDENT pro tempore. The bill will be passed over.

MANUFACTURE AND SALE OF STAMPED ENVELOPES

The bill (S. 4080) to regulate the manufacture and sale of stamped envelopes was announced as next in order.

SEVERAL SENATORS. Over.

Mr. ODDIE. Mr. President, I would like to have this bill taken up and disposed of at this session. I do not think it would require much discussion. I believe we could arrive at a vote very quickly. The bill has been before the Senate for some time past and is pretty well understood, and I would like to have a vote on it. I move that the bill be taken up now.

The PRESIDENT pro tempore. The Senator from Nevada moves that the Senate proceed to the consideration of Senate bill 4080.

The motion was rejected.

QUALIFICATIONS OF PRACTITIONERS OF LAW

The bill (S. 3223) relative to the qualifications of practitioners of law in the District of Columbia was announced as next in order.

Mr. REED. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

CONSTRUCTION OF SCHOOL BUILDING IN SOUTH DAKOTA

The bill (S. 2340) to provide funds for cooperation with the School Board of Shannon County, S. Dak., in the construction of a consolidated high-school building to be available to both white and Indian children was announced as next in order.

Mr. REED. Mr. President, I would like to have an explanation as to why so large a sum as $150,000 is asked to be appropriated for this purpose.

The PRESIDENT pro tempore. Neither the author of the bill nor the Senator who reported it is present.

Mr. REED. I ask that the bill may go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control, to prevent the undue diversion of funds into speculative operation, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The bill will be passed over.

SENATOR FROM NORTH CAROLINA

The resolution (S. Res. 60) to hear and determine the contest of George M. Pritchard *v.* Josiah W. Bailey for a seat in the Senate from the State of North Carolina, was announced as next in order.

Mr. GEORGE. I ask that that may go over.

The PRESIDENT pro tempore. The resolution will go over.

REGULATION OF USE OF DANGEROUS WEAPONS

The Senate proceeded to consider the bill (H. R. 8754) to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments.

Mr. McKELLAR. Whoever is the author of the bill or whoever reported it I hope will give some explanation.

Mr. CAPPER. Mr. President, this is a House bill, but had very careful consideration by the Senate Committee on the District of Columbia. The bill also has the very strong approval of the police department of the District of Columbia, of the District Commissioners, and of the civic organizations.

Under the terms of the bill the purchaser of a pistol would be required to sign in duplicate and give the dealer a statement containing his name, his address, his occupation, and other pertinent information. The sale would not be consummated until 48 hours after the application was made.

The right of an individual to possess a pistol in his home or on land belonging to him would not be disturbed by the bill. As it is now all types of deadly weapons are sold in the District of Columbia with virtually no restriction. The District authorities and everyone here who has anything to do with the Government and the administration of the law strongly favor this measure.

Mr. McKELLAR. I have no objection.

The PRESIDENT pro tempore. The clerk will state the first amendment.

The first amendment of the committee was, on page 1, section 1, line 5, after the word "length," to strike out "or any weapon commonly designated as a sawed-off shotgun regardless of length" and insert a new paragraph, as follows:

"Sawed-off shotgun," as used in this act, means any shotgun with a barrel less than 20 inches in length.

The amendment was agreed to.

The next amendment of the committee was, on page 6, line 16, after the word "gun," to insert "sawed-off shotgun"; on page 7, line 1, after the words "machine gun," to insert "sawed-off shotgun"; in line 6, after the words "machine gun," to insert "sawed-off shotgun"; in line 13, after the word "guns," to insert "sawed-off shotguns"; on page 8, line 4, after the word "gun," insert "sawed-off shotgun"; in line 12, after the word "all," strike out the words "pistols and" and insert the word "pistols"; and after the words "machine guns," in line 12, insert the words "and sawed-off shotguns"; in line 18, after the words "machine guns," insert "sawed-off shotgun"; on page 9, in line 16, after the words "machine gun," insert "sawed-off shotgun"; in line 23, after the word "any," strike out "pistol or" and insert "pistol," and after the words "machine gun" insert "or sawed-off shotgun"; in line 24, after the word "any," strike out "pistol or" and insert "pistol"; on page 10, line 1, after the word "gun," insert "or sawed-off shotgun"; in line 20, after the words "machine guns," insert the words "sawed-off shotguns"; and in line 21, after the word "by," strike out "any foreign government," so as to make the bill read:

Be it enacted, etc.—

DEFINITIONS

SECTION 1. "Pistol," as used in this act, means any firearms with a barrel less than 12 inches in length.

"Sawed-off shotgun," as used in this act, means any shotgun with a barrel less than 20 inches in length.

"Machine gun," as used in this act, means any firearm which shoots automatically or semiautomatically more than 12 shots without reloading.

"Person," as used in this act, includes individual, firm, association, or corporation.

"Sell" and "purchase" and the various derivatives of such words, as used in this act, shall be construed to include letting on hire, giving, lending, borrowing, and otherwise transferring.

"Crime of violence," as used in this act, means any of the following crimes, or an attempt to commit any of the same, namely: Murder, manslaughter, rape, mayhem, maliciously disfiguring another, abduction, kidnaping, burglary, housebreaking, larceny, any assault with intent to kill, commit rape, or robbery, assault with a dangerous weapon, or assault with intent to commit any offense punishable by imprisonment in the penitentiary.

COMMITTING CRIME WHEN ARMED

SEC. 2. If any person shall commit a crime of violence in the District of Columbia when armed with or having readily available any pistol or other firearm, he may, in addition to the punishment provided for the crime, be punished by imprisonment for a term of not more than five years; upon a second conviction for a crime of violence so committed he may, in addition to the punishment provided for the crime, be punished by imprisonment for a term of not more than 10 years; upon a third conviction for a crime of violence so committed he may, in addition to the punishment provided for the crime, be punished by imprisonment for a term of not more than 15 years; upon a fourth or subsequent conviction for a crime of violence so committed he may, in addition to the punishment provided for the crime, be punished by imprisonment for an additional period of not more than 30 years.

PERSONS FORBIDDEN TO POSSESS CERTAIN FIREARMS

SEC. 3. No person who has been convicted in the District of Columbia or elsewhere of a crime of violence shall own or have in his possession a pistol within the District of Columbia.

CARRYING CONCEALED WEAPONS

SEC. 4. No person shall within the District of Columbia carry concealed on or about his person, except in his dwelling house or place of business or on other land possessed by him, a pistol without a license therefor issued as hereinafter provided, or any deadly or dangerous weapon.

EXCEPTIONS

SEC. 5. The provisions of the preceding section shall not apply to marshals, sheriffs, prison or jail wardens, or their deputies, policemen or other duly appointed law-enforcement officers, or to members of the Army, Navy, or Marine Corps of the United States or of the National Guard or Organized Reserves when on duty, or to the regularly enrolled members of any organization duly authorized to purchase or receive such weapons from the United States, provided such members are at or are going to or from their places of assembly or target practice, or to officers or employees of the United States duly authorized to carry a concealed pistol, or to any person engaged in the business of manufacturing, repairing, or dealing in firearms, or the agent or representative of any such person having in his possession, using, or carrying a pistol in the usual or ordinary course of such business or to any person while carrying a pistol unloaded and in a secure wrapper from the place of purchase to his home or place of business or to a place of repair or back to his home or place of business or in moving goods from one place of abode or business to another.

ISSUE OF LICENSE TO CARRY

SEC. 6. The superintendent of police of the District of Columbia may, upon the application of any person having a bona fide residence or place of business within the District of Columbia or of any person having a bona fide residence or place of business within the United States and a license to carry a pistol concealed upon his person issued by the lawful authorities of any State or subdivision of the United States, issue a license to such person to carry a pistol within the District of Columbia for not more than one year from date of issue, if it appears that the applicant has

good reason to fear injury to his person or property or has any other proper reason for carrying a pistol and that he is a suitable person to be so licensed. The license shall be in duplicate, in form to be prescribed by the Commissioners of the District of Columbia, and shall bear the name, address, description, photograph, and signature of the licensee and the reason given for desiring a license. The original thereof shall be delivered to the licensee, and the duplicate shall be retained by the superintendent of police of the District of Columbia and preserved in his office for six years.

SELLING TO MINORS AND OTHERS

SEC. 7. No person shall within the District of Columbia sell any pistol to a person who he has reasonable cause to believe is not of sound mind, or is a drug addict, or is a person who has been convicted in the District of Columbia or elsewhere of a crime of violence or, except when the relation of parent and child or guardian and ward exists, is under the age of 18 years.

TRANSFERS REGULATED

SEC. 8. No seller shall within the District of Columbia deliver a pistol to the purchaser thereof until 48 hours shall have elapsed from the time of the application for the purchase thereof, except in the case of sales to marshals, sheriffs, prison or jail wardens or their deputies, policemen, or other duly appointed law-enforcement officers, and, when delivered, said pistol shall be securely wrapped and shall be unloaded. At the time of applying for the purchase of a pistol the purchaser shall sign in duplicate and deliver to the seller a statement containing his full name, address, occupation, color, place of birth, the date and hour of application, the caliber, make, model, and manufacturer's number of the pistol to be purchased, and a statement that he has never been convicted in the District of Columbia or elsewhere of a crime of violence. The seller shall, within six hours after such application, sign and attach his address and deliver one copy to such person or persons as the superintendent of police of the District of Columbia may designate, and shall retain the other copy for six years. No machine gun, sawed-off shotgun, or blackjack shall be sold to any person other than the persons designated in section 14 hereof as entitled to possess the same, and then only after permission to make such sale has been obtained from the superintendent of police of the District of Columbia. This section shall not apply to sales at wholesale to licensed dealers.

DEALERS TO BE LICENSED

SEC. 9. No retail dealer shall within the District of Columbia sell or expose for sale or have in his possession, with intent to sell, any pistol, machine gun, sawed-off shotgun, or blackjack without being licensed as hereinafter provided. No wholesale dealer shall, within the District of Columbia, sell, or have in his possession with intent to sell, to any person other than a licensed dealer, any pistol, machine gun, sawed-off shotgun, or blackjack.

DEALERS' LICENSES, BY WHOM GRANTED AND CONDITIONS THEREOF

SEC. 10. The Commissioners of the District of Columbia may, in their discretion, grant licenses and may prescribe the form thereof, effective for not more than one year from date of issue, permitting the licensee to sell pistols, machine guns, sawed-off shotguns, and blackjacks at retail within the District of Columbia subject to the following conditions in addition to those specified in section 9 hereof, for breach of any of which the license shall be subject to forfeiture and the licensee subject to punishment as provided in this act.

1. The business shall be carried on only in the building designated in the license.

2. The license or a copy thereof, certified by the issuing authority, shall be displayed on the premises where it can be easily read.

3. No pistol shall be sold (a) if the seller has reasonable cause to believe that the purchaser is not of sound mind or is a drug addict or has been convicted in the District of Columbia or elsewhere of a crime of violence or is under the age of 18 years, and (b) unless the purchaser is personally known to the seller or shall present clear evidence of his identity. No machine gun, sawed-off shotgun, or blackjack shall be sold to any person other than the persons designated in section 14 hereof as entitled to possess the same, and then only after permission to make such sale has been obtained from the superintendent of police of the District of Columbia.

4. A true record shall be made in a book kept for the purpose, the form of which may be prescribed by the commissioners, of all pistols, machine guns, and sawed-off shotguns in the possession of the licensee, which said record shall contain the date of purchase, the caliber, make, model, and manufacturer's number of the weapon, to which shall be added, when sold, the date of sale.

5. A true record in duplicate shall be made of every pistol, machine gun, sawed-off shotgun, and blackjack sold, said record to be made in a book kept for the purpose, the form of which may be prescribed by the Commissioners of the District of Columbia and shall be personally signed by the purchaser and by the person effecting the sale, each in the presence of the other, and shall contain the date of sale, the name, address, occupation, color, and place of birth of the purchaser, and, so far as applicable, the caliber, make, model, and manufacturer's number of the weapon, and a statement signed by the purchaser that he has never been convicted in the District of Columbia or elsewhere of a crime of violence. One copy of said record shall, within seven days, be forwarded by mail to the superintendent of police of the District of Columbia and the other copy retained by the seller for six years.

6. No pistol or imitation thereof or placard advertising the sale thereof shall be displayed in any part of said premises where it can readily be seen from the outside. No license to sell at retail shall be granted to anyone except as provided in this section.

FALSE INFORMATION FORBIDDEN

SEC. 11. No person shall, in purchasing a pistol or in applying for a license to carry the same, or in purchasing a machine gun, sawed-off shotgun, or blackjack within the District of Columbia, give false information or offer false evidence of his identity.

ALTERATION OF IDENTIFYING MARKS PROHIBITED

SEC. 12. No person shall within the District of Columbia change, alter, remove, or obliterate the name of the maker, model, manufacturer's number, or other mark or identification on any pistol, machine gun, or sawed-off shotgun. Possession of any pistol, machine gun, or sawed-off shotgun upon which any such mark shall have been changed, altered, removed, or obliterated shall be prima facie evidence that the possessor has changed, altered, removed, or obliterated the same within the District of Columbia: *Provided, however,* That nothing contained in this section shall apply to any officer or agent of any of the departments of the United States or the District of Columbia engaged in experimental work.

EXCEPTIONS

SEC. 13. This act shall not apply to toy or antique pistols unsuitable for use as firearms.

POSSESSION OF CERTAIN DANGEROUS WEAPONS

SEC. 14. No person shall within the District of Columbia possess any machine gun, sawed-off shotgun, or any instrument or weapon of the kind commonly known as a blackjack, slung shot, sand club, sandbag, or metal knuckles, nor any instrument, attachment, or appliance for causing the firing of any firearm to be silent or intended to lessen or muffle the noise of the firing of any firearms: *Provided, however,* That machine guns, sawed-off shotguns, and blackjacks may be possessed by the members of the Army, Navy, or Marine Corps of the United States, the National Guard, or Organized Reserves when on duty, the Post Office Department or its employees when on duty, marshals, sheriffs, prison or jail wardens, or their deputies, policemen, or other duly appointed law-enforcement officers, officers or employees of the United States duly authorized to carry such weapons, banking institutions, public carriers who are engaged in the business of transporting mail, money, securities, or other valuables, wholesale dealers and retail dealers licensed under section 10 of this act.

PENALTIES

SEC. 15. Any violation of any provision of this act for which no penalty is specifically provided shall be punished by a fine of not more than $1,000 or imprisonment for not more than one year, or both.

CONSTITUTIONALITY

SEC. 16. If any part of this act is for any reason declared void, such invalidity shall not affect the validity of the remaining portions of this act.

CERTAIN ACTS REPEALED

SEC. 17. The following sections of the Code of Law for the District of Columbia, 1919, namely, sections 855, 856, and 857, and all other acts or parts of acts inconsistent herewith, are hereby repealed.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

CHANGE OF NAME OF COMMITTEE ON PENSIONS

The resolution (S. Res. 26) changing the name of the Committee on Pensions to the Committee on Veterans' Affairs, and defining its jurisdiction, was announced as next in order.

Mr. KING. Over.

The PRESIDENT pro tempore. The resolution will go over.

Mr. BROOKHART. Mr. President, I move that the Senate proceed to the consideration of the resolution.

The PRESIDENT pro tempore. The Senator from Iowa moves that the Senate proceed to the consideration of Senate Resolution 26.

Mr. BROOKHART. Mr. President——

The PRESIDENT pro tempore. The motion is not debatable.

Mr. BROOKHART. I ask for the yeas and nays.

The PRESIDENT pro tempore. Is the demand seconded? Apparently it is not sufficiently seconded.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Hull	Reed
Austin	Couzens	Johnson	Robinson, Ark.
Bankhead	Cutting	Jones	Robinson, Ind.
Barbour	Dale	Kean	Schall
Barkley	Davis	Kendrick	Sheppard
Blaine	Dill	King	Shipstead
Borah	Fletcher	La Follette	Smoot
Bratton	Frazier	Logan	Steiwer
Brookhart	George	McGill	Thomas, Idaho
Broussard	Glass	McKellar	Thomas, Okla.
Bulkley	Goldsborough	McNary	Trammell
Bulow	Gore	Metcalf	Tydings
Byrnes	Hale	Moses	Vandenberg
Capper	Harrison	Neely	Walcott
Caraway	Hastings	Norbeck	Walsh, Mont.
Carey	Hatfield	Norris	Wheeler
Cohen	Hayden	Nye	White
Coolidge	Hebert	Oddie	
Copeland	Howell	Patterson	

Mr. SHEPPARD. I wish to announce that the Senator from North Carolina [Mr. BAILEY] is detained by illness.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is detained from the Senate in attendance upon the disarmament conference at Geneva.

The PRESIDENT pro tempore. Seventy-four Senators have answered to their names. A quorum is present. The question is on agreeing to the motion of the Senator from Iowa that the Senate proceed to the consideration of Senate Resolution 26.

Mr. LA FOLLETTE. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. MCNARY (when his name was called). On this question I have a pair with the senior Senator from North Carolina [Mr. BAILEY], who is detained by illness. Not knowing how he would vote, I withhold my vote.

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and vote "yea."

The roll call was concluded.

Mr. COPELAND (after having voted in the affirmative). I have a general pair with the senior Senator from Ohio [Mr. FESS]. I transfer that pair to the junior Senator from Illinois [Mr. LEWIS] and let my vote stand.

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON], but I understand that on this matter I am at liberty to vote, and so I vote "yea."

Mr. PATTERSON (after having voted in the affirmative). I have a general pair with the junior Senator from New York [Mr. WAGNER]. I have just been informed that if he were present he would vote as I have voted, and I therefore let my vote stand.

Mr. BARKLEY. I have a general pair with the junior Senator from Iowa [Mr. DICKINSON], which I transfer to the senior Senator from Alabama [Mr. BLACK], and vote "yea."

Mr. HATFIELD. I transfer my general pair with the senior Senator from North Carolina [Mr. MORRISON] to the junior Senator from California [Mr. SHORTRIDGE] and vote "yea."

Mr. GLASS. I have a general pair with the senior Senator from Connecticut [Mr. BINGHAM]. Being advised that he would vote as I intend to vote, I am at liberty to vote. I vote "nay."

Mr. SHEPPARD. I desire to announce that the Senator from Massachusetts [Mr. WALSH] has a general pair with the Senator from New Hampshire [Mr. KEYES]. I am not advised how either Senator would vote upon this question.

Mr. MCKELLAR. I have a general pair with the Senator from Delaware [Mr. TOWNSEND], who is necessarily absent. Not knowing how he would vote, I transfer my pair to the Senator from Texas [Mr. CONNALLY] and vote "yea."

Mr. MCNARY. I wish to announce that the Senator from Illinois [Mr. GLENN] has a general pair with the Senator from Louisiana [Mr. LONG] and that the Senator from Indiana [Mr. WATSON] has a general pair with the Senator from South Carolina [Mr. SMITH]. I understand that the Senator from Illinois [Mr. GLENN] and the Senator from Indiana [Mr. WATSON], if present and at liberty to vote, would vote "yea."

Mr. SHEPPARD. I desire to announce that the Senator from Massachusetts [Mr. WALSH], the Senator from Alabama [Mr. BLACK], and the Senator from Louisiana [Mr. LONG] are necessarily out of the city.

The result was announced—yeas 63, nays 9, as follows:

YEAS—63

Ashurst	Cohen	Hayden	Oddie
Austin	Coolidge	Hebert	Patterson
Bankhead	Copeland	Howell	Robinson, Ark.
Barbour	Costigan	Hull	Robinson, Ind.
Barkley	Couzens	Johnson	Schall
Blaine	Cutting	Jones	Sheppard
Borah	Dale	Kean	Shipstead
Bratton	Davis	Kendrick	Steiwer
Brookhart	Dill	La Follette	Thomas, Idaho
Broussard	Fletcher	Logan	Thomas, Okla.
Bulkley	Frazier	McGill	Trammell
Bulow	George	McKellar	Vandenberg
Byrnes	Goldsborough	Neely	Walsh, Mont.
Capper	Hale	Norbeck	Wheeler
Caraway	Hastings	Norris	White
Carey	Hatfield	Nye	

NAYS—9

Glass	King	Moses	Smoot
Gore	Metcalf	Reed	Tydings
Harrison			

NOT VOTING—24

Bailey	Glenn	Morrison	Townsend
Bingham	Hawes	Pittman	Wagner
Black	Keyes	Shortridge	Walcott
Connally	Lewis	Smith	Walsh, Mass.
Dickinson	Long	Stephens	Waterman
Fess	McNary	Swanson	Watson

So Mr. BROOKHART's motion was agreed to, and the Senate resumed consideration of the resolution.

The PRESIDENT pro tempore. The clerk will state the pending amendment.

The CHIEF CLERK. The Senator from Iowa [Mr. BROOKHART] has offered the following amendment:

On page 1, line 9, strike out the word "in" and insert the words "discharged from," so as to read:

Resolved, That so much of paragraph 1 of Rule XXV of the Standing Rules of the Senate as reads "Committee on Pensions, to consist of 11 Senators" is amended to read as follows:

"Committee on Veterans' Affairs, to consist of 13 Senators, to which shall be referred all legislation and other matters relating to pensions, Government life insurance, and death or disability compensation, hospitalization, and allowances of persons discharged from the military or naval service of the United States and their beneficiaries, and all legislation and others matters relating to the National Home for Disabled Volunteer Soldiers, and its branches."

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. BROOKHART. Mr. President, I think that is not the resolution which is before the Senate. I do not have it here in that form.

Mr. GEORGE. Mr. President, let the resolution be reported.

The PRESIDENT pro tempore. The resolution will be reported for the information of the Senate.

The Chief Clerk again read the resolution.

The PRESIDENT pro tempore. May the Chair state that in the RECORD for April 25, on page 8858, will be found the proceedings wherein the Senator from Iowa is recorded as having offered the amendment.

Mr. BROOKHART. I should like to perfect the resolution now in line 9 by striking out the word "in" and inserting in lieu thereof the words "discharged from."

The PRESIDENT pro tempore. That is the amendment which has just been agreed to.

Mr. BROOKHART. Then that leaves the resolution as I desire it.

Mr. VANDENBERG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from Michigan?

Mr. BROOKHART. I yield.

Mr. VANDENBERG. May I inquire of the Senator whether it is the expectation that the Committee on Pensions will become the Committee on Veterans' Affairs or that a committee de novo shall be chosen?

Mr. BROOKHART. It is expected that a committee de novo will be chosen; that a new committee will be created by this resolution entirely. There is nothing in it transfer-

ring the personnel of any existing committee, or anything of that kind.

Mr. VANDENBERG. If that is the fact, since the committee memberships are normally rearranged at the beginning of a session, and since we are now practically at the close of the present session, I am wondering whether the Senator would object to amendment in line 1 so that the resolution would read:

Resolved, That at the opening of the second session of the Seventy-second Congress, and thereafter, so much of paragraph 1—

And so forth.

Mr. BROOKHART. Mr. President, I think the committee ought to be organized now and not wait for any reorganization at the beginning of the next session, because there may be some legislation proposed relating to veterans' affairs that should have consideration during the interim. I have no particular objection; there will probably be nothing brought forward at this session; but I think we ought not postpone the organization of the committee in the way suggested.

Mr. VANDENBERG. My understanding, from discussing the matter with the Senator a few moments ago, was that his original attitude was not one of hostility to the idea suggested by me.

Mr. BROOKHART. That is correct. But after conversation with the chairman of the Committee on Pensions, and others, it was thought advisable not to do that. That conversation took place since the one with the Senator from Michigan a while ago.

Mr. VANDENBERG. Mr. President, inasmuch as it seems to me that this would be the orderly way to proceed, I will take the liberty of offering, if the Senator will permit me in his time to raise the question——

Mr. BROOKHART. I would prefer that the Senator wait until I make my statement.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from Kentucky?

Mr. BROOKHART. I yield.

Mr. BARKLEY. Inasmuch as Congress has already provided for the Veterans' Administration to include all activities with reference to soldiers' relief, I wondered whether the Senator had considered the advisability of having one committee of the Senate to consider all such legislation?

Mr. BROOKHART. That is exactly what the pending resolution provides.

Mr. BARKLEY. Does it in fact abolish the old Pensions Committee and create a new one?

Mr. BROOKHART. It abolishes the old Pensions Committee and transfers its jurisdiction and that of the Finance Committee and of any other committee now considering veterans' matters to the proposed new committee, so that all legislation regarding veterans' affairs will be considered by the new committee. I will say to the Senator that there are some 200 bills now pending in the Finance Committee that have not been considered at this session of Congress, and I believe only 4 have been considered.

Mr. BARKLEY. I realize that. Being a member of the Finance Committee, and having had bills of my own before it which I found some difficulty occasionally in having considered by the committee, I have sympathy with the purpose of the Senator's resolution; but I was anxious to know whether it covered the point about which I inquired.

Mr. BROOKHART. That is exactly the purpose of the resolution.

Mr. ASHURST. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from Arizona?

Mr. BROOKHART. I yield.

Mr. ASHURST. In line 5, I note that the committee is to consist of 13 members. Many people have an aversion to the cabalistic number 13. I have no such aversion, but I move that the membership of the committee be increased to 15.

Mr. BROOKHART. The size of the committee is immaterial to me.

The PRESIDENT pro tempore. The Chair will say that there is pending an amendment offered by the Senator from Michigan.

Mr. ASHURST. Very well, I withdraw my amendment for the moment.

Mr. REED. Mr. President, will the Senator from Iowa permit a question?

Mr. BROOKHART. I yield.

Mr. REED. Did I correctly understand the Senator to say that only four bills relating to veterans have been reported by the Finance Committee at this session?

Mr. BROOKHART. That was the information that came to me. I myself did not secure the information from the committee.

Mr. REED. My impression is that about 80 or 90 bills have been acted upon by the Finance Committee and reported to the Senate.

Mr. BROOKHART. I refer the question to the Senator from New Mexico [Mr. CUTTING].

Mr. CUTTING. Mr. President, the figures I have, may I say to the Senator from Iowa, show that up to May 16—I have not the figures since then—there had been 168 bills referred to the Finance Committee. Of these bills 39 were reported adversely without hearing, 11 were reported adversely by the committee and subsequently recommitted to the committee, 2 were tabled in the committee, on 110 bills the committee has taken no action, and on just 6 has favorable action been taken. One of the six was the bill which was reported favorably to the Senate only after a long fight by the Senator from Nebraska [Mr. NORRIS], and two of the remaining five were bills to which the service men were practically unanimously opposed. The record may have changed somewhat since the 16th of May, but I think the figures submitted by me speak for themselves.

Mr. REED. Will the Senator tell me who compiled these figures?

Mr. CUTTING. They are based on the committee's Calendar No. 10 of May 16, 1932, sent to me by the American Legion.

Mr. REED. My impression is that at least a half dozen bills were reported favorably or acted upon favorably that do not come within the category the Senator has just given. I remember I had, I think, two to report favorably; the Senator from Georgia [Mr. GEORGE] had a couple, as I remember; the Senator from Massachusetts [Mr. WALSH] had two or three; and the Senator from Utah [Mr. SMOOT] had some. I think there must be some error in the statement.

Mr. CUTTING. Possibly they were reported since the 16th of May. Does the Senator remember as to that?

Mr. BARKLEY. Mr. President, if the Senator will yield, I was fortunate to have one bill reported favorably by the Committee on Finance, which has been on the calendar for several months, and it would have passed except for the objection of members of the Finance Committee who were not in favor of it.

Mr. BROOKHART. Mr. President, I desire to say to the Senator from Michigan that the fact which the Senator from New Mexico states affords some indication that the committee ought to be organized now rather than to have reorganization wait until the next session.

Mr. CUTTING. If the Senator will allow me to say so, I hope he will not accept the amendment.

Mr. BROOKHART. For the reasons indicated, I think I shall not accept the amendment.

Mr. ASHURST. Mr. President, will the Senator accept the amendment I desire to propose and which I mentioned a few moments ago?

The PRESIDING OFFICER. The Chair will say it is not a question of a Senator accepting an amendment. The resolution is formally before the Senate and any amendment may be offered.

Mr. ASHURST. I thank the Chair; I would not have known that if the Chair had not told me.

Mr. BROOKHART. Mr. President, I am not going to take any time in presenting this matter. I desire to bring it to a vote at once. The resolution in its present form has the approval of the American Legion and all the veterans' organizations. There is no division of opinion any longer about what should be done or the form which the resolution should take. Therefore, I submit the resolution for a vote at once.

Mr. VANDENBERG. Mr. President, in my colloquy with the Senator from Iowa we were discussing the advisability of postponing the reorganization of this committee until the second session of the Seventy-second Congress. I find that my suggestion might have been interpreted as a reflection upon the membership of the present Pensions Committee, which, of course, was the farthest thing from my thought. So far as I am concerned the personnel of that committee is quite as adequate and satisfactory as any other. My sole theory is that, particularly if the committee is to be increased in size—and I cordially concur in that suggestion—there is bound to be further delay respecting the reorganization of the new committee in its new and amplified status. The net result will be that we shall have, if anything, a hiatus during which there will be no fully organized committee to carry on, and I am unable to see that my suggested amendment would be contributing in any degree to delay in the consideration of veterans' legislation. At any rate, for the purpose of taking the judgment of the Senate, I move that in line 1, after the word "That," the following words be inserted:

At the beginning of the second session of the Seventy-second Congress and thereafter.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Michigan.

Mr. REED. Mr. President, will the Senator from Michigan yield to me to ask a question of the Senator from Iowa?

Mr. VANDENBERG. I yield.

Mr. REED. It occurs to me that the change proposed by the Senator from Michigan is a wise one unless it is in the minds of the advocates of the resolution to make special provision for handling the bonus bill, if it should pass the House. I wish the Senator from Iowa would tell us if that is his reason for opposing the suggestion of the Senator from Michigan?

Mr. BROOKHART. Mr. President, I gave my reason for opposing the amendment of the Senator from Michigan. This resolution was pending during the last session and it has been pending all through this session. The bonus bill has not been a special matter in contemplation of this resolution at all. So the only reason I have is the one already given.

Mr. REED. If the Senator from Michigan will yield again, the Senator from Iowa said that all the veterans' organizations were of one mind. The Senator surely does not mean that the American Legion is in favor of the bonus bill, does he?

Mr. BROOKHART. This resolution does not relate to the bonus bill or any other bill; it relates to the appointment of a committee to consider all veterans' legislation; and if the bonus bill should come over here it ought to be considered the same as any other measure; there is no question about that.

Mr. REED. May I ask the Senator another question?

Mr. BROOKHART. Certainly.

Mr. REED. Is it not the Senator's real reason for opposing the motion of the Senator from Michigan that he wants to have a special committee handle the bonus bill?

Mr. BROOKHART. I have told the Senator twice what the real reason was, and I can not make it any plainer than by what I have said. I want this resolution adopted in order that a committee may be created to consider all veterans' affairs.

Mr. BARKLEY. Mr. President, may I say to the Senator from Pennsylvania, although in the other body there has been a special veterans' committee in existence for years, that committee did not consider the proposed bonus legislation which is now on the calendar for action in the House. It was considered by the Committee on Ways and Means, because it involved a matter of revenue in the form of bonds and some other features which required consideration by the revenue-raising committee in the other body. Whether that would be the rule here I do not know, but it does not follow necessarily that because of this resolution will take effect at once or be postponed until next December that it will have anything to do with the proposed bonus legislation.

Mr. REED. If the Senator will yield to me further, this resolution provides that "all legislation and other matters relating to pensions, Government life insurance, and death or disability, compensation, hospitalization, and allowances of persons in the military or naval service of the United States," and so forth, shall be referred to the proposed new committee. Would not that include the bonus bill?

Mr. BARKLEY. I, myself, am not certain about that, because unless the word "allowances" would cover it none of the other phrases in the resolution would include the bonus bill.

Mr. BROOKHART. That is a bridge the Senate will cross when it comes. It will have authority to refer that bill where it pleases, regardless of what my opinion might be with reference to it.

Mr. REED. Will the Senator tell us what his opinion is?

Mr. BROOKHART. My opinion is that it should be considered by the proposed veterans' committee.

Mr. REED. That the bonus bill providing for a bond issue now pending in the House should go to that committee?

Mr. BROOKHART. There would not be any reason why it should not also be referred to the Finance Committee to consider the bond issue proposal, but the question of whether the bonus should be allowed would be one for the veterans' committee, just the same as a question involving the Army or the Navy would go to one of those committees, although there may be some financial matters that would go to the Finance Committee.

Mr. REED. The House has a Veterans' Committee, and it did not refer the bonus bill to that committee at all.

Mr. BROOKHART. I have not examined the details of the House proceedings, and do not know what their reasons were. I paid no attention to that in any way.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me?

Mr. BROOKHART. I yield.

Mr. ROBINSON of Indiana. The whole purpose of this resolution, I think, is well known to the Senator from Pennsylvania. The American Legion is back of the resolution, and has been from the beginning. The reason why the American Legion and other soldier organizations are back of the resolution is because those organizations have seen legislation in which the service men of the country have been interested pigeonholed in the Finance Committee.

I do not claim that anyone is particularly to blame. That committee has a tremendous amount of work to do; but the fact remains that the legislation has been pigeonholed, and it has never seen the light of day. The statistics just suggested by the distinguished Senator from New Mexico are certainly enlightening on that score.

I do not see where the colloquy that is going on just at this moment has anything particularly to do with this resolution, which has lain here month after month and month after month; and now the Senator from New Mexico and the Senator from Iowa seek to get some action on it.

The whole purpose of the resolution is plain. It has nothing in the world to do with any particular piece of legislation, as the Senator from Pennsylvania must well know, but it is here because of the fact that we can get no action from that committee, burdened as I understand it is, and probably is, with very great matters; and it is burdened now with some additional matters involving the raising of an additional $200,000,000 to balance the Budget, which I supposed was balanced. So it seems to me it is high time that we pay some heed to those men who, wearing the uniform in defense of their country, made possible the country's

prosperity up until 1929, and who are in no wise responsible in the slightest degree for the depressing conditions that surround us now on all sides.

It is certainly high time that these men, who have been patient, and who have waited throughout the years, have a committee at least to consider legislation—all legislation; not one piece of legislation, but all legislation—in which they are interested, so that it may at least find its way to the floor of the Senate, that the Senate may vote upon it. That is the whole purpose of the legislation changing the committee which has been proposed; and, of course, the Senator from Pennsylvania, brilliant as he is—and we all concede his brilliancy and his intelligence and his patriotism and his anxiety to be of service to his country—must know something about this resolution that has been before the Senate throughout all these months.

I beg the Senator's pardon for taking so much of his time.

Mr. BROOKHART. Mr. President, those are my sentiments exactly; and I ask for a vote on the resolution.

Mr. BARKLEY obtained the floor.

Mr. REED. Mr. President, will the Senator permit me, in his time, to ask a question of the Senator from Indiana?

Mr. BARKLEY. Yes.

Mr. REED. The Senator from Indiana is one of the foremost friends of the veterans in Congress. Although we are spending a billion dollars a year for the veterans of the last war—and it is evident, therefore, that some bills must have come out of the Finance Committee—yet the Senator doubtless would like to have those appropriations very much increased. We all understand that.

Mr. ROBINSON of Indiana. Mr. President, I am not talking about appropriations. I have not any idea who is responsible for newspaper reports that I have read recently to the effect that criticism has been leveled at General Glassford, the efficient chief of police in this city, for feeding these lads who happen to be here.

Mr. REED. This resolution has nothing to do with that.

Mr. ROBINSON of Indiana. I think it is utterly outrageous that any man in either House of Congress should criticize this efficient public officer for doing the thing which, of course, he should do. What would these Congressman who are his critics have him do—let the veterans starve to death?

Only yesterday, Mr. President, they were marching down Pennsylvania Avenue, acclaimed by the populace as heroes. They were going over yonder, and 2,000,000 of them did go, and we left some 60,000 of them there who to-day sleep under the sod and the dew there. When the survivors came back they were greeted on all sides with the statement, "You can have anything you want." To-day all they want is a job. Proud men they are, spirited men, men who are maimed and broken in body, and many of them in mind. Now, here they are, not because they want to be here. They are too proud to want to be here, but they want jobs from a great government, a grateful government for which they offered their lives, and for which many of their comrades gave their lives. That is one thing I suggest as I criticize much that has been said recently.

This resolution has nothing whatever to do with possible additional appropriations. It simply seeks to serve the veterans of the country. But I say these men are entitled to special consideration, and that has been written into the law of this country, so that it has become an American policy, that they should have special consideration. If there are any jobs to be found, for God's sake let us give them the jobs. We have got to give them jobs or we have got to give them money with which to buy food. I am for that. If that be treason, let the Senator from Pennsylvania make the most of it. I am for considering all their bills as rapidly as they come here; and I am anxious to see a committee in the Senate function with those bills and, as rapidly as they come, take them up and let the Senate vote them up or down.

I hope that answers the Senator's question. Those are my sentiments. I am speaking only for myself.

Mr. REED. That does not begin to answer my question.

Mr. ROBINSON of Indiana. Very well, then. What is the question, specifically, and I will try to answer it?

Mr. REED. The Senator, if he would wait to hear the question, doubtless would answer it responsively. The Senator is shaking his gory locks at me.

Mr. ROBINSON of Indiana. Not gory, I hope. I hope not, at any rate. I hope the Senator and I will not let this colloquy go to such an extent that either of us may become gory.

Mr. ROBINSON of Arkansas. Go ahead.

Mr. BARKLEY. If it goes on much longer, we will all grow hoary. [Laughter.]

Mr. REED. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. REED. The Senator from Indiana denounces those who have criticized General Glassford. I have not criticized him. I admire him.

Mr. ROBINSON of Indiana. Nor did I say the Senator from Pennsylvania had criticized him; but I said I had read in the newspapers that Members of both Houses of Congress quietly—their names were not given—had criticized him.

Mr. REED. Yes; the Senator said that.

Mr. ROBINSON of Indiana. I did not say the Senator from Pennsylvania had.

Mr. REED. While the Senator was saying that Members of Congress had criticized General Glassford, he was shaking his fist at me.

Mr. BARKLEY. Mr. President, in order to pour oil on the troubled waters, I will resume the floor myself.

The PRESIDENT pro tempore. The Senator from Kentucky declines further to yield.

Mr. BARKLEY. I have no desire to say anything that would in any way cast any reflection upon the efficiency or good faith of the Committee on Finance in dealing with veterans' legislation; but I think we all can admit that of all the committees in the Senate the Finance Committee is the one that ought not logically to have jurisdiction of veterans' legislation.

I recall that during the war what was known as the war risk insurance act was passed, dealing with commerce between this country and other countries, providing for Government insurance of cargoes that could not obtain insurance otherwise. Later on, when we passed the veterans' act, it was an amendment to the war risk insurance act, which had been reported out of the Committee on Interstate and Foreign Commerce in the House; and for years the Committee on Interstate and Foreign Commerce retained jurisdiction over all veterans' legislation merely by the accidental fact that it had reported out a really commercial act during the war.

Several years ago the House changed that anomalous situation and created a Committee on Veterans' Legislation. I do not know just how the Finance Committee happened to get jurisdiction of veterans' legislation in the Senate, because it already had it before I became a Member of this body; but it seems to me it is just as incongruous a situation for the Finance Committee of the Senate to have jurisdiction of this legislation as it was in the other body for the Committee on Interstate and Foreign Commerce to have it.

I am very much in favor of the resolution, and hope it will be agreed to, and that a committee will be appointed that can deal with this legislation on its merits and not between meals, when it has nothing else to do on the subject of other legislation.

Mr. REED. Mr. President, will the Senator from Kentucky permit me to ask him a question before he yields the floor?

Mr. BARKLEY. Yes.

Mr. REED. As the Senator knows, we are now spending about $1,000,000,000—a thousand million dollars—a year for veterans' relief. We have given more generously to our veterans than any nation in the world ever did at any time in history. That takes 25 per cent of the entire National Budget of the Federal Treasury. Ought it not to be the Finance

Committee, which has to plan for raising that money by taxation, that has charge of these bills for pouring out the money to the veterans?

Mr. BARKLEY. Not any more than it ought to be the duty of the Finance Committee to report appropriation bills. We have to raise money by taxation, through bills brought here by the Finance Committee, for all the expenses of the Government; and if the Senator's suggestion held good in the matter of veterans' legislation it would be equally logical with reference to all appropriation bills. But, of course, we do not do that; and I doubt seriously whether it really is the function of the tax-paying committee to be the appropriating committee. I think there ought to be a balance between the raising of money and the expenditure of money that could not be brought about if the same committee dealt with both subjects.

Mr. VANDENBERG. Mr. President, I desire to perfect my amendment by withdrawing the previous language and submitting it in the following form:

Amend the resolution, in line 3, after the word "amended," by inserting a comma and the words "effective at the opening of the second session of the Seventy-second Congress."

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Michigan.

Mr. REED. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Reed
Austin	Cutting	Jones	Robinson, Ark.
Bankhead	Dale	Kean	Robinson, Ind.
Barkley	Davis	Kendrick	Schall
Blaine	Dill	Keyes	Sheppard
Bratton	Fletcher	King	Shortridge
Brookhart	Frazier	La Follette	Steiwer
Broussard	George	Logan	Thomas, Okla.
Bulkley	Glass	McGill	Trammell
Bulow	Goldsborough	McKellar	Tydings
Byrnes	Gore	McNary	Vandenberg
Capper	Hale	Metcalf	Walcott
Caraway	Harrison	Morrison	Walsh, Mont.
Carey	Hastings	Moses	Watson
Cohen	Hatfield	Neely	Wheeler
Connally	Hayden	Norris	White
Coolidge	Hebert	Nye	
Copeland	Howell	Oddie	
Costigan	Hull	Patterson	

The PRESIDENT pro tempore. Seventy-three Senators having answered to their names, there is a quorum present.

SEVERAL SENATORS Vote! Vote!

Mr. HARRISON. Mr. President, I do not know why the hurry with reference to this proposal. The matter has been before the Senate for some time and the Senator who offered the resolution has been given every opportunity to present his views before the regular committee of the Senate having jurisdiction of the matter.

The Committee on Rules gave consideration to this subject on at least two occasions, and in doing so they went fully into the question whether or not public business would be expedited by the adoption of the resolution and whether or not there was need for such a change in the organization of the Senate.

In the committee I voted against the creation of a new committee, because I did not believe it was necessary; I did not believe that the committee now having this matter in charge had been derelict in its duty. I think there are few committees which have given more zealous consideration to measures affecting ex-service men and understand the subject better than the subcommittee which was appointed by the Finance Committee to study veterans' legislation. I can say that because I am not a member of the subcommittee on veterans' legislation, but I know the character of men who make up the personnel of that subcommittee. They have worked in season and out of season on the various proposals which have been introduced in the Congress relating to veterans' legislation, and when we review that record, notwithstanding the criticism of groups and individuals that we have not performed our duty to the ex-service men of the country, we must agree that as shown by the record, the Congress has been generous with reference to such legislation

We have expended millions and millions of dollars for hospitalization facilities to take care of the disabled soldiers. We have, through very generous legislation, provided for compensation disability allowance, and through insurance policies have made provision for taking care of the wives and dependents of soldiers in the event of death of veterans. We have liberalized the payment of the adjusted-service certificate. We have met the reasonable demands for soldiers' legislation.

No blush of shame should come to the face of any Member of the American Congress because of an accusation that he had been derelict of duty or failed to respond to the needs of the disabled soldier in the United States.

Mr. BROOKHART. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Iowa?

Mr. HARRISON. I hope the Senator will let me proceed for just a few minutes, because I am sure he has already occupied some time of the Senate, and there are only a few minutes left; and the Senator——

Mr. BROOKHART. The Senator is just using the time so that we will not get a vote. We have only five minutes in which to get a vote.

Mr. HARRISON. Mr. President, have we come to the point in the American Senate when, on an important proposition like this, simply because one should voice disapproval of what is proposed to be done, and give, in a very humble way, his reasons why the proposed action should not be taken, he should be charged with delay?

Mr. President, this matter was presented only a few moments ago. The Senate was generous in voting, by a large vote, to discharge the committee, or perhaps it was done by unanimous consent—I do not know which course was pursued, as I happened to be out of the Chamber for the moment. But I hope the Senator will not seek to stop me from at least expressing my opinion about the resolution, because I know it has gotten to the point now when one who really expresses himself against any proposal intended to bring about any kind of legislation affecting the soldiers might be charged with un-Americanism and as doing something grossly wrong. So, if the Senator will just bide his time and let me express myself I will have finished shortly, because I never detain the Senate unduly.

Mr. President, if the Finance Committee had been negligent in its duty, if it had tried to strangle legislation, if it had not responded, as it has, by bill after bill, piling up a record that is magnificent in achievement in behalf of the ex-soldiers, then I would say there might be some reason for unhorsing the Finance Committee and placing this subject in the hands of some other committee.

These are times, Mr. President, when we can show our greater love for this country and this Government by trying to think along straight lines, and not be influenced by transient incidents. Within the next few days the Congress of the United States will have before it one of the greatest responsibilities it has ever faced. If we have the courage to try like men to steer this old Government in the right course—especially while threatening storms are upon us—we will not be influenced in the discharge of our duty.

I love the American soldier. I have never faltered in voting for any reasonable demand made by him. The CONGRESSIONAL RECORD will show that I have never hesitated in any matter affecting soldiers' relief. But if a million soldiers come to the great city of Washington and encamp around this Capitol and fill these corridors and these galleries they could not influence me when my Government is in the plight in which it is now, and when the American people are walking in the valley of despair and distress, to do those things which I think might destroy the credit of the country.

So far as I am concerned, it matters not what might be the effect upon my political career, I shall not vote for any

immediate payment of soldiers' adjusted compensation at this particular time.

I can not believe that millions of the American ex-service men, who gave their all to preserve this Government and make the flag float triumphantly in the breeze, would have you and me do anything else if in the slightest it might destroy the high standing of this Government and affect its national credit.

The Government must be preserved, and in preserving it we will have no finer cooperation than from the brave and unselfish American soldier.

The PRESIDENT pro tempore. The hour of 1 o'clock having arrived the Chair lays before the Senate the unfinished business, the bill (S. 4536) to amend the agricultural marketing act approved June 15, 1929.

Mr. HARRISON. Mr. President, I believe that the American people can not stand additional taxes. I know how difficult it was to raise $1,200,000,000 in increased taxes. Yesterday the President stated that we might have to raise more. I ask Senators, as sensible men, not influenced by groups, do they believe that this Government to-day is in any financial condition to pay $2,400,000,000 compensation to World War veterans? If Senators think it is going to help the situation to start the printing presses and print money to give to them, if Senators think that will be good for the country, they had better look back and see what happened to Germany and some other countries which tried to inflate by merely printing money.

No, Mr. President; let us go along in an orderly way. These are exceptional times. So let us try to keep our heads. Let us try to maintain the national credit. Let us try to do those things which will hasten rather than halt a return of economic confidence. And in the end the American people and the American soldier will applaud our efforts. We can afford now to take criticism upon the chin, if in doing so we will best serve the country as a whole.

VIEWS OF PRESIDENT ON REDUCING APPROPRIATIONS

Mr. ROBINSON of Arkansas. Mr. President, out of order I ask leave to introduce a resolution, to have it read, and then I shall ask unanimous consent for its present consideration.

The PRESIDING OFFICER (Mr. HASTINGS in the Chair). The resolution will be read for the information of the Senate.

The resolution (S. Res. 235) was read, as follows:

Whereas the President has announced that it is necessary to bring about a further reduction in the costs of government of approximately $200,000,000 or to levy additional taxes; and

Whereas the President with the assistance of the members of his cabinet and the heads of the independent offices and commissions is in better position within the short time before Congress adjourns to ascertain in what departments, bureaus, commissions, and independent offices such reduction can be brought about and how it may be done: Now, therefore be it

Resolved, That the President is requested to confer with the members of his cabinet and the heads of all bureaus, commissions, and independent offices, upon the best way to bring about said reduction in appropriations, and to submit to Congress for its consideration, specific suggestions covering each item that the President recommends as a suitable way and place to accomplish the proposed reduction of $200,000,000 in the appropriations for the fiscal year beginning July 1, 1932.

Mr. ROBINSON of Arkansas. I ask unanimous consent for the present consideration of the resolution.

The PRESIDING OFFICER. Is there objection?

Mr. REED. Mr. President, in the absence of the Senator from Washington [Mr. JONES], the chairman of the Appropriations Committee and the Senator from Utah [Mr. SMOOT], chairman of the Finance Committee, I will have to ask that the resolution may go over under the rule.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. BANKHEAD. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Alabama for that purpose?

Mr. ROBINSON of Arkansas. I yield.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Johnson	Pittman
Austin	Couzens	Jones	Reed
Bankhead	Cutting	Kendrick	Robinson, Ark.
Barbour	Dale	Keyes	Robinson, Ind.
Barkley	Davis	King	Schall
Blaine	Dill	La Follette	Sheppard
Borah	Fletcher	Lewis	Shipstead
Bratton	Frazier	Logan	Shortridge
Brookhart	George	McGill	Smoot
Broussard	Glass	McKellar	Steiwer
Bulkley	Goldsborough	McNary	Thomas, Idaho
Bulow	Gore	Metcalf	Thomas, Okla.
Byrnes	Hale	Morrison	Trammell
Capper	Harrison	Moses	Tydings
Caraway	Hastings	Neely	Vandenberg
Carey	Hatfield	Norbeck	Walcott
Cohen	Hayden	Norris	Walsh, Mont.
Connally	Hebert	Nye	Watson
Coolidge	Howell	Oddie	Wheeler
Copeland	Hull	Patterson	White

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present.

SALES OF CERTAIN TAXABLE ARTICLES

Mr. LA FOLLETTE. Mr. President, will the Senator from Arkansas yield?

Mr. ROBINSON of Arkansas. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I desire the indulgence of the Senator from Arkansas to offer a unanimous-consent agreement and ask that it be read.

The VICE PRESIDENT. Let the proposed agreement be read.

The LEGISLATIVE CLERK. The Senator from Wisconsin [Mr. LA FOLLETTE] offers the following:

Ordered, by unanimous consent, That in the consideration of any bill or joint resolution passed by the House of Representatives during the present session of Congress to amend section 625 of the revenue act approved June 6, 1932, relating to contracts made before May 1, 1932, no amendment shall be in order not germane to the said section or to said amendment.

The VICE PRESIDENT. Is there objection?

Mr. HARRISON. Mr. President, I hope that this order will be entered. There was an error made in section 625 which will have to be corrected or the Government will lose a considerable amount of revenue from that source. The only object is to prevent the offering of any amendments that are not germane to this particular matter in the event the House should pass a joint resolution and send it to the Senate.

Mr. LA FOLLETTE. Mr. President, the Senator from Mississippi has stated the case for the unanimous-consent agreement. I understand that the Senator from Florida [Mr. TRAMMELL] who offered the amendment has been consulted concerning it. I have consulted a number of Senators on both sides. The only desire is to remove the particular error in the section just referred to, section 625, and this is to assure that when a joint resolution comes over from the House it will not be made the vehicle for a number of amendments to the revenue act.

Mr. CONNALLY. Mr. President, it only applies to the one tax bill?

Mr. LA FOLLETTE. It only applies to section 625 of the revenue act of 1932.

Mr. CONNALLY. The Senator desires to make it impossible for the sales tax advocates to offer that amendment again?

Mr. LA FOLLETTE. I have no particular amendment in mind.

Mr. CONNALLY. I understand.

Mr. LA FOLLETTE. It applies to all general amendments that may be offered.

The VICE PRESIDENT. Is there objection to the unanimous-consent agreement proposed by the Senator from Wisconsin? The Chair hears none, and it is entered into.

VIEWS OF PRESIDENT ON REDUCING APPROPRIATIONS

Mr. ROBINSON of Arkansas. Mr. President, I may have occasion to renew the request that was made a few moments ago for the present consideration of the resolution, which the Senator from Pennsylvania [Mr. REED] asked to go over under the rule. Manifestly, if the Senator from Pennsyl-

vania sees fit to persist in his objection the resolution must be passed over under the rule.

Mr. President, it seems to me pertinent to state the provisions and purposes of the resolution. On yesterday, according to press reports, the President, having conferred with the majority members of the Finance Committee and of the so-called Economy Committee, authorized the statement that the Budget is still out of balance by an amount from $150,000,000 to $200,000,000, and that it will be necessary to bring about additional economies to those contemplated in the bill now in conference or to provide for taxes which will cover the additional amount of $150,000,000 or $200,000,000.

The Congress, and particularly the Senate, performed a remarkable act when it accepted, with some question, the figures supplied by the Treasury Department as to the additional revenues required to accomplish the thing about which there was general accord, namely, the balancing of the Budget. It will be recalled that early in the session the Treasury revised its estimates submitted to the Ways and Means Committee of the House and announced that an additional sum of $450,000,000 would be required, conditions as alleged by the Treasury having changed since the time the first estimates were submitted about the beginning of the present session of Congress.

It will also be recalled that when the Senate Committee on Finance reported the revenue bill the Secretary of the Treasury announced that its passage in substantially the form in which reported and with the provisions then contained in it would accomplish the balancing of the Budget. After the Senate had proceeded for a little less than two weeks to deliberate on the measure, and most of the Senate committee amendments had been agreed to, when the Senate was ready to take a final vote on the measure the announcement came that an additional sum of about $280,000,000 would be required.

The Finance Committee took the suggestions under advisement and reported other amendments which, for the most part, were agreed to. The President himself, after conferring with a number of Senators, came down and delivered an address to the Senate in which he urged upon this body the importance of balancing the Budget, commended the Committee on Economy for its wise, prudent, and diligent action, and urged the Senate to support that committee. The Senate, continuing its labors, passed the economy bill within a very short time; but in the meantime certain amendments proposed by the Senate committee were eliminated or changed, resulting in a reduction of some $80,000,000 or $90,000,000 in the amount reported by the committee. It was stated here that at least one of the amendments resulting in that reduction was presented at the urgent request of the President himself; and, as everyone here recalls, the amendment referred to, the furlough amendment in substitution for the straight 10 per cent cut plan, was incorporated and the bill sent to conference. Of course everyone knew that the reductions resulting from the adoption of the amendment mentioned meant a disarrangement of the program which was in contemplation by the Committee on Finance and the Committee on Economy.

Now, while the bill is pending in conference, with the powers of the conference committee so limited that no new provision may be incorporated, the announcement is made that $150,000,000 or $200,000,000—the mere difference of $50,000,000 being so insignificant that it is not important to state which—is required to do what the Senate thought it was doing under the advice of the Treasury Department when it passed the revenue bill.

This resolution says to the President, "Please get the heads of your departments together; call them in for counsel; agree with them on reductions that can be made without great detriment to the service; then tell the Congress what specific recommendations you make in order to carry out the thought which you have in mind in order to balance the Budget. Do you desire the furlough amendment retained in the bill? Are you willing to accept the 10 per cent straight cut recommended by the Economy Committee? What items that were in the House bill, eliminated by the Senate committee and by the Senate, are you willing or desirous of accepting in order to balance the Budget; and what additional economies are possible from your study of the subject and from the study which your heads of departments have made? Tell the Senate something definite and something specific."

If the President will do that, we may hope that there is at last in sight the accomplishment of the purpose on which substantially everyone here is agreed. That purpose, however, can not be accomplished by undermining and rejecting the courageous action of a committee of this body cutting down the economies which it proposes, and then making a general suggestion that additional economies are required.

This is a fair resolution; it is an honest proposition; it is an earnest proposition. "Where do you recommend that the sums required shall be obtained? Where do you suggest that the executive departments, of which you are the supreme head, may reduce their expenditures in order that a proper relationship between the cost of government and the revenues for paying the same may be obtained?"

Mr. REED. Mr. President, I have read the resolution submitted by the Senator from Arkansas, and I have made some inquiry about the supposed announcement. I am told that the first recital is not correct, when it states that the President has announced that a further reduction of $200,000,000 is necessary. I am told that no such announcement has been made.

Apparently the impression grew out of the fact that the President had had a talk with certain members of the so-called Economy Committee, which reported out the economy addenda to the legislative appropriation bill, and the President seemed to have had some discussion with them as to how the shortages in the bill might be made up. It will be recalled that the bipartisan Economy Committee reported out an economy bill that did effect economies sufficient to provide the sums that the Finance Committee had said were necessary in order to balance the Budget in addition to the tax bill. On the floor of the Senate that economy bill was so slaughtered that in its present condition it does not raise the amount that that bipartisan committee set about to provide.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Arkansas?

Mr. REED. Yes.

Mr. ROBINSON of Arkansas. What amounts were eliminated?

Mr. REED. Some $20,000,000 or $30,000,000 were eliminated by substituting the furlough plan for the 10 per cent straight cut.

Mr. ROBINSON of Arkansas. May I say that my understanding is that, instead of $20,000,000 or $30,000,000, it was $40,000,000?

Mr. REED. I have heard different estimates; perhaps it was $40,000,000; I do not know. In addition to that, the Senate cut out $60,000,000 which was proposed to be saved in the expenditures of the Veterans' Bureau. Those were the two great slashes that were made here on the floor of the Senate. I take my share of the blame for the substitution of the furlough plan, because I voted for it, and correspondingly the Senator from Arkansas should, in all fairness, take his share of responsibility for voting to cut out all the veterans' items; and I think I recall that he did so vote.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. ROBINSON of Arkansas. May I say to the Senator from Pennsylvania that I supported every amendment and recommendation submitted by the Economy Committee for the purpose of balancing the Budget and effectuating the saving necessary to accomplish that end until I saw the members of the majority party, including the Senator from Utah [Mr. SMOOT] and the Senator from Pennsylvania [Mr. REED], desert their own measure and strike a blow at it by

the incorporation of the furlough plan in the bill which they knew reduced the necessary revenues by somewhere between $20,000,000 and $40,000,000.

Mr. REED. Very good. Then, when the Senator saw that we——

Mr. ROBINSON of Arkansas. I did not feel then that I should be expected to continue the sole champion of a measure brought in by the Economy Committee or that the Senator from Mississippi and I should be expected to stand as the sole champions of the bill while those directly responsible for the measure were deserting it.

Mr. REED. Mr. President, perhaps it justifies the Senator's $60,000,000 mistake that I made a $20,000,000 mistake; I do not know as to that; but I am not a member of the economy committee, so I was not deserting my own committee.

Mr. ROBINSON of Arkansas. No; but the Senator is closely allied with the Finance Committee and knew the effect of the amendment that he was supporting. He knew that the Finance Committee bill—the revenue bill—was adopted on the theory that it would be followed by certain reductions in Government expenses afforded by the Economy Committee; he cut out those reductions and defeated the achievement of the purpose underlying the revenue bill.

Mr. REED. If I had known that the object lesson which I set was going to have such a deleterious effect on the behavior of the Senator from Arkansas I should have hesitated a long time. [Laughter.]

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Pennsylvania ought not to expect a member of the minority to stand sponsor of an amendment which was of doubtful justice while he himself abandoned support of the proposal which underlay the main proposition. The main proposition was the balancing of the Budget. The Senator rose here the day before the revenue bill passed and sang a jeremiad that rang from limit to limit of the Nation, telling us of the woeful catastrophe which was impending and how necessary it was to raise $280,000,000 more. We said, "All right, we will support the proposal if you will just tell us how you propose it shall be done; just suggest how it can be done." The Finance Committee made the suggestion; we all understood that it was dependent in large upon carrying out the program reported by the Economy Committee; we saw the administration forces led by the Senator from Pennsylvania strike down that program; now they are here telling us that either additional taxes must be levied or more economies put into effect; and I am asking that the President stand sponsor for something definite. I am asking that he come into the open and say what he really stands for, what he proposes; and the Senator from Pennsylvania objects to the consideration of the resolution.

Mr. REED. Inasmuch as the President has made no such announcement as the resolution recites, I feel it my duty to persist in the objection.

Mr. ROBINSON of Arkansas. Mr. President, throughout the country the press of yesterday carried the statement that the President had called to the White House the chairman of the Finance Committee, certain members of that committee, and the majority members of the Economy Committee.

President Hoover—

I am reading now—

President Hoover placed squarely before them the problem of making up the $150,000,000 to $200,000,000 by which Federal resources are variously estimated to fall short of expenditures. For more than an hour and a half they sat with the President and Budget Director J. Clawson Roop in the Lincoln study of the White House, discussing the problem brought about by failure of Senate economy bill savings and appropriation cuts to come up to expectations.

PROBLEM UP TO CONGRESS

Listen to this:

The problem of making good the deficit was left up to Congress, the President suggesting no detailed course of action to bring about the desired result. The conference, however, is understood definitely to have placed in the discard plans for adjournment within the next few days.

Further along in the article there is the statement that the furlough plan is to be retained.

I have been reading from the Washington Post of yesterday, which, let me say to the Senator from Pennsylvania, certainly would not intentionally err in attributing an act or a thought to the President.

I shall read now from the Washington Sunday Star:

At a hastily summoned conference at the White House last night, President Hoover revealed to four Republican conferees on the Government pay-cut section of the economy bill that the estimates for increased revenues from taxation and governmental economy will fall short between $150,000,000 and $200,000,000 of balancing the Budget.

The President was represented as making it plain that he expects this deficiency to be taken care of.

In making the revelation as to the necessity for raising more revenue or engaging in more economy, President Hoover was represented as not specifically naming the extra deficit. The figure of $150,000,000 to $200,000,000 was arrived at by calculations made during the conference.

Omitting a part of the article:

Representative Wood, who acted as spokesman for the group when the White House conference was concluded, said that the Senate furlough-without-pay plan was not discussed at last night's conference.

Now the Senator from Pennsylvania declares that the President said no such thing. For all we know, the Budget is balanced. There is no need for additional revenue. For all we know, according to the Senator from Pennsylvania, there is no necessity for additional economy. Let me say now that there ought to be no occasion for concealment or for misrepresentation touching the facts that underlie this proposal.

Mr. DILL. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Washington.

Mr. DILL. Is not this a fine example of the results of attempting to balance the Budget or bring about legislation by conferences and reports through the newspapers, instead of official statements to the Congress itself?

Mr. ROBINSON of Arkansas. Yes; the Senator from Washington is correct.

I have not the slightest doubt in my own mind that the statements in these press reports are true. I think it would be a crime for one who sits up in the press gallery to write a story like that unless he believes it is true. We find these stories published, and now the spokesman of the administration says no such thing happened. This resolution asks for specific recommendations.

I have been criticized in many instances for manifesting willingness to carry out the recommendations of the Executive on this important subject, and here I have to fight and argue to find out what are the facts. If we pass this resolution, and ask the President for specific suggestions, I imagine, I hope he will send official recommendations to the Congress upon which we will be entitled to rely.

Mr. BRATTON. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield to the Senator from New Mexico.

Mr. BRATTON. I hope that through the resolution sponsored by the Senator from Arkansas we can get the considered judgment of Cabinet officers concerning methods of economizing. The Appropriations Committee of the Senate certainly failed to enjoy that cooperation; but in virtually every instance, when called upon for suggestions of ways to reduce expenditures, the Cabinet officer in question has said that his department could not suffer a reduction. Instead of enjoying their cooperation, we have had to overcome their opposition in virtually every case; and I hope the Senator has found a way at last through which they can be compelled to cooperate in effecting these curtailments.

Mr. ROBINSON of Arkansas. Why, Mr. President, when this body—in a somewhat arbitrary manner, it is true—ordered a reduction of these general appropriation bills 10 per cent below the amount passed by the House, there is not anyone here who does not know that almost every chief of department and every Cabinet officer not only exerted all the powerful influence that he possessed, but he prompted message after message sent to Members of the Senate from citizens living in remote parts of this country with a view to

overwhelming them with pressure and preventing the economies which the President was urging; and the President never turned a hand or said a word. Do you not think it is about time that he was standing up, standing in the open, and speaking frankly and definitely?

That is what the resolution seeks. That is what it asks; and I say that before this session has proceeded much further, before another dollar of taxes shall be imposed, we should obtain this information from the Executive.

Mr. BYRNES. Mr. President, accepting as accurate the statement of the Senator from Pennsylvania [Mr. REED], he tells us that no such announcement was made by the President as was quoted in the newspapers.

In other words, the President and the Republican conferees on the economy bill met to discuss economy, and, according to Congressman WOOD, the furlough-without-pay plan was not discussed at the conference. They wanted to discuss ways and means by which money could be saved, and yet never mentioned the fact that in the conference there were two plans—one to save $122,000,000, one to save at most $80,000,000, and the President said not one word in behalf of the plan that would save $122,000,000!

Can he really be seeking methods to economize? If so, the President to-day can send for the Senator from Utah [Mr. SMOOT], the Senator from Washington [Mr. JONES], the Senator from Maine [Mr. HALE], and the Representative from Indiana [Mr. WOOD], and tell them that because it is urgent that we should effect greater economies he wants them to agree to the plan that he told the Senate and told the Nation he was in favor of, namely, the committee plan. If he will do this, he will save at least $40,000,000.

Instead of that, having publicly urged support of the committee plan, and having privately wrecked it by appealing to the administration's friends to adopt his plan, he now asks that the Congress effect greater economies!

Mr. President, the President ought to know the situation, if he does not. According to the appropriation bills as they stand to-day, if signed by the President at this hour, in their present situation, whether in conference, in the Appropriations Committee, or reported for consideration here, the reduction below the Budget estimates amounts to $168,000,000. In this economy plan there is a difference as to the proposed savings. There is no question about the 10 per cent plan. The pay roll of the Government is $1,300,000,000. When we save 10 per cent of that we have $130,000,000. Deducting from that the Army and Navy, it brings it down to approximately $125,000,000.

When we enter into a consideration of the savings under the present furlough plan, no man can make even a reasonable guess as to the savings, for that bill authorizes the President, through the heads of departments, to exempt employees from provisions of the bill. No United States marshal will be granted a furlough, no district attorney, no collector of internal revenue. The men with big salaries will escape. The little fellows will be made to bear the brunt of the furlough. In each office one man may be selected to suffer a reduction by reason of the furlough and another man may be exempted.

Mr. BANKHEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. BYRNES. I yield to the Senator.

Mr. BANKHEAD. I should like to inquire of the Senator if, under the furlough plan, the saving or economy is not supposed to be secured by letting one-twelfth of the employees have a furlough without hiring substitutes.

Mr. BYRNES. I will say to the Senator that it depends on who is arguing it. If the man is in favor of economy, he says it means we are going to save one-twelfth. If, like the Senator from Wisconsin [Mr. LA FOLLETTE], he is in favor of giving people work, he will say that the purpose of it is to give substitutes work. If we give substitutes work, then there is no saving.

Mr. BANKHEAD. That is what I wanted to develop.

Mr. BYRNES. If we save money, then people are put out of jobs.

Mr. BANKHEAD. If substitutes are put to work, there is no economy at all.

Mr. BYRNES. No economy at all.

Mr. BANKHEAD. Then how could anyone figure $80,000,000 of saving?

Mr. BYRNES. The $80,000,000 estimate was made by a Representative in Congress who urged the plan, and for the purpose of the argument I was taking only his figures, knowing, as I do, that it would never result in the saving of even $60,000,000, the amount of savings is dependent upon the number of exemptions and the number of substitutes.

Mr. BANKHEAD. Then, Mr. President, let me ask the Senator, if economy may be effected by giving furloughs one-twelfth of the time without the appointment of substitutes, to take up the same amount of money, is it not evident that the deparments are employing one-twelfth more employees than they need?

Mr. BYRNES. The Senator's question is in itself an answer. But let me say to the Senator something which I thank many gentlemen have overlooked in attempting to calculate the savings to be effected. Take, for instance, the General Accounting Office provided for in the bill which is to be next considered. There is provided for that office an appropriation of $3,700,000, all of which is for personnel. The Committee on Appropriations has made the 10 per cent reduction in that office. We count that as a saving; we figure that we have saved 10 per cent of the total of $3,710,000. The furlough proposition comes along, and it is argued that there is going to be a saving through that. How? If we adopt the furlough plan, and say to the employees in the General Accounting Office, "You can all stay in your jobs, but you have to get out for one month, during which time you will not be paid," it is very evident that, as we deducted only 10 per cent, the amount of money that is appropriated is sufficient to retain every employee in the General Accounting Office. They will receive pay for one month less, they will be paid for 11 months only. The amount of money is sufficient to pay them. It certainly can not be said that 10 per cent will be saved by the reduction of appropriations, and then that 10 per cent will be saved by furloughing the employees. That is a duplication.

For instance, if in the office of the Secretary of the Interior there was an appropriation of $100,000 for personnel, and the Committee on Appropriations and the Congress should cut that 10 per cent, the Secretary of the Interior would get for personnel $90,000 instead of $100,000. That would represent a saving to the taxpayers of $10,000, and necessitate dismissal of employees drawing $10,000.

If the furlough proposition is adopted, and the employees of that office, 50 of them drawing $2,000 a year, are furloughed for 30 days without pay, the Secretary of the Interior can take that $90,000 and he can pay those 50 men for 11 months' work. He has enough money to do it, but there is only a saving of $10,000. We can not save twice in the same reduction. Therefore, to the extent that there is any reduction in personnel under the furlough plan, it is a duplication of the reduction in the appropriation bill. It can not be otherwise.

If the President is really sincere and earnest in his statement that so much money must be saved, then he ought to comply with the request of the Senator from Arkansas and submit a detailed statement of where the economies can be made. If he does so, my only hope is that whatever committee is charged with the duty of considering the matter will not suffer the same experience the Economy Committee had; if the President is induced again publicly to announce that he is in favor of a plan, I trust that he will refrain from privately defeating that plan.

Mr. HARRISON. Mr. President, we have an interesting situation in this country, a situation which is calculated to confuse business and raise doubts in the public mind. One day in headlines in every newspaper in the country we see that the President of the United States is reported to have said that we need $150,000,000 to $200,000,000 more to balance the Budget, and that if we do not get it out of the economy program we must get it out of increased taxes on

the American people. That is not very good reading. That is not calculated to restore confidence. That does not inspire people with the belief that their Government is again strong and ready to go ahead.

Here in this great forum the distinguished leader on this side of the aisle [Mr. ROBINSON of Arkansas] proposes a resolution asking the head of this Government to send to the Senate a bill of particulars, specific recommendations whereby we might get more money, and save $150,000,000 to $200,000,000, a perfectly natural thing to do, a suggestion of orderly procedure, because if there is one man in this country who ought to be better able than anyone else to make specific recommendations for cuts and retrenchment, because of his strategic position, it is the President of the United States. He is the one designated by law to send in the Budget upon which expenditures are to be made. He is the one who, through his Director of the Budget, must make the recommendations. Indeed, the Budget law specifically charges the President of the United States to make specific recommendations at the beginning of each session of Congress, and to suggest even coordination of bureaus and reorganization of agencies in the interest of economy and retrenchment.

The President has his great array of Cabinet around him, with all their assistants, the wise heads of this administration, the geniuses of all time—Mr. Hoover and his big and little kitchen cabinet. [Laughter.] Where should we go to get specific recommendations as to the working out of some economies other than to this great array of talent? Of course, I imagine that most of them are sojourning out in Chicago now, going through the funeral obsequies out there. But they will soon be back, with hearts heavy and spirits dampened, and they can get their wise heads together and exchange views and send to the Senate what is asked for in the proposal of the Senator from Arkansas.

This resolution ought to pass. There should not be a voice lifted against it, and I am indeed surprised that the distinguished senior Senator from Pennsylvania [Mr. REED] should raise an objection. If what he says is true, that the newspapers have misrepresented the facts, and that the President did not make the statement which has been broadcast through the press, we have gotten to a pretty low state; it is pretty bad that it has come to the point in this administration when even the newspapers will lie as to what the White House spokesman says. As far as I am concerned, I believe that that statement emanated from the White House. I do not know whether the President said it or not, but one of his "400" secretaries up there caused it to go to the newspapers. It is a part of the general propaganda scheme of this administration to try to put the Congress of the United States in bad, to lift the White House in higher favor before the American people. They do not have to go very far to lift it higher before the American people, because it is so low that it would have to go but about an inch to get higher. [Laughter in the galleries.]

The PRESIDING OFFICER (Mr. KEYES in the chair). The Chair must admonish the occupants of the galleries that demonstrations of any kind are against the rules of the Senate.

Mr. HARRISON. It is bad propaganda in times like these to try to get the newspapers of the country to publish in flaming headlines that the Budget is not balanced, that we must effect $150,000,000 to $200,000,000 more of savings before it will be balanced; and yet the Senator from Pennsylvania now says that the President did not say anything like that. Well, the Senator from Pennsylvania has to get more proof than just that statement, because the correspondents of the great news agencies which carry the news to the American people are gentlemen of standing, and they would not last a second if they were not. They are not going to send out broadcast over this country such articles as that from the White House if they are not true, and you can bet that Saturday night the news went from somebody at the White House, so that the correspondents could carry it, that the Budget was not balanced, that the President, speaking through his spokesman, said that we needed $150,000,000 to $200,000,000 more in the way of cuts in Government expenditures.

Did the President, or anyone speaking for him at the White House, deny it? It has been 36 hours since it was published. If it is not true, why has he kept quiet up to this moment? No, Mr. President; they do not do things that way at the White House. For two days people have been talking about it throughout the country and were calling their friends together to go over the situation, the news that the President of the United States said that the Budget was not balanced.

We have been considering the balancing of the Budget all this year. Eloquent speeches have been made in order to restore confidence, on the theory that we must make expenditures and receipts equal, that the Budget must be balanced. Yet, after we have followed out this program, right here on the eve of an adjournment of Congress, the President of the United States, speaking through his spokesman, in a statement published in all the papers, says that we lack $150,000,000 or $200,000,000 of the amount necessary to balance the Budget.

Ah, if some of these wise heads which have made a futile effort to lead this country during these times of economic trouble and travail would sometimes just keep their mouths closed, the country would get along a little better and the restoration of confidence would be hastened. Some of them talk too much. I think it would have been better, rather than to disturb the peace of the average business man's mind, and shatter confidence again, if some news had leaked out from the White House that the Budget had been balanced. That would have done more good than constantly to get the news that we are short $150,000,000 to $200,000,000 of balancing the Budget.

Listen to me. I want to give some facts, and they will not be denied by a single spokesman on the other side of the aisle, or the Secretary of the Treasury, or the President himself. Sometimes we are diverted and we get off on strange ideas. Let me give you the picture that has been presented in Congress. Let me draw a bill of particulars of just what has happened with reference to the balancing of the Budget. It is simple.

On January 13 of this year Mr. Mills, Secretary of the Treasury, came before the Ways and Means Committee and said, "I want $920,000,000 to balance the Budget. I want you to put increased taxes on the American people to that amount. Give me $920,000,000." He did not say a word about retrenchment. When the President sent up his Budget estimates he did not say, "You will have to cut down expenses $100,000,000 or $200,000,000 or $250,000,000." He said, "I want the Budget balanced. I will give you a program. I want to raise $920,000,000 in increased taxes, and that will balance the Budget." That is what he said.

Then what happened? That was January 13. On February 9 he came before the Ways and Means Committee, just before they were to report out the bill, and increased his estimate. There is no institution in the world that has changed estimates so quickly, so often, and been wrong so many times as has the Treasury under this administration. They got in the habit of it during the Harding administration. They followed the custom during the Coolidge administration, and it seems now they are worse than during either of the two prior administrations.

On February 9 Mr. Mills came again before the Ways and Means Committee and said, "I was wrong. It is not $920,000,000 that I want. I want $1,241,000,000. I want $321,000,000 more than I told you 26 days ago." But in sending this recommendation he said, "If you will retrench and cut down the estimates that were given to the Congress by my distinguished White House chieftain to the extent of $118,000,000, we can balance the Budget by your raising $1,123,000,000 in taxes." On February 9 he said, "Put the taxes on the people to the amount of $1,123,000,000 and retrench to the amount of $118,000,000 and we will balance the Budget."

The House passed the bill. It carried $1,241,000,000. Of that amount they estimated that $209,000,000 should be in economies and the Secretary of the Treasury pronounced it

adequate, said it would balance the Budget, and gave out a statement accordingly. He came over to the Finance Committee of the Senate when the bill got before us and said to us, "Gentlemen, all we need to balance the Budget is $1,241,000,000." That was April 6. That was two months after he had made his last recommendation to the Ways and Means Committee of the House. He said to us on April 6, "While we have that amount of revenue, I believe we can economize to the amount of $200,000,000. I believe the President was wrong to the amount of $200,000,000 when he sent his estimate down to Congress. If you will cut $200,000,000 off that estimate of my chief, we can balance the Budget."

The Finance Committee went to work. We thought they were going to do a pretty good job. We did not like to put this tax and that tax on the people, but we laid aside partisanship. We did not give political results a thought. Democrats and Republicans worked together in order to follow Mr. Mills's suggestion of balancing the Budget by raising $1,241,000,000 in taxes.

On April 14 Mr. Mills came before us again. He had said that all they needed was $1,241,000,000, and added, "If you will just cut $200,000,000 out of the expenditures that will balance the Budget; that will do the job." We went to work. That was April 14. On May 9, after we had finished the work, he did not like some of it. We got into a squabble and I have no criticism to offer for the part he played in it. He came down there and offered a really constructive program, and some of us, being good Democrats and not wanting to take all the blame from our Republican friends, thought it was a pretty good idea to make them share in the responsibility of placing these taxes on the American people; so we accepted his program. What did he say then? That was May 9, just about 30 days ago, three months after he had pronounced the $1,241,000,000 sufficient to balance the Budget when he made his recommendation to the Ways and Means Committee. He said to us on May 9, "If you will report this bill out so it will raise $1,010,000,000 and will work economies to the extent of $231,000,000, the Budget will be balanced."

We reported out the bill, and it carried increased taxes in the amount of $1,010,000,000. We felt then that we would be able to economize below the estimates of the Budget to the extent of $231,000,000; indeed, one bill had passed the House and we had cut from the appropriations a large amount. We saw on May 9 no great obstacle to raising taxes to the amount of $1,010,000,000 and cutting down expenditures by $231,000,000. Mr. Mills said that would balance the Budget.

We went on. That was 30 days ago. Senators know the tragic scene enacted following that. They will remember that after we had worked days and nights to get up the various tax proposals in our tax program and had reported out the bill and had considered it here on the floor of the Senate for days and days and when the manufacturers' sales tax had almost gone glimmering because there were 55 men who had put their signatures to a parchment and said, "We are not going to stand for any manufacturers' sales tax," then it was that certain interests got busy in the country and an influence began to exert itself. When the manufacturers' sales tax crowd saw their dream disappearing and their chances for success fading every moment, then it was that the influences began to be exerted. When we had almost finished our job, when we had put taxes and taxes upon the people and were going to conclude the job the next day, then what happened? We had the program all arranged. Suddenly a voice came from the White House for us to come up there and have a little tête-à-tête with the President. We went. It was an august gathering which met with the President that night. Most of them were Democrats. Of course, the Secretary of the Treasury was there and, of course, Mr. Eugene Meyer was there and other counsellors of the administration were there, and for the first time officially we were notified that our job was not finished, that the Treasury was wrong in its estimate, and that they needed a good deal more money in order to balance the Budget.

We asked Mr. Mills and we asked the President, "How much do you need? What is the estimate? Tell us." The program was not quite completed. It was given to us next morning. The next morning the chairman of the Committee on Finance called the Finance Committee together. We waited for Mr. Mills. He came before us and then for the first time officially he said, "I am wrong in my estimate. I have made a mistake. Notwithstanding that on February 13 I told you that all we needed was $1,241,000,000, notwithstanding that in April I told you the same thing, and that again on May 9 I told you the same thing, I tell you to-day I am away off"; and that was May 31, just a few days ago, just when we were about to finish the job. He said, "I want $285,000,000 more of taxes placed upon the people." I have his testimony here.

We asked, "How are we going to raise it?" Then for the first time he made the suggestion of a manufacturers' sales tax. Then some of us said, "Now, Mr. Secretary, get away from that. You can not put that over. That is an impossibility. Give us an alternative. Make another suggestion as to how to raise $285,000,000." Then it was that the Secretary of the Treasury said, "I would recommend a tax on electricity, I would recommend a tax on gasoline, I would adopt the Connally amendment," which had been defeated before, but which was to be reconsidered by the Senate that morning. He said, "Through these three means you can raise the "$285,000,000." For the first time he said that that morning. Back in January, when he first appeared before the Ways and Means Committee, he did not ask for any cut in balancing the Budget. It was not until February 13 that he asked for a cut in the Budget estimates, and that was for $118,000,000. Before the Finance Committee he had asked in the end for a $231,000,000 saving from the Budget estimates. But that morning he said, "Not only do I want $285,000,000 in additional taxes but that means you must effect a saving from the estimate of the Bureau of the Budget of $350,000,000." That was the scheme. In other words, in less than four months' time he showed a difference in his estimates of what would balance the Budget of approximately $517,000,000. He did not want any saving in the estimate of the Bureau of the Budget at first. Then he asked for $118,000,000 of saving, later on for $231,000,000, and at last $350,000,000. We put on over $285,000,000 of increased taxes. We adopted the suggestion and we thought our job had been finished, but then came the economy program.

There has not been the slightest delay or equivocation upon the part of the Congress of the United States in responding to the suggestions and recommendations of the administration with reference to balancing the Budget. Yes; we have taken our political lives in our hands in order to vote time and again for propositions which we knew were not politically popular, but which we knew were necessary in order to balance the Budget. We had met their demands. Then what happened?

The economy plan came on. A bill was reported that would have saved $250,000,000. Upon the recommendation of the committee itself which had been working on it we struck out the provision relating to war veterans. I was willing to follow them through. I had made up my mind to go down the line with them, because they had given consideration to those questions and knew more about them than I did. But when the distinguished gentlemen who had had the matter in charge, the leaders of that committee, deserted their own plan, there was nothing else to do but to wipe out that provision. That knocked out about $50,000,000. They could still have passed the bill and have effected economies to the amount of approximately $200,000,000; but what happened? In my opinion there happened one of the most reprehensible things politically that has ever happened in an American Congress. I did not care whether they adopted the furlough plan or the 10 per cent reduction plan. I knew that in order to balance the Budget, as we were told we had to do, we would have to effect some economies, and I was willing to vote the 10 per

cent reduction if that was the way we could effect the greatest economy. The committee recommended that, and so I was for it. We adopted it, and we were told that it would save $200,000,000; but suddenly there came a flare-back; there came a mysterious influence working upon the Senate. Senators were buttonholed; they were telephoned; they were seen by some apostle of the White House, and one by one they flickered, one by one they gave way, one by one they said, "Well, I voted for the 10 per cent cut; that was fair; I thought if I drew $10,000 a year and gave $1,000 to the Government that other employees receiving $1,500 a year could stand a reduction of $150 a year; but if the President wants the furlough plan, I am willing to surrender, I am willing to go along with him." So the flat 10 per cent cut was taken out of the bill.

How much would be lost by eliminating the 10 per cent cut and adopting the furlough plan? Some one said that $40,000,000 was all. "Well, how are you going to get the other $40,000,000?" "I do not know." "Well, what does the President say about it? You tell me that the White House is trying to bring its influence to bear to cut the economy program of $200,000,000 down so that we will lose $40,000,000, but where does the President say we are going to get the balance"? "I do not know." "Does he not make any suggestion about it?" "I do not know." But a sufficient number of votes of Senators on the other side of the Chamber were obtained to reverse the position, and so President Hoover's furlough scheme was adopted.

If it shall be finally adopted—and I trust it will not be—I hope that Senators who voted for it will have as many men and women coming to their offices as there are soldiers now at the camp near Washington complaining to them about the discrimination that some chief of a bureau is showing against this employee or that employee and telling how favoritism is being shown and how the chief of this bureau or that bureau has let this particular employee out on furlough because he does not like him so well or because he thinks some other employee is a better worker. Discrimination! Favoritism! That is what is going to take place, and Senators are going to have complaints galore if the furlough plan shall be finally adopted. When employees with complaints come to me before the 4th of March next, I am going to say, "Go up and see Herbert Hoover," and if they come after the 4th of next March, I am just going to "Blame it on him," anyway.

It was all wrong for the President of the United States to dip in here when we were doing our best to effect a saving in Government expenditures so that the Budget could be balanced; but he did it, and no one within the sound of my voice now will get up and deny that he did exercise his influence.

Ah, but some Senator may say, "He did not speak to me." No; he did not have to speak to individual Senators, perhaps; all he had to do was to send Walter Newton here and whisper something in their ears and they fell over in order to cooperate with the administration.

I hope that the conference committee will repudiate the furlough plan, will put a 10 per cent reduction in the bill, and give the President his economy bill that will bring about a saving approaching $200,000,000, and then that the Appropriations Committee of the Senate and the Senate itself and the House of Representatives will effect sufficient other economies in the general appropriation bills to amount to $160,000,000 or $175,000,000, so that the lips may be sealed of men in high places who, in order to get into the press, are constantly saying that the Budget is not balanced. Let us have a little cooperation here; let us go through with this plan; let us effect the greatest savings that we can and retrench at every place where it is possible.

So this resolution offered by the distinguished leader on this side of the aisle in asking the White House for a bill of particulars, in asking it to recommend specifically where we can effect a greater saving, should be adopted, and Senators on the other side of the aisle know it should be adopted. They know it is not fair to the Congress of the United States for such an impression as that created by the publication in the newspapers on yesterday morning to go out to the country that the President of the United States says that we lack $150,000,000 to $200,000,000 of balancing the Budget.

Ah, Mr. President, the President of the United States occupies a strategic position. No matter what he says the newspapers will carry it; they put him on the front page. Some one has told him that the Congress is "in bad"; that it is not in good standing with the country. I do not know why it is not in good standing with the country. The Congress of the United States to-day is composed of just as courageous and able men as in the past. It took Mr. Hoover's Budget and riddled it to pieces; the Congress has already cut the appropriations $150,000,000 below his recommendations.

The Congress is not entitled to any censure at the hands of the American people. If they knew what had gone on, and if they could appreciate how we have laid aside all partisan considerations trying to work in these days of depression and in a crisis in our country's history for the welfare of the country, they would have quite a different notion about the Congress than some of them seem to have to-day. It comes with poor grace, indeed, for the President of the United States, holding the position he does, to try to put the Congress "in bad" by making the people believe, after these months of trial here, that we have failed to do our job and that we have not balanced the Budget by from one hundred and fifty to two hundred million dollars. If the Budget is not balanced, the fault is with the Secretary of the Treasury and the President of the United States, and not the American Congress.

Mr. THOMAS of Oklahoma. Mr. President——

The PRESIDING OFFICER (Mr. JOHNSON in the Chair). Does the Senator from Mississippi yield to the Senator from Oklahoma?

Mr. HARRISON. I yield.

Mr. THOMAS of Oklahoma. I should like to call the attention of the Senator from Mississippi to page 501 of the Budget which the President submitted to Congress. On that page it is shown that the President has a special bureau called the Bureau of the Budget, embracing some 35 highly paid experts. These 35 experts received salaries which totaled $191,000 in 1932, and the President reduced that amount to $190,000 for 1933. The President having these facilities, embracing these experts, does the Senator not think that he should be able at any time to tell us exactly where the saving could be made?

Mr. HARRISON. There is not any doubt about it; he is in a strategic position and ought to furnish us a bill of particulars.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed, without amendment the bill (S. 4736) to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States Navy Yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 11361) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1933, and for other purposes; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON, Mr. GRANFIELD, Mr. BLANTON, Mr. HOLADAY, and Mr. SIMMONS were appointed managers on the part of the House at the conference.

The message further announced that the House had passed a joint resolution (H. J. Res. 429) to amend section 625 (a) of the revenue act of 1932, in which it requested the concurrence of the Senate.

AMENDMENT OF AGRICULTURAL MARKETING ACT

The Senate resumed the consideration of the bill (S. 4536) to amend the agricultural marketing act, approved June 15, 1929.

Mr. McNARY. Mr. President, I understand the unfinished business is now before the Senate. To that measure I desire briefly and with some difficulty, on account of a slight cold, to address myself.

Mr. KING. Mr. President, will the Senator yield.

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Utah?

Mr. McNARY. I yield.

Mr. KING. I think in view of the importance of the pending bill, and the fact that many of the Senators, I am sure, have not had an opportunity to examine with the care that they should like, that we ought to have a full House, and, if the Senator will permit me, I should like to suggest the absence of a quorum.

Mr. McNARY. I thank the Senator, but I do not care to yield for that purpose. There is as large an attendance here as there would be following a quorum call.

Mr. KING. Of course, I have to submit to the Senator's wishes.

The PRESIDING OFFICER. The Senator from Oregon declines to yield.

Mr. McNARY. Many Senators are attending important committee meetings; we have lost an hour this afternoon from the time set for the consideration of the bill, and it is my hope that we may have a vote. Viewing it from that standpoint, while again expressing my appreciation of the thoughtfulness of the Senator from Utah, I shall have to decline to yield.

Mr. President, the Senate Committee on Agriculture and Forestry for many years have been engaged in considering various phases of the farm problem. During all these years the three major farm organizations have been unable to come to an agreement with respect to how the surpluses of agricultural products should be handled. It will be recalled by the Members of the Senate that some years ago the Senate on two occasions took favorable action with respect to the equalization fee which was sponsored by the American Farm Bureau Federation. In 1929, when the agricultural marketing act was passed by the Senate, it contained a provision incorporating the so-called debenture plan. When the bill went to conference, however, that plan was objected to by the House conferees, and, after some discussion, the Senate conferees receded, and the marketing act was finally passed without the debenture plan.

Mr. President, during all these years the Senate Committee on Agriculture has listened with an attentive ear to the various farm organizations in presenting their grievances and their suggested relief plans for consideration. During the fall of 1931 the chairman of the Senate Committee on Agriculture and Forestry and other members of the committee suggested to the representatives of the farm organizations that they make a further attempt to compose their differences and settle upon some plan with respect to the solution of the surplus problem.

All thoughtful students of the agricultural situation must admit that one of the major and most serious problems involved is that of handling, controlling, and making final disposition of the surplus. Until that problem is solved the farmer will have that factor with which to contend, which will prevent him, in many instances, from receiving the cost of production for the commodities which he raises.

During April of the present year the three farm organizations pooled, I may say, their views and brought to the Committee on Agriculture and Forestry a proposal practically in the language of that now presented in the pending unfinished business, which is in the nature of an amendment to the agricultural marketing act passed by the Congress in 1929.

Mr. WATSON. Mr. President, will my friend yield?

Mr. McNARY. I yield to the Senator from Indiana.

Mr. WATSON. Does the Senator intend to discuss the three features of the bill in order?

Mr. McNARY. Yes; very briefly, however, because they have been before the Senate on other occasions.

Mr. President, the three major organizations about which I speak are the National Grange, the American Farm Bureau Federation, and the Farmers' Union, comprising in their membership about 3,000,000 farmers.

Probably this is the most audible voice that comes from the various farm groups. Hence, when I say that these organizations came to an agreement, I assume that they represent, and indeed I know that they represent, practically all of the organized farmers of the country.

It has long been known by those who are familiar with the marketing act of 1929, of which the Federal Farm Board is the administering agent, that it has failed in its operations to control the surplus because of the want of authority in that act to get the products that have been acquired out of the country. I think it was clearly understood by those who followed the original act that in permitting the Farm Board to acquire and store in this country the surplus, and thereby fix the price level, the one great weakness was the fact that the grain or agricultural products were stored and retained in this country.

Take the instance of wheat: Unquestionably the Farm Board, in the period from October, 1930, to July, 1931, during which it was operating, fixed the price of wheat at about 74 cents a bushel. Immediately after the operations were over the price level sank to the world level. During that time, of course, large expenditures of public money were made and a portion lost. To the credit of the Farm Board be it said, it was their judgment that they should maintain and guarantee the credit structure of the country, particularly in the wheat States. But if the board at that time—provided there were in foreign markets a demand for the wheat—had had one of these vehicles to get the wheat out of the country and charge up the losses against the producers, that great menace that has hung over the wheat price for the last year would have disappeared. Indeed, it would not have been brought into existence.

So, Mr. President, to meet this situation the farmers are attempting by this threefold proposal to handle the surplus problem only. There is no money asked to be taken out of the Treasury of the United States in any sum whatsoever, although in all frankness it must be stated that if the debenture plan should be employed by the board certain sums ordinarily intended for the Treasury would be diverted.

Before these three devices can be employed, the Farm Board must make inquiry and must ascertain four designated sets of facts to be in existence. The board can not arbitrarily set in operation or invoke the machinery that is provided for in these proposals. It must find that there is a surplus in excess of domestic requirements, that there is a surplus in excess of the requirements for orderly marketing. It must find that the board can not, under the present marketing act, handle the situation effectively. It must also find that the cost of production exceeds the sale price of the agricultural commodities produced by the farmers of the country. It must finally find that the product lends itself to the operation of one of these plans.

After careful inquiry by the board, if it finds that these four conditions exist—namely, that there is a surplus in the country over and above domestic requirements, that the farmer can not sell at the cost of production, that the agricultural commodity lends itself to the operation defined by the amendment, and that the marketing act as it now exists in its provisions is unable to take care of the situation—it then can, in its judgment, invoke one of the three plans proposed in this amendment.

The first one is the equalization fee. That has been twice before Congress. It simply provides that the Farm Board may segregate the surplus from that which is required to meet the domestic demands. It must then estimate the cost and the losses that will accrue from disposing of the surplus. After that is done it levies a fee, called an equalization fee, upon the crop, and that is paid by the farmer when he disposes of his commodity. It is a device that has been thought to be simple and practicable; and one of the strong features

of the equalization fee is that it is no tax upon the Treasury of the United States. It operates precisely as great manufacturers have operated in the sale of their surpluses abroad in private enterprise. It is fashioned, indeed, out of the operations of the steel companies, the textile companies, and manufacturers generally, who have and must depend upon a foreign market to control their surplus.

Mr. KING. Mr. President——

Mr. McNARY. I yield to the Senator from Utah.

Mr. KING. I ask the Senator, for information, what is meant by the sentence commencing on line 25, page 3, and including lines 1 and 2 on the next page, where it states—

> Any such agreement shall provide for the payment from the stabilization fund.

Mr. McNARY. That stabilization fund has no relation whatsoever to the stabilization fund in the marketing act. The fund is created by the charge called the equalization fee, which is paid by the producers themselves. That is the stabilization fund. Whenever the board determines what the cost and losses of handling and selling the surplus at the world price will be, that amount goes into the stabilization fund out of which the losses are recouped, so that the Treasury is not attacked in any way.

Mr. KING. Then that is in harmony with the Senator's statement that it does not invade the present $500,000,000 fund possessed by the Farm Board?

Mr. McNARY. Not a penny.

The next plan is the debenture plan. That is proposed in the same form that was in the bill that passed the Senate, known as the farm marketing act.

Mr. NORRIS. Mr. President——

Mr. McNARY. I yield to the Senator from Nebraska.

Mr. NORRIS. The Senator says the debenture plan is in the same form in which it was before us when we passed the farm marketing act.

Mr. McNARY. Yes.

Mr. NORRIS. The form in which it was proposed then was just a little different from the form in which it was later proposed as an amendment to the tariff act.

Mr. McNARY. Yes; I think so.

Mr. NORRIS. Which form is used here?

Mr. McNARY. I am glad the Senator has spoken of that if it is any improvement at all. I was told by the drafting bureau and the legislative representatives of the different farm organizations that they took the final draft. I presume that was the one in which it was offered as an amendment to the tax bill. I do not recall that there was any substantial difference between the two drafts.

Mr. NORRIS. I will say to the Senator that there is this difference: The first time it was proposed I think, as a matter of fact, it was just as effective as the second time; but after it was proposed there was a criticism leveled at it by President Hoover in which he said, among other things, that if it were passed the result would be that the importers would form a combination and refuse to buy these debentures, and that by their combination they could keep down the value of them. The next time it was offered, that objection was met by a proviso that the Secretary of the Treasury, out of any funds coming into his hands from duties on imports, could offer to buy those debentures at 98 per cent of their face value.

Mr. McNARY. Mr. President, I think the Senator must be corrected in this: The criticism of the President was leveled at the proposal before it was considered by the Senate, in a letter written to the chairman of the committee, and also in a letter received from the Secretary of the Treasury.

Mr. NORRIS. Yes.

Mr. McNARY. In order to correct the criticism about which the able Senator has just spoken, we inserted in that proposal, and it is in this bill, a provision that the Treasury itself could redeem these debentures up to 98 per cent of their face value. That is in this bill.

Mr. NORRIS. Yes.

Mr. McNARY. Mr. President, the debenture proposal simply provides that when agricultural products are exported—of course, that again refers to the surplus—the Secretary of the Treasury shall issue debentures which are receivable by collectors of customs or by the Treasury Department. To this extent I must frankly state, as I did on another occasion, that that money does come from the Treasury of the United States; it is impounded and used for the benefit of agriculture before it reaches the Treasury; and to that extent this amendment does carry an appropriation. It is workable. I think no one will doubt that it is. The criticism I had for it when I spoke on a former occasion was simply that I thought it was in the nature of a subsidy, and probably agriculture would not be satisfied with relief of that kind.

It is not for me to pass judgment upon that. It is up to the board to determine, if this proposal should become a law, what agency or machine here provided they would like to utilize in the event there is a surplus above domestic requirements.

The last plan has never been before the Congress. It is the so-called allotment plan. It is proposed by the Farmers' Union, a third large organized group of farmers. It has some of the underlying and fundamental principles involved in the other two plans. It provides that the Farm Board shall again segregate the surplus from that which is required for domestic use, and then it shall attempt to ascertain the cost of production, and fix that as the price at which the commodity shall be sold to the American consumer through a process of licensing the dealers in these various agricultural products.

For more than two years the Farmers' Union has favored the allotment plan. The matter was presented through that great organization to the committee. Some of the committee members thought it was workable and feasible. Others objected to it, but a majority inserted it in the amendment.

It must be said that it does involve the licensing powers of the Government. It is, frankly, in the nature of a price-fixing device. It is for the board to determine whether it is more practicable or less practicable than the other measures.

That, in a few words, explains these three proposals. First, I want the Senators to keep in mind that there must be four findings made. These findings are prerequisite to any operation under the machinery specified in this measure.

If the board finds that these four conditions obtain, then they may use any one or all of these plans. They may employ the equalization plan, which provides that the farmer himself shall pay for all losses. They may decide to employ the debenture plan, under which the ultimate losses, if any, will rest upon the Government. They may desire to employ the great power of the Government to license and to fix prices, which is the allotment plan.

It has been, and is now, the judgment of a majority of the committee that the marketing act should be strengthened by providing some method of handling the surplus, and these are the only methods which have been brought to the attention of the committee which it was thought would be efficacious and practicable.

So long as we do produce a surplus, and the marketing act does not provide a means for handling it, just that long the surplus problem will be here to hamper and injure the farmers of the country.

With this brief statement, in which I hope I have given an outline of the purpose and intention of the amendment, I yield the floor.

Mr. NYE. Mr. President, there is hardly more to be said in support of the pending bill than has been offered by the senior Senator from Oregon [Mr. McNARY], both in his address to the Senate at this hour and in the report which he has made, which accompanies the bill.

We have under consideration a bill which would make available any one or all of three plans to accomplish prices

for farm products which will be equivalent to production costs and afford a profit to the farmer. I earnestly hope for its passage. I shall detain the Senate but a few minutes in urging the favor of the Senate to this bill.

There are lines which have been quoted many, many times in the Congress of the United States and elsewhere, but in part I want to quote them again. They are lines written by Edwin Markham, in The Man with the Hoe, following his observing a painting of a French farmer, which painting so impressed Markham as to cause him to write those lines which are going to live forever. He wrote:

O masters, lords, and rulers in all lands,
Is this the handiwork you give to God,
This monstrous thing distorted and soul-quenched?
How will you ever straighten up this shape;
Touch it again with immortality;
Give back the upward looking and the light;
Rebuild in it the music and the dream;
Make right the immemorial infamies,
Perfidious wrongs, immediate woes?

O masters, lords, and rulers in all lands,
How will the future reckon with this man?
How answer his brute question in that hour
When whirlwinds of rebellion shake the world?
How will it be with kingdoms and with kings—
With those who shaped him to the thing he is—
When this dumb terror shall reply to God,
After the silence of centuries?

I have not offered these oft-quoted lines as a threat, or even as a warning. They are not a prophecy on my part. I have offered them only because of the question they ask. We can well afford to ponder them.

What we have on our hands now, the most critical economic situation the Nation has known, was inevitable. I do not like to place myself in the light of one of these "I-told-you-so" people, but I am going to refer back to remarks of mine on this floor on May 24, 1926, over six years ago. I then said, in discussing the farm needs, that we should not be misled by the then pending prosperity talk. I said that that prosperity was not being shared by the farmer, and that—

such prosperity may continue for a time; it can continue only so long as there is blood left to squeeze out of the farmer; but the supply is not inexhaustible. Indeed, the flow grows less and less daily. Sooner or later this prosperity bubble will burst—it is bound to burst.

And it did burst. It had to, when those who were creating the wealth were bled white, after their equities and their surpluses were gone. That half of the population of America directly dependent upon the farms could not continue holding up the false prosperity indefinitely. And because agriculture's needs were destroyed, so now we find business generally destroyed, and millions of unemployed as a result of it.

There are those who sincerely believe that the needs of the farm people have been overpainted. It can not be overdone. There exists to-day on every farm a most depressing situation which has been growing since the deflation program inaugurated by terrible judgment in 1920. To anyone who knows these farm people their plea for help is recognized as being based upon the best sort of a foundation, and with just cause. Sometimes I think that the best thing Congress and the President could do would be to recess and cause every Member to get out and see with his own eyes just what were the conditions on the farm. After such a visitation I have no doubt but that there would be a very positive return in the way of legislation that would accomplish the affording of prices for agricultural products such as would make the farm people once again the power they have been in affording markets for the products and services of the mills, factories, banks, professional people, and railroads of America.

The farm bill now before us is the first piece of legislation upon which the heads of all the national farm organizations have agreed. It marks, to my way of thinking, the turning point in the legislative battle for the American farmer. With the farm leaders finally agreed upon a program, it is fair to expect a better recognition of agriculture and its needs at the hands of those forces which have it in their power to restore agriculture, and restore opportunity for those who toil on the farms to win a reasonable reward from their labors, to pay their debts, and go into the market places and buy the things they want and need.

So critical is the farm situation, Mr. President, that I feel the pending bill may not be adequate to fully cope with the present-day needs; but I give it my fullest measure of support, because I believe it is the utmost that can be expected of Congress before it adjourns, and because I am confident that it will go far in helping accomplish recovery for such of our farm people as are not carrying too great a burden of debt. But for many of our farm people something more is needed.

That "something more" is available in the form of the legislation offered by my colleague, and known as the Frazier bill, which has been favored by the Senate Committee on Agriculture, and which is now upon the Senate Calendar. That bill goes to the very base of agricultural difficulty, and would save at once the homes of thousands of farm people and give them a new lease upon life. The Frazier bill would afford a program of refinancing of farm indebtedness, place the farmer firmly upon his feet, and afford happiness and contentment in those places where discouragement and hopelessness now prevail. More than that, it would straightway afford a debt-paying program and a buying program that would bring recovery to sick America at once.

But the Frazier bill constitutes a drastic change in the business of money lending! Those who to-day control the money of the country and swing the power that goes with that control are not going to permit passage of the Frazier bill without the severest kind of a battle. The Frazier bill would quite completely destroy their power. The bill is too drastic a change, some of our colleagues here in this body declare. But sooner or later my colleagues are going to awaken to the fact that the situation existing throughout the land is one which calls for drastic change, and the longer we put off the task of affording relief the more drastic will need be the means resorted to to accomplish the desired ends.

The greatest trouble with us, with Congress, with the Government, is that we fear new thoughts; we dread to depart from the beaten path; we withhold our support of things which are new and a departure from old ways. It is my hope that the next six months will have the effect of impressing upon Congress and the President the importance of accepting drastic means and new ways of righting wrongs of long standing, whereupon we can expect serious and successful consideration of the Frazier bill, even though it does step heavily upon the toes of our international banker Shylocks who seem to be a world unto themselves, but nevertheless dictating what shall be done in every other world and country, including our own.

Mr. President, we are too afraid of new ways, new methods. But until we do accept these we are destined to stay just as thoroughly mired as we are to-day. That there is prospect for passage of the pending McNary 3-way farm bill is evidence that we are fast swinging into a frame of mind which shies less from new ways and new methods. There are new departures involved in the pending bill. Some of them have been previously passed upon favorably by Congress, though they have met with presidential veto thereafter.

That the mind is changing is well evidenced by the things the Congress and the President has done this past year. The law creating the Reconstruction Finance Corporation adopts programs which heretofore have been considered quite unreasonable and impossible. The fault with this program, however, is that it carries aid and comfort almost alone to the very interests which have drained the country, the very influences which have contributed so largely to the crash which came to America. By this program we carry water and food to the very oppressors of the common people through these many years. If now we will carry help to the oppressed and give them opportunity to make their efforts

count, we will certainly not do more than balance the scales for this session. The McNary bill will assuredly give very necessary help to the farm people.

There are, of course, those who insist that the McNary bill, if it passes Congress, will be vetoed by the President. If the President had another program than the one which is before us, there would be good reason to believe this. But he has no such program. It is therefore fair to assume that he will now accept the principles of this bill, since he must surely know of the desperate need calling for additional farm legislation.

There is no legislation which will go further in restoring the confidence of the country than this bill, which guarantees a buying power for over half our population, which buying power would at once be reflected to the other half of the population.

We have talked all winter and spring about the need of restoring confidence. That was what we were going to do when we passed the moratorium. We know now we failed. Then we were going to accomplish this restoration by the Reconstruction Finance Corporation. We failed again. Our new banking legislation was going to accomplish what the other new legislation had failed to bring. But it has not turned the trick, either.

The facts are that there is going to be no restored confidence until the masses of people have the means with which to buy the things others are wanting to sell. There is no better way to get this than to get a buying power to the American farmer. Give him dollars for his honest toil. Those dollars, if given him for his products, will pay production costs, will pay bills, and will buy goods. His ability to buy will at once be reflected by every merchant, every doctor, every business man in the towns and cities of agricultural States. Their buying power in turn will be reflected into the automobile factories and the mills and factories producing those things the farmer and business man wants and will buy when he can. Thus can be restored the demand for workers in the mills and factories, and on the railroads. Thus are our most serious unemployment problems solved. Thus is prosperity returned. But I insist, Mr. President, none of this is coming to pass until the farmer is given a price for his products which will enable him to buy.

What is asked for the farmer here and now is nothing more than fair play. He is not a whiner or a beggar. He is not a spoiled child who needs to be or can be babied. I think I know the people who would be helped by this legislation. I have lived with them all my life. They are not cowards. They are not afraid of work. They are not afraid of life and its obligations. They are not seekers after charity. All these people seek is a fair chance to make their investment and their labor return to them a reasonable reward with which to supply the needs of themselves and their children. Give them that chance, Mr. President, and they will demonstrate such a courage and such a will as have made our agricultural people the mainstay of our country and our Government all these years. Deny to them that fair chance, and America must continue to struggle in the grip of the most serious economic wreck our country has ever known.

The pending bill, I believe, gives the farm people the chance they need and must have if any material gain is to be enjoyed as a result of this session of Congress. The bill makes available resort to the debenture plan, the equalization-fee plan, and the allotment plan, any one of them or all of them, in order that production costs may be won to the farmer for his products. Its enactment into law will do precisely what all people want accomplished, namely, win the return of decent conditions to a country which has never known such conditions as now face us in a time of plenty. This bill goes to the base of our economic difficulty in America, and ought to be quickly passed.

The VICE PRESIDENT. The first amendment will be stated.

The first amendment of the Committee on Agriculture and Forestry was, on page 3, line 15, after the words "Title I," to insert "The equalization-fee plan."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. NORBECK. Mr. President, times have changed. The numerous speeches that were made here years ago against putting the Government in business are heard no more. The Government has been put into business for the benefit of financial groups, for the purpose of saving the banks, for the purpose of keeping the railroads operating, for the purpose of everything almost except real benefit to agriculture. I am well aware of the fact that a great many hold that the Farm Board put the Government into business for the benefit of agriculture, but I voted against that measure, believing that it would not accomplish what many expected. Had the expectations of those who sponsored it been realized, we would not have been considering this measure to-day.

On the 15th of May the average price of all farm products was 44 per cent below the pre-war level compared with 14 per cent below that level on May 15 of last year. In some of the great agricultural States wheat brought only 35 cents a bushel at the farmer's home market; oats, 16 cents; corn, 22 cents; cotton, about 5 cents a pound; hogs, below $2.50 per hundred; eggs, 6 to 7 cents; and wool, 7 cents. Meanwhile the price of things farmers buy have fallen a little, but are still above the pre-war level.

However, there is coming to be a realization on the part of business generally. Just this morning two witnesses before the Committee on Banking and Currency, witnesses who come from big business institutions, the largest in the land, admitted that a return of national prosperity would depend on the return of agricultural prosperity. They admitted it could not come without agricultural prosperity. That is a different viewpoint than there used to be, but perhaps it is a reflection of the cold realization that the debts of the country can not be paid with present price levels. Perhaps it is a realization of the fact that this problem is no longer a problem of the farmer alone, but is a problem which involves the creditor of the farmer. The farm mortgage can not be paid with present prices, and the creditor class can take its choice between bankruptcy and getting the property, or according agriculture fair prices, or cheapening the money of the country.

It is strange that an economic catastrophe had to hit business in order to give many of our business leaders a realization of the plight of agriculture. In the past 10 or 12 years we have considered numerous measures. We twice passed the McNary-Haugen bill embodying the equalization fee. It was fought by chambers of commerce, big business of the East. Many were inclined to realize the seriousness of the farmer's troubles. Others declared that bill and other measures economically unsound. Still others scoffed at the idea that the farming depression, unless effectively remedied, would bring ruin to the business community as well. The more far-seeing among them realized that something had to be done for agriculture, but were totally at a loss when it came to recommending something.

The farmer, on the other hand, has shown a much greater readiness to understand the other man's problem than the other man showed in understanding the farmer's. To-day we hear in the farming communities much sympathy expressed for those who are walking the streets looking for a job, for those who stand in the bread line. The farmers see the great paradox of overabundance of wheat and people starving for lack of bread; an overabundance of cotton and people in rags for want of even the simplest clothing. Were it not for the farmer's keen understanding of the troubles confronting the man in the city to-day, there would be an even more pronounced protest from farmers than we have heard in recent months. Their bitterness would be greater. Their righteous indignation over the economic injustice they have suffered through these years of price inequality has been softened by the depression in the cities. Now the time is opportune for the people of the country and of the city, in a mutual understanding of their adversities, to work together for practical measures of improvement.

One version of the allotment plan would levy an excise tax on millers, and, of course, would be passed on to the con-

sumer. This would raise a fund out of which to pay the bounty. The effect would be to make the tariff apply to that part of that crop that is marketed at home and not to the part sold abroad.

Another advantage of this would be that it should not invite foreign retaliation. The price of wheat would not be changed by the plan; therefore there would be no dumping and real excuse for applying antidumping duties in foreign countries. Let me repeat: The farmer would get his regular price plus a bounty on that part that is used in this country.

The application of the principles of the bill is optional with the Farm Board. That is an unfortunate feature of it. I wish it were mandatory. I wish it had been possible to describe definitely when and how each of these plans should be applied. This bill is called the 3-way plan. It provides that the Farm Board must use one of three plans to bring about a better price—an American price which would be at least equal to the cost of production, including wages for the farmer. The board may invoke:

(a) The export-debenture plan.

(b) The equalization-fee plan.

(c) An allotment plan—one of several plans being worked out, and possibly not the best one, but it is the one agreed upon.

But I think we have reached the point where no administration will hold out and say, "We are not going to do anything, because we can not." I believe this bill, when it becomes a law, will furnish them ample authority under which to do something by which to bring the farm products to a level more equal to the products of the factory.

Of the three plans I think nothing is stronger than the allotment plan, but I do not want to be in the position of indorsing every feature of the allotment plan at the present time. There are some features of it I do not like. There are some features that may not work out well in practice, but we have learned from legislative experience that we have to change our laws as experience gives us more light.

That feature of the allotment plan which would increase the returns for that part of the crop that is needed in domestic market is the strongest feature in the idea. Let me give briefly the reasons why the allotment plan—not necessarily as it is written in this bill but the general idea of it—would meet objections that have been raised to the equalization fee and the debenture:

We have been told that the debenture and the equalization fee would stimulate production and increase the surplus. I am not, and have not been, in sympathy with all the arguments advanced on this point. The allotment plan, however, does provide a more effective check on production than is provided in the other proposals. Essentially, and leaving out all technicalities, it proposes to make the higher price effective on that part of the crop that is sold in the domestic market; the remainder the farmer may sell on a world-price basis. If a farmer has been producing an average of 800 bushels in the past few years and gets an allotment of 500 bushels for the domestic market, and if he should need 100 bushels for seed and other purposes on the farm, he would have 200 bushels for export. One allotment proposal, which appeals to me greatly, would pay a premium of an amount approximately equal to the tariff on the 500 bushels for the domestic market. The farmer would sell his wheat as he sells it now; 200 bushels could go into export trade. If he should the next year produce a larger amount—let us say a thousand bushels—he would get the bounty on only the 500 bushels. Therefore the bounty would afford no incentive to increased production.

This bill is a product of the work all winter of three of the leading farm organizations working together trying to work out something that they felt would be acceptable to Congress, compromising here and compromising there; but nevertheless it represents the instrumentality by which agriculture can be lifted out of the dumps if the administrative authorities will do it when they get the law.

I predict we will have to make changes in the law, but we make changes in every important law that has been enacted by Congress, so this will be no exception. It will be the turning point. Here we have a country so full of resources, so full of capable people, so full of plenty, and yet filled with distress and starvation; banks full of money and nobody has money; warehouses full of goods and nobody has the goods; land that will produce everything, and on every hand the people are in want. After all, is it a matter of coordination and a matter of a little more confidence in the situation? Confidence must come out of possible earnings, must come out of employment.

By coordination I mean that stability of economic relationships which will make it possible for one economic group to exchange with another, so that the people of the industries will not lack for bread when they are in the position to produce things which the farmer—having too much wheat—very much needs for himself and family.

By confidence I mean a reasonable assurance that products will bring a fair price and that ability and willingness to labor honestly will bring a living wage. To accomplish these things requires courageous measures, some experimentation in public policy. Some experiments may be thought to involve some danger, but one of the most dangerous experiments we can indulge in now is to let things drift without doing anything. We have got to put people to work and we must recognize that some new problems have come to us. We must recognize that the European markets have been closed to our goods to a great extent and therefore we can not hope for the same amount of exports that we have had, except as they take the low prices for them. The bill proposes not to give the farmer the American price for all his products, but only for that part of his products which are consumed in the United States, which approaches 90 per cent. It would not be so bad a thing for them to sell the other 10 per cent at reduced prices; it would not seriously affect the situation.

It will be possible to restore the earning power for the farmer. He will begin to buy from the factory, and the wheels will be started into motion. Do not expect anything to come suddenly. We have been a long time going down and we may be a long time coming back. But if we once hit the bottom we will start coming back, because the country has great possibilities for coming back. I venture to say this is the first step, but unless agriculture can be put on a purchasing par with other industries, wholesale liquidation will take place and the wheels of the factories will continue to be idle and we will continue to talk about remedies without getting any result.

Mr. SCHALL. Mr. President, I ask that the following resolutions be printed in the RECORD. They were passed at a Republican mass meeting held at Windom, Minn., on June 4, attended by 900 voters. They are typical, I think, of the thought of the rural district of my State, and the demands are well founded in justice to agriculture.

There is no sound reasoning, Mr. President, that agriculture should not, as both the Republican and the Democratic platforms of 1928 demanded, be placed on a parity with other businesses of this country by giving agriculture the benefit of the tariff. There is no reason why agriculture should be crowded off the face of the earth by the Federal reserve system refusing to recognize agricultural security. If we can grant a moratorium to Europe, certainly we can grant one to agriculture. If we can give Europe the principal of our debts outright and accept in lieu thereof a tiny interest of 1.1 per cent over a period of 62 years, as we did with Italy, why can not we do likewise for agriculture, the very foundation of our national life? When agriculture is not prosperous the Nation is not prosperous.

There is no doubt that these 900 voters who have sent me these resolutions desire that I vote for the pending bill, which gives the Farm Board the power of the equalization fee, debenture, and farm-allotment plans, which plans have been unanimously recommended by all farm organizations, which I intend to do.

The resolutions were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Resolved, That we are in immediate need of more currency in circulation, and that we favor the issuance by act of Congress of

non-interest-bearing Treasury notes to ex-service men in payment of the balance due them in adjusted compensations.

Resolved, That we favor progressive legislation by the Congress of the United States that shall stabilize the dollar and maintain its purchasing power at a fixed level.

Resolved, That interest rates on farm mortgages are too high in proportion to the earning capacity and incomes from labor and investments in agriculture, and that we favor the Frazier bill, No. 1197, so that farms and farm homes may be taken out of the hands of the financial interests and saved to the actual use and occupation by those actually engaged in agriculture.

Resolved, That all bonds of every kind be subject to taxation the same as other property, and that class privilege be eliminated from taxation, and that we are opposed to the issuance of any more tax-exempt securities by the Government or by any department of the Government.

Resolved, That we petition Congress and urge our Senators and Representatives to support and endeavor to pass laws or amendments to existing laws for the relief of agriculture, which include the equalization-fee principle, the debenture plan, and any other proposal that will give the Farm Board direction and power to control agricultural products, values, and the distribution thereof.

Mr. BORAH. Mr. President, I want to make a brief statement about the bill. The bill contains a provision with reference to what is known as the equalization fee. My view has always been that that proposal is contrary to well-established principles of constitutional law and is unwise as an economic principle. I have always felt, furthermore, that it would prove unfair and unjust to the farmer. I have not changed my view in regard to that matter. I do not propose to argue it at length because it is incorporated in the bill with matters which I do favor, but I do not want to cast a vote which might be construed as an evidence of having modified my views in regard to the equalization fee.

I think the equalization-fee scheme legalizes the inequality between the farmer and the manufacturer of this country. I want to remove that inequality rather than by law make it permanent. It undertakes to embody in our laws a system for the farmer which does not obtain with reference to industry. The manufacturer gets his protection from the Government through the laws of the Government without any charge to him whatsoever. We are proposing to give the farmer a form of protection of some kind, but he must pay for his. I am perfectly clear in my own mind that in time the farmers will reject the proposition. The struggle has been to place the farmer upon an equality with industry and with the manufacturers of the country. Without we succeed in placing him upon an equality with the manufacturer, anything that we may do will in the end be ineffective for his protection. This, in my opinion, runs counter to our professed desire, to give the farmer equality. I feel that we are placing in the law, writing into our system, a conceded difference between the protection which we give to the farmer and that which we give to the manufacturer, or to other industry.

As I said, I do not propose to argue it at length. I regret that it is in the bill, and if I have an opportunity to vote against it singly, I shall not vote for it.

Mr. WATSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Indiana?

Mr. BORAH. I yield.

Mr. WATSON. I would like to ask the Senator a question. Has the Senator read the allotment plan carried in the bill?

Mr. BORAH. Yes; I have read it. But I had understood the allotment plan was to be dropped from the bill.

Mr. WATSON. What does the Senator think about this part of it—

(1) To the end that the policy declared in this act may be effectuated, the Federal Farm Board is authorized, whenever it finds that the importation into the United States of any such agricultural products or their substitutes produced outside of the United States materially affects, or is likely to materially affect, the sale in the domestic market of any such agricultural products at a price not less than the cost of production, to proclaim that fact; and thereafter it shall be unlawful to import, directly or indirectly, any such products or their substitutes into the United States.

What does the Senator think about a proposition of that kind which confers upon the Federal Farm Board, without any reference to Congress, without any reference to the Tariff Commission, without any reference to the President, the power to erect an embargo on its own ipse dixit against the importation of grain at any time when they may think it is offered here at less than the cost of production of the same grain in the United States?

Mr. BORAH. I do not think it is constitutional, and I do not think it in the interest of the farmer.

Mr. WATSON. I do not think so either.

Mr. BORAH. But I think it is just as constitutional as the Tariff Commission which we have created. It is no more a delegation of power than the Tariff Commission has.

Mr. WATSON. Does one bad act justify another?

Mr. BORAH. Of course it does not. I am voting for the bill because of the debenture provision which is in the bill. I will vote if I have a chance to strike out all other parts of the bill. I am so certain in my own mind that that will come to be quickly the policy which will be adopted and carried out under the bill that I am willing to vote for the bill, that being in it if I can not see it stricken out. I do not think they have the power to do what is provided for in the bill.

Mr. WATSON. I have no authority to catechize the Senator.

Mr. BORAH. Oh, yes.

Mr. WATSON. But inasmuch as I have great admiration for the Senator's legal ability I would like to ask a further question. In the second section on page 19 it is provided:

It shall be unlawful for any licensee to purchase any agricultural products at a price less than the cost of production proclaimed by the Federal Farm Board.

In other words, a man has to be licensed in order to make the purchase; and it is absolutely unlawful for him to buy any grain at a price less than the price fixed by the Federal Farm Board at its own ipsa dixit. Is that constitutional?

Mr. BORAH. No; I do not think so. And I go further and say it is unwise legislation regardless of the constitutional question.

Mr. WATSON. I do not think so, either; I can not think that it is constitutional.

Mr. BORAH. I hope when my vote shall be considered on this measure it will be considered that I was voting for the debenture and nothing else. We are in this situation, Mr. President: This is the only legislation that we are going to have at this session which even looks toward in any way helping agriculture. I have always been an advocate of the debenture system, and I am not going to vote against the bill, although I do not believe in the equalization-fee system, nor do I believe in the other proposition which has been submitted. I wish to repeat, however, that the principle upon which is based the clause which the Senator read is, in my opinion, exactly the principle upon which the Tariff Commission legislation was based.

Mr. WATSON. There is this difference: We do not at any place in the law confer upon the Tariff Commission the power to erect a barrier in the shape of an embargo.

Mr. BORAH. No; but that is only an extension of the principle in accordance with which the power has been given to the Tariff Commission.

Mr. WATSON. Does not the Senator see a distinction between the two? We ask the Tariff Commission to find the difference between the cost of production in this country and in other countries. They find that cost of production as a fact-finding body, and that ends their function. However, we give the Federal Farm Board that same authority, and then also confer upon it the additional power to erect an embargo against the importation of certain commodities.

Mr. BORAH. I think the same power could be conferred upon the Tariff Commission if we followed the principle of the present law. We have now conferred upon the Tariff Commission the power to ascertain the difference between the cost of production at home and abroad, and the Tariff Commission and the President, neither one of whom has the legislative power in any respect whatever, may say what tax may be levied?

Mr. WATSON. They may establish the tariff rate.

Mr. BORAH. Yes; in that way is taken completely out of the hands of the Congress, the body to which it was carefully delegated, the power reposed in it by the fathers; it has been taken out of the hands of Congress and placed in the hands of the Tariff Commission; and when the Tariff Commission makes its report it does not report to the Congress but reports to the Executive, who has no legislative power whatever; that is, he has no legislative power under the Constitution, but an unwise Congress has undertaken to confer legislative power touching the most vital question of government—the power to levy taxes and raise revenue.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER (Mr. WHEELER in the chair). Does the Senator from Idaho yield to the Senator from Virginia?

Mr. BORAH. I yield.

Mr. GLASS. Is it the view of the Senator from Indiana that this is a prohibition against the purchase of grain only?

Mr. WATSON. Oh, yes.

Mr. GLASS. It is a prohibition against the purchase of any agricultural commodity whatever.

Mr. WATSON. I just glanced at it very hurriedly, I will say to the Senator.

Mr. GLASS. It seems to me that under such a law a licensee, or any grocery business, can not buy a coop of chickens or a dozen eggs without permission from the Farm Board or at any other price than that fixed by the Farm Board.

Mr. WATSON. I think the Senator's interpretation is the correct one. I have just read the provision for the first time.

Mr. GLASS. I am not finding fault with the argument of the Senator from Idaho about the Tariff Commission. I think the Tariff Commission is a delegation of authority, and it is unconstitutional, I venture to say, regardless of the opinion of the Supreme Court of the United States.

I voted for the debenture originally upon the hypothesis that, although it was utterly unsound, it was the only thing in the nature of a drawback to the farmer that he has ever been offered in compensation for the tribute that he has to pay to the high protected manufacturers; but I would never on earth vote for a bill like this. It is just simply putting the individual citizen of this country in a strait-jacket.

Mr. BORAH. The Senator has stated better than I could my reason for voting for the debenture. I look upon it as some protection to the farmer under a protective tariff system. The debenture could not be justified except as a part of the protective system, for those who must sell in the open market can buy in the closed market.

Mr. NORBECK. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. NORBECK. I will say, in reply to the Senator from Virginia, that I hope he has not overlooked the fact that there are three different plans provided in the bill and that they are optional. If the Farm Board thinks this one is not practicable or if it is declared unconstitutional, it is then out of the picture, and another one of the plans will be used.

I will admit that there is a difference of opinion as to details, but I am one who firmly believes in the allotment plan. I know that in working it out there will be a great many difficulties encountered, but does not the Senator from Virginia think that some one of the three plans will work?

Mr. GLASS. Mr. President, the Senate has gone so insane that I am not willing to believe that the Farm Board will not go insane, too, if it has not already gone insane. I do not think we have done a sound thing since we assembled here on the first Monday of last December except to pass some of the appropriation bills; and I think the sooner we pass the other appropriation bills and go home the better it will be for us and for the country, too.

Mr. BORAH. Mr. President, I want to say before I sit down, so far as the allotment proposition is concerned, I have not given very much consideration to it. As I have said, I have been for the debenture provision, and I am going to vote for it, and if I have an opportunity to vote to strike out the other two propositions, I shall do so.

Mr. WATSON. Why does not the Senator from Idaho make the offer?

Mr. BLAINE. Mr. President, before the Senator yields the floor will he allow me to ask him a question?

Mr. BORAH. Certainly.

Mr. BLAINE. Mr. President, I should like to ask the Senator from Idaho a question in connection with this matter. The Senator will observe on page 18, under the allotment plan, this provision:

> Such portion of any agricultural product shall enter commerce at a price per unit not less than the cost of production of such commodity as ascertained by the Federal Farm Board for the year during which such commodity was produced.

That is, the domestic production for domestic use shall enter commerce. Then it provides:

> The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market.

Does the Senator consider that Congress has the power to prohibit milk or eggs or wheat or pork or any other farm commodity produced within a State to be sold within the State?

Mr. BORAH. No; I am quite sure Congress has no such power.

Mr. BLAINE. Congress has no power to regulate commerce wholly within a State.

Mr. BORAH. Certainly not; that is an old-established principle to which the Supreme Court still adheres.

Mr. BLAINE. Has Congress power in regulating commerce among the States, to prohibit from the avenues of commerce those articles which have no inherent evil within themselves, except to a limited extent respecting licensing and taxation?

Mr. BORAH. My view is that Congress has no power to exclude from the channels of interstate trade goods which in themselves are in no sense deleterious or objectionable for some reason such as that they are injurious or something of that kind; that is, such commodities as a person is entitled to purchase and to ship across State lines, such as corn or wheat or eggs or foodstuffs in general. I do not think Congress has any power to exclude them from interstate commerce.

Mr. BLAINE. If the Senator will yield further, it is entirely clear that Congress has no police power, no power under the interstate-commerce clause to prohibit the sale within a State of such products as are raised and produced within the State.

Mr. BORAH. I agree with the Senator.

Mr. BLAINE. Clearly, the Congress has no such power.

Mr. BORAH. Clearly, that is so; and I think about three-fourths of the bill are unconstitutional.

AMENDMENT OF REVENUE ACT OF 1932

Mr. SMOOT. I ask the Chair to lay before the Senate House Joint Resolution 429.

The VICE PRESIDENT laid before the Senate the joint resolution (H. J. Res. 429) to amend section 625 (a) of the revenue act of 1932, which was read twice by its title.

Mr. SMOOT. I ask unanimous consent for the immediate consideration of the joint resolution.

The VICE PRESIDENT. Is there objection?

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed, as follows:

> *Resolved, etc.*, That section 625 (a) of the revenue act of 1932 is amended by striking out the words "or with any person other than a dealer," and by adding at the end thereof a new sentence as follows: "If any article has, under a contract of the character above described, been delivered, prior to June 21, 1932, to any person (other than a dealer or other than a person intending to use the article as material in the manufacture or production of another article, or to sell it on or in connection with, or with the sale of, another article), no tax shall be collected under this title."

DISTRICT OF COLUMBIA APPROPRIATIONS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 11361) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1933, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. NYE. I move that the Senate insist upon its amendments disagreed to by the House of Representatives, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. BINGHAM, Mr. NYE, Mr. CAPPER, Mr. GLASS, and Mr. KENDRICK conferees on the part of the Senate.

PRESIDENT HOOVER'S ADMINISTRATION

Mr. TYDINGS. Mr. President, when the Republican National Convention nominated Mr. Hoover for President in 1928, it proclaimed him the one man capable of dealing constructively and successfully with the problems of Government. Few men in the history of this country have received as much free and favorable advertising. In fact this advertising propaganda had been so successful that Mr. Hoover was popularly regarded as a man of magic. No one who accepted the popular estimate of Mr. Hoover's capacity could entertain the slightest doubt of his ability to steer the ship of state unerringly through any storm.

Mr. Hoover has now been President for more than three years. He has had an opportunity to demonstrate his knowledge of statecraft and to justify the high estimate of his friends.

In his speech accepting the Republican nomination on August 11, 1928, Mr. Hoover said:

> Every man has a right to ask of us whether the United States is a better place for him, his wife, and his children to live in, because the Republican Party has conducted the Government for nearly eight years. Every woman has a right to ask whether her life, her home, her man's job, her hopes, her happiness will be better assured by the continuance of the Republican Party in power.

If this was the right of every man in 1928, surely it is the right and privilege of any citizen to ask the same question in 1932. If the question is to be answered, reference must be had to the record of President Hoover's administration.

In the same speech Mr. Hoover made the following statement:

> The Republican Party came into authority nearly eight years ago. It is necessary to remind ourselves of the critical conditions of that time. We were confronted with an incompleted peace and involved in violent and dangerous disputes both at home and abroad. The Federal Government was spending at the rate of five and one-half billions per year; our national debt stood at the staggering total of $24,000,000,000. The foreign debts were unsettled. The country was in a panic from overexpansion due to the war and the continued inflation of credit and currency after the armistice, followed by a precipitant nation-wide deflation which in half a year crashed the prices of commodities by nearly one-half. Agriculture was prostrated; land was unsalable; commerce and industry were stagnated; our foreign trade ebbed away; 5,000,000 of unemployed walked the streets. Discontent and agitation against our democracy were rampant. Fear for the future haunted every heart.

Anyone familiar with conditions in 1921 which followed the unwarranted deflation forced upon the country by the Republican Party must admit that the above quotation is somewhat exaggerated. The credit which he claims for the Republican Party in relieving the country from the condition described is unsupported by the record. He omits to state that when the Republican Party came into power in 1921 we had a cash balance in the Treasury of some $6,000,000,000. It was this cash balance which enabled the Treasury to make the showing which it did in the reduction of the public debt. I am calling attention to this statement, however, for another purpose.

The conditions which Mr. Hoover referred to as existing in 1921, but which did not in fact exist to the extent stated, actually exist to-day in aggravated form. Instead of a cash balance in the Treasury we have a staggering deficit. If fear for the future haunted every heart in 1921, what may be said of the outlook in 1932, after more than three years of Mr. Hoover's administration?

But I quote again from this acceptance speech:

> We in America to-day are nearer to the final triumph over poverty than ever before in the history of any land. The poorhouse is vanishing from among us. We have not yet reached the goal, but, given a chance to go forward with the policies of the last eight years, we shall soon with the help of God be in sight of the day when poverty will be banished from this Nation. There is no guarantee against poverty equal to a job for every man. That is the primary purpose of the economic policies we advocate.

Following this statement Mr. Hoover admitted that the rehabilitation of agriculture had not been completed during the eight years of the Harding and Coolidge administrations, because he said:

> The most urgent economic problem in our Nation to-day is in agriculture. It must be solved if we are to bring prosperity and contentment to one-third of our people directly and to all of our people indirectly. We have pledged ourselves to find the solution.

He did not leave us in doubt as to what the solution for the agricultural problem was to be. He said:

> To search out the common ground on which we may mobilize the sound forces of agricultural reconstruction.

He further stated that:

> An adequate tariff is the foundation of farm relief.

The American people apparently accepted not only Mr. Hoover's statement of the achievements of the Republican administrations under the leadership of Harding and Coolidge but also accepted the promises and prophecies as to the future if the Republican Party was again given power to go forward.

Few men who have occupied the high office of President have had more loyal support and cooperation of both major political parties than has Herbert Hoover. I make this statement in spite of the fact that his partisans have repeatedly charged the Democratic National Committee with personal attacks upon the President and with an organized propaganda to "smear Hoover."

The Congress which convened in 1929 in extraordinary session passed the farm relief bill which the President wanted. It did not accord with the judgment of farm leaders and farm economists who had devoted a great many years of intensive study to the question. It did not accord with the judgment of Members of Congress who represented agricultural constituencies, but it was the Hoover plan.

If one reads the President's message to this extraordinary session of Congress, he must reach the conclusion that the President entertained no doubt as to the effect of the farm marketing act. He was given a free hand not only in the preparation of the act itself but in the selection of the board which was to administer it. Under the terms of this act the Congress appropriated the sum of $500,000,000 to be used by the Farm Board in carrying out the purpose of the act. This stupendous appropriation from the Public Treasury has been used by the Farm Board, with the approval of the President, in carrying out policies which he dictated. What is the result? The American farmer to-day finds himself in worse condition than in any period in our entire history. Never has his condition been so pitiable and hopeless. Never has the future promised agriculture so little.

Mr. Hoover stated that land was unsalable in 1921. This statement, to say the least, is an exaggeration of conditions. There was a decided temporary depression in land values in 1921; but to-day, if the press of the country is giving us correct information, about 25 per cent of our farmers have been dispossessed of their farms through foreclosures and tax sales. No such condition has existed among our farmers since this Government was organized. Even the reconstruction period following the Civil War did not equal the tax sales and foreclosures in the South of American farms that have occurred during the Hoover administration.

Another item in Mr. Hoover's specifications in 1928 describing conditions in 1921 was, "Our foreign trade ebbed away." Again, the record will show some decline in foreign trade in 1921, but it would in no sense compare with the

condition of our foreign trade to-day. I take it that no one will claim that our foreign trade is not in worse plight than at any period since the World War.

Poverty has not in fact been banished from this land. There is not a job for every man. Real estate is not now salable. Our commerce and industry are stagnated. Our foreign trade is virtually destroyed. Eight to ten and a half million people are out of employment. Yet we were assured by Mr. Hoover that the primary purpose of the economic policies which he advocated was to guarantee a job for every man. If every man desiring work had a job, agriculture would not be prostrated; farm lands offered for sale would find purchasers; commerce and industry would be reasonably prosperous; and the staggering deficit with which the Congress must now deal would not exist.

A careful examination of the record of the past three years will show that not a single promise or prophecy of Candidate Hoover has been realized in the administration of President Hoover. Not only do we have unprecedented unemployment, general distress throughout the land which has taxed public charity to the breaking point and made necessary stupendous appropriations of public funds to relieve suffering, but many millions of our citizens are still without the necessities of life. That there is something radically wrong with our economic policies there can be no doubt. I submit that to every candid mind it must be evident that the principal difficulty and one of the major contributing causes to our present unhappy state is the utter lack of leadership which has characterized this administration.

When the impartial historian shall calmly review the history of the Hoover administration, he must reach the conclusion that the present occupant of the White House is the most vacillating, timid, inept, and impractical man who has ever been given the responsibility to lead a democracy in a national crisis. When attention has been called to the President's vacillation, ineptitude, and indefinite attitude, his friends and apologists complain that the President is unjustly criticized. One may excuse the optimism of the President during the "boom period" of 1928 and 1929, but no one can hope to defend successfully the attempted optimism of the Hoover administration following the crash which came in the fall of 1929.

On October 25, following the stock-market crash, President Hoover assured the country that—

> The fundamental business of this country is on a sound and prosperous basis.

On November 21—

> There is no reason why business should not be carried on as usual.

On December 3:

> The sudden threat of unemployment and especially the recollection of the economic consequences of previous crashes under a much less secured financial system created unwarranted pessimism and fear. * * * We have reestablished confidence. Wages should remain stable. A very large degree of industrial unemployment * * * has been prevented.

The last quotation is from the President's message to the Congress.

Then, again, notwithstanding the severity of the depression became more evident, on March 7, 1930, the President stated:

> The low point of business and unemployment was the latter part of December and early January. Since that time employment has been slowly increasing. All the evidences indicate that the worst effects of the crash upon employment will have been passed during the next 60 days.

On May 1, the President again assured the country:

> We have now passed the worst.

On October 2, 1930, the President again speaks to the country:

> The depression is but a temporary halt in the prosperity of a great people. The income of a large part of our people has not been reduced.

On December 2, 1930:

> There are many factors which give encouragement. We have already weathered the worst of the storm.

December, 1931:

> We have fundamental national gains. There has been a distinct gain in public health.

Certainly a large percentage of our people were not at that time suffering from overindulgence in rich foods. This may account for his observation that there had been improvement in the public health.

I have referred to these statements of the President following the crash of 1929 for the purpose of showing that evidently he did not understand the causes contributing to conditions and was, therefore, incapable of dealing with them, or else he did not have the courage or capacity to direct a course which would avoid the pitfalls into which we have unhappily fallen. He can not complain that the Congress has withheld its support and cooperation. When he suggested the international debt moratorium of one year, Members of Congress, without regard to party, gave their assent promptly. Other recommendations have been approved without regard to party.

The President, in his campaign speeches, had repeatedly emphasized the importance of our foreign trade as a means of keeping workmen employed and factories in operation. Yet he approved the enactment of the Smoot-Hawley Tariff Act after the depression had been on for more than six months and there was every evidence that its passage would result in retaliatory enactments by other protesting countries, and this at a time when the outstanding need of our people was to find a profitable foreign market for our surplus goods.

It is true the President recommended in his message to Congress only a limited revision of the tariff, primarily in the interest of agriculture, but had he desired any modification of the provisions of this indefensible tariff there is not the slightest doubt that a word from him would have been sufficient. Had he desired in the first instance a general revision of the tariff, he undoubtedly would have so recommended. He accepted somewhat apologetically the provisions of the Smoot-Hawley Act and therefore accepted responsibility for the consequences which resulted.

A careful reading of the President's messages to the Congress and his public statements through the press will show an unwillingness to assume responsibility. This is one of the basic qualifications for successful leadership. He is rarely definite in his recommendations. He has had no program. Witness his repeated comments on the necessity of a reorganization of the Government. He says there are overlappings and duplications, resulting in inefficiency and extravagance. He has been in the Government since 1921, and a very important part of its organization. It is well known that his opinions were valued by the two Presidents under whom he served. Surely within this time he has reached some definite conclusion as to how the departments should be reorganized. He should be in a position to name the particular departments which should be abolished and the ones which should be consolidated. He has all the executive and administrative machinery at his command, but at no time has he made a definite and clearcut recommendation upon this subject.

I do not overlook in this connection his message to the Congress February 17, 1932. In this message he says:

> I recommend, therefore, that the Congress provide for—
>
> (a) Consolidation and grouping of the various executive and administrative activities according to their major purposes under single-headed responsibility, the Congress designating the title of the officer to be placed in immediate charge of such groups as are not now possible under existing organization.
>
> (b) Adoption of the general principle that executive and administrative functions should have single-headed responsibility and that advisory, regulatory, and quasi-judicial functions should be performed by boards and commissions, thus permitting the transfer of certain regulatory functions from executive officials to existing boards or commissions and executive functions from boards and commissions to executive officials.
>
> (c) Authority under proper safeguards to be lodged in the President to effect these transfers and consolidations and authority

to redistribute executive groups in the 10 executive departments of the Government or in the independent establishments, as the President may determine, by Executive order, such Executive order to lie before the Congress for 60 days during sessions thereof before becoming effective, but becoming effective at the end of such period unless the Congress shall request suspension of action.

He then proceeds to outline a plan which would create a public works administrator, personnel administrator, assistant secretary for public health, assistant secretary for education, assistant secretary for merchant marine, assistant secretary for conservation, assistant secretary for agricultural research, assistant secretary for agricultural economics.

The one thing definite in this message is the creation of additional offices and officers, which the President assures us will result in considerable savings in the cost of the administration. Just how the creation of these additional offices would result in Government economy is more than I can comprehend. If the plan contemplated the abolition of certain Government organizations and a reduction of personnel, why did not the President say so?

Executive leadership should not be expected without a comprehensive and definite program, susceptible always of specific statement.

In his annual message to the Congress in December, 1930, President Hoover, speaking of the antitrust laws, said:

I recommend that the Congress institute an inquiry into some aspects of the economic working of these laws.

I do not favor repeal of the Sherman Act. The prevention of monopolies is of most vital public importance. Competition is not only the basis of protection to the consumer but is the incentive of progress. However, the interpretation of these laws by the courts, the changes in business, especially in the economic effects upon those enterprises closely related to the use of the natural resources of the country, make such an inquiry advisable.

Now, just what interpretation does the President have in mind? What changes in business and what economic effects does he refer to?

In his conclusion on this subject he says:

I therefore suggest that an inquiry be directed especially to the effect of the workings of the antitrust laws in these particular fields to determine if these evils can be remedied without sacrifice of the fundamental purpose of these laws.

Now, he speaks of "particular fields" without having mentioned any fields except in a most general way. He speaks of "these evils," when no evils have been pointed out specifically. This may be language which can be interpreted by an engineer. I should be pleased to have some one undertake a statement of the President's views on this subject after reading the entire paragraph in the message.

I go further and challenge anyone to read all of his public utterances as proof of my assertion of his ineptitude and his incapacity for definite statement. He is no more definite when discussing the antitrust laws than he is when discussing the prohibition amendment to the Constitution. If any person in the United States knows the President's views on the question of national prohibition, I would be pleased to hear from him.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Wisconsin?

Mr. TYDINGS. I yield.

Mr. BLAINE. Has not the Senator read the tentative plank that is to go into the Republican platform this week, carried to Chicago from Washington, known as the "country-club plank?"

Mr. TYDINGS. I have read about 15 or 20 tentative planks supposed to be the one that would be adopted; and if the President is the author of these planks, which are changed in their wording from day to day, he is just keeping up in line with the comments and observations I have made on his record heretofore.

Mr. BLAINE. But there is just one "country-club plank" sent from Washington.

Mr. TYDINGS. What is that?

Mr. BLAINE. It has been published in the newspapers.

Mr. TYDINGS. Will not the Senator read it?

Mr. BLAINE. I was not very much interested in it, because it just pretended to do something, and would not effectuate anything if it were adopted.

Mr. TYDINGS. I understand, then, that after the Senator had read it, being a student of legal phraseology, he himself could not tell what it meant.

Mr. BLAINE. If the Senator wants an answer, I might say that the only effective way to get prohibition out of the Constitution is to repeal the eighteenth amendment.

Mr. TYDINGS. I repeat what I said just before the Senator from Wisconsin interrupted; if any person in the United States knows the President's views on the question of national prohibition, I would be more than glad to hear from him. Nobody knows. After 125,000,000 people discussing the subject for three or four years, elections fought out on it—senatorial, congressional, and gubernatorial, even presidential elections—and after everybody in the country has used at least 10,000 words in expressing his opinion on one side or the other of this important question, the great leader, the great engineer who is to lead the country in this crisis, has spoken with so much clarity that nobody knows what he means. It is true he says it is "a noble experiment, far-reaching in purpose, and should be worked out constructively."

For the last several days the press of the country has carried news articles of conferences being held at the White House of Republican leaders, the purpose of which is to determine just what Mr. Hoover's position is to be in reference to the eighteenth amendment to the Constitution.

It seems that the only way the President can determine where he stands on the prohibition question is to confer with a lot of men, and perhaps something will come out of the conferences which will indicate to us where he stands. Detachedly, he can not tell where he stands. The President and his supporters have to sit down, think it over, talk it over, weigh the consequences, the advantages, the disadvantages, and perhaps after a while somebody will find out where he stands. Up to the present no one has been successful.

He has now been President for more than three years. He was Secretary of Commerce for almost eight years. If he has a decided conviction as to what the policy of this country should be in reference to the matter of national prohibition he should make his views known. If he has not formed a definite opinion he can not hope to lead in effecting necessary reforms.

In his message of December, 1929, shortly after the stock-market crash in the previous October, the President said:

I have therefore instituted systematic, voluntary measures of cooperation with the business institutions and with State and municipal authorities to make certain that fundamental businesses of the country shall continue as usual, that wages and, therefore, consuming power shall not be reduced, and that a special effort shall be made to expand construction in order to assist in equalizing other deficits in employment. * * *

I am convinced that through these measures we have reestablished confidence.

This was in December, 1929.

Wages should remain stable. A very large degree of industrial employment and suffering which would otherwise have occurred has been prevented. Agricultural prices have reflected the returning confidence.

I ask the attention of the Senator from Nebraska [Mr. HOWELL], not to get comment from him, but I want him to realize that in December, 1929, the President said—and I quote his exact language:

Agricultural prices have reflected the returning confidence.

In December, 1930, in his annual message, the President said:

As a contribution to the situation, the Federal Government is engaged upon the greatest program of waterway, harbor, flood control, public building, highway, and airway improvement in all our history. * * *

I favor still further temporary expansion of these activities in aid to unemployment during this winter.

That is what he said in 1930. To-day the President is opposed to public works, which he advised the Congress he

had initiated in 1930 as a contribution to the situation. He now insists all public expenditures shall be upon self-liquidating or revenue-producing improvements. If the public works which the President indorsed in 1930 would contribute to the relief of the distress of our people incident to the unemployment situation, how does he reach the conclusion that they are very objectionable now? I am not arguing for or against the position taken by the President in 1930 or to-day. In this connection I call attention to the President's recommendation as to the Reconstruction Finance Corporation and other measures of relief now given White House approval.

Why did the President delay so long the recommendation of these measures? If they are efficacious now in curing the condition in which the country finds itself, surely they would have been effective in ameliorating it. Had these measures been proposed and adopted earlier is it not probable that many bank and business failures might have been prevented? Some one may charge that this is another effort to "smear the President." Such is not my purpose.

The condition of the country to-day is such as to suggest a temporary adjournment of partisan politics, but such a course does not call upon me or any other citizen of the United States to refrain from calling attention to what I conceive to be one of the major causes of our distress—that is, a lack of courageous and constructive leadership in the White House.

It has been repeatedly stated by President Hoover in messages to Congress, as well as statements given to the press, that the Budget estimates submitted to the Seventy-Second Congress had cut appropriations below the fiscal year 1932 by $369,000,000. The fact is that the $369,000,000 is made up of nonrecurring items in appropriations. The Budget did not in fact reduce appropriations by one cent, in so far as the expenses of Government are concerned. Had the President desired the public to know just what the Budget did recommend, he would have stated that there were more than $369,000,000 of nonrecurring items for which no estimates were submitted, but those who have not carefully scrutinized the matter naturally get the impression that the President's Budget has recommended an actual reduction.

If the President had been disinterestedly concerned about balancing the Budget, he would not have found it necessary on Tuesday, May 31, to make a hurried visit to the United States Senate to urge the immediate passage of the bill which he had already been assured was ready for passage and would be passed on the very day he appeared before the Senate. This spectacular performance accomplished its object. It gave the President front-page headlines in the papers, and to some extent impressed the public with the idea that the President had gone to the Senate and had virtually compelled reluctant Senators to yield to the public demand by the immediate passage of necessary revenue legislation. His appearance before the Senate could have no other effect, and since it could have no other effect, I can attribute to it no other purpose. It would have been much better if he had spoken to his representatives in the Senate long before, and had told his senatorial followers not to include the tariff items on copper, oil, coal, and lumber in a revenue bill. These tariff items delayed the passage of the revenue bill several days. These tariff items were inserted and kept in the bill by the President's supporter and party spokesman in the Senate. But no word to take them out came from him. He stood silently by while this outrageous performance was taking place. His request to the Senator from Utah [Mr. SMOOT], the chairman, or to other members of his party on the committee would have accomplished the elimination of these tariffs from the revenue bill. But neither privately nor publicly did he protest. Leadership was lacking. The economic felony was written into the law. The President sat silently by.

What a record of failure, equivocation, and evasion!

First. The Farm Board (Mr. Hoover's major promise to the farmers in 1928) a dismal failure. Cotton now selling at 3½ cents a pound, wheat 45 cents per bushel, and nearly a million farms sold under mortgage foreclosure and for delinquent taxes since Mr. Hoover came in. The $500,000,000 of the taxpayers' money appropriated to this board will be lost. Only a small vestige of it will ever find its way back into the Treasury. Yet we have not the courage here to repeal that act, nor does Mr. Hoover recommend that we repeal it, yet he states frankly that his great panacea is an utter and dismal failure. Even now I can hear, coming through the ether, the voices of the campaign orators in 1928, after they had worked the public up to a great tension, after they had worked themselves up to fine flights of oratory. Their words would come over the radio, and one could almost see the speaker, so vividly and clearly did the words ring—and these were the words: "My friends, put this great engineer in the White House and I tell you farmers he will solve your problems." He has! They no longer have any farms to worry them.

Second. There was no leadership on tariff matters. For 18 months while the Smoot-Hawley Tariff Act was before Congress he was silent but finally signed this document of short-sighted greed, and since grass has commenced to grow on our docks, our world markets are gone, and serious depression is the present topic on all tongues.

Third. His evasion on prohibition is another shining example of his silence. No one knows where the President stands on this all-important question about which there is more interest in all of our national conventions than upon any other subject. Yet he is silent. We read day by day that men are sitting down with him trying to help him make up his mind. Apparently it can not be made up, even upon the facts that exist, upon his own personal conclusions, upon his own governmental background; but it must be made up by advice from this source and advice from that source, of threats from this source and warnings from that source. That is the way our national policies are decided in this hour of national crisis.

And so on, and so on, and so on, we might go through and summarize all of the positions which the President has not taken on important questions. Yet in the face of this record are there still those who feel that he is the man for the times, that Mr. Hoover should be reelected President? If so, then we may look for exactly what we shall get—that is, more floundering about in the slough of misery, poverty, and despair.

One 4-year period of trial should be sufficient to portray to the citizens of the country that their best interests will be served by not reelecting Mr. Hoover to the Presidency. The time for a change has come. Whether or not that change will come will rest upon the results of the election next November; but it should come because an impartial review of the record of the last four years shows that the commodity which we most need to sell and to buy and to have is a quality of vision and frankness and courage, because without that commodity the price of no commodity will ascend in this period of national depression.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment of the Committee on Agriculture and Forestry was, on page 8, to strike out lines 3 to 13, as follows:

When any equalization fee is collected with respect to cattle or swine, an equalization fee equivalent in amount, as nearly as may be, shall be collected, under such regulations as the board may prescribe, upon the first sale or other disposition of any food product derived in whole or in part from cattle or swine, respectively, if the food product was on hand and owned at the time of the commencement of the marketing period: *Provided*, That any food product owned in good faith by retail dealers at the time of the commencement of the marketing period shall be exempt from the operation of this subdivision.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

The next amendment was, on page 12, line 4, after the words "Title II," to insert the words "The debenture plan."

Mr. WATSON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Coolidge	Hull	Reed
Austin	Copeland	Johnson	Robinson, Ark.
Bailey	Costigan	Jones	Robinson, Ind.
Bankhead	Couzens	Kean	Schall
Barbour	Dale	Kendrick	Sheppard
Barkley	Davis	Keyes	Shipstead
Blaine	Fletcher	King	Shortridge
Borah	Frazier	La Follette	Smoot
Bratton	George	Logan	Steiwer
Brookhart	Glass	McGill	Thomas, Idaho
Broussard	Goldsborough	McNary	Thomas, Okla.
Bulkley	Gore	Metcalf	Townsend
Bulow	Hale	Moses	Trammell
Byrnes	Harrison	Norbeck	Tydings
Capper	Hastings	Norris	Vandenberg
Caraway	Hatfield	Nye	Walsh, Mont.
Carey	Hayden	Oddie	Watson
Cohen	Hebert	Patterson	White
Connally	Howell	Pittman	

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present.

ACTION OF FINANCE COMMITTEE ON VETERANS' RELIEF BILLS

Mr. REED. Mr. President, this morning during the consideration of the resolution of the Senator from Iowa [Mr. BROOKHART] providing for a veterans' committee, some figures were given by the Senator from New Mexico [Mr. CUTTING] apparently showing nonaction on the part of the Finance Committee on veterans' bills. I have from the clerk of the committee a statement brought up to date, showing just what has been done with veterans bills by the committee.

There have been 170 veterans' bills referred to the Finance Committee. There have been 99 such bills referred by that committee to subcommittees for consideration and report. Forty-five of those bills, most of which are private bills purporting to give relief to the people who are not entitled to relief under the general law, were reported to the Senate adversely. Six bills were reported to the Senate favorably; 34 bills providing appropriations for additional veterans' administration hospitals in particular locations have been indefinitely tabled by the committee.

When the performance of the Committee on Finance is contrasted with that of the special Veterans' Committee of the other House it is worth while bearing in mind that although this session has been in progress for six and a half months we have, up to date, received from the House only two bills, either special or general, bearing on veterans' relief matters. There is the comparison between the efficiency of the Senate and the so-called efficiency of the House.

Mr. ROBINSON of Indiana. Mr. President, I should like to make an observation. I do not know how the figures just cited by the Senator from Pennsylvania may compare with the figures read this morning to the Senate by the Senator from New Mexico [Mr. CUTTING]. I saw the figures which were compiled for him. That compilation was made by the officials of the American Legion, and I have no doubt as to the accuracy of the figures. In the absence of the Senator from New Mexico, I will say no more. I only wish the Senator from Pennsylvania had made his observation when the Senator from New Mexico happened to be in his seat.

Mr. BROOKHART. Mr. President, there are over 70 bills referred to in this report, which have not received any consideration.

Mr. REED. That is true; they have not yet received consideration.

Mr. BROOKHART. I should like to ask the Senator from Pennsylvania if the Finance Committee will be out of a job if jurisdiction of veterans' matters is given to another committee?

Mr. REED. When the Senator says that 70 bills have not been acted on he includes the 34 bills providing special appropriations for particular veterans' hospitals, which have been tabled by the committee. With those added to the 99 bills that have been sent to subcommittees, the committee has acted on 133 out of 170 bills.

Mr. BROOKHART. The Finance Committee has plenty to do without giving any time to the consideration of those bills, has it not?

Mr. REED. Of course, every Senator in this body has plenty to do.

Mr. BROOKHART. The Finance Committee is about the busiest committee on other affairs in the whole Senate, is it not?

Mr. REED. I should not say that. The Committee on Finance is not worked any harder than is the Committee on Appropriations.

Mr. BROOKHART. That is the only other committee which is worked as hard as is the Committee on Finance.

AMENDMENT OF AGRICULTURAL MARKETING ACT

The Senate resumed the consideration of the bill (S. 4536) to amend the agricultural marketing act, approved June 15, 1928.

Mr. BYRNES. Mr. President, I desire to address some remarks to the bill pending before the Senate at this time. I think it would be very unfortunate if the Senator from Oregon [Mr. MCNARY], in charge of the bill, should attempt to obtain a vote upon it this afternoon. I am sure that the Members of the Senate do not understand the full import of the bill, because they have not had an opportunity to study it. It absolutely revolutionizes trading in agricultural products. It is as far-reaching in its provisions as any legislation now pending before the Congress.

I want to invite the attention of Senators to page 18, where provision is made for the so-called allotment plan, and have them apply the provisions of that section to the transactions in agricultural products in their respective States. Section 14 (a) provides:

> The Federal Farm Board is authorized and directed to ascertain and make public the part of the domestic production of any agricultural product which is needed for domestic consumption.

Because I know more about cotton than other agricultural products, I digress right here to say that that language, if it were put into the law, would mean that the Farm Board would determine that part of the cotton crop needed for domestic consumption, so that, if in September, when the crop is coming upon the market, the Farm Board should determine that 7,500,000 bales were sufficient for domestic consumption, it would make that announcement. That being so, the bill then provides:

> Such portion of any agricultural product shall enter commerce at a price per unit not less than the cost of production of such commodity, as ascertained by the Federal Farm Board for the year during which such commodity was produced.

Of course the cost of the production of cotton differs not only in every State but, as Senators from the cotton States know, it differs in every county in a State and almost on every farm in every county. However, even assuming that the board arrived at an average of the cost of production as between Texas and Oklahoma, on the one hand, where the crop is produced cheaply, as compared with the cost of production in the South Atlantic States, where it costs more, and having arrived at it, announced that one-half of the cotton crop could be sold for the price determined by them, then let us see what would follow:

> The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market.

By this bill, if enacted, we would give power to a board here in Washington to say that 50 per cent of the cotton crop, determined to be surplus, when it was gathered by the farmer could not be sold for domestic consumption but should be "exported, withheld from market, or otherwise disposed of as directed by the Farm Board except that it shall not be disposed of in the domestic market."

The cotton farmer in Georgia, having raised 20 bales of cotton and the Farm Board having said that one-half of the cotton crop of America may be used for domestic consumption, the farmer finds that by mandate of the Congress of the United States a board in Washington has the power to

say that only one-half of his crop may be sold for domestic consumption. The further provision of the section is:

The portion of any agricultural commodity, produced by any farmer, which may enter commerce for domestic consumption shall bear the same relation to his entire production of such crop in any year as the portion for domestic consumption of the entire crop bears to the total quantity of such crop for the same year.

Therefore the portion of the crop of the farmer in the South which may enter commerce for domestic consumption will bear the same relation to his total crop that the quantity the board says may enter domestic consumption bears to the total crop of cotton. So if a farmer in South Carolina produces 20 bales of cotton and the Farm Board says that only one-half the crop can be sold for domestic consumption, that farmer can not sell more than 10 bales of his 20 bales for domestic consumption. Within sight of his farm there may be a cotton mill; he may need money; his bank may be calling on him to pay the money he owes; but he can not sell his cotton. Every Senator from the South knows the manner in which the cotton crop is marketed. It is produced by advances made to the farmer in the spring. A mortgage is taken over the crop, which becomes due as the crop is marketed in the fall. October 1 comes. The bank calls the farmer. The farmer says, "Mr. Banker, I should like to pay you, but the Farm Board in Washington has said that only one-half of the cotton crop can be sold for domestic consumption, and, having said that, the law says that I can not sell more than one-half of what I have raised. I have 20 bales of cotton. I should like to sell them and pay you, but by the law passed by the Congress of the United States I can not do it. I have it here on my farm. I can sell 10 bales only for domestic consumption. I can not pay you." And if the banker says, "Well, I have a mortgage and I am going to take that crop," when he attempts to foreclose it and take it and sell it he is coming in conflict with the law that the Congress is asked to pass here.

What I want to know is, Where has the Congress of the United States ever been granted the power to say that John Jones, a cotton farmer in South Carolina, having produced 20 bales of cotton and wanting to sell it to his neighbor, the buyer at a cotton mill in the community, can not do it without violating the laws of the United States? By what constitutional power has Congress the right to declare it impossible for a man to sell a commodity which he raised upon his farm?

Mr. HOWELL. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Nebraska?

Mr. BYRNES. I yield.

Mr. HOWELL. I can not but believe that the able Senator from South Carolina has misconstrued the operation of this plan. Its operation would be about as follows:

We consume about 60 per cent of the cotton produced in this country. About 40 per cent is exported; or is it the reverse?

Mr. BYRNES. Almost the reverse now.

Mr. HOWELL. About 40 per cent is consumed in this country and 60 per cent is exported.

Let us assume that 50 per cent is consumed in this country and 50 per cent is exported. When the farmer went to a licensed buyer and offered him 20 bales of cotton, the result would be that the licensed buyer would pay the price fixed by the board, which should be the cost of production or less, for that portion entering into domestic consumption. For the other 10 bales the licensed buyer would pay the world price. So whenever a farmer went to market with a quantity of agricultural products which the board attempted to stabilize, he would sell his whole quantity; but for half of it, under the conditions that we have used for illustration, he would receive the cost of production. For the other half he would have to take what the world would pay.

That is the way this bill would operate.

Mr. BYRNES. Mr. President, I have heard the statement of the Senator from Nebraska. First, let me say that the Senator may know something about grain, but he certainly does not understand the operation of the marketing of the cotton crop.

There is not one cotton farmer out of 100 who can ever wait until he has gathered and ginned 20 bales of cotton and then take them to market. As he picks a bale of cotton, and his creditors demand payment, he is forced to market it; and the operation of which the Senator conceives is an impossible one in the cotton-growing section of this country.

Furthermore, the important part is, where in this bill is there any provision giving to the buyer for the cotton mill the power to buy one bale of cotton brought to him by John Jones, pay a certain price for it, and the next day to say, "Well, now, this is your second bale of cotton. You may pick 20. You do not know now. You will not know for 30 or 40 days from now; but I am going to say now that you may pick 20 bales, and therefore I am going to pay you a different price for the second bale of cotton." Is he going to pay more in one instance than in the other? If so, when he pays more, who is going to give him the money?

Mr. HOWELL, Mr. GEORGE, and Mr. BROOKHART addressed the Chair.

The VICE PRESIDENT. Does the Senator from South Carolina yield; and to whom?

Mr. BYRNES. I yield to the Senator from Nebraska.

Mr. HOWELL. Mr. President, when he brought one bale of cotton he would receive for one-half of that bale a United States price; that is, the cost of production. For the other half of the bale he would receive the world price. In other words, that would be the way the return for that bale of cotton would be calculated, and it would not make any difference how much cotton he brought to market; the payment would be made on that basis.

Mr. GEORGE. Mr. President——

Mr. BYRNES. I yield to the Senator from Georgia.

Mr. GEORGE. I should like to ask how it would be known, if I were a cotton-grower, whether I sold one-half of my cotton for the domestic price, let us say, and one-half for shipment. Would it not take at least an officer to every cotton grower and to every other farmer to keep up with him, and to know whether he had sold more than the amount specified for domestic consumption?

Mr. BYRNES. Absolutely; and as I proceed to analyze the following section, it provides that any violation of the provisions of the section is a criminal offense, and shall be punished by a fine of not more than $500, or imprisonment for not more than six months. Suppose a farmer in Georgia on the 1st day of October thinks that he is going to make 20 bales of cotton. The Farm Board in Washington has announced that he can not sell but one-half of it for domestic consumption. He does not know whether he is going to make 20 bales or not. He could not possibly know in advance. He goes ahead and sells 10 bales, and then it turns out that he did not make 20 bales; that he made only 18 bales. He will be slammed in jail, tried in the United States Court for violation of this law, and soaked $500. If anything more ridiculous has ever been suggested to govern the transactions of the people of the United States, I can not conceive of it.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. BYRNES. I do.

Mr. ROBINSON of Arkansas. Referring to the provision mentioned by the Senator making it a criminal offense, punishable by fine of $500 and/or imprisonment for six months, for a licensee to purchase any agricultural product at a price less than that fixed by the Farm Board, is there any provision in this bill that would compel licensees or others to purchase an agricultural product? And in the event a so-called licensee should be unwilling to purchase at the price fixed by the Farm Board, what would become of that part of the producer's crop which is set apart for sale for domestic consumption?

Mr. BYRNES. He can do nothing but carry it back home and cuss the United States Congress.

Mr. ROBINSON of Arkansas. Well, what could he accomplish by that?

Mr. BYRNES. I could make several suggestions to him that might be for the good of the country, but I would not want to express them now. [Laughter.]

Mr. McKELLAR. Mr. President——

Mr. BYRNES. I yield to the Senator from Tennessee.

Mr. McKELLAR. I should like to know how large a bureau of inspectors and officials it would take to enforce an act of this kind with respect to cotton?

Mr. GEORGE. Mr. President, let me answer that.

Mr. BYRNES. In answer to the Senator's question, if I may answer it, the thought came to me as the Senator from Arkansas was making the suggestion: Here is the licensee the Senator refers to, who had applied to Washington to get a license to buy cotton out in the country, and here is a farmer's crop maturing in September. Picking it, he brings in 2 or 3 bales of cotton. How could the licensee afford to buy it without knowing what was going to be the total production from that farm? He might buy more than one-half; and if he did, then he would be running the risk of going to jail.

Mr. HOWELL and other Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from South Carolina yield, and to whom?

Mr. BYRNES. I yield to the Senator from Nebraska.

Mr. HOWELL. Mr. President, this is not my bill.

Mr. BYRNES. I am glad to know that. I acquit the Senator. [Laughter.] Whose bill is it? Will the Senator tell me?

Mr. HOWELL. It is the bill of the three agricultural organizations of the country; and when I say it is not my bill I want the Senator to understand that I am not prejudiced because it is my child. I feel, however, that the Senator from South Carolina is unintentionally misconstruing the operation of this bill. I have gone over it very carefully, and this is the situation:

Whatever is brought to market, one half, under the conditions which were stated before—namely, that half of the production of this country is needed for domestic consumption—one half of whatever is brought to market at the time will be paid for at one price, and the other half will be paid for at the world price.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. BYRNES. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Now the Senator from Nebraska is contradicting the express language of the bill. The language of the bill requires the Farm Board to apportion the product into that part designed for domestic consumption and that part designed for export.

I quote from the bill:

> Such portion of any agricultural product shall enter commerce at a price per unit not less than the cost of production of such commodity as ascertained by the Federal Farm Board for the year during which such commodity was produced.

That refers to that portion of the agricultural product which is set apart for domestic consumption.

Continuing the quotation:

> The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market.

That is the end of the quotation.

Mr. President, instead of permitting the producer to sell a part of his bale of cotton for the domestic price and a part for the world price, as the Senator states, it is expressly provided that he shall not sell that portion which is set apart for export on the domestic market. He can not do the thing that the Senator from Nebraska states without violating the spirit of the law; and if the licensee undertakes to buy that portion which should go into export, he is guilty of a criminal offense and liable to a fine of $500 and imprisonment not exceeding six months.

Mr. BYRNES. Mr. President, I am satisfied that the difficulty with the Senator from Nebraska is what he has heretofore stated that this is not his bill. He did not draw it, and therefore is not familiar with its provisions; but I should like to know, if he can tell us, who did draw it.

Mr. HOWELL. Mr. President——

Mr. BYRNES. Can the Senator tell us that? I have answered several questions of his.

Mr. HOWELL. I do not know the individual who drew it——

Mr. THOMAS of Oklahoma. Mr. President——

Mr. HOWELL. But might I add to the statement I have already made, what now becomes of that portion of the cotton crop which is not consumed in this country? It is exported. There is no other place for it, unless there is a surplus that can not be sold abroad. There is a surplus now in this country; but while it is the duty of the Farm Board to determine the domestic consumption and to fix the price at not less than the cost of production, it is also its duty to provide for exportation; so I think the Senator's statement is not fair to what is intended in this bill.

Mr. THOMAS of Oklahoma. Mr. President——

Mr. BYRNES. Mr. President, I do not know what was intended, but I know what the bill provides, if the English language can be understood.

Mr. BANKHEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. BYRNES. I want to ask the Senator from Nebraska a question, but I yield to the Senator from Alabama.

Mr. BANKHEAD. Assuming that the domestic consumption of cotton is 6,000,000 bales a year, and that there is a production of 15,000,000 bales a year, that leaves 9,000,000 bales for exportation. Now, suppose the cost price of cotton is fixed at 10 cents a pound, and the world price for cotton is 6 cents a pound. The American spinners must pay 10 cents a pound for 6,000,000 bales, while the foreign spinners get 9,000,000 bales at 6 cents a pound. How could the American spinners, for any of their exports, compete with foreign spinners who are getting cotton at 4 cents a pound cheaper than the American spinners?

Mr. HOWELL. Because they could buy the cotton for export, after manufacture, at the world price.

Mr. BANKHEAD. Which, I say, would be 6 cents a pound.

Mr. HOWELL. Which would be 6 cents a pound.

Mr. BANKHEAD. That is 4 cents a pound less than the price the American spinner pays.

Mr. HOWELL. Than the American spinner pays for that portion of what he purchases to supply the domestic market.

Mr. BANKHEAD. And that is all the purchases, because you would fix the price and make it unlawful to sell below that price.

Mr. HOWELL. Unless he exports it, and there is no other place to dispose of the cotton than by export.

Mr. BANKHEAD. Then, of course, 6 cents a pound is the price for that export; but remember that the entire amount, under the bill, bought for American consumption by American spinners costs 10 cents a pound.

Mr. HOWELL. Ten cents a pound; therefore the American spinner would have to raise the price of his cotton goods to equal that 10 cents a pound. In other words, what we are trying to do is to give the American farmer a United States price for what he produces in the way of cotton, inasmuch as he must pay a United States price for the things he buys.

Mr. BANKHEAD. But does not the Senator realize that a substantial proportion of the American-consumed cotton, which is merely the cotton spun in America, in the finished goods is shipped and sold abroad?

Mr. HOWELL. Yes; and for that portion of the cotton represented by the goods exported, all the spinners would pay would be the world price.

Mr. BANKHEAD. Oh, no. It is not a question of the world price that is provided, but it is the question of the price to be paid to the American producer, which would be 10 cents a pound.

Mr. HOWELL. But if the farmer brings a bale of cotton to market, he gets only the United States price for that por-

tion of the bale consumed in the United States. For the other portion he gets only the world price.

Mr. BANKHEAD. How would the cotton buyer know, when a farmer carried him 10 bales of cotton, what proportion, if any, of that particular 10 bales of cotton the cotton buyer would find an American mill to buy and how much of it he would have to ship abroad?

Mr. HOWELL. That is exactly his situation now. If he buys 10 bales of cotton he does not know to whom he is going to sell it.

Mr. BANKHEAD. But the price is uniform. He would not pay the producer 10 cents a pound without knowing that the entire amount for which he pays 10 cents could be sold to American spinners.

Mr. HOWELL. The amount of cotton consumed in this country is estimated and determined by the board, and it is based upon our consumption. We have to find some way to get the farmer more for his product. He is getting 4 cents a pound for his cotton now.

Mr. BYRNES. Mr. President, I do not want to interrupt, but I agree with the Senator's statement, and everybody agrees with the Senator's statement, that we have to find some way so that the farmer can get more for his cotton, but we will not solve it by providing that he can sell only one-half of what he produces, and if he sells the other half, he will go to jail. We have regulated nearly everything on the earth, some of the things above the earth, and many of the things beneath the earth, and now we are asked to put on the finishing touches and say to a man that when he has raised 20 bales of cotton, he can not sell a bale of that cotton until he finds out the total crop, and then he can sell half of it, but if he sells one bale more than half, he will be put in jail, and if the cotton buyer buys one bale more, he will go to jail.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. THOMAS of Oklahoma. I would like to ask the Senator this question in behalf of about 25,000,000 farmers. Would they not be much better off in jail to-day than they are on their farms, under the bills passed by the present Congress?

Mr. BYRNES. I agree with the Senator that the situation is terrible, but I can not agree with him that the farmers would rather be in jail. I never have been in jail, except as an attorney visiting somebody who was in jail; but from what I have seen of it, notwithstanding how unpleasant it may be in Washington at various times, I would still rather be out of jail. I do not think any farmer will question that statement.

Mr. THOMAS of Oklahoma. I might suggest to the Senator that this bill originated with the National Farmers' Union. It has been discussed with that organization for years. When the organization came here this fall and presented some plans for farm relief the ideas of the National Farmers' Union were presented to the Senate drafting service, and the Senate drafting service, working in connection with the representatives of the National Farmers' Union, produced this bill. The bill is not mandatory; it is only permissive. It only suggests a plan whereby the farmers' union and the other farm organizations think that something may be done worth while. It is their plan. That being the way this bill originated, I want to ask the Senator this question. What plan has the Senator for the consideration of the country?

Mr. BYRNES. I will tell the Senator right now. I am in favor of the debenture part of this bill and shall vote for it, but I certainly will never find myself voting for a bill which says, "Here are three propositions, and the Farm Board takes its choice." I would not say that to the Farm Board, of all organizations. The Senator from Oklahoma says it is not compulsory; that it is optional. Optional with whom? Optional with the Farm Board, with the organization which told the cotton farmer that after he had produced his crop he should plow up every third row of cotton, and told the cattlemen to kill every tenth cow? After that experience it is expected that the Congress of the United States will give to that organization the discretion and the power to determine the life and death of the farmers of the United States by the power that is vested in this bill to prevent them from selling what they make.

Mr. GLASS. Mr. President, will the Senator yield to me?

Mr. BYRNES. I yield to the Senator from Virginia.

Mr. GLASS. I would like to inquire, what is to become of perishable farm products in the event of a controversy as to what is the United States price of commodities? For example, the products of the dairy industry exceed in volume and in monetary value the entire cotton crop of this country, and the entire wheat crop of this country. What is to become of the milk of a farmer who sends a hundred gallons to the creamery in town? If there is a controversy over it, he would have to take it back and pour it out into the gutter, or feed it to the hogs.

Mr. BYRNES. No; I will tell the Senator what would happen under the statement of the Senator from Nebraska. When the farmer brought the milk to a prospective purchaser, that man would have to look around to see if there was a Federal agent there. Then he would look at it and say, "Now, you have 10 gallons of milk. For five gallons I will give you the domestic price, and for the other five gallons I am going to give you the world price. Exactly what the world price of the milk is I do not know; but if you will wait until I find out, I will pay you for five gallons at the world price, and for the other five gallons the domestic price."

Mr. GLASS. And in the meantime his 90 gallons will sour, and he will have to pour that portion out.

Mr. TYDINGS. Mr. President, will the Senator from South Carolina yield?

Mr. BYRNES. I yield.

Mr. TYDINGS. Going back to the observation of the Senator from Oklahoma, about putting the farmer in jail, the Senator must give up any such thought as that, because there is no room in the jails where the farmers could be placed.

Mr. GORE. Mr. President, will the Senator yield to me?

Mr. BYRNES. I yield.

Mr. GORE. I do not think the Senator from South Carolina returned the best possible answer to the Senator from Virginia. In fact, I am a little surprised that as wise a statesman as the Senator from Virginia would have asked such a question. He wants to know what they are going to do about perishable products. Let Congress pass a law that perishable products shall not be perishable. [Laughter.] Let us go to the root of this matter.

I want to add one remark, while I am on my feet. The Senator from South Carolina says this measure is ridiculous; he says it is absurd. He says that a cotton farmer might take his cotton to town and sell it contrary to this act, and become a criminal, and go to jail. If he could not sell his domestic allotment at all in the domestic market, he would have to take it home and hold it.

The Senator from Georgia says this bill is impossible, that it is impossible of execution. There is an old saying that the law takes no account of trifles. I think potent, grave, and reverend Senators are magnifying trifles here. Suppose this measure is an absurdity; what of it? Suppose it is an impossibility; what of that? Let us pass a law that it shall not be an impossibility. I am losing respect for Senators who will permit such trivial consideration as impossibilities to stand in the way of the enactment of a golden dream. [Laughter.] This measure, whether a dream or not, will undoubtedly be vetoed. I am as anxious as anyone to support all practical legislation in behalf of the farmers.

Mr. HOWELL. Mr. President, will the Senator yield?

Mr. BYRNES. I do want to proceed, but I will yield to the Senator from Nebraska.

Mr. HOWELL. Mr. President, the Senator from Virginia has referred seriously to the matter of perishable products. One of the primary provisions of the bill is that the board must find—

That the durability and conditions of separation, processing, and preserving and the methods of marketing of the commodity

are such that the commodity is adapted to marketing as authorized by this section.

That is contemplated by the bill.

I understand that this does not apply generally to all agricultural products. It applies only to a commodity selected after petition by the Federal Farm Board, and they must find that it lends itself to this sort of stabilization. I am merely making this statement so that it may be understood that the bill is not necessarily absurd.

Mr. GLASS. Not necessarily, but actually.

Mr. HOWELL. The allotment plan has great possibilities, and is worthy of study of Senators who are anxious to aid the farmer.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from South Carolina yield?

Mr. BYRNES. I yield.

Mr. ROBINSON of Arkansas. During the course of his remarks the junior Senator from Oklahoma referred to the Senator from South Carolina as having intimated that if the farmer sold his products in violation of the terms of the act, he would be sent to jail. I do not recall any provision in this bill which imposes a penalty on the producer for selling in violation of the act. The only penal provision in the bill is as to the dealer, who is called a licensee. He can not purchase in violation of the act, and if he attempts to do so, he is subject to a penalty.

Mr. BYRNES. Mr. President, in answer to the Senator from Arkansas, the language contained on page 18, beginning with line 9, is as follows:

The remaining, or surplus, portion, if any, shall be exported, withheld from the market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market.

Mr. ROBINSON of Arkansas. I knew of that language.

Mr. BYRNES. In connection with the provision on the next page, which provides that—

Any person, who, without a license issued pursuant to this section, intentionally or knowingly engages in or carries on any business for which a license is required pursuant to this section, or intentionally or knowingly makes any purchase in violation thereof, and any person who intentionally or knowingly violates any other provision of this title shall be deemed guilty of a misdemeanor—

And so forth.

Mr. ROBINSON of Arkansas. Mr. President, I am still of the opinion that this language does not penalize the farmer, the producer; that the penalty is limited to the purchaser or licensee. The language has been correctly quoted, but it is noted that—

Any person who, without a license issued pursuant to this section, intentionally or knowingly engages in or carries on any business for which a license is required pursuant to this section, or intentionally or knowingly makes any purchase in violation hereof, and any person who intentionally or knowingly violates any other provision of this title shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than $500 or imprisoned for not more than six months, or both.

I do not think that means it would be construed by the courts as applying to a case where it says, "it shall not be disposed of except in export." I do not think that is a penal provision. My judgment is that the act limits the penalty to a man who buys and does not impose a penalty on the man who sells.

Mr. BYRNES. The language is:

(3) Any person who, without a license issued pursuant to this section, intentionally or knowingly engages in or carries on any business for which a license is required pursuant to this section, or intentionally or knowingly makes any purchase in violation hereof, and any person who intentionally or knowingly violates any other provision of this title shall be deemed guilty of a misdemeanor.

I want to call attention to the next section:

(2) From time to time, whenever the Federal Farm Board shall find it essential to license the purchase, importation, or storage of any agricultural products in order to carry into effect the purposes of this act, it shall publicly so announce; and after the date fixed in such announcement no person shall engage in or carry on any such business specified in the announcement unless he shall first obtain a license issued pursuant to this act.

A man should not attempt to store cotton for a cotton farmer in any county in the Cotton Belt after the announcement by the Farm Board unless he gets a license. Then it provides at the end of that section:

It shall be unlawful for any licensee to purchase any agricultural products at a price less than the cost of production proclaimed by the Federal Farm Board.

I have looked in vain through this section for a definition of "agricultural products." I find no definition in this section. Therefore there is doubt as to what it applies to. But if in the State of New Hampshire some farmer should attempt to sell some poultry or some eggs, would that constitute an agricultural product within the meaning of this section? If so, if the merchant in the country to whom they are offered——

Mr. HOWELL. Mr. President, that would not be an agricultural commodity unless the board had determined that it was a commodity that should be stabilized.

Mr. MOSES. Are they going to stabilize some products and not stabilize all agricultural products?

Mr. HOWELL. There are only certain agricultural products that would be stabilized. They must lend themselves to stabilization and there are certain conditions that must be found by the Federal Farm Board before stabilization shall be resorted to. This does not apply to all agricultural products without a determination of the Federal Farm Board.

Mr. MOSES. If the Senator from South Carolina will permit me further, we have had a great many propositions for the stabilization of various agricultural products under some of the earlier stabilization acts. As the Senator from Nebraska well knows, I have constantly been complaining because no one of those acts ever contained what I called "them sacred words," to wit, hay, apples, and potatoes, which happen to be staples of New England. Are they to be left out?

Mr. HOWELL. Unless——

Mr. MOSES. Unless the Farm Board in its wisdom puts them in!

Mr. HOWELL. Unless the Farm Board finds they lend themselves to stabilization.

Mr. MOSES. Does the Senator from Nebraska think the staple products which I have just enumerated are subject to stabilization?

Mr. HOWELL. Hay lasts a long time unless one has some animals to eat it.

Mr. BYRNES. Mr. President it requires only a moment's consideration to determine, from the inquiries that have been propounded here, the impossibility and the impracticability of the proposal. Of course, it comes back to the wisdom of the Farm Board. As the Senator from New Hampshire said, if it is to be left to the Farm Board to determine whether a crop can be stabilized, then we are placing ourselves in the position of saying that the Farm Board is better qualified to exercise wisdom than any other organization in the Government. Of course they have demonstrated it. Whenever we turn over the agriculturists of this country to the Farm Board to determine whether or not their crops shall be stabilized, then we are in a bad way. The board demonstrated their wisdom last September when they called on the cotton farmers about the 1st of September to stabilize cotton by plowing up every third row and by calling upon the farmers of the West to kill every tenth cow. That gives ample proof of their wisdom.

They were given $500,000,000 by the Congress of the United States to stabilize certain products, and the success with which they stabilized it is known to all men. When they were presented with that fund, cotton was selling for 18 cents. They stabilized it, and it is selling now for 4 cents. They gave relief to the farmer by relieving the farmer of the farm he formerly owned.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Tennessee?

Mr. BYRNES. I yield.

Mr. McKELLAR. I want to call the Senator's attention to something that happened before the Appropriations

Committee, I believe in his presence, just a few days ago. The Senator will recall that we have appropriated for the Farm Board up to this time some $500,000,000. The Committee on Appropriations had occasion to ascertain the unexpended balance now in the hands of that board. The report was given to us that they now have $591,082.26. That is all they have left out of the $500,000,000. The question that arises, in my opinion, with all the other expenditures and with this rapid expenditure of the people's money, is, Where in the world are they going to get the funds unless the Congress appropriates more money for them to carry out the provisions of this bill?

Mr. BYRNES. Of course, it is true that the farmers of the United States have lost confidence in the wisdom of the Farm Board. All Members of Congress who are at all familiar with the situation in their respective districts know the attitude of the farmers toward the Farm Board. Just at this time to propose that there should be intrusted to the Farm Board the power to determine what crops shall be stabilized, how much of a crop shall be sold, and how it shall be marketed, when thoughtful people believe the board should be abolished, is a most extraordinary thing.

I have here just a little evidence of the ways in which the board expends the money which we appropriate to it. Any Senator can find out what is being done by them. Just before the Congress met last fall it was evident there was a demand from the farmers of the United States that the Farm Board should be abolished. Then the publicity agents of the Farm Board got busy. Here is one statement they sent out:

Agricultural marketing act helps farmers of Oregon. Do not publish before noon, Wednesday, October 14, 1931.

That was for the benefit of the Oregon newspapers. Here is one of November 5:

Farmers of Wyoming are aided by agricultural marketing act.

That was for the newspapers of Wyoming. It is prepared at the expense of the taxpayers and sent for publication in Wyoming. Then, the next one:

Colorado farmers use the aid offered them in agricultural marketing act.

Then California was not to be neglected, and the next one is:

Agricultural marketing act helps farmers of California.

That was November 2. On November 19 they issued one for Utah:

Agricultural marketing act aids Utah farmers in organized marketing.

If Senators would read these statements, they would find they were all very much alike. The State colleges and extension forces and vocational agencies are aiding in carrying on the work.

Then another one:

Idaho farmers are making progress under cooperative marketing.

The Farm Board, at the expense of the taxpayers, prepared mimeograph statements to send to Idaho to give them the information that they were progressing. The same is true of Montana:

Agricultural marketing act aiding farmers in Montana.

Then there was one with reference to the farmers in the State of Washington:

Washington farmers are helped under agricultural marketing act.

Let us see what they do. Millions have been loaned to the cooperatives by the Farm Board.

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina——

Mr. BYRNES. I yield.

Mr. GORE. Before the Senator leaves the point of publicity I would like to say that the American Cotton Cooperative Association also issued instructions to cotton farmers suggesting that they appeal to their Senators and Congressmen. In the instructions they indicated what sort of headlines should be used in newspaper work, and went so far into detail as to suggest that the farmers write their letters with lead pencils instead of pens, that it would be more effective when received by the statesmen. I have a copy of those instructions.

Mr. BYRNES. In every State in the Union high-powered propaganda has been resorted to. Whenever any Member of the Senate or House would have the temerity to make a statement that the Farm Board should not lend money to the cooperatives when the cooperatives were going to pay salaries of $75,000 a year to a cotton man, $50,000 a year to a grain man, $30,000 to a treasurer, and $25,000 to this man and $20,000 to another man, he brought down upon his head the wrath of the board. The Senator from Idaho [Mr. BORAH] rose and in a thoughtless moment made the statement that the payment of such salaries at this time was nothing but legalized graft. He provoked great resentment of the gentlemen who had been able to borrow at will and with great freedom and liberality from the Farm Board. Some of them are quite effective. I want to call the attention of the Senator from Idaho to how effective they are.

There is one gentleman from the Northwest who testified before the Appropriations Committee and in order that the Senator may know how effective he is and what we might expect upon this bill, I would like to read what he said he was able to do at the other end of the Capitol:

The House was by no means unanimous that this appropriation should be cut; the vote on the floor of the House was 120 to raise the appropriation to $1,380,000, and 123 against it, and I know of 7 votes that were pledged to the raise that were absent on account of sickness, and could not be there. Had those votes been there, the bill would have passed carrying that amount.

Senator BYRNES. How did you learn that?

Mr. HOLMAN. They had pledged themselves. We had lobbied.

Senator BYRNES. There were several representatives there?

Mr. HOLMAN. As representatives of the farmers' group, and we are proud of the fact that we could come here and tell the Congress our problems.

Senator BYRNES. And they were pledged in advance?

Mr. HOLMAN. They agreed to support the increases in the House. We saw them personally and they promised us that they would vote for it, and unfortunately they were absent.

Senator BYRNES. Was there quite a bit of lobbying at the time?

Mr. HOLMAN. Yes, sir; there was, and I did a lot of it myself.

Senator BYRNES. And you got how many besides the seven that you got who did not attend; how many did you get to vote?

Mr. HOLMAN. Well, the vote was 243 votes.

Senator BYRNES. In the House?

Mr. HOLMAN. In the Committee of the Whole.

That shows his familiarity with parliamentary procedure in the House.

Senator BYRNES. And you did not get all of them?

Mr. HOLMAN. We got 120 of those votes.

Senator BYRNES. You feel that you got that many?

Mr. HOLMAN. Only on their statement.

Senator BYRNES. How do you know?

Mr. HOLMAN. I think that I might safely say, that outside of Pennsylvania, a majority of the agricultural Congressmen, from the dairying districts, voted with us.

Senator BYRNES. You say they are with you now?

Mr. HOLMAN. Oh, yes. We have no representation south of Tulsa, Okla.

Senator BYRNES. You said that you had seven pledges. How many——

And he interrupted to say:

That would have been enough to have passed the bill.

Senator BYRNES. Did you have enough to pass it?

Mr. HOLMAN. I personally did not; no.

Senator BYRNES. You got those pledges, and they did not vote. That was rather unfortunate?

Mr. HOLMAN. Very unfortunate for us.

Senator BYRNES. Every man that you got pledged failed to turn up?

Mr. HOLMAN. No; I beg your pardon. I did not understand your question.

Senator BYRNES. I thought that was what you said.

Mr. HOLMAN. I did not understand you. I am referring only to seven absent votes.

Senator BYRNES. You said that you had seven pledged who were absent.

Mr. HOLMAN. Yes.

Senator BYRNES. I asked you if you had any pledged who were present and voted.

Mr. HOLMAN. Many of them.

Senator BYRNES. Many of them?

Mr. HOLMAN. Yes.

Senator BYRNES. How many of them did you say?

Mr. HOLMAN. Well, I could not specify, but I might say that we carried the dairying districts.

Senator BYRNES. Do you think that you had as many as 50 pledged?

Mr. HOLMAN. I think so; more than that.

I told him he was good.

In order that the Senate may be informed of what was happening here, I will say that that testimony came from the dairying district.

Then another witness came; and whenever anything affecting the expenditures of the Farm Board is pending there is present this gentleman, and another was Mr. C. O. Moser, representing the American Cotton Association. He appeared and made a statement. I asked if he would mind telling how much he got from the association, and he said $15,000 a year. He has been in the city of Washington, according to his testimony, before the House committee, since last December in the interest of his association, and is of the firm belief, as he expressed it, that he is fully able to advise the Congress what to do. The taxpayers are lending money to the cooperatives and they are paying that money to a lobbyist to stay in Washington to lobby Congress for more money.

Now, with that record of extravagance, I want to know what justification is there for the Congress at this time turning over to the Farm Board the power to determine what crops shall be stabilized and how they shall be stabilized?

Mr. President, we may as well understand that if the President of the United States is going to exercise any power under the terms of the so-called economy bill, he owes it to the people of America to consolidate the Farm Board with the Department of Agriculture. We have now two departments of agriculture; we have the Department of Agriculture sending out bulletins and information of all kinds, telling the farmers in many instances how to produce crops; and we have the Farm Board telling them a different story. We have a Bureau of Agricultural Economics in the Department of Agriculture, and several million dollars are appropriated each year for it; and we have an agricultural economics bureau on Pennsylvania Avenue, under the control of the Federal Farm Board, with a number of officials drawing salaries of $4,000, $5,000, and $6,000 a year. The farmers know they are receiving no service from the Farm Board.

The Farm Board will contend because it has made a loan to some cooperative, it should be continued. Well, if it did not make a loan now and then to a cooperative out of all the money that has been appropriated, what excuse could it have for existence at all?

I have contended that, so far as the cooperative marketing features of the bill are concerned, they should be transferred to the Department of Agriculture; that the Department of Agriculture should be given authority to exercise all powers with reference to cooperative marketing; that all powers should be taken away from the Farm Board as to the stabilization of agricultural products; that the Farm Board should be abolished, and that we should put an end to the opportunity to lend the money of the taxpayers to organizations that pay men whom they employ as much as $75,000 a year.

I think it was the Senator from Montana [Mr. WHEELER] who when the Agricultural Committee was considering this matter last November asked one of the officials of the Farm Board if he knew what the average income of the cotton farmer was this year. The answer was $300. He then asked the official to whom I have referred, "What is your salary?" The answer was "$75,000." That salary was fixed, and it has continued. If anything has been done, if any influence has been wielded by the Farm Board to force the cooperatives who have been borrowing money of the taxpayers from the Farm Board to reduce such salaries, we have not as yet heard of it. At a time when we have been for ten days considering a measure reducing the salaries of Government employees in every department of the Government, and there has been considerable opposition to enforcing a cut of even 10 per cent, we find one organization failing to do a thing to bring about a reduction of a salary of $75,000 paid to a man to handle the cotton owned by the American Cooperative Association, and failing to reduce the salary of another man handling grain who is receiving $50,000 a year.

Mr. President, I hope there will be no vote upon this measure to-night. As I said a while ago, I am in favor of the debenture provision, and if anyone offers an amendment to this bill striking out the equalization fee and striking out the allotment feature which the farmers of the country have never heard of, thus bringing this question to a head, I shall vote for the debenture plan and vote to strike out the other two provisions of the bill; and I hope that such a motion will prevail.

Mr. THOMAS of Oklahoma. Mr. President, looking over the Senate, I see Senators who have been Members of this body for 10 years, 20 years, and even a quarter of a century. What we have to-day is the result of your management of public and economic affairs. I call your attention to conditions as they exist. Oats of the farmer are selling for 8 cents a bushel, cotton for 4 cents a pound, and wheat for 30 cents a bushel.

I pause, Mr. President, to ask what do these Senators who have been here for these long years, and who are opposing this bill, propose in the way of a relief measure for the farmers of the Nation? I know they go out in a campaign year and beg this largest group for votes, promising them "If you will elect me to office or place my party in power we will give you relief and economic equality; we will raise the price of your commodities; we will give you salvation." They have failed to do so. I pause now to ask the distinguished Senator from South Carolina [Mr. BYRNES] what is his plan for the relief of the farmers of the Nation?

Mr. BYRNES. I just told the Senator that I am in favor of the debenture plan which is in this bill, I am going to vote for it, and I understand the motion will be made to strike out the allotment plan. With that plan and the equalization fee stricken out, I will vote for the debenture plan.

Mr. THOMAS of Oklahoma. I should like to ask the distinguished Senator from Virginia what are his plans for assistance to the farmers?

Mr. GLASS. Mr. President, I will respond by saying that I have not done anything much since I have been in Congress except to establish agencies through which the farmer may run into debt, and neither the Senator from Oklahoma nor I nor any other Senator has undertaken to keep him out of debt.

Mr. THOMAS of Oklahoma. I should now like to ask the distinguished Senator from Tennessee what is his plan for assistance of the farmers?

Mr. McKELLAR. Mr. President, I previously voted for the debenture, and I expect to vote for it again, but I wish to say to the Senator from Oklahoma that, while I voted for the establishment of the Farm Board and authorized it to use $500,000,000, I think it was the greatest mistake I ever made. I do not believe the Federal Farm Board by the expenditure of the entire $500,000,000 has ever done the farmer any good; and I believe that it has wasted or gambled away on future exchanges a greater part of that $500,000,000; and, so far as I am concerned, I do not intend to vote any more money into the hands of the Farm Board. I would rather vote to abolish the Farm Board.

Mr. THOMAS of Oklahoma. Mr. President, the distinguished Senator from Georgia likewise opposes this bill. I pause to inquire what is his solution of the problem of the farmers of the Nation?

Mr. GEORGE. Mr. President, I will say to the Senator that if the farmers would get rid of the Senate and get rid of all the nostrums that have been proposed for his benefit in the past, most of which have literally undone him, he would be infinitely better off.

I have always stood, and I expect to stand more firmly in the future, for a fair chance for the farmer, for equal rights to the farmer; but I am opposed to any of the burdens that

we have placed on him from time to time by virtue of the tariff or in any other way.

Mrs. CARAWAY. Mr. President——

The PRESIDING OFFICER (Mr. LA FOLLETTE in the Chair). Does the Senator from Oklahoma yield to the Senator from Arkansas?

Mr. THOMAS of Oklahoma. I am glad to yield.

Mrs. CARAWAY. Mr. President, I should merely like to read a telegram which I have received to-day from the State which I have the honor in part to represent. It is as follows:

LITTLE ROCK, ARK., *June 13, 1932.*

Mrs. HATTIE CARAWAY,
Senate Office Building:

I see by the Gazette you fellows up there plan on again trying to help us farmers. The Farm Board has about ruined us. For goodness sake, let us alone and allow us to work out our own salvation. If you want really to help us, let us alone, do away with what you have already done.

C. N. ALEXANDER.

I should like further to say that when my late husband was a Member of the Senate he voted against establishing the Farm Board in the first place.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Iowa?

Mr. THOMAS of Oklahoma. I yield.

Mr. BROOKHART. I should like to suggest to the Senator that a Democratic bill passed by a Democratic Congress and signed by a Democratic President actually gave the farmers the cost of production for their wheat. That bill was passed on the 4th of March, 1919, and there is not any question about it working or being effective. So if Senators are not satisfied with this bill, why not take up that old Democratic bill and reenact it and at once fix the price of agricultural products at cost of production plus a reasonable profit to the farmer? That is what that bill did; it did it by absolutely monopolizing the surplus, and it gave the farmers a price that made them prosperous, probably the most prosperous price they ever had in this country. I have drawn a bill, being Senate bill 1230, on the basis of that old Democratic bill, and I will be glad to offer it, if we can agree to it, as a substitute for the pending bill.

Further, I should like to say that so far as the allotment plan is concerned, its original author was William G. McAdoo. I put in the RECORD the facts about that. Let me state further that that plan will work pretty well; the criticisms of it are not justified when it is fully understood. It is, however, a Democratic idea, coming from one of the most distinguished Democrats in the country.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahome yield further to the Senator from Tennessee?

Mr. THOMAS of Oklahoma. Let me say, before yielding, that this bill sets up a declaration of policy, and that policy is to secure for the farmers at least the cost of production.

Now I want to yield to any Senator, if there be one, who is opposed to such a policy.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Tennessee.

Mr. McKELLAR. What I suggest is that inasmuch as the Senator from Iowa, who is a well-known friend of the farmer, has a bill, and as various other bills are probably before the committee, and there are three alternate plans in this bill, why would it not be better to recommit this bill to the committee with instructions to report a bill that might do the farmers some good?

Mr. THOMAS of Oklahoma. Mr. President, I yielded to the Senator a moment ago that he might give his interpretation of the kind of a bill that would do the farmer some good, and I received no satisfactory response.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahome yield to the Senator from Kentucky?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. In the absence of any other remedy, what does the Senator think about a suggestion by the late Bob Taylor, of Tennessee, made in 1896, when he was running for office in the midst of a campaign involving the money question, which he had not discussed? During one of his speeches somebody in the audience asked him where he stood on the money question, and he said he was for a little more gold, for a little more silver, for a little more greenbacks, and a sprinkling of counterfeit. Does the Senator think that sort of a remedy might meet our present situation?

Mr. THOMAS of Oklahoma. Mr. President, the counterfeit part applies admirably to the relief that the Congress has given the American farmer. That is all he has gotten to date.

This issue of relief for agriculture has been before the Congress for years, and the Congress is presumed to be made up of men selected from the country who can solve a governmental problem. Is the farm problem impossible of solution? Perhaps it is. The Congress has no plan to suggest to the people of America; and now the farmers themselves come with their plan—which is not mandatory, which is not directory, only permissive—and Senators who have been here for a quarter of a century, having nothing to suggest themselves, make fun of it.

Mr. President, let me call attention to a news item that appeared in a recent paper. I have here an item that reads as follows:

The 1926 dollar worth $1.52, survey shows.

Purchasing power increased more than half, Labor Department calculation shows.

Your dollar now will buy half again as much goods in the wholesale markets as in 1926, the Department of Labor computes. Using 1926 as the basis of calculation, the department figures that the present purchasing power of the dollar in terms of all commodities is $1.52.

Present purchasing power of the 1926 dollar in buying various things at wholesale prices is given as follows:

Food	$1.63
Farm products	2.03
Boots and shoes	1.31
Fuel and light	1.42
Autos	1.06
Building material	1.39
Household furnishings	1.31

The Labor Department's general average of wholesale prices now stands at 65.5, compared with 100 in 1926, and 69.8 in 1913. It has declined nearly 10 points in the last 12 months. The April decline was one-half of 1 point.

Mr. President, if this news story correctly interprets the conditions, the farmer's dollar to-day buys twice as much as it bought only back yonder in 1926, and then the dollar bought more than it bought in 1917. It bought more than it bought in 1913. Is it any wonder that the farmers can not pay their bills, can not pay their interest, can not pay their taxes, and farms everywhere are being lost to their owners?

I want to put some other figures in the RECORD.

In 1926, the basis of this news story, the cotton crop of America brought to the farmers the sum of $982,000,000. This year it is estimated to bring them $280,000,000—a loss of $702,000,000 to the cotton farmers of the South.

In 1926 wheat brought to the farmers of America $995,000,000. This year it is estimated to bring them $320,000,000—a loss of $675,000,000 to the farmers of the country.

In 1926 the corn crop brought to the farmers $1,729,000,000. This year it is estimated that the corn crop will bring them $400,000,000—a loss of $1,329,000,000.

In 1926 the farmers received from these three commodities alone the sum of $3,708,000,000. This year it is estimated that they will receive $1,000,000,000. Subtract the amount they will probably receive this year from the amount they did receive in 1926 and the farmers of America will suffer a loss in the sum of $2,708,000,000.

What plan has the Congress to improve the prices of commodities of the farmers of the country?

Over on the House side, a bill was passed in the form of instructions to the Federal Reserve Board to raise commodity prices. When that bill came to this body, one of our largest and most responsible committees substituted another bill in the nature of a substitute. This is one way to kill the Goldsborough bill—a nice piece of parliamentary strategy. It will do it effectively, perhaps, unless we can get the

Goldsborough bill up on the floor for consideration, then strike out the substitute, and pass the original Goldsborough bill. I am not sure that that will be done. I should favor that policy. I hope that at some time before this session of Congress adjourns we can reach the so-called Goldsborough bill, and when we do I hope a motion will be made to strike out the committee amendment; and if that is done I shall support the bill. If the committee amendment is stricken from the bill, then I will support the original Goldsborough bill in the hope of having the Congress set forth a definite policy as to the value of money.

The Constitution provides that the Congress shall coin money and regulate the value thereof. The Congress has delegated this authority to the Federal Reserve Board. The Federal Reserve Board is proceeding to regulate the value of money; and to get a dollar farmers must produce and sell $2.03 in farm commodities. The farmers must produce $2.03 of wheat, of corn, of cattle, of cotton, of tobacco, of apples, of hay, even, in New Hampshire to get a dollar.

The Federal Reserve Board has undertaken, so it claims, to regulate the value of money. The policy that the board has pursued is what is known as open-market operations in the buying of Government bonds. The board has been buying Government bonds now for about 12 weeks. The board has bought over $700,000,000 of Government bonds. The board has paid for those bonds with Federal reserve notes; and to-day there is less money in circulation than there was when the board started its open-market operations.

In other words, the Federal Reserve Board has placed in circulation $700,000,000 of Federal reserve notes; and just as soon as those notes were placed in circulation the banks got them and sent them back to the Federal reserve to pay off their obligations; and the result is that now there is approximately $200,000,000 less money in circulation than there was when the year began.

Now, Mr. President, I wish to place in the RECORD some other figures.

Mr. MOSES. Mr. President, before the Senator leaves that set of figures, will he yield to me for a question?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from New Hampshire?

Mr. THOMAS of Oklahoma. I gladly yield.

Mr. MOSES. I have been much interested in what the Senator has said about the value of the farmer's dollar, and he quoted two sets of figures—one from the Department of Labor with reference to the unit of value in the purchase of farm products. As I remember, it was $2.03 as against the value of the dollar in 1926.

Mr. THOMAS of Oklahoma. That is correct.

Mr. MOSES. Then, as I remember, the Senator quoted certain figures with reference to the value of the farm crops in 1926 and the value of the farm crops in the last year. The percentages did not seem to me to agree. May I ask the Senator to repeat those figures?

Mr. THOMAS of Oklahoma. Does the Senator mean in the Department of Labor's statistics?

Mr. MOSES. No. The total value of farm crops, as I remember, fell off about $2,000,000,000 from a total of about $7,000,000,000. Possibly my memory is inaccurate.

Mr. THOMAS of Oklahoma. According to this statement the total loss would be $2,700,000,000.

Mr. MOSES. From what figure?

Mr. THOMAS of Oklahoma. The figure of 1926.

Mr. MOSES. Yes; and that figure was how much?

Mr. THOMAS of Oklahoma. Three billion seven hundred and eight million dollars. This estimate is given by a Mr. Frankel, of New York City. I have no means of knowing whether or not his estimate is correct, because the crops of this year are not yet made. These are estimates only.

Mr. MOSES. It does not seem to me, if I may say so to the Senator, that the two sets of figures hang together. That is to say, there is an increase of more than 100 per cent in one instance—that is, from a dollar flat to $2.03—and there is a decrease from three billion to two billion in the other instance, which is only a third. I wonder how the Senator reconciles the two sets of figures.

Mr. THOMAS of Oklahoma. For example, in 1926 the cotton crop was actually sold for a little less than $1,000,000,000. At that time cotton was selling for 20 cents a pound. The estimate this year is for $280,000,000. At the present time cotton is selling for 5 cents a pound. That is one-fourth the price of cotton in 1926, and that is approximately correct.

Mr. MOSES. That is a diminution of 75 per cent.

Mr. THOMAS of Oklahoma. That is correct.

In 1926 wheat was selling for $1.50 a bushel. At that time it brought approximately $1,000,000,000. At the present time wheat is selling on the exchange for 50 cents per bushel, and the estimate here is for $320,000,000, which is one-third. So I think if the Senator will take these figures and check them over, he will find that they check out fairly well.

Mr. MOSES. I can not see that, because the increased value of the dollar as the Senator stated it in his first set of figures was 103 per cent. That is very different from either one-third as applied to the wheat crop or 75 per cent as applied to the cotton crop.

Mr. THOMAS of Oklahoma. In order for a farmer to secure a dollar now he has to deliver two to four times as much of his products as in 1926; and when he comes to pay his taxes, his interest, or his debts, he finds that debts have not decreased, but instead his taxes have been greatly increased.

Mr. MOSES. In other words, the Senator is attempting to measure the expenditures of the farmer in terms of the farmer's product.

Mr. THOMAS of Oklahoma. Mr. President, the farmer has nothing with which to buy excepting his commodities. The wheat farmer pays all of his bills with wheat. The cotton farmer pays all of his bills with cotton. He pays his taxes with cotton. He pays his interest with cotton. He pays his debts with cotton. He buys his clothes, he buys his shoes, his hats, everything that he buys, he pays for with cotton. It is his medium of exchange.

Mr. MOSES. Now, the Senator is bringing his argument down to a point where my intellect can comprehend it. It was when the Senator was dealing in terms of figures alone that I became misled.

Mr. THOMAS of Oklahoma. Mr. President, I desire to incorporate in the RECORD at this point some other figures, to show the trend of the times.

In 1929, the securities listed on the New York Stock Exchange were estimated to be worth $223,000,000,000. At some point in 1932 they were estimated to be worth $85,000,000,000; showing a shrinkage of listed securities on the New York Stock Exchange in the sum of $138,000,000,000.

The inventory of all commodities in 1929 was estimated to be worth $45,000,000,000. The same inventories in 1932 were estimated to be worth $32,000,000,000—a loss in commodity inventories of $13,000,000,000.

Bank deposits in 1929 totaled $55,000,000,000. In 1932 they totaled $49,000,000,000. They are now only about $45,000,000,000. But, using those figures, they show a shrinkage in bank deposits in the sum of $6,000,000,000.

Since 1929, until 1932, we have had 3,600 bank failures, with a total loss of $2,000,000,000. Since 1929 we have had 60,000 business failures, causing a total loss of $2,000,000,000. Since 1929 we have had a default in real-estate bonds in a total sum of $6,000,000,000. This makes a total shrinkage in values resulting from this depression to date of $167,000,000,000.

The annual production of all goods by mines, factories, and farms in 1929 was $88,000,000,000. Based upon the first-quarter reports of 1932, they are now worth $37,000,000,000. There is a shrinkage of $51,000,000,000.

Salaries and wages in 1929 were $49,000,000,000. This year they are reduced to $26,000,000,000; which makes a shrinkage in salaries of $23,000,000,000.

Dividends, interest, and profits received in 1929 were $41,000,000,000. In 1932 the estimate is for $19,000,000,000, making a shrinkage there of $22,000,000,000.

Add these three items together, and we have a total reduction in buying power of $96,000,000,000 per year.

Mr. President, when we check up on the losses in listed securities, inventories, bank deposits, bank failures, business failures, defaulted real-estate bonds, and add to that the losses of the farmer, it is no wonder that we now have 10,000,000 men out of employment.

Mr. President, everyone agrees that until the farmer's situation is improved the position of no other citizen can possibly be improved. No help can come to the merchant until the farmer is helped. Unemployed can not receive wages until the farmer is benefited, because wages are paid to the unemployed to create manufactured articles, in the main, and the largest class of consumers of manufactured articles are the farmers. Until the farmers have buying power they can not buy. Until they can have buying power there can come no relief to the factories. So, after all, as I see it, until the farmer is helped, the downward trend will continue.

Congress has no other plan to help the farmer. If it has, I know not of it. The three great farm organizations have come before the Congress, the House and the Senate, and presented three plans, the debenture plan, the equalization-fee plan, and the allotment plan. They have not asked the Congress to make these plans mandatory. They have not asked the Congress to require the Federal Farm Board to place either of these three plans in operation. They have asked that the Congress pass a bill giving the Farm Board these three additional powers. The power that is under discussion at the present time is the allotment plan. As I have said, that is only permissive. This plan does one thing. It sets forth a principle, and that principle is that the farmers must have the cost of production. Then it gives the Federal Farm Board the right to make rules and regulations, subject to restrictions set forth in the section, to bring into effect the cost of production.

Mr. President, I will not insist, of course, that the bill be brought to a vote to-night. I realize that the allotment plan has received but scant consideration at the hands of the Senate, but I hope the bill will be kept before the Senate until it can be thoroughly considered, and in the end receive the approval of the Senate.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The Secretary will state the next amendment.

The next amendment of the committee was, on page 18, line 1, after "Title III," to insert "The Allotment Plan"; on line 15, after the word "commerce," to strike out the words "at a price per unit not less than the cost of production," and to insert in lieu thereof the words "for domestic consumption"; on line 17, after the word "to," to strike out the word "the," and to insert in lieu thereof the word "his"; on the same line after the word "crop," to strike out the words "by such farmer"; in line 18, after the word "the," to strike out the words "quantity of such crop in the Nation as a whole which enters commerce at a price per unit not less than the cost of production," and to insert in lieu thereof the words "portion for domestic consumption of the entire crop," so as to make the paragraph read:

TITLE III—THE ALLOTMENT PLAN

SEC. 14. (a) The Federal Farm Board is authorized and directed to ascertain and make public the part of the domestic production of any agricultural product which is needed for domestic consumption. Such portion of any agricultural product shall enter commerce at a price per unit not less than the cost of production of such commodity as ascertained by the Federal Farm Board for the year during which such commodity was produced. The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market. The portion of any agricultural commodity, produced by any farmer, which may enter commerce for domestic consumption shall bear the same relation to his entire production of such crop in any year as the portion for domestic consumption of the entire crop bears to the total quantity of such crop for the same year.

The amendment was agreed to.

The PRESIDING OFFICER. This concludes the amendments of the committee.

PRINTING IN RECORD OF SPEECHES OF CHAIRMEN AND PLATFORMS OF MAJOR PARTIES IN NATIONAL CONVENTIONS

Mr. MOSES. Mr. President, I ask unanimous consent that there be incorporated in the CONGRESSIONAL RECORD the speeches of the temporary and permanent chairmen as well as the platforms of the two major parties in the national conventions of this year.

The PRESIDING OFFICER (Mr. JOHNSON in the chair). In the absence of objection, it will be so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 1768. An act to provide for the opening and closing of roads within the boundaries of the District of Columbia workhouse property at Occoquan, Fairfax County, Va.;

S. 3929. An act to authorize the Commissioners of the District of Columbia to close certain alleys and to set aside land owned by the District of Columbia for alley purposes;

S. 4106. An act to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes;

S. 4396. An act to provide for readjustment of street lines and the transfer of land for school, park, and highway purposes in the northeast section of the District of Columbia, and for other purposes; and

S. 4689. An act to authorize the closing of certain streets in the District of Columbia rendered useless or unnecessary, and for other purposes.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker pro tempore had affixed his signature to the enrolled joint resolution (H. J. Res. 429) to amend section 625 (a) of the revenue act of 1932, and it was signed by the Vice President.

ENROLLED JOINT RESOLUTION PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, June 13, 1932, that committee presented to the President of the United States the enrolled joint resolution (S. J. Res. 97) extending for one year the time within which American claimants may make application for payment, under the settlement of war claims act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.

WAGES OF LABORERS AND MECHANICS ON PUBLIC BUILDINGS

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 3847) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings, which was to strike out all after the enacting clause and to insert a substitute.

Mr. ROBINSON of Arkansas. Let the proposed substitute be read.

The PRESIDING OFFICER. The amendment of the House will be read by the clerk.

The CHIEF CLERK. Strike out all after the enacting clause and insert the following:

That the act entitled "An act relating to the rate of wages for laborers and mechanics employed on public buildings of the United States and the District of Columbia by contractors or subcontractors, and for other purposes," approved March 3, 1931, is amended to read as follows:

"That the advertised specifications for every contract in excess of $5,000 for construction, alteration, and/or repair, including painting and decorating, of public buildings or public works, except shipbuilding, in the District of Columbia, the Canal Zone, or in any city, town, village, or other civil subdivision of any State or Territories to which the United States or the District of Columbia is to become a party and which requires or involves the employment of mechanics or laborers shall contain a provision stating the prevailing rate of wages as determined by the Secretary of Labor for various grades of mechanics and laborers for work of a similar nature in the District of Columbia, the Canal Zone, or in the city, town, village, or other civil subdivision of any State or Territories in which all or the principal part of the par-

ticular contract work is located, and every contract for the construction of public buildings or public works, except shipbuilding, to which the United States, the District of Columbia, or the Panama Canal shall become a party shall contain a stipulation that the contractor and his subcontractors shall pay the mechanics and laborers employed directly on the site of such work at not less than the rate of wages stated in the advertised specifications. The books and pay rolls of the contractor and his subcontractors shall be so kept as to show the actual wages paid mechanics and laborers, and shall be open to inspection by an authorized officer or employee of the United States, or the District of Columbia, respectively.

"SEC. 2. Any contractor or subcontractor who fails to pay not less than the rate of wages stated in the advertised specifications and made a part of the contract, or who, after making proper payment, requires a laborer or mechanic to refund any part of the wages so paid, shall forfeit to the United States the sum of $10 per day per laborer or mechanic for every day any laborers or mechanics are paid less than such prevailing rate of wages, and for each such refund required from any mechanic or laborer shall forfeit to the United States a sum not less than five times the value thereof. Any laborer or mechanic employed on any such work who accepts a rate of wages less than that prescribed in the advertised specifications, or who makes any refund to the contractor or subcontractors shall, within 10 days after such payment or refund, file a sworn statement with the Secretary of Labor or the Commissioners of the District of Columbia, respectively, setting forth the facts, and any amounts to be forfeited as provided in this section shall be deducted by the Comptroller General or the Commissioners of the District of Columbia, respectively, from any sums due the contractor from the United States or the District of Columbia, respectively, or if nothing remains due the contractor, such amounts may be recovered by the United States or the District of Columbia, respectively, as a debt in a suit at law against either the contractor and his surety or his subcontractors. The amount so forfeited or recovered shall be applied, first, to the payment to the laborers and mechanics of any difference between the amounts found by the Comptroller General or said commissioners, respectively, to have been paid them and the prevailing rate of wages, or of the amounts which such laborers and mechanics were required to refund, and the balance shall be covered into the Treasury as miscellaneous receipts, if the contract be with the United States, or to the credit of the District of Columbia if the contract be with the District of Columbia.

"SEC. 3. When any of the departments or independent establishments of the United States, including the District of Columbia, perform work by Government plan and hired labor which could have been performed under contract, but not including work in arsenals or navy yards, or work performed by the Panama Canal, such departments and establishments, including the District of Columbia, shall also pay not less than the prevailing rate of wages established by the Secretary of Labor at the time the work is undertaken: *Provided*, That in case of national emergency the President is authorized to suspend the provisions of this act."

SEC. 2. If the provisions of section 1 of this act, or the application thereof to any person or circumstances, shall be held invalid, the act of March 3, 1931, or the application thereof to any such person or circumstances, as the case may be, shall not be affected by the enactment of this act.

SEC. 3. This act shall take effect 30 days after its passage but shall not affect any contract then existing or any contract that may thereafter be entered into pursuant to invitations for bids that are outstanding at the time of the passage of this act.

Mr. KING. I ask the Senator from Rhode Island if he will not let the matter go to conference.

Mr. METCALF. I rose for the purpose of making that motion.

I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. METCALF, Mr. WHITE, and Mr. COPELAND conferees on the part of the Senate.

ADDITIONAL AMENDMENT TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. ODDIE submitted an amendment intended to be proposed by him to House bill 12443, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 17, after line 5, insert the following:

"Indian agency buildings: For construction of a power-transmission line and distribution system, including purchase of equipment and necessary rights of way, Walker River Agency, Nev., fiscal year 1933, $17,000."

EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

AMENDMENT OF THE AGRICULTURAL MARKETING ACT

The Senate resumed the consideration of the bill (S. 4536) to amend the agricultural marketing act, approved June 15, 1929.

Mr. HOWELL. Mr. President, there are certain amendments which I am sending to the desk, all formal amendments, for correction of the text, and so forth, except the amendment which applies to page 15 of the bill. On that page is found a provision for the raising of revenue, which should not be in a bill originating in the Senate, and therefore it is proposed that that provision be stricken from the bill. I offer these amendments.

Mr. MOSES. Let the amendments be read.

The PRESIDING OFFICER. The amendments will be read for the information of the Senate.

The CHIEF CLERK. The Senator from Nebraska offers the following amendments: On page 2, lines 11 and 12, strike out "section 5" and insert in lieu thereof "sections 7 and 9."

On page 3, strike out lines 5 to 14, inclusive, and insert in lieu thereof the following: "the board, after publicly declaring its findings, shall arrange to secure the cost of production for that portion of the commodity sold in the domestic market by means of such plan or plans hereinafter authorized in Titles I, II, and III as in the opinion of the board will be most effective for such purpose; and such plan or plans shall continue in operation until such time as the board finds that such arrangements are no longer necessary or advisable for carrying out the policy declared by section 1."

On page 3, strike out lines 16 to 19, inclusive, and insert in lieu thereof the following:

SEC. 12. The board is authorized and directed to enter into marketing agreements with cooperative associations engaged in handling any commodity as to which the plan set forth in this title is in effect or with corporations created and controlled by one or more cooperative associations. Each such agreement shall provide either.

On page 6, line 9, strike out "(b)"; on page 9, line 13, strike out "(a)"; on page 9, line 16, strike out "(b)"; on page 9, line 22, strike out "(c)"; and on page 10, line 4, strike out "(d)."

The PRESIDING OFFICER. May the Chair inquire of the Senator from Nebraska whether he is offering these amendments for the purpose of having them printed, or does he desire to have them considered at this time?

Mr. HOWELL. I desire to have them considered and adopted at this time. They are merely formal amendments.

Mr. KING. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Costigan	Kean	Oddie
Bankhead	Dale	Keyes	Patterson
Barbour	Davis	King	Pittman
Barkley	Fletcher	La Follette	Reed
Blaine	Frazier	Logan	Robinson, Ark.
Brookhart	George	McGill	Schall
Bulkley	Goldsborough	McKellar	Sheppard
Bulow	Gore	McNary	Shipstead
Byrnes	Hale	Metcalf	Shortridge
Capper	Harrison	Moses	Thomas, Okla.
Caraway	Hayden	Neely	Vandenberg
Cohen	Howell	Norbeck	White
Connally	Hull	Norris	
Coolidge	Johnson	Nye	

Mr. McNARY. Mr. President, I desire to announce that the Senator from Washington [Mr. JONES], the Senator from Utah [Mr. SMOOT], the Senator from Louisiana [Mr. BROUSSARD], and the Senator from New Mexico [Mr. BRATTON] are detained in a meeting of the Committee on Appropriations.

The PRESIDING OFFICER. Fifty-four Senators having answered to their names, there is a quorum present.

The question is on agreeing to the amendments offered by the Senator from Nebraska.

Mr. KING. Mr. President, will the Senator explain the amendments?

Mr. HOWELL. I ask that the amendments, except that on page 15, be adopted en bloc for the reason that they are formal amendments correcting the text, but the one on page 15 changes the effect of the bill, and I will ask that that be read after the other amendments are disposed of.

Mr. ROBINSON of Arkansas. All the amendments which the Senator proposes to adopt en bloc are merely corrections?

Mr. HOWELL. Yes; that is all.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska?

Mr. CONNALLY. Mr. President, I hope the Senator from Nebraska will explain the amendments.

Mr. HOWELL. I propose to explain the amendment on page 15 when the other amendments are adopted.

Mr. KING. Mr. President, I will ask the Senator to indicate one or two of the amendments which he states are merely clarifying so we may determine just how far clarification is effectuated or whether they go beyond mere clarification.

Mr. HOWELL. For instance, on page 3, I propose to strike out lines 5 to 14, inclusive, and insert the following:

The board, after publicly declaring its findings, shall arrange to secure the cost of production for that portion of the commodity sold in the domestic market by means of such plan or plans hereinafter authorized in Titles I, II, and III, as in the opinion of the board will be most effective for such purpose; and such plan or plans shall continue in operation until such time as the board finds that such arrangements are no longer necessary or advisable for carrying out the policy declared by section 1.

The purpose of this amendment is to eliminate the implication that the board may act without making a finding that each of the four conditions precedent exists and to require the board to put into effect the plan or plans which in its opinion will be most effective.

Mr. MOSES. Mr. President, it seems to me, if the Senator will permit me, that that goes much further than a mere clarifying amendment. It seems to me to change very materially the functions of the board as proposed in the original bill and possibly to add to their powers and certainly to remove the limitation of time that might exist as to the period during which their findings would hold.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska?

Mr. ROBINSON of Arkansas. Mr. President, in view of the apparent and manifest change in the bill that this amendment makes, I think we had better consider the amendments separately.

The PRESIDING OFFICER. Objection is made and the clerk will report the first amendment offered by the Senator from Nebraska.

The CHIEF CLERK. On page 2, lines 11 and 12, strike out "section 5" and insert in lieu thereof "sections 7 and 9."

The PRESIDING OFFICER. Without objection the amendment is agreed to. The clerk will state the next amendment offered by the Senator from Nebraska.

The CHIEF CLERK. On page 3, strike out lines 5 and 14, inclusive, and insert in lieu thereof the following:

The board, after publicly declaring its findings, shall arrange to secure the cost of production for that portion of the commodity sold in the domestic market, by means of such plan or plans hereinafter authorized in Titles I, II, and III as in the opinion of the board will be most effective for such purpose; and such plan or plans shall continue in operation until such time as the board finds that such arrangements are no longer necessary or advisable for carrying out the policy declared by section 1.

Mr. MOSES. Mr. President, if I understand the proposition it means that the board will undertake to apply Title I or Title II or Title III, which means the equalization plan or the debenture plan or the allotment plan, as it may see fit in each circumstance, with any given commodity.

Mr. HOWELL. In accordance with the general provisions beginning in section 1 of the bill. This grants no greater power. It simply indicates what they are to do.

Mr. MOSES. I understand that, but it might result, having three commodities, that the plan of Title I would be applied to the first commodity, the plan of Title II would be applied to the second commodity, and the plan of Title III would be applied to the third commodity. In other words, I can see very little or no uniformity in the purpose. If the bill is a general shotgun proposition, shooting into the flock hoping to bring down something, I do not see why we should particularize as here proposed that they may apply Title I, Title II, or Title III. In other words, it seems to me that it is a generalization.

Mr. McNARY rose.

Mr. MOSES. I shall be glad to yield to the Senator from Oregon if he could be more lucid about it.

Mr. McNARY. Mr. President, I am not conversant with the amendment read, but from its reading I do not see where it particularly differs from the plan already contained in the text of section 4.

Mr. MOSES. Nor do I; and while it is offered supposedly for clarification, it seems to me it goes much further than mere clarification of language.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska.

Mr. MOSES. Just a minute, Mr. President. I do not intend to be deprived of the information I am seeking if that information is available. If it is not available, of course, I shall have to submit and vote against the amendment.

Mr. McNARY. Mr. President, I may express the hope that the Senator from Nebraska will withdraw his amendment. I think it is no improvement over the text. Indeed, I think it is more ambiguous.

The PRESIDING OFFICER. Is the chair to understand that the Senator from Nebraska withdraws his amendment?

Mr. HOWELL. This is the bill of the Senator from Oregon [Mr. McNARY], and certainly I am not going to insist upon the amendment. It was an amendment prepared by the Legislative Bureau of the Senate to clarify the meaning so there could not be a mistake. I have no objection to withdrawing it.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. FRAZIER. Mr. President, I want to say for the benefit of the Senator from New Hampshire that, as I understand it, the idea of the three plans is to give the board a chance to use any one of the plans or any combination of them on any farm product. They might find that the debenture would apply better to one commodity and that the equalization fee would apply better to another commodity and the allotment plan to some other commodity.

Mr. MOSES. The proposed expansion of power of the Farm Board being based, I assume, upon the remarkable success which the board have already had with more limited power.

Mr. FRAZIER. The Farm Board have made more of a success than the Senator from New Hampshire and some others would give them credit for having made.

Mr. MOSES. I give them perfect credit for anything they have done, but have they done anything except lose several hundred millions of public money?

Mr. FRAZIER. The loss of the public money depends upon the price of the commodities which they have purchased in order to stabilize or in their attempts to stabilize the market. The price of wheat in Chicago has been consistently above the world price in Liverpool in the last six months, something that was never known before. The Farm Board are undoubtedly responsible for that fact.

Mr. MOSES. Of course, I hold an entirely different view. I hold that the higher price of wheat in the Chicago market was due to the American tariff on wheat.

Mr. FRAZIER. It is not 42 cents higher by any means, so the tariff is not all effective, at least, and we have had the tariff for some time. Since we have had the tariff the price of wheat in Winnipeg has been higher than it has been in Minneapolis, but it is not that way this year.

The PRESIDING OFFICER. The Senator from Nebraska having withdrawn his amendment, the clerk will report the next amendment offered by the Senator from Nebraska.

The CHIEF CLERK. On page 3, the Senator from Nebraska proposes to strike out lines 16 to 19, inclusive, which read as follows:

SEC. 12. (a) A marketing agreement with cooperative associations engaged in handling the commodity or corporations created and controlled by one or more cooperative associations shall provide either—

And insert in lieu thereof the following:

SEC. 12. The board is authorized and directed to enter into marketing agreements with cooperative associations engaged in handling any commodity as to which the plan set forth in this title is in effect or with corporations created and controlled by one or more cooperative associations. Each such agreement shall provide either—

Mr. MOSES. Mr. President, does that mean that they have to make the plan effective for any commodity before they can enter into this agreement, or do they carry on simultaneous negotiations, or just how do they function under the new provision?

Mr. HOWELL. They function just as was intended in the bill. They can choose either of the three plans for operating on a particular commodity. That is the intent of the bill.

Mr. MOSES. But that is not what the four lines proposed to be stricken out provide. It is, of course, what the four lines intended to be added say; that is to say, the lines which are proposed to be added say that when they have made effective this plan under Title I then they may go ahead.

Mr. HOWELL. The purpose is to give the board direct authority for entering into the market agreements set forth. If we want to make the bill effective, this does not change the intent of the bill, but simply makes it effective.

Mr. McNARY. Mr. President, I do not like to find myself in disagreement with the very laudable purposes of the Senator from Nebraska; but this section as now in the bill was the one originally in the bill as it first passed the Senate and as it passed the Senate upon a second occasion. It merely points out that the board must act through cooperative associations. That was the intent of the bill, and it ought to be the purpose now to conform to the purposes of the marketing act passed in 1929, namely, that the cooperative organizations and associations shall make these marketing contracts. I think really it would be a mistake to change that language.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska.

Mr. HOWELL. Mr. President, in view of the statement of the Senator from Oregon, I withdraw that amendment.

The PRESIDING OFFICER. The amendment is withdrawn. The next amendment offered by the Senator from Nebraska will be stated.

The CHIEF CLERK. On page 6, line 9, it is proposed to strike out the letter "(b)."

The PRESIDING OFFICER. Without objection——

Mr. MOSES. Just a moment, Mr. President; my attention was diverted. May that amendment be stated again?

The amendment was again stated.

Mr. MOSES. That seems to be innocuous.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The clerk will state the next amendment offered by the Senator from Nebraska.

The CHIEF CLERK. On page 9, line 13, it is proposed to strike out the letter "(a)."

The amendment was agreed to.

The CHIEF CLERK. On page 9, line 16, it is proposed to strike out the letter "(b)."

The amendment was agreed to.

Mr. MOSES. Mr. President, these alphabetical corrections seem to me to be of little consequence.

The PRESIDING OFFICER. The next amendment offered by the Senator from Nebraska will be stated.

The CHIEF CLERK. On page 9, line 22, it is proposed to strike out the letter "(c)."

The amendment was agreed to.

The CHIEF CLERK. On page 10, line 4, it is proposed to strike out the letter "(d)."

The amendment was agreed to.

The CHIEF CLERK. On page 11, line 21, after the word "cent" it is proposed to insert the closed parenthesis, and to strike out the closed parenthesis after the word "obligation" in the same line.

The amendment was agreed to.

The CHIEF CLERK. On page 12, it is proposed to strike out lines 17 to 25, inclusive, and insert in lieu thereof the following:

(b) As used in this title the term "debenturable commodity" means any agricultural commodity as to which the board has made this title operative as authorized in section 11.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

Mr. MOSES. Just a moment, Mr. President. Let me ask the Senator from Nebraska does that change cover the criticisms of the bill which I attempted to make a short time ago with reference to the limited commodities on which the bill will operate?

Mr. HOWELL. I beg the Senator's pardon.

Mr. MOSES. The Senator may remember that I referred to the limited number of commodities on which this bill will operate. I referred to some farm products of New England, which are of considerable importance to that locality. I want to ask the Senator from Nebraska if he will state whether the amendment he has just proposed is in such form as would take in those staples which the East produces, because corn, rice, wheat, cotton, and tobacco are not raised in any considerable quantities east of the Hudson River or north of the Ohio.

Mr. HOWELL. This bill covers all agricultural commodities. When a substantial number of producers of a commodity appeal to the board, the board is authorized to proceed to stabilize the price of such commodity. The matter proposed to be stricken out, on page 12, fails to recognize that the debenture plan may not be put into effect. The purpose of the new matter is to define "debenturable commodities" to mean only those commodities as to which the debenture plan is in effect.

Mr. MOSES. Mr. President, I do not think it means anything to say that the debenture applies to those commodities which the debenture affects; in other words, the debenture applies to those commodities to which the debenture applies. I do not see any essential difference in the language than that which I have used, and I beg the Senator to tell me whether this is intended to broaden the field of operation of the debenture so that it will take in all staple commodities.

Mr. HOWELL. The only purpose of this amendment is to clarify the text, to make clear what is intended.

Mr. FRAZIER. Mr. President——

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. FRAZIER. Mr. President, I think without doubt this amendment will broaden the language of the bill. Of course, the debenture will not apply to anything that is not exportable, but the amendment would make it broad enough to take in all exportable products.

Mr. MOSES. Would it make it broad enough to take hay and apples?

Mr. FRAZIER. Yes; if they are exported.

Mr. MOSES. They are exportable, are they not?

Mr. FRAZIER. They might be exportable, but not exported.

Mr. MOSES. I understand that, being exportable, the debenture will apply to them, will it not?

Mr. FRAZIER. If they are exported; yes.

Mr. MOSES. What I am trying to get at is whether the section of the country from which I come is to be totally excluded from these three different proposals which are set up for the benefit supposedly of agriculture. What agriculture? The agriculture of the West or the agriculture of the whole country? The agriculture of those sections which

raise corn and rice and wheat and cotton and tobacco or the agriculture of those sections of the country which raise diversified crops?

Mr. CONNALLY. Mr. President, will the Senator from New Hampshire yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Texas?

Mr. FRAZIER. I yield.

Mr. MOSES. I thought I had the floor.

The PRESIDING OFFICER. The Chair recognized the Senator from North Dakota.

Mr. MOSES. Very well, having lost the floor, the Senator from Texas can not ask me to yield.

Mr. FRAZIER. I yield to the Senator from Texas.

Mr. CONNALLY. I might reply to the Senator who complains as to his section not receiving any benefit, that if it is not subject to the other plans, it will get the benefit of the third plan.

Mr. MOSES. The allotment plan?

Mr. CONNALLY. The allotment plan.

Mr. MOSES. I hope before we finish with that plan the Senator from Texas will explain it to me in words of one syllable.

Mr. CONNALLY. I can not do that.

Mr. FRAZIER. I want to say to the Senator from New Hampshire that the little State in New England from which he comes is not the only State in the Union where hay and apples are raised.

Mr. MOSES. Very well. I want to say then——

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. MOSES. I want to say that for weeks, almost daily I have listened to the Cato from the Middle West, who has declared that "agriculture must not be destroyed" and that the farmer must be helped, and I have been trying to find out who that farmer is. I should like to know whether he is one of the 15,000 farmers of the State of New Hampshire, who with his ancestors for 300 years has literally wrested a living from a reluctant soil, a soil that had to be reclaimed in the first instance from the forest, a farmer who has diversified his crops, who has paid no attention to the Liverpool market, who has looked to the market wherein he might have an entrance, whose scanty acres number scarcely more than 100 to a farm, and who through diversification of his crops and through hard work has been able to shelter, to clothe, to feed and educate his children, and even to save money; Mr. President, he being of that class of farmers in that State who have money in the savings banks to the extent of $600 per capita, which money has been loaned in other sections of the country to his improvident brethren in agriculture. Is he the farmer of whom we are thinking, or are we thinking alone of the 1-crop farmer who spends 30 days in the year putting his crop into the soil and then lets nature take care of it until the fall, when he spends 30 days taking it out, who, if nature has been kind and if prices are high, is prosperous and spends his winters in Florida or southern California, and if nature is unkind and prices are low, he goes broke and spends his winters in Washington yammering at the gates of the Treasury for help. Who is the farmer we are trying to help, Mr. President? When we speak about this section of this bill and enumerate the commodities which are here listed, I want to know whether this bill is designed for the farmers of one section of the country or two sections of the country in sections where the particular commodities are grown, or whether it is designed for the farmers everywhere who may diversify their crops and still have something for export.

Mr. McNARY. Mr. President, the proposal of the Senator from Nebraska, as read by the clerk, it appears to me enlarges the scope of the language included in the bill. It refers to section 11, which refers to all agricultural commodities and, in paragraph (b), specifies that the board must make certain findings, namely, that there is a surplus production in excess of the domestic requirements; second, that loans to cooperatives will not be effective to control the excess production; third, that the marketing act as now constituted does not afford a remedy; and fourth, that it lends itself by processing to the operation of the three different plans.

When that finding is made, it refers to any agricultural commodity wheresoever produced. That was meant to be, and I think is, the intention of the amendment, and I believe it meets the criticism suggested by the Senator from New Hampshire.

Mr. MOSES. Mr. President, in view of what the Senator from Oregon says, I think I am entitled to congratulate myself upon having found something in an agricultural relief bill which is good for the farmers of my section.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. CAPPER. Mr. President, I have just received a telegram from the Miami County (Kans.) Farmers' Union signed by W. J. Prescott, president, which I want to read to the Senate. The telegram is as follows:

OSAWATOMIE, KANS., *June 13, 1932.*

Senator ARTHUR CAPPER,
Washington:

The Miami County Farmers' Union request you use your influence, vote, and labor to keep Congress in session until some definite relief accomplished for agriculture. We refer to the McNary bill, sponsored by three major farm organizations. We request you to inform other Members of our desire.

THE MIAMI COUNTY FARMERS' UNION,
By W. J. PRESCOTT, *President.*

Mr. President, I desire most earnestly to second the appeal of the Miami County Farmers' Union. The business of this Congress is to take definite action for the relief of agriculture. It is not the duty of Congress to run away from this issue.

There can be no permanent prosperity, there can be no relief from this depression, unless and until there is a rise in the prices of farm products, which, in my judgment, would be accompanied by rises in prices for other basic commodities. Without these better prices the country is without purchasing power.

This Congress has been in session for 6½ months. To-day is the first time the Senate has considered any general measure for the direct relief of agriculture. I grant that the constructive measures the Congress has enacted were necessary to sustain the financial fabric of the country, but the relief they have given agriculture has been indirect and so far of very doubtful value.

I am under no illusions that the McNary bill will cure the agricultural situation. But it is a step in the right direction. I for one will oppose any adjournment until this Congress has taken decisive action at least on this measure. And I intend to support the McNary bill, because I have hopes it will help alleviate the situation.

To go home without making any attempt to relieve agriculture, beyond the indirect relief so far offered in measures primarily intended for other purposes, will be a plain breach of trust, as I see the situation.

Mr. President, I desire to have printed in the RECORD at this point a communication addressed to the Congress by the representatives of the National Grange, the Farmers' Union, and the American Farm Bureau Federation regarding the pending bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The communication referred to is as follows:

THE NATIONAL GRANGE,
THE FARMERS' EDUCATIONAL AND COOPERATIVE UNION,
THE AMERICAN FARM BUREAU FEDERATION.

To the Congress:

A vote on S. 4536, by Senator McNARY, and H. R. 11866, by Congressman FULMER, has been promised representatives of the national farm organizations by leaders of both political parties before adjournment. This bill amends the agricultural marketing act to secure cost of production for the portions of farm products consumed in the domestic markets by using the equalization fee, the debenture, or the allotment plan, or combinations thereof. This measure does not require additional appropriations to make it effective. It gives the Federal Farm Board the option of using any one of the three plans named above, but requires the board to keep the cost of producing farm crops in mind as the goal to be attained relative to prices.

It is now recognized by the farm organizations that no one plan of surplus control can be effective under all conditions which might develop. Accordingly different methods should be supplied the administrative authorities so that every possible chance will be given to grapple with and control the surplus of any commodity at any time.

It is not unusual for Congress to give alternative plans of operation for use in administering important laws which have been enacted, so, in the present instance, if in controlling and disposing of surpluses any one of three plans or combination thereof, is available for use the certainty of adequately disposing of the surplus is increased.

The equalization-fee plan gets its fund with which to operate upon the surplus from the commodities themselves; the debenture plan issues debenture certificates to exporters of farm commodities in the amounts designated in this measure, or ordinarily half the tariff rates in effect; the allotment plan segregates a product into two parts; first, that to be consumed in the domestic market; and second, that to go abroad.

The plans are very similar in many regards, a few of which are:

(a) They operate automatically to control, regulate, and limit production;

(b) They do not require, or even permit, Federal authority giving a mandate to a farmer how much to produce or to sell, or the manner of his production and sale;

(c) They require no bookkeeping as between the Federal Government on the one hand and the individual farmer on the other;

(d) They are based on making the tariff effective for all farm crops;

(e) They recognize that there shall be a domestic price for the domestic consumption of farm crops and a foreign price for the exportable surplus;

(f) They give farm organizations more complete control over the marketing of farm products;

(g) They recognize cost of production as an indicator of what farm prices should be;

(h) They permit the sale of the complete crop raised by any farmer;

(i) They prevent importation into the United States of agricultural products, or substitutes therefor, the importation of which during a marketing period would destroy the effectiveness of the operation of either one or all of these plans.

Congress has not enacted any measure dealing fundamentally with the agricultural situation this session. It would surely be unwise for adjournment to be taken with no definite recognition given to the farm problem. This bill has the unqualified and unreserved support of the three national farm organizations.

Very respectfully,

FRED BRENCKMAN,
The National Grange.
JOHN A. SIMPSON,
The Farmers' Union.
EDW. A. O'NEAL,
The American Farm Bureau Federation.

The PRESIDING OFFICER. The clerk will state the next amendment of the Senator from Nebraska.

Mr. TRAMMELL. Mr. President, I should like to ask the Senator in charge of the bill if this price-fixing plan is similar to the price-fixing plan for goods and wares and materials? From time to time we have had bills in the Congress to fix the price of all articles of trade. Is this similar to such propositions as that? Does this apply to anything except agricultural products?

Mr. McNARY. That is all.

Mr. TRAMMELL. It does not apply to anything except a few agricultural products?

Mr. McNARY. It is purely an agricultural bill. What the Senator has in mind probably is the allotment plan which as I stated this morning is sponsored by the Farmers' Union and may be described as a price-fixing plan.

Mr. TRAMMELL. For illustration, I am going to make reference to some agricultural products. In my State we produce anywhere from 25,000,000 to 35,000,000 boxes of oranges each year. A large crop would be 35,000,000 boxes and a small crop 25,000,000 boxes. Is there anything in this bill that will protect the orange growers of my State when the market does not give them the cost of production?

Mr. McNARY. If the allotment plan were applied and they were not receiving the cost of production a price could be fixed equal to the cost of production under the allotment plan.

Mr. TRAMMELL. Then the consumer would have to pay the price so fixed.

Mr. McNARY. That is the theory of course, otherwise it would not be fixed.

Mr. TRAMMELL. The provisions of the bill would include crops of that character, would it?

Mr. McNARY. Yes. If the Senator will read Section 11 he will find the four conditions that must be found by the board, namely, if there is a surplus in excess of domestic requirements, if the farmer is not able to sell at the cost of production, and so forth.

Mr. TRAMMELL. What if there is not an excess, where is the justice requiring a class of farmers that are not producing an excess to have to sell below the cost of production and at the same time make a contribution toward paying other farmers the cost-of-production price?

Mr. McNARY. As I said this morning the purpose of these plans has been to solve the surplus-control problem, and this measure only deals with those agricultural commodities of which there is a surplus in excess of domestic requirements. It does not intend to fix the price of all commodities, but only in cases where a surplus is found to exist by the board.

Mr. TRAMMELL. Then the munificence that is embraced in this measure is extended only to a certain class of farmers who have an overproduction or exportable production, as I understand.

I want to assist farmers in this country; but take the situation in States where the agricultural interest is engaged in production where there are no excesses to the extent of an exportable surplus: Does the Senator think it right to give such farmers no protection whatever, and require them probably to pay an increased price on account of the price-fixing provision of this bill? That is what it means.

Mr. McNARY. Oh, no, Mr. President; the Senator does not understand the purpose at all.

Mr. TRAMMELL. I do not know what the purpose is. I understand that feature of the bill.

Mr. McNARY. I am not quite sure about that.

The Senator has always supported loyally a reasonable tariff on commodities of an agricultural nature produced in foreign countries. Consequently, they are protected to that extent if there is not a surplus in this country. There is a balance between production and consumption. It is not attempted by this bill to fix the price of those commodities; but in the case of those commodities which are raised in excess of the domestic requirements, where the tariff is not effective, it is an attempt to get the surplus out of the country or control it so that the tariff will be effective, and increase the price level. The Senator's criticism goes to the point that it does not fix the price of all agricultural commodities that are below the cost of production, whether there is a surplus or not.

Mr. TRAMMELL. That is all right, if your remedy of tariff works successfully all the time; but if your remedy of tariff is an utter failure, and the farmers producing enormous crops do not get a price equal to the cost of production, then your remedy of tariff has failed utterly, and you leave that great class of the farmers of this country in the position of having to sell their products below the cost of production. I think you ought to try to protect them.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. BLAINE. I think what the Senator from Oregon said is entirely correct respecting the debenture and equalization-fee provisions of the bill; but with respect to the allotment plan, if the Federal Farm Board make an investigation, they are authorized and directed to ascertain and make public the part of the domestic production of any agricultural product which is needed for domestic consumption. That would seem to me to include the Senator's twenty-five or thirty-five million boxes of oranges. The allotment plan with respect to the first authorization of the board does not relate to exportable commodities.

Mr. TRAMMELL. Will the Senator kindly call my attention to the paragraph to which he refers?

Mr. BLAINE. It is on page 18 of the bill, lines 2, 3, 4, and 5. That paragraph refers to any agricultural product.

Mr. TRAMMELL. I want to assist agriculture in any way possible, and I shall be glad to give that some study. All I want is justice to all agricultural interests. I do not feel

that we ought to inaugurate a plan that will just be of assistance to a certain portion of those engaged in farming in the country, and so frame that assistance that it will create a greater burden on another certain part and a large class of the agricultural interests of the country. I do not like that kind of a measure.

Mr. BLAINE. If the Senator will suffer another interruption, if the Federal Farm Board applies the allotment plan it seems clear to me that it then is authorized and directed to ascertain and make public the part of the domestic production of any agricultural product which is needed for domestic consumption. Then such portion of any agricultural product shall enter commerce at a price per unit not less than the cost of production of such commodity, as ascertained by the Federal Farm Board for the year during which such commodity was produced. That refers to any agricultural product, whether there is an exportable surplus or not.

Mr. TRAMMELL. Well, I do not know. It says that they shall ascertain the part of it required for domestic consumption.

Mr. BLAINE. Exactly.

Mr. TRAMMELL. That of itself carries with it the idea that as to that portion of it that is required for domestic consumption, you may enter into this price-fixing plan; but you have to have sufficient to have an exportable surplus, do you not?

Mr. BLAINE. I think the language clearly indicates that the Federal Farm Board have the power to ascertain and find the cost of production of any farm commodity, whether there is an exportable surplus or not.

Mr. TRAMMELL. This paragraph, though, certainly contemplates an exportable quantity, because after it goes on to speak about ascertaining the cost of the portion needed for domestic consumption, in line 9, the latter part of the line, it says:

The remaining, or surplus, portion, if any, shall be exported.

Mr. BLAINE. If there is any surplus. That is another provision. That has to do with the exportable surplus; but the first two paragraphs of the section clearly authorize the Federal Farm Board to ascertain the cost of production of any farm commodity.

Mr. TRAMMELL. Does the Senator think this is essential in addition to the debenture plan?

Mr. BLAINE. The Federal Farm Board may apply this particular allotment plan to some specific commodity.

Mr. TRAMMELL. I have supported the debenture plan on two or three occasions, but I am rather doubtful as to the wisdom of a price-fixing plan.

Mr. LOGAN. Mr. President, may I ask the Senator from Florida a question?

Mr. TRAMMELL. I yield.

Mr. LOGAN. As I understood, the Senator from Florida said that he only desired that justice should be done to the farmer. I desire to ask him to prepare an amendment that will provide that justice shall roll down like the waters, and righteousness as a mighty stream, and then have that substituted for the whole bill. I think it will do about as much good as the bill will do.

Mr. TRAMMELL. I am in sympathy with those sentiments, but I think the Senator from Kentucky is more capable of preparing an amendment of that character than myself.

Mr. MOSES. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MOSES. What is the pending amendment?

The PRESIDING OFFICER. The pending amendment has not been stated, because the clerk has not had an opportunity to state it.

The CHIEF CLERK. On page 13, it is proposed to strike out lines 1 to 7, inclusive, and to insert in lieu thereof the following:

(c) The issuance of export debentures with respect to any such commodity shall continue during such period as the board may specify.

The PRESIDING OFFICER. The question is on the amendment of the committee.

Mr. MOSES. Just a minute, Mr. President. Do we strike out paragraph (b) on page 12, and insert nothing in place of it?

Mr. HOWELL. No, Mr. President.

Mr. MOSES. Well, that is the way the amendment was stated.

The CHIEF CLERK. On page 12, the committee proposed to strike out lines 17 to 25, inclusive, and to insert in lieu thereof the following:

(b) As used in this title, the term "debentural commodity" means any agricultural commodity as to which the board has made this title operative as authorized in section 11.

The PRESIDING OFFICER. That amendment was agreed to, may the Chair state for the information of the Senator.

The CHIEF CLERK. The next amendment is on page 13, to strike out lines 1 to 7, inclusive, and to insert in lieu thereof the following:

(c) The issuance of export debentures with respect to any such commodity shall continue during such period as the board may specify.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. GEORGE. Mr. President, I should like to have the amendment just agreed to stated again.

The PRESIDING OFFICER. Without objection the amendment will be reconsidered, and the clerk will state the amendment for the information of the Senator from Georgia.

The legislative clerk restated the amendment.

Mr. GEORGE. May I ask if the purpose of that is to put the debenture in operation wholly at the discretion of the board?

Mr. HOWELL. Mr. President, the purpose of this amendment is as follows: The matter stricken out provides that the issuance of the export debentures shall commence on July 1, 1932. Since the debenture plan may not be put into effect immediately or at all, it is necessary to restate this paragraph; and so it is restated in this way:

The issuance of export debentures with respect to any such commodity shall continue during such period as the board may specify.

Mr. GEORGE. That is, any commodity—all commodities?

Mr. HOWELL. Any commodity that the board may specify.

Mr. GEORGE. I am trying to understand it. As I understand it, if I do, the debenture plan as first inserted in the bill was made obligatory or mandatory as to certain commodities; but now, as I understand it, the whole matter is left in the discretion of the board. That is to say, the board may put the debenture plan in operation or may withhold it.

Mr. McNARY. Yes, Mr. President.

Mr. GEORGE. Is that the purpose?

Mr. McNARY. Unquestionably. In section 11, the first section of the bill, the board is required to make four specific findings; and after they are made, and the board determines that those conditions exist, then the board shall put it into effect. This language indicates that they must; it is mandatory to put it into effect on July 1, 1932, whether it is feasible or not, or whether the conditions prescribed in section 11 obtain.

Mr. GEORGE. I probably have misunderstood it; but I assumed that as to corn, rice, wheat, cotton, and tobacco the debenture applies without any discretion upon the part of the Farm Board, because the Secretary of the Treasury himself was required to issue the debentures; but with respect to all other commodities the Farm Board had first to find certain facts. By amendment, however, I have the impression that all commodities are now considered in the same class.

Mr. McNARY. Unquestionably. The term "agricultural commodities" is used in the generic sense; and the board

can invoke any of these plans provided they find four conditions existing among the producers:

First. There must be a surplus.

Second. The cost of production must exceed the price for which the product can be sold.

Third. That the present marketing act does not permit them to handle the situation.

Fourth. That the product lends itself to operation under this bill.

So that it applies to any agricultural commodity; but the board can not invoke the provisions of this bill until these findings are made, and they might never be made.

That answers the Senator's question; does it not?

Mr. GEORGE. Perhaps I understand it somewhat better, but as I did understand it, I thought that these particular commodities, corn, rice, wheat, cotton, and tobacco, were declared to be debenturable commodities.

Mr. McNARY. That is true, but the objection was made that it was not sufficiently general to take in any agricultural commodities. As originally introduced, it was limited to wheat, corn, rice, and cotton, but producers of other commodities found themselves suffering from the distress of a surplus and decided they wanted to come under the benefit of the act, so it applies generally to all agricultural commodities.

Mr. GEORGE. I think I understand it, but let me ask this one additional question. If the four findings indicated on pages 1, 2, and 3, down to Title I of the bill are made by the board, it will still be necessary for the board to declare that a particular commodity is a debenturable commodity and to put the debenture plan into operation as to that commodity.

Mr. McNARY. Yes.

Mr. GEORGE. And that is true whether it be corn or potatoes, for instance?

Mr. McNARY. Yes.

Mr. THOMAS of Oklahoma. Mr. President, at this point I think there should be printed in the RECORD a copy of a letter which has been received by Members of Congress. It is a letter explaining this bill and, of course, the three individual parts of the bill, the debenture proposal, the equalization-fee plan, and the allotment plan. I submit this letter for the RECORD.

Mr. MOSES. Who is the author, may I ask?

Mr. THOMAS of Oklahoma. The letter is signed by Fred Brenckman, of the National Grange; John A. Simpson, of the Farmers' Union; and Edward A. O'Neal, of the American Farm Bureau Federation.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE NATIONAL GRANGE—THE FARMERS' EDUCATIONAL AND COOPERATIVE UNION—THE AMERICAN FARM BUREAU FEDERATION

To the Congress:

A vote on S. 4536, by Senator McNARY, and H. R. 11866, by Congressman FULMER, has been promised representatives of the national farm organizations by leaders of both political parties before adjournment. This bill amends the agricultural marketing act to secure cost of production for the portions of farm products consumed in the domestic markets by using the equalization fee, the debenture, or the allotment plan, or combinations thereof. This measure does not require additional appropriations to make it effective. It gives the Federal Farm Board the option of using any one of the three plans named above, but requires the board to keep the cost of producing farm crops in mind as the goal to be attained relative to prices.

It is now recognized by the farm organizations that no one plan of surplus control can be effective under all conditions which might develop. Accordingly different methods should be supplied the administrative authorities so that every possible chance will be given to grapple with and control the surplus of any commodity at any time.

It is not unusual for Congress to give alternative plans of operation for use in administering important laws which have been enacted, so, in the present instance, if in controlling and disposing of surpluses any one of three plans, or combination thereof, is available for use the certainty of adequately disposing of the surplus is increased.

The equalization-fee plan gets its fund with which to operate upon the surplus from the commodities themselves; the debenture plan issues debenture certificates to exporters of farm commodities in the amounts designated in this measure, or ordinarily half the tariff rates in effect; the allotment plan segregates a product into two parts—first, that to be consumed in the domestic market; and second, that to go abroad.

The plans are very similar in many regards, a few of which are:

(a) They operate automatically to control, regulate, and limit production;

(b) They do not require, or even permit, Federal authority giving a mandate to a farmer how much to produce or to sell, or the manner of his production and sale;

(c) They require no bookkeeping as between the Federal Government on the one hand and the individual farmer on the other;

(d) They are based on making the tariff effective for all farm crops;

(e) They recognize that there shall be a domestic price for the domestic consumption of farm crops and a foreign price for the exportable surplus;

(f) They give farm organizations more complete control over the marketing of farm products;

(g) They recognize cost of production as an indicator of what farm prices should be;

(h) They permit the sale of the complete crop raised by any farmer;

(i) They prevent importation into the United States of agricultural products, or substitutes therefor, the importation of which during a marketing period would destroy the effectiveness of the operation of either one or all of these plans.

Congress has not enacted any measure dealing fundamentally with the agricultural situation this session. It would surely be unwise for adjournment to be taken with no definite recognition given to the farm problem. This bill has the unqualified and unreserved support of the three national farm organizations.

Very respectfully,

FRED BRENCKMAN,
The National Grange.
JOHN A. SIMPSON,
The Farmers Union.
EDW. A. O'NEIL,
The American Farm Bureau Federation.

Mr. THOMAS of Oklahoma. Mr. President, I call the attention of Members of the Senate on the other side of the aisle to a news article appearing in to-night's paper. It is as follows:

DRIVE FOR FARM-AID DECLARATION OPENED—PLANK CONTAINING MARKET ACT O. K.—EQUALIZATION FEE AND TARIFF PARITY FORECAST

CHICAGO, June 13.—American agriculture's advance guard at the scene of the Republican National Convention is striving to meet the party platform committee with a united front on farm relief.

The farm groups, variously urging the equalization fee, the debenture plan, and the allotment plan, were spurred on toward unity by realization of the possibility the prohibition issue will take so much of the attention of the platform makers that the appeal of agriculture must be made brief, pointed, and effective.

No farmers' demonstrations were planned.

It seemed certain to platform architects that the farm-relief plank of the party would contain three points: A general indorsement of the agricultural marketing act policy which will admit of amendments to meet present conditions, a stand favoring equalization of taxation to reduce the farmer's burden, and a pledge to extend to farm products tariff protection on a parity with that given manufactured products.

Mr. President, if this news item has the foundation which I always accord to the Associated Press dispatches, I am justified in the conclusion that representatives of the three farm organizations are now in Chicago making a demand of the platform writers at the Republican convention that the Republican platform declare in favor of the identical bill now pending. What the platform committee will do, of course, I can not foretell.

I will also say that when the Democratic convention meets the same representatives of the farm organizations will be at that convention with a similar demand, and while no one can tell, I prophesy that each of the platforms will declare in favor of the enactment of a bill identical in principle with the bill now pending before the Senate. There is no other plan proposed, there is no other bill pending, and no self-assumed or admitted statesman has any plan for the benefit of agriculture other than the plan and bill sponsored by the three national farm organizations. In the absence of any plan from those to whom they have looked for years for aid, it occurs to me that the least Congress can do is to give these three farm organizations their remedy.

Mr. KING. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. KING. I am afraid the able Senator from Oklahoma has forgotten that we had farm relief. When Congress was called into special session after Mr. Hoover's election, he submitted to us his plan, namely, the formation of the Farm Board. It was to accomplish miracles. Those of us who

have had the temerity to criticize it have been remonstrated with, and it has been said that it will accomplish and will continue to accomplish great good and alleviate the sorrows and the burdens and the sufferings of the farmers. I am afraid that my distinguished friend fails to appreciate the great and glorious measure, which through the genius and statesmanship of Mr. Hoover has been crystallized into law and placed on the statute books.

Mr. THOMAS of Oklahoma. I appreciate the suggestion of the distinguished Senator from Utah [Mr. KING], and I now propound to him the following inquiry: What plan has the distinguished Senator from Utah for the relief of the farmer?

Mr. KING. Mr. President, I do not profess to be an expert on farm relief; I understand my friend from Oklahoma does, and I ask him what plan he has to submit for farm relief, other than this medley before us, this composite, three-headed provision which we have before us?

Mr. THOMAS of Oklahoma. Mr. President, I am free to say that if I had my way, I would pump into the circulation of the country a very large increase of money, on the theory that more money makes cheaper money, and as money comes down, commodity prices go up.

All admit that there is no possible relief for the country until commodity prices are increased; and it is my conviction that unless something can be done to accomplish that result, through the coinage of silver, or through a new discovery of gold, or through a liberal increase of paper money in circulation, probably no other relief will be possible.

Mr. KING. Mr. President, will the Senator yield again?

Mr. THOMAS of Oklahoma. I yield.

Mr. KING. The Senator may have observed in the papers this morning that the very able Secretary of the Treasury, Ogden Mills, has gone to Chicago to lead the advance guard in favor of Mr. Hoover, and that it is reported that they have declared that nothing shall be said looking to what they denominate "inflation," that we are to affirm our faith in the gold standard as the only remedy by which we may be extricated from our dilemma, and that nothing is to be said about silver, its remonetization, its use for primary basic purposes, or any increase whatever in the metallic basis upon which the currencies and credits of the country are to rest.

So, I think my friend, if he looks to the Republican Party as being for a platform declaration in favor of a liberalization of the fiscal policy, will be doomed to disappointment; but knowing that he does not accept anything at the hands of the Republican Party, I am sure that he will look with anticipation on something being done at the Democratic convention.

Mr. THOMAS of Oklahoma. Mr. President, I am free to say that I am not following Mr. Mills, because his statements are so universally synonymous with error and mistake that I could not follow him anywhere.

Mr. MOSES. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. MOSES. It has interested me very greatly to have these Democratic authorities telling what is going to be in the Republican platform.

Mr. THOMAS of Oklahoma. I admit that it will not make much difference what is in the Republican platform.

Mr. MOSES. Possibly to-morrow I may take advantage of the situation to air my views as to what is going to be in the Democratic platform. I can assure the Senator that I can speak with quite as much authority as any of these distinguished Democrats who are telling what will be in the Republican platform.

Mr. THOMAS of Oklahoma. The Senator is such a good prognosticator that I would be glad to yield to him now to tell us what will be in the Democratic platform.

Mr. MOSES. I should have to reflect on that subject, and undoubtedly sleep on it, before I could deal adequately with it.

Mr. GEORGE. Mr. President, the Senator from Oklahoma has been quizzing Senators who have objected to this bill with reference to their farm programs. I want to ask the Senator from Oklahoma whether he has any assurance whatever that the present administration will now approve either the equalization-fee principle or the debenture plan, and in that connection I want to remind him that the two main features of this bill have been on at least one or two occasions vetoed by a Republican president, and I have understood that it was on the advice of the present President, who was then Secretary of Commerce.

Mr. THOMAS of Oklahoma. Mr. President, if the Republican convention at Chicago should declare in its platform in favor of this identical bill, and if the present Chief Executive is renominated and chooses to stand on that platform, I am constrained to believe that in the event Congress sent him this bill, he would approve it.

Mr. GEORGE. Mr. President, I think the Senator has offered the farmers of this country very little hope of any farm legislation, when he must know that Republican administrations have repeatedly disapproved the equalization-fee principle and the debenture plan, both of which are included in this bill. I dare say that the Senator from Oklahoma himself could not warmly and enthusiastically indorse the allotment plan as it is worked out in this bill, to say the least of it.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. THOMAS of Oklahoma. The allotment plan in this bill simply sets forth a principle—that the farmers are entitled to the cost of production. Is the Senator from Georgia against that principle?

Mr. GEORGE. Certainly not.

Mr. THOMAS of Oklahoma. There is no other bill, so far as I know, that has been brought before the Congress, or will be brought before the Congress, for the relief of agriculture, and in the absence of the Congress having a plan for the benefit of the farmer, why not accept the bill proposed by the farm organizations and give it a trial? It can be no worse than the failures heretofore made by the Congress.

Mr. GEORGE. Mr. President, I think one of the chief troubles of agriculture is that it has been given a lot of unsound legislation on trial, and here we are proposing something for the relief of agriculture which has been repeatedly disapproved by Republican administrations, and there has been no change of heart, so far as I know, upon the part of the present President with regard to the equalization-fee principle or the export-debenture plan.

I heartily agree that the farmer ought to have cost of production, and he ought to have profit beyond that; but I can see no good on earth in merely repeating some perfectly unobjectionable declaration of that sort when there is nothing offered in this bill which would possibly get by the President which would give the farmer a chance to enjoy the cost of production, much less any profit upon his product. In this bill the promise is meaningless.

I want to say to the Senator that I do not think the farmer will get relief unless we have the courage to say that we are through with impossible and useless nostrums. If we are not going to do more than repeat fiction about putting agriculture on an equality with industry, and about giving the farmer cost of production, first, plus a profit, if that is the extent of our capacity to serve him, then agriculture is not going to improve.

The President called the Congress in extraordinary session and offered the farm marketing act and revision of the tariff. The tariff did nothing but accentuate and aggravate the difficulties under which the farmer was then living. It has improved his condition not one whit. The farm marketing act I dare say has been of little benefit to the farmer. I do not say it has been of no benefit, but it has been of very little benefit to the farmer.

The equalization-fee principle, the debenture plan, and the allotment principle as written in this bill present a tariff proposal affecting the revenue, originating in the Senate—a waste of time.

The VICE PRESIDENT. The hour of 7 o'clock having arrived, the unanimous-consent agreement heretofore entered into becomes effective.

Mr. MOSES. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MOSES. May I ask what was the last amendment pending?

The VICE PRESIDENT. There is no amendment pending.

Mr. MOSES. May I ask the next amendment on the farm bill?

The VICE PRESIDENT. The Chair is advised that the last amendment was agreed to and there is no amendment pending.

Mr. MOSES. In other words, all the committee amendments have been disposed of?

The VICE PRESIDENT. There are other amendments that have not yet been offered. They are on the table. The committee amendments have all been agreed to.

Mr. KING. Mr. President, my recollection is that the amendment offered on page 13 was not agreed to. Pending the consideration of it a colloquy ensued between a number of Senators and there was no agreement.

The VICE PRESIDENT. The Chair is advised that it was agreed to, but the RECORD will show the fact.

Mr. MOSES. It was my understanding that the amendment on page 13 had not been agreed to.

The VICE PRESIDENT. The present occupant of the chair was not here when the amendment was being considered. He was advised by the clerks that it had been agreed to.

Mr. KING. I had intended to make inquiry in regard to subsection (a) and what implications were to follow from the language, and I was waiting an opportunity to interrogate the Senator from Nebraska [Mr. HOWELL]. If the Senate agreed to the amendment it was, I think, without some of us knowing it.

Mr. McNARY. Mr. President, may I ask unanimous consent that in the morning when we take up the unfinished business we shall revert to the amendment suggested by the Senator from Utah.

Mr. KING. May I inquire of the Senator from Oregon if it is his purpose to take up this bill to-morrow? I understood that the Senator from Virginia [Mr. GLASS] intended to call up the banking bill for consideration.

Mr. McNARY. In answer to the Senator from Utah I will state that it is my purpose to proceed with the farm bill so long as it is the unfinished business. I know nothing about what is in the mind of the Senator from Virginia.

DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Navy, transmitting, pursuant to law, lists of useless papers in the files of the Navy Department which are no longer needed in the transaction of public business and have no permanent value or historical interest, and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. HALE and Mr. TRAMMELL members of the committee on the part of the Senate.

PHILIPPINE INDEPENDENCE

The VICE PRESIDENT. The Chair lays before the Senate the Philippine independence bill which, under the unanimous-consent agreement heretofore entered into, was to be taken up at this hour.

The Senate proceeded to consider the bill (H. R. 7233) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, which had been reported from the Committee on Territories and Insular Affairs with an amendment to strike out all after the enacting clause and insert a substitute.

Mr. McNARY. Mr. President, inasmuch as we have reached the hour of the special order, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Davis	Kean	Reed
Bankhead	Dill	Keyes	Robinson, Ark.
Barbour	Frazier	King	Robinson, Ind.
Bratton	George	Lewis	Schall
Brookhart	Goldsborough	Logan	Sheppard
Broussard	Gore	McKellar	Shortridge
Bulow	Hale	McNary	Steiwer
Byrnes	Harrison	Metcalf	Thomas, Idaho
Capper	Hastings	Moses	Thomas, Okla.
Cohen	Hawes	Neely	Townsend
Connally	Hayden	Norbeck	Trammell
Copeland	Howell	Nye	Vandenberg
Costigan	Hull	Oddie	Walsh, Mont.
Cutting	Johnson	Patterson	Watson
Dale	Jones	Pittman	White

The VICE PRESIDENT. Sixty Senators have answered to their names. A quorum is present. The bill is open to amendment.

Mr. CUTTING. Mr. President, owing to the lateness of the hour and the parliamentary situation, I intend to take very little time in making a preliminary statement with reference to the bill. The bill, however, is of sufficient importance to deserve a brief outline of the principles which actuated the committee and of the results which the committee achieved.

The first section to which I desire to call attention is the last section of the bill, section 13, under which the act does not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature. In other words, the first action under the bill is an action which must be taken by the Philippine legislature. Until they ratify by their act the bill passed by Congress, no further step will be taken.

The next action in point of time is that defined in sections 1 to 4 of the bill under which the Philippine Legislature is to provide for the election of delegates to a constitutional convention, which shall draft a constitution.

Section 2 contains various mandatory provisions which that constitution must include. Under section 3 the President of the United States must determine whether or not the constitution adopted conforms with the provisions of section 2.

Section 4 provides that, after the President of the United States has certified that the constitution conforms with the provisions of this bill, it is to be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within four months after the date of such certification.

Sections 5 and 6 deal with the transfer of property and rights to the Philippine Commonwealth and with the relations of that Commonwealth with the United States pending complete independence.

Under section 6, which is the section dealing with trade limitations and tariffs, it is provided that during the first 10 years the free importation of certain Philippine products into the United States shall not exceed specified limits. This deals in particular with sugar, with coconut oil, and with cordage. The period of probation is to last 15 years. During the first 10 years this system of limitation is to be enforced. After the tenth year a graduated tariff is provided. During the eleventh year it will be 5 per cent, during the twelfth year 10 per cent, during the thirteenth year 15 per cent, during the fourteenth year 20 per cent, and thereafter 25 per cent of the rates on commodities which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

I use the word "tariff" merely in a rough sense. Actually this is not a tariff but an export tax. The proceeds of the tax are to be placed in a sinking fund for the benefit of the Commonwealth of the Philippine Islands and applied to the payment of the principal and the interest of the bonded indebtedness of the islands. It has been figured that if the inhabitants of the Philippines should at the end of the period decide for independence their bonded indebtedness would have been entirely wiped out and that they

would start on their independent career probably more stable economically than any other government in existence.

It is provided in section 8 that pending independence Philippine immigration to the United States shall be limited to a minimum annual quota of 100.

Section 7 deals with the relations between the United States Government, which is to be represented by a high commissioner, and the government of the commonwealth of the Philippine Islands.

I am not going into detail as to any of these provisions, because they will undoubtedly require discussion as the individual sections come up, and there will probably be amendments presented to some of them. I am merely trying to outline the main features of the measure.

Section 9 is the section which is the basis of this whole bill. It provides that at any time after the expiration of the fifteenth year and before the expiration of the seventeenth year the people of the Philippines shall take a vote on the question of Philippine independence. If a majority favor independence, they will automatically attain the status of a foreign nation. There are certain provisos with which at the moment I shall not trouble the Senate. If, on the other hand, a majority of the votes cast are against Philippine independence, the chief executive of the commonwealth of the Philippine Islands shall so report to Congress for their action, but, unless Congress otherwise provides, the Philippine Islands shall revert to the status established by this act for the first 10 years after the inauguration of the government of the commonwealth of the Philippine Islands; that is to say, they will revert to the status of limitation on certain articles of export.

Mr. KING. Mr. President, will the Senator from New Mexico permit an inquiry?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Utah?

Mr. CUTTING. I yield with pleasure.

Mr. KING. Assuming that the Filipinos do not vote in favor of independence, will the status of the government as provided for in this bill change at the time of the expiration of that period; that is to say, will they maintain the government which is contemplated shall be set up under the name of a Philippine Commonwealth?

Mr. CUTTING. Yes; unless Congress shall otherwise provide.

Mr. KING. Then, of course, it would be in the power of Congress to supersede any legislation and to give to them such form of government as it desired?

Mr. CUTTING. I think that is absolutely true.

Mr. President, this bill is the product of a good deal of work on the part of a good many Members of this body. It represents a certain definite theory. I do not, of course, mean by that that the Senate must take it or leave it as a whole; there are many details in it which, of course, the Senate may in its wisdom see fit to change; but the bill does rest on one consistent theory. It should not be modified, for instance, merely by changing the number of years involved in the different brackets. If the Senate desires to give the Philippines immediate independence, it should adopt the substitute plan provided by the Senator from Utah [Mr. KING]. If, on the other hand, the Senate prefers the carefully thought out plan of the Senator from Michigan [Mr. VANDENBERG], it should adopt it as a whole, with such incidental modifications in detail as may seem wise.

With the exception of those two Senators, the committee was pretty much of one mind as to the kind of bill which it desired to report; and while, like most pieces of legislation, the pending measure represents a compromise to some extent between different schools of thought, it is a compromise which seemed to a well-nigh unanimous committee the best way of meeting the difficulties which it had to face.

Mr. KING. Mr. President, will the Senator from New Mexico suffer a further interruption?

The VICE PRESIDENT. Does the Senator from New Mexico yield further to the Senator from Utah?

Mr. CUTTING. I yield.

Mr. KING. While I have no right to inquire as to the reasons which prompt Senators to modify views formerly expressed, either orally or in writing, I was wondering what basic reasons there were for changing this bill as it now comes from the committee from the form in which it was offered by the able Senator from New Mexico and the Senator from Missouri which provided, as I recall, for a 5-year period of tutelage at the expiration of which time the Filipinos would have their independence?

Mr. CUTTING. I can say, for my own part, that at the time I introduced this measure, together with the able Senator from Missouri, I believed that five years would be long enough to meet the situation. After listening to evidence from a numerous body of witnesses who appeared before the committee I became convinced that in five years the trade relations between the two countries could not be modified to the satisfaction of either side. It will require a very great change in the economic system of the Philippines. I doubt very seriously whether such a change can be accomplished in less than 15 years.

This bill, as the Senator from Utah knows, provides, first, 10 years during which the Filipinos know that the change is going to be made. They can restrict their sugar crop, and some of their other industries, so as to fit themselves for the gradual raising of the tariff during the last five years.

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Nevada?

Mr. CUTTING. I yield to the Senator from Nevada.

Mr. PITTMAN. May I call the attention of the Senator from New Mexico to the fact that there is another restraint placed on the Filipinos during that first 10 years, and that is that any increase in other products over and above the quota that may come in now will have to find a market outside the United States or be subject to the tariff laws of the United States.

Mr. CUTTING. Yes; that is quite true. I did not speak of that simply because I thought that question would come up when we discussed the trade limitation and tariff provisions.

Mr. President, I feel myself under a certain handicap in talking about this bill because, unlike so many other members of the committee, I have never had the privilege of visiting the Philippine Islands. I hope the Senator from Missouri and the Senator from Nevada will go into the bill in more detail than I intend to do. What little I want to say this evening is something which seems to me to be based on the fundamental justice of the case rather than on any details; and I think in most of what I am going to say I shall probably find myself in agreement both with the Senator from Utah and the Senator from Michigan.

May I remind the Senate that in President McKinley's instructions to the first Philippine Commission on January 20, 1899, he expressed the hope that the commissioners would be received as bearers of the "blessings of a liberating rather than a conquering nation"?

In his message to Congress in the same year he said:

> The Philippines are ours, not to exploit, but to develop, to civilize, to educate, to train in the science of self-government.

Doctor Schurman, the president of the first Philippine Commission, at the said time said that the American policy meant "ever-increasing liberty and self-government."

And he added:

> It is the nature of such continuously expanding liberty to issue in independence.

Mr. Taft, as Secretary of War, in April, 1904, said:

> When they [the Filipinos] have learned the principles of successful popular self-government from a gradually enlarged experience therein, we can discuss the question whether independence is what they desire and grant it, or whether they prefer the retention of a closer association with the country which by its guidance has unselfishly led them on to better conditions.

In other words, as far back as 1904 the fundamental issue was whether the Filipino people should choose independence or choose to remain under the American flag.

In 1907 Mr. Taft said:

As the policy of extending control continues it must logically reduce and finally end the sovereignty of the United States in the islands, unless it shall seem wise to the American and the Filipino peoples, on account of mutually beneficial trade relations and possible advantages to the islands in their foreign relations, that the bond shall not be completely severed.

In 1908 President Roosevelt, in his message to Congress, stated:

I trust that within a generation the time will arrive when the Filipinos can decide for themselves whether it is well for them to become independent or to continue under the protection of a strong and disinterested power.

Again the choice was to be left to the people of the Philippines.

President Wilson on October 6, 1913, said:

We regard ourselves as trustees acting not for the advantage of the United States but for the benefit of the people of the Philippine Islands.

In 1916, as Members of the Senate are aware, the Congress of the United States took the first step toward carrying out these pledges. The Congress passed the so-called Jones law in February, 1916. I should like to read the preamble of that law:

Whereas it was never the intention of the people of the United States in the incipiency of the war with Spain to make it a war of conquest of for territorial aggrandizement; and

Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence—

Mark the next clause—

as soon as a stable government can be established herein; and

Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without in the meantime impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence.

So ends the preamble to the Jones law.

Now I want to say just a word about this phrase "as soon as a stable government can be established therein."

Many people who oppose Philippine independence say that the American promise referred to some rather vague period in the future, when the Filipinos might show "sufficient capacity," or "ability to govern themselves properly," or "ability to maintain their own economic independence." Those are not the phrases under which the preamble of the Jones Act pledged them their freedom. That preamble provides for "a stable government," and this phrase has a very definite meaning in American international law.

I shall not discuss the early cases when the South American Republics were recognized, or the meaning given to the phrase by President Jackson; but I should like to call to the attention of the Senate a message to Congress by President Grant in 1875 when he was asked to recognize the independence of the Cubans. In his message he said that he could not do so until the Cuban people had set up a government possessed of the elements of stability. He used these words:

Where a considerable body of people who have attempted to free themselves of the control of the superior government have reached such point in occupation of territory, in power, and in general organization as to constitute in fact a body politic, having a government in substance as well as in name, possessed of the elements of stability and equipped with the machinery for the administration of internal policy in the execution of its laws, prepared and able to administer justice at home as well as in its dealings with other powers, it is within the province of those other powers to recognize its existence as a new and independent nation.

And thereupon he went on to be more specific:

There must be a people occupying a known territory, united under some known and defined form of government, acknowledged by those subject thereto, in which the functions of government are administered by usual methods, competent to mete out justice to citizens and strangers, to afford remedies for public and for private wrongs, and able to assume the correlative international obligations and capable of performing the corresponding international duties resulting from its acquisition of the rights of sovereignty.

In his message to Congress of April 11, 1898, President McKinley made an even clearer statement of what the United States considered a stable government to be. He said:

I ask the Congress to authorize and empower the President to take measures to secure a full and final termination of hostilities between the Government of Spain and the people of Cuba, and to secure in the island the establishment of a stable government capable of maintaining order and observing its international obligations.

Those, according to President McKinley, are the two fundamental elements which constitute a stable government.

That doctrine has been followed almost without exception, not only by our own statesmen, but by those in foreign countries, and notably in recent years by the League of Nations in their decisions as to whether or not a particular country had already formed a stable government.

There is one limitation in our own history when Secretary Root, in defining what was meant by "a stable, orderly, and free government," with regard to the constitution of Cuba, said:

It is plain that the government to which we were thus to transfer our temporary obligations, should be a government based upon the peaceful suffrages of the people of Cuba, representing the entire people and holding their power from the people, and subject to the limitations and safeguards which the experience of constitutional government has shown to be necessary to the preservation of individual rights.

In other words, Secretary Root took the position that a stable government was not only a government capable of maintaining order and observing its international obligations, but also one based upon the peaceful suffrages of the people, and subject to the limitations which experience has shown to be necessary to the preservation of individual rights.

Whether those words of Secretary Root should be added to the usual definition of a stable government or not, the fact remains that the present government of the Philippine Islands carries out the provisions laid down in either doctrine.

According to the definition of the international legal experts of the League of Nations, a de facto government is one which has the support of the people. A further definition, under which Austria was declared to be a stable government, was that she had expressed her desire to observe her international obligations and had given proof of this by her conduct.

An extreme example of this sort of thing was the recognition of the stability of the Government of Albania at a time when her frontiers were not defined and when she was still occupied by foreign troops.

I think that has made it clear that "stable government" means:

First, ability to maintain order.

Second, ability to observe international obligations.

Even if we accept the additions made by Mr. Root in his instructions on the Cuban situation we meet a situation in which the Philippine government is obviously a stable one.

In 1919 Governor General Harrison accordingly reported that there was already in the Philippine Islands the stable government demanded by Congress, namely, "a government elected by the suffrages of the people, which is supported by the people, which is capable of maintaining order and of fulfilling its international obligations."

President Wilson, in his farewell message to Congress, officially certified that the Filipino people had already performed the condition imposed upon them as a prerequisite to independence. He said:

Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of the Congress in their behalf, and have thus fulfilled the condition set by the Congress as precedent to a consideration of granting independence to the islands. I respectfully submit that this condition precedent having

been fulfilled, it is now our liberty and our duty to keep our promise to the people of those islands by granting them the independence which they so honorably covet.

I should also like to quote what the most distinguished antagonist of Mr. Wilson had to say at about the same time. Theodore Roosevelt said, in the same connection:

The islands should at an early moment be given their independence without any guaranty whatever by us and without our retaining any foothold in them.

A new doctrine has recently been elaborated by the Secretary of War. In a letter to Senator Bingham, chairman of the Committee on Territories and Insular Affairs, Secretary Hurley wrote this sentence:

An examination of the record leads to the conclusion that no commitment, legal or moral, exists as regards immediate independence, or independence within any specific period of years.

So far, I think probably most of us would agree with the Secretary; but he then goes on to say:

And no commitment as regards ultimate independence has been found which appears to be more binding that the correlative obligation for the continuation of American sovereignty over the Philippine Islands until the trust which has been assumed in behalf of the Philippine people as a whole can honorably be terminated when they are adequately prepared to fully assume the responsibilities of complete independence.

In other words, according to this theory, the promise which we made that we would give them their independence when a certain definite date of history had been reached—namely, when they succeeded in establishing a stable government—is not of any greater importance than the duty which we, in our own conscience, feel that we should assume to stay there until we think that we ought to go.

I can not believe that the United States Senate will agree to any such doctrine.

It is a little difficult to know on just what grounds the Secretary of War maintains that theory.

In his testimony before the Senate Committee on Territories and Insular Affairs, he said:

Until the Filipino people shall have made greater progress toward economic independence, political independence would merely invite chaos and revolution. All the measures necessary for the attainment of economic independence can not be determined in advance.

In other words, apparently the "stable government" which was the condition of independence, includes economic stability—a thing which very few nations, if any, have attained.

On an objection made by Senator PITTMAN, the Secretary said:

I still contend that they have not shown, to me at least, a plan whereby the government of the Philippine Islands is to survive economically after independence.

On page 30 of the hearings, in a rather lengthy argument, he states that—

Consideration of economic factors alone demonstrates that the Philippine Islands are not yet prepared for independence.

On page 120 of the hearings, in reply to a question of mine as to the definiteness of our promise, the Secretary says:

We did promise the Philippine people ultimate independence.

I should like to read a few words from the testimony at this point:

Senator CUTTING. * * * Now, if you will pardon me for saying so, our obligation under the Jones Act was not to recognize their ultimate independence, but their independence as soon as a stable government can be established therein.

Secretary HURLEY. Yes. Let me ask you a question. Do you believe that a stable government can exist, based on appointed representatives of the people instead of elected representatives?

Senator CUTTING. I will say this to you, Mr. Secretary: A stable government has been defined repeatedly in international law and over and over again by American precedents. It always means a government which can maintain law and order and can fulfill its international obligations. You do not include in the idea of a stable government the idea of economic stability, do you?

Senator KING. We are not very stable here in the United States right now economically.

Whereupon Secretary Hurley took the occasion to make some remarks about the present condition of the United States which I do not think it is necessary to read at the present time.

Senator CUTTING. Well, you would not go so far as to say that any country in the world to-day was economically independent, even our own?

Secretary HURLEY. Well, of course, I would not.

Later on, apparently throwing aside his own definition of a stable government as including economic stability, and further throwing aside the clear provisions laid down by President Grant and President McKinley, Secretary Hurley stated:

There is no question about the definition of a stable government. It is a government that can exist.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from New Mexico yield to the Senator from Nevada?

Mr. CUTTING. I yield.

Mr. PITTMAN. In connection with Secretary Hurley's testimony, as the Senator has just stated, most of his objections were based upon a doubt as to the economic stability of the future government, rather than the political stability.

Mr. CUTTING. That is true.

Mr. PITTMAN. It was for that reason that the committee, in preparing this bill, went to a period further in the future for ultimate independence than some of us believed probably was advisable in the start, and, as the Senator has stated, under the plan of this bill, the export taxes which the Philippines will charge on their exports to the United States during the period of five years between the 10-year period and the 15-year period will place them, at the time of independence, without any debts whatever. Is not that true?

Mr. CUTTING. That is quite correct. May I say that I see no reason, even under the testimony of Secretary Hurley, why he should be opposed to the bill which is now before the Senate, because it seems to me to comply with the conditions which he laid down, as far as they were made clear to me, or to other members of the committee.

Mr. President, I intend to say nothing about the questions involving the interests of citizens of this country, although we had lengthy testimony by representatives of labor, by representatives of the farmer, and by representatives of various business interests, recommending the kind of a bill which should be passed. I say nothing about these questions because, important though they are, I think that the first note which must be struck in any discussion of Philippine independence is that we are bound as a nation to keep our pledges made to the Philippine people in the face of the world, and that that obligation is paramount to anything else which this bill contemplates.

I want to say further that, even if we had never made any promise to the Philippine people, I should still insist that it is illogical and improper for any government which professes to be based on the theory that all men are created equal to hold in subjection any people against their will. I take the ground which was taken by President McKinley and President Roosevelt and President Taft, that the question is for the Philippine people to decide, and for that reason I attach particular weight to the section of this bill dealing with the plebiscite. It seems to me that that is the fundamental section in this bill.

There, of course, is where I differ from my distinguished friend, the Senator from Utah. He believes that we owe the people of the Philippines immediate independence. I do not wish to speak for him, because I know that in due time he will make his position known in his usual forceful way. All I shall say now is this: That it seems to me that the promise we have made the Filipinos to give them independence at least implies that they themselves desire independence.

Mr. COSTIGAN. Mr. President, because of my necessary and regretted absence from the Senate during part of the discussion I am not advised concerning the entire argument. The able Senator has referred to the promise of the United

States to give independence to the Philippine Islands. Has the Senator incorporated that promise in the RECORD?

Mr. CUTTING. Yes; I have done so.

Mr. KING. Mr. President, will the Senator yield?

Mr. CUTTING. I yield.

Mr. KING. The Senator is substantially accurate in attributing to me a desire for the immediate independence of the Filipinos. May I say, however, that the measure which I offered at the last session of Congress, and at the preceding session, and at this session, would have required perhaps two years or more for the necessary mechanics to have been complied with which would eventuate in independence.

Mr. CUTTING. I appreciate that, Mr. President.

Mr. KING. I am tendering two or three brief amendments to the bill which I have heretofore offered, under the terms of which, if adopted, independence would not come for about 42 months, so that there would be a period of approximately four years in which the Filipinos could rearrange and readjust the economic and political conditions, and be ready, at the expiration of the period just indicated, to push out into the great international sea.

Mr. CUTTING. I understand that. In using the term "immediate" in reference to the Senator's bill, I used it merely in a relative way, as compared with the bill which is now before the Senate. I do not think that the time fixed by the Senator is sufficiently long, but that, of course, is a question on which the Senate will have to make up its own mind.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. CUTTING. I yield.

Mr. ROBINSON of Arkansas. The Senator from New Mexico has referred to the plebiscite. May I ask whether the pending bill defines the qualifications of electors who will be entitled to participate in that plebiscite?

Mr. CUTTING. It does not specifically define them, but I assume that they would be the same qualifications which are provided at present for electors in the islands, or which would be provided by the temporary constitution, which will be adopted almost immediately after this measure shall go into effect.

Mr. ROBINSON of Arkansas. There is no attempt in the bill to provide for supervision on the part of the United States of the election?

Mr. CUTTING. No. The Senator will understand that during the 15 preceding years the Philippines will practically be governing themselves, subject to certain provisos which are laid down, and which authorize the high commissioner to interfere if he chooses to do so.

Mr. ROBINSON of Arkansas. I take it that the details of the plebiscite will be determined by the Philippine legislative assembly?

Mr. CUTTING. Exactly.

Mr. KING. Mr. President, will the Senator yield?

Mr. CUTTING. I yield.

Mr. KING. I was about to observe that there are now a million and perhaps a hundred thousand qualified voters in the Philippine Islands. The qualifications are determined by the legislature. Women are denied the right of suffrage up to the present moment. As I read the bill, of which the Senator is one of the coauthors, it provides that the legislature shall determine the qualifications of electors and provide who shall vote. I presume they will continue the present qualifications, unless they shall elaborate them, and give the suffrage ultimately to women. That is for them to decide.

Mr. CUTTING. At any rate, there are no strings on them as far as this act is concerned.

Mr. KING. No.

Mr. CUTTING. I think I have said about all I care to say on this subject. I feel sure other details of the bill will be discussed ably by other Senators who have taken an active part in the drawing up of this legislation.

All I wish to say in conclusion is this, that to my mind everything else is secondary to the question of giving the Filipinos a chance to decide for themselves. I would not do anything to drive from under our flag any people who wanted to stay there. On the other hand, I do not believe in keeping under our flag any people who prefer to go it alone.

The period of time fixed in the bill will allow the Filipinos a chance to create a new economic system suitable for the new conditions under which they will have to exist after independence. After five years of experience I feel that they will be in a better position than they are now to decide whether or not independence is the course best adapted to their own national welfare.

Mr. HAWES. Mr. President, the Senate has before it a very unusual collection of information on the subject of Philippine independence. In 1930 the Committee on Territories and Insular Affairs of the Senate, after long and tedious hearings, reported to the Senate a bill for the independence of the Philippines. This year the House committee, for a period of approximately two weeks, I believe, heard every phase of the subject, and again the Senate committee held long and exhaustive hearings, and at least one thing developed about which there can be no dispute. In the hearings in 1930 and in the hearings before the House committee and the Senate committee this year all witnesses but two agreed, and the reports will show that they thought it was the duty of Congress to settle this question at this session.

There were those who wanted immediate independence, those who wanted independence in 5 years, or 10 years, or 20 years, but without exception all witnesses agreed that the Filipino people could not adjust their business, their political or economic life, nor could the American investor properly protect his interests, until a definite date for the termination of the United States sovereignty should be decided upon.

In that long list of witnesses before the House committee and before the Senate committee there were but two witnesses in disagreement, and they proposed an impossible plan, which, I believe, came from the Bureau of Insular Affairs. Instead of setting a definite date for independence, they recommended that we should try to describe in the law imaginary conditions, which had to be fulfilled before independence could come.

Trying to be accommodating, trying to meet the wishes of everybody, we discussed this question with the legislative counsel of the Senate and House. They said it was an impossible thing to do that, that no such law could be written, and I have been unable to find a lawyer in either the House committee or the Senate committee who thought that it was possible for the Congress of the United States to describe an imaginary condition, and then say that when that imaginary condition had been complied with, independence should be granted. With the exception of those two witnesses during the three hearings every witness said that uncertain relations between the Philippines and the United States are paralyzing the Philippine Islands.

What did the committee do? On the House side all but 2 of a committee of 21 Congressmen, representing 19 States, voted, as I understand it, to report the bill to the House. On the Senate side 15 Senators, having held a second hearing, reported a bill to the Senate. Without exception, on both sides of Congress, they agreed that something should be done. The eloquent champion of immediate independence, whose name is a household word in the Philippines, the junior Senator from Utah [Mr. KING], favored a short period. The distinguished Senator from Michigan [Mr. VANDENBERG], who will to-night present a substitute for the bill proposed by the committee, last year favored a 10-year period and his substitute to-day is for a 20-year period. The Senator from Utah was originally for immediate independence. Since he has thought it over, he favors a three or four year period. I must confess that at the outset I was an advocate of a 5-year period, but certain historical facts and evidence that came before our

committee, and which were conclusive, caused me to change my mind.

The distinguished chairman of the House committee, who is in this Chamber to-night, was an advocate of early independence for the Philippines, but as witness after witness disclosed the fact that the Congress of the United States had created an artificial economic condition for which the Filipino people were not responsible and made it plain that if a period of readjustment was not allowed it would be harmful to the Filipinos and harmful to us, he changed his views and so a bill was reported to the House providing for independence in eight years. But in the House bill the philosophy of the measure, beginning even with its title, is the same as that of the Senate measure. It is expressed in virtually the same language.

One of the exceptions is that it provides for independence in eight years, fixing what both the House committee and the Senate committee called a status quo on importations of Philippine products; that is to say, limiting importations of these products to the present production capacity of these Philippine industries, and applying the tariff on amounts in excess of the limitations specified in the bill. These provisions are also contained in the Senate bill.

The Senate bill allows 5 years of the 15-year interval for the operation of a graduated tariff, the hope being that during this period the Filipino people may, without great detriment, become accustomed to the tariff burden. So that the House bill provides for independence at the end of 8 years, with a limitation on certain Philippine products meantime, while the Senate bill provides for limitation on imports for 10 years and thereafter 5 years of tariff duties.

There is one other difference. We know the attitude of the people on the Pacific coast. The House bill provides for an immediate limitation of Filipino immigration to this country. That was written into the House bill. The Senate bill has a little different provision. The prohibition of Philippine immigration commences under the Senate bill at the time the Filipinos adopt the constitution, so that between the one bill and the other there is a difference of a period of one year. It is true that the distinguished Congressman from California, Mr. WELCH, and others, believed that that one year might be dangerous, that it might be too long. With these exceptions, the bills are very much the same.

Now, what is the opposition? In the House less than 65 out of 435 Representatives do not favor Philippine independence. In the Senate, unless I am very much mistaken, very seriously mistaken, at least 75 Senators favor the independence of the Philippine people. I think there are more; I think that is the minimum. There are some differences of opinion. The very able and distinguished Senator from Michigan [Mr. VANDENBERG] will to-night discuss his substitute. I shall not discuss it now except to say that the Senator's philosophy is one which he held alone. The Senator from Utah [Mr. KING] believes the period preceding independence is too long. The distinguished Senator from New York [Mr. COPELAND], who, I believe favors Philippine independence, because everything in his career indicates his prepossession for freedom and democracy and self-determination, is prevented from arriving at a conclusion because of a constitutional question. So far as I have been able to ascertain, he is the only Senator who contends that Congress does not have the right to give the island people their liberty without a constitutional amendment.

President McKinley 10 days after the treaty had been ratified told the American people:

> The whole subject is now with Congress; and Congress is the voice, the conscience, and the judgment of the American people. Upon their judgment and conscience can we not rely?

In 1924 the question was submitted to the Attorney General, who on April 30 of that year, in a formal opinion on the question, said:

> The Philippine Islands have never been incorporated into the United States as an integral part thereof. They are held as an insular possession, appurtenant to the United States but not incorporated into the United States. (See Downes *v.* Bidwell, 182 U. S. 244, 341–342; Dorr *v.* U. S., 195 U. S. 138.) The Constitution of the United States has never been extended to the Philippine Islands. It has been so extended to the Territory of Alaska by congressional enactment. (Rasmussen *v.* U. S., 197 U. S. 516.)
>
> Under the Constitution of the United States Congress has complete control over Territories. It likewise has such control over insular possessions, and may do with such possession as it may see fit. If Congress deems it expedient to grant complete independence to the people of the Philippine Islands or a limited independence, it may, in my judgment, do so.

More recently a memorandum on the subject, likewise accepting the view that Congress does possess such power, was prepared by the office of the legislative counsel of the United States Senate, and was inserted in the CONGRESSIONAL RECORD of January 29, 1930. Justice Malcolm, of the Supreme Court of the Philippine Islands, in his treatise on Philippine Constitutional Law—page 173—upholds a similar view.

The power of Congress to alienate territory or to give the Philippines their independence may be supported on any one of six grounds: First, because such power is expressly granted to Congress, under the Constitution; second, because the power may be implied from powers expressly granted to Congress; third, because the power resides in Congress by virtue of its resultant powers; fourth, because it is inherent in sovereignty; fifth, because the power exists in the President and in the Senate of the United States by virtue of the treaty-making power; and, sixth, because it resides in Congress as a power implied from the power to pass legislation necessary to carry out treaty commitments.

Since the decision in the insular cases, cited in the opinion of the Attorney General, there has been no serious contention by anyone, except some of the extremists in the opposition, that the Congress did not have power to grant it. All recognized constitutional authorities concede that the inherent right of a sovereign to acquire territory unquestionably includes the right to dispose of it. And until the Philippines are incorporated as a part of the territory of the United States, which the Supreme Court says has not been done, the Congress undoubtedly has the constitutional authority to grant independence.

Judge Elliott has this to say:

> "The Constitution," said Chief Justice Marshall, "confers absolutely on the Government of the Union the powers of making war and of making treaties; consequently, that Government possesses the power of acquiring territory by conquest or by treaty." Under the provisions of the Constitution Congress may either sell the territory which it so acquires, hold and govern it by such rules and regulations as it deems wise to make, or carve it up into numerous States and admit them into the Union. It follows that until new States are created out of the national territorial property and admitted into the Union the Constitution of the United States is not in force in such territory.

We all remember the debates and uncertainty concerning the question of a permament retention of the Philippines which developed in the year 1899. At that time Judge James Bradley Thayer, professor of law at Harvard University, read a paper to which was given a place on the front page of nearly every newspaper in this country, and which was discussed with approval by the public. It may be said that it decided the American mind with regard to the legal right to acquire and dispose of the Philippines. It was intended for the nonprofessional mind. Judge Thayer, in his opinion, stated very emphatically that he was opposed to the acquisition of the Philippines. His reasoning has never since been successfully gainsaid by anyone. The address is found in Thayer's Legal Essays, beginning on page 153. This learned legal authority devoted nearly 30 pages to the subject. I quote:

> Let me at once and shortly say that, in my judgment, there is no lack of power in our Nation, of legal, constitutional power, to govern these islands as colonies, substantially as England might govern them; that we have the same power that other nations have; and that we may, subject to the agreements of the treaty, sell them, if we wish, or abandon them, or set up native governments in them, with or without a protectorate, or govern them ourselves. * * * The Constitution has to be read side by side with the customs and laws of nations. The operation of our Constitution is not to create a legislative body which is wholly bereaved of power to do anywhere the things which are forbidden within the United States. It is not stricken with inability, destitute of power, as if paralyzed, on these subjects, anywhere and everywhere and under all circumstances.

So there we are, with the House almost united, with the Senate more than two-thirds in favor of independence, with the opposition to this bill coming from patriotic Senators who are not opposing independence as such, but who favor other plans or different limitations.

Some amendments will be proposed to the bill. Some I have proposed myself. These have been suggested by the former ambassador to Japan, Mr. Forbes. There will be others who question the accuracy of both the House and the Senate committees in arriving at their figures on what we call the status quo. They want to lower those figures. But as to independence, as to freedom for those people, as to dispelling the uncertainty, there is not a man in the House committee of 21 or in the Senate committee of 15 who hesitates for a moment to say that the question should be settled, and settled by this Congress.

The latest expression of opinion of a President of the United States is that of Mr. Hoover, who said some months ago:

> Independence of the Philippines at some time has been directly or indirectly promised by every President and by the Congress. The question is only one of time.

As this session continues it will be found that the only question is not whether it should be settled, but when, and men's minds may disagree upon that point.

But, unfortunately, the American people are not getting the story correctly. There has been suppression of news. There has been a steady campaign of distortion, so that the American people do not understand the conditions in the Philippines. In the Philippines there are 13,000,000 Malays, all Malays, who want their independence because it is a thing they have in their hearts. If they did not covet independence they would be unworthy of it. We have encouraged in them their aspirations for freedom that come to every nation and every man of every nation.

Our Army officers on the 4th of July read to them the Declaration of Independence. Two thousand American schoolteachers have taught them every page of American history. Patrick Henry is the most-quoted man in the Philippine Islands. What is the situation there to-day? Thirteen million Malays are wanting independence; 12,000,000 of the 13,000,000 are Christians, and they were Christians 300 years before Dewey entered the harbor of Manila.

There is a curious thing about this discussion. Men are reluctant to say openly and honestly that they are opposed to independence; oh, no. The imperialist of to-day never mentions imperialism; he never mentions trade; he never mentions foreign empire. He puts up a specious plea for more time. He is afraid to tell the truth. No witness, from the Secretary of War down to the merchant and manufacturer, denies for a moment the official promise of Congress and the official declarations of our Presidents. They content themselves with devious, strange, uncertain statements; they are ashamed to say that they oppose the ambitions of these people. They bring forth arguments about Moros. They tell you of the bravery of the Moros; the American promise to the Moros—the veriest drivel, unsupported by history, unsupported by the facts, unsupported by the wishes of the Moros themselves.

Of the 13,000,000 inhabitants of the Philippines only 400,000 are Mohammedan Malays, and large numbers of these have petitioned Congress to give them their independence. I personally saw them in long lines, bearing banners, with their wives and their children, asking for independence from the United States.

We are told that if we give independence to these people, there will be trouble with the Moros. Mr. President, for nine years a Christian Filipino was governor of a province on Mindanao, and during his nine years of administration there was no serious trouble. Some one has built up a fiction about the Sultan of Sulu. I wish the Senate could see the Sultan of Sulu. Commissioner Taft wired President Roosevelt, "The Sultan of Sulu is a little fellow only 4 feet tall; he has seven wives and no children, a thing of which I am sure you do not approve." [Laughter.] Of course he had reference to his height. The Sultan of Sulu, about whom men weep, had been on the pay roll of the British and Spanish Governments for years before we came to the Philippines. The Spaniards found it cheaper to bribe than to fight. The English found it better to pay the head of the Mohammedan Church than to have controversy with him. When our troops went into the Philippines there were only a handful of Moros under Aguinaldo. The men who fought our Army were the Christian Filipinos. The Christian Filipinos have had no trouble with the Mohammedan Filipinos.

After our war of conquest was over and the Christian Filipinos had been disarmed, our army moved down to the Mohammedan islands to stop polygamy, to stop the slave trade, to force the Moros to go to school. Then the trouble came, not between the Christian Filipino and the Moro but between the American who wanted to plant American civilization in the Moro country and the Moro. Of course, the Moros were disarmed, as the Christian Filipinos were disarmed; but the Moro to-day can get a gun in the same way that a Christian Filipino can get one.

What do we find in the Moro country? There are seven Provinces called the Moro Provinces, and the Christians outnumber the Moros in three of the seven. Can it be proposed that because of this fiction the 12,000,000 Christian Filipinos are not entitled to their liberty? I do not believe so. The Senate committee does not believe so; the House committee does not believe so; historians do not believe so.

Certain sentimentalists and opponents of independence exaggerate what they call our promise to the Moros. There never was any promise to the Moro people; it was a promise to the sultan. The full burden of this pension has always been borne by the Philippine treasury. For 20 years the sultan had as prime minister former Senator Hadji Butu, a Moro, a linguist, and a man of very unusual ability. He was recently reported in the American press as being opposed to independence. This was denied by him as soon as his attention was called to the statement. Speaking of the administration of a Filipino governor directing Moro affairs, he made the following statement before the Secretary of the Interior:

> I can assure you that the people of Sulu are entirely satisfied with the actual state of affairs and always will be so if the government of Sulu should be entrusted to Filipino hands. Those of Sulu prefer that the governor of the province should be a Filipino, because if a Moro were nominated he might be partial in his administration. My people wish for and are in conformity with independence (of the Philippines), and when that is conceded, I can assure you that nothing will happen between the Moros and the Christians, not only now, while the majority of the Moro race is uncivilized, but also when the Moros shall have embraced civilization.

Senate President Quezon, who was a former Commissioner to the United States and who is recognized as a leader by all classes in the Philippines, made this statement in 1925:

> One is told that an independent Filipino government would solve the Moro problem by stamping out the Moros. We practically governed the Moros during the seven years of the last administration and had no trouble with them, whereas whenever they have been governed by Americans, there has been continual trouble with them.
>
> We naturally understand every element of our population better than can foreigners. We never have been guilty of persecuting the non-Christian peoples of the Philippines. We have been fair and generous to them in respect of education, roads, sanitation, and everything else. From this practice there would be no departure under independence. We believe in educating all our people and promoting their prosperity and happiness in order that we may have a great and contented nation.

Every recent writer, without exception, beginning with Garrett, and including Eddy and Millis, has said that in no land in the world is the desire for liberty greater and more overpowering, more insistent than in the Philippines.

It is the younger generation who are the more earnest, more determined. The older generation know what we did for them; how we helped them build roads, introduced sanitation, and gave them our philosophy of the law. The younger generation has forgotten that; the younger generation is demanding the thing that has been demanded all over the world since the beginning of time—the right to govern themselves.

In Manila, where formerly 12,000 Americans lived, only 6,000 remain. Young Americans will not go there, because there is no work for them to do. Those Americans who are left are largely old soldiers, men with gray hair. From Manila comes misinterpretation of news. One newspaper there, owned by an American, has three reporters who send one story to the United States and print a different story in Manila. This paper has a circulation of only 6,000; and, except for it, every magazine, every newspaper in the islands, every organization of the Protestant Church, the Catholic Church, and the Mohammedan Church down to the workers in the factories want independence; and they are going to have it, because we have taught them that they ought to have it.

With regard to these questions there was no disagreement in the House committee; there was no disagreement in the Senate committee. The only disagreement is as to the time and the manner of independence and the question of limitations.

Year after year a commission is sent to the United States by the Philippine people to plead for independence. It is authorized by their legislature and supported with appropriations and from private sources. In these commissions are men like Osmena, and the Resident Commissioners, and Quezon, of whom I have heard men on both sides state afterward, "What an able address, what a scholarly address, what a masterful statement and presentation, these men have made!" And yet because they are of a different color, because they are Malays and we are Caucasians, they are declared not ready for independence. Yet any man here whose mind is not closed, who will read the records of the House and Senate, will find that in the Philippines there is a stable government with a balanced budget. In fact, I believe the Philippine government to-day is, in a financial way, very much better off than some nations of Europe and North and South America. Literacy in the Philippines is high—higher than that of many countries in South America, and higher than that of some of the nations of Europe.

All that the friends of Philippine independence ask of the Senate of the United States is fair play, the expression of an opinion by the Senate. We have tried to put in the RECORD the story of both sides, but we have not occupied the floor of the Senate, and now I want to say, for one, that the only thing we fear is an attempt to adjourn the Senate before we have cast our vote upon this question. If gentlemen have any idea that they will economize time by pursuing that course, let them forget about it now. Because the friends of Philippine independence, so secure in their belief that the Senate will register its vote, have delayed, have acted courteously, and have not interfered with the discussion of the great problems of our own Nation, does not mean that we will permit both Americans and Filipinos again to be abandoned because a branch of the Government does not act.

Go back, if you please, to 1899, and you will find that a change of one vote would have altered the destinies of the Philippines. Go back to 1916, and observe that again a change of one vote would have changed the destinies of the Philippines. Now, with an almost unanimous vote already recorded in the House, and with an overwhelming vote certain in the Senate, it is suggested that we adjourn and go home.

Just one thing more.

Some intemperate person has said that if we give these Philippine people their liberty, there will be trouble in the Philippines; that the presence of United States troops and of United States officials now insures order there.

Mr. President, it may be true that there will be trouble. God knows we have had trouble in our own country. For four years, because men disagreed, the North and the South fought the bloodiest battles in the history of the world. There may be some little trouble; but the Filipino does not anticipate it. He does not believe it will come unless it is fomented and brought about to inflame public opinion in the United States.

What happened when we went into the World War? We took all our white troops out of the Philippines and sent them to Europe. Only Filipino soldiers remained.

We declared war in April, 1917. On May 5 of the same year a monster demonstration was held in Manila. Fifteen thousand Filipinos gathered in front of the Governor General's residence; speeches were made pledging them to any sacrifice for the benefit of the United States.

A special session of the legislature was summoned, and it quickly passed the following resolution:

> We firmly believe that the final triumph of democracy, in securing for the world the principle of nationality for the benefit of the small nations, will finally enable our people to attain the ideals for which we have always struggled, namely, our constitution into a free and independent nation, with a democratic government of law and order, ready to be another instrument of democracy and universal progress.

All through the Provinces the best of the Filipino youths volunteered. Suspicion of the ultimate attitude of the United States regarding independence had disappeared. Here we find them volunteering for duty abroad. Twenty-eight thousand volunteered when only 14,000 were authorized by Washington. The United States spent only $515,000 for their equipment and this preparation. The Filipinos, out of their treasury, expended $2,405,000.

All American troops and the American Navy were withdrawn from the Philippines during the period of the war. The whole government, its policing, and its army were left to the good judgment of the Filipino people.

All agitation for independence ceased. With a fine spirit they did not seize upon this opportunity to press their claims for independence. It is the only period in their history, in connection with our own, in which they have not on every occasion pressed a consideration of their national aspirations.

They organized a corps of 4-minute speakers. They subscribed to the Liberty loan the sum of 23,247,000 pesos, more than double their allotment, and it is significant that of this sum 9,000,000 pesos came from the Provinces, and 95 per cent of those who subscribed were native Filipinos.

In addition to their subscription to the Liberty loans they added another 10,000,000 pesos for the American Red Cross society.

Another significant happening was the fact that while all American soldiers were withdrawn, none but Filipino soldiers and constabulary were left, there was no trouble in the Moro country. It was unusually peaceful during this period. It substantiates the theory of the Filipino that he can get along better with the Moros, who are Malays, and settle possible disputes quicker than can an American who belongs to an alien race.

It is reported that 4,785 Filipinos actually served in the United States Army, enlisting in the United States. Fifty-six were killed. The Navy, which had formerly employed many Asiatics, replaced them by Filipinos, so that in the year 1926 we find there were 4,420 Filipinos in the United States naval service.

In the views presented to the three great committees there was agreement on one thing, and that was that there was demoralizing uncertainty. The Senator from Utah [Mr. KING] wishes independence to come a little earlier than the rest of us do. The Senator from Michigan [Mr. VANDENBERG] had his own plan and his own philosophy; but he, too, is for independence. However, a little group in Manila and another little group in New York have flooded this Congress with misinformation. I have seen upon the desks of Senators a reported poll of the editorial opinion in the United States. That poll was taken months ago. It was conducted on the basis of absolute, complete, and immediate independence. Take the newspapers of my own State of Missouri, six months ago they were against independence, or doubtful about it. But there has come a change.

So, Mr. President, the friends of Philippine independence have but one request to make of the Senate and its Members. That is to permit Senators to register an expression of opinion on the bill that came here from the House and

that has been on the table of the Senate since the 4th day of last April.

Changes may be suggested, but those are matters of small detail. The great thing, the big thing, the human thing is to redeem the promise made to the Filipino people, so that they may adjust their political and their economic affairs and enter the family of nations, a grateful people, a happy people, a people whose friendship and affection for America will be in part our reward for keeping faith with them.

I will not take the time of the Senate in discussing whether or not these people are ready for independence. On last Saturday night, for a half hour, the speaker of the house of the Philippine Legislature talked on the radio to the people of America. In courtesy, in logic, in fairness his speech was a masterpiece; and I ask that it may be inserted in the RECORD to give the lie, if you please, to men who have not his ability, who have not his courage, who have not his patriotism.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Ladies and gentlemen of the radio audience, I consider it a great privilege to have this opportunity to speak to Americans all over the United States about the Philippines.

Among the important problems demanding definite action by the Congress is that of determining the destiny of those islands. What is the United States going to do with the Philippines?

More than 30 years ago, as an incident of your war against Spain for the liberation of Cuba, the United States acquired sovereignty over the Philippine Islands. Territorial aggrandizement was not the purpose of America in that war. Only the sincerest altruism moved her in that conflict. At that time President McKinley and the Congress of the United States made America's policies plain both to the Filipino people and to the world. They declared that America was to exercise sovereignty over the Philippines not for the purpose of exploitation or colonization but in humble obedience to what was considered the will of Divine Providence. Prompted by the same impulses that actuated her in Cuba, America was to receive the Philippine Islands in trust for our people until we should be trained in self-government and become able to manage our own affairs. Meanwhile the islands were to be governed and developed for the benefit of the Filipino people. It was repeatedly announced that the Filipinos were to receive training in democracy; free public schools were to be opened; sanitation and communications improved, public order established, a sound financial system created, and courts instituted for the dispensation of speedy and impartial justice to rich and poor alike. It was then declared—and the declaration has been reiterated by every succeeding President of the United States—that when the Filipinos had demonstrated capacity to govern themselves independence was to be granted them.

In the Jones Act, passed in 1916, the Congress of the United States gave legal sanction to this policy, and on behalf of the American people promised the Filipinos that they should have independence as soon as a stable government was established in their country. Four years later President Wilson, in a special message, officially certified to Congress that the condition precedent imposed upon the Filipino people had been satisfied, and urged the Congress to do its duty by the Philippines and grant them their independence. Some time before President Wilson's certification, Theodore Roosevelt, than whom no man then living was better informed as to American policy regarding the Philippines, promptly counseled a similar course, not only for the benefit of the Philippine people and as a fulfillment of a generous pledge freely given them but also for the advantage and the security of the United States. On that occasion Mr. Roosevelt said:

"The Philippines, from a military standpoint, are a source of weakness to us. The present administration has promised explicitly to let them go, and by its action has rendered it difficult to hold them against any serious foreign foe. These being the circumstances, the islands should at an early moment be given their independence without any guaranty whatever by us and without our retaining any foothold in them."

Thus it is that the problem of enacting legislation to fulfill the promise of Philippine independence has been confronting Congress for more than 12 years. No one denies that independence was promised to the Filipino people. As President Hoover stated recently, there remains for determination only the question of time: When shall independence be granted? The Filipino people believe, and many thoughtful Americans agree with Mr. Wilson and Mr. Roosevelt, that the time has come for such legislation.

In the course of the last three years the efforts of the Filipino people to induce the Congress of the United States to legislate on the Philippine problem have attracted the interest and support of many important elements in America. Before that, it was simply a question of the Filipino people's longing for independence; for the United States, it involved the discharge of a national obligation, but lacked the urge of material interest. Since 1929, however, the problem has had a practical significance to many groups in your country. They feel that American policy respecting the Philippines affects their economic interests, and so they have cooperated with us in our endeavor for early congressional action on this problem.

Material considerations alone have not actuated these elements in support of our independence. They contend that the Filipinos of right should have their independence, because it was promised them, because they are ready for it, and because America has completed her task in the islands. In urging Congress to perform the righteous duty of granting independence, these American groups submit that continued unrestricted free imports from the Philippine Islands are injurious to American economic interests. Among these groups to which I refer are more than six and a half million farmers of America speaking through their three national organizations—the National Grange, the American Farm Bureau Federation, and the National Farmers' Union. Allied with these in advocating Philippine independence are the dairy organizations and the producers of vegetable oils. The American farmer maintains that Philippine sugar and coconut oil, produced at lower cost, and entering the United States free of duty, compete disastrously with American beet and cane sugar, dairy products, cottonseed, and other vegetable oils and animal fats.

These agricultural groups realize that free trade between the United States and the Philippines is a basic fact in present American and Philippine relations, and that, accordingly, while American sovereignty remains, ethical and economic considerations forbid that import duties should be collected on Philippine products coming into the United States. Congress itself has repeatedly taken this stand on the ground that it would be unjust and indefensible to tax Philippine articles entering the United States while at the same time the American Government compels the Philippine people to continue under the American flag, against their wishes, and while, moreover, they are obliged to admit duty free to the islands American products and manufactures.

While American farmers are thus seeking freedom from competition with Philippine imports, influential elements, on the other hand, namely, those whose investments in the Philippines depend upon the continuance of an American free market, and those business concerns who sell American articles in the Philippines, claim that present free trade with the Philippines can not suddenly be terminated without serious detriment to them. They cite that over $200,000,000 of American capital is invested in the islands and that American-Philippine trade is approximately $200,000,000 a year. They assert that the Philippines have enlarged their purchasing power as a market for American products and manufactures.

Other important elements which have taken active interest in the question of Philippine independence are American wage-workers as represented by the Federation of Labor and the railroad brotherhoods, all together numbering more than 5,000,000. These organizations have long favored the cause of Philippine independence. The American Federation of Labor opposed the acquisition of the Philippines in 1899 when it was first accomplished. In the beginning, the American federation urged independence on purely moral grounds, maintaining that imperialistic colonization was abhorrent to American traditions and the principles which have given birth and life to this Republic. In the platforms of the federation for the last 30 years Philippine independence has been consistently advocated. Of late, however, labor leaders on the Pacific coast have complained against the unrestricted immigration of Philippine laborers into the United States. They say that in this time of widespread unemployment the continuous influx of Philippine laborers makes the condition of the American worker more difficult. Hence the attention of American workingmen all over the United States has been focused on the Philippine problem, and they are now seeking more insistently early independence for the Philippines.

I have indicated to you the most important elements of your population who are manifesting interest in a speedy solution of the Philippine problem. To these may be added first, those who advocate independence as a means of economy in American governmental expenditures; second, those who believe with Roosevelt that continued possession of the Philippines is dangerous to American national security; and third, those who, recalling the admonition of Lincoln, maintain American democracy is unsuited to the government of colonies.

While different American elements are calling for immediate action on the Philippine problem for practical, economic, and political reasons, something of the sort is happening also in the Philippines. The Filipino people are now advocating independence not only in order to satisfy their natural yearning for self-government and to become the arbiters of their own destiny, but for very practical, economic reasons as well. While uncertainty prevails as to their future political status the economic development of their country is impossible. How long shall American sovereignty continue? Until when shall Philippine products be admitted free of duty into the United States? What markets shall be opened to the Philippines in after years? What shall be the prevailing standards of living and of wages in so far as these affect production costs? What interest will capital demand before it will seek investment in the Philippines? These questions and others of equal importance in the field of practical economics can not be answered by the Filipino people. Their progress has been checked, especially since the agitation against the free entry of their products into the United States was started here three years ago. While not reproachful of America, they are dissatisfied with present conditions which keep them in ignorance of the things most vital to their happiness and progress and leave them

helpless, their spirit broken, their initiative and energy hampered, while the rest of the world strives upward to new levels of progress and social justice in the midst of universal depression.

Thirteen million people live in the Philippines. They are men of flesh and blood like those of this and other countries. Christians for nearly 400 years, in close contact with western civilization during that period, their outlook in life, their aspirations, their ambitions, their sense of pride, and their national consciousness differ but little from those of Americans. We want to know our future. We want to know whether or not the United States will give us independence. Hardly anything can be worse than the uncertainty in which we now live.

We believe that the upbuilding of the Philippine nation has been accomplished, so far as it can be, through American assistance. The rest we must achieve ourselves by our own efforts.

We have developed responsible political institutions suitable to our people. Public order is so generally and so rigidly maintained that few, if any, of the independent nations of the world are freer from crime and lawlessness than ours. We have a passion for education. More than one-tenth of our total population is in our public schools. We expend nearly a third of our governmental income on popular instruction. Our courts of justice command the confidence of the people and are administered with honesty and impartiality. We have steadily improved and enlarged agencies for the promotion of public health and welfare. Our systems of communication are modern and extensive.

In the present era of general depression the finances of the Philippine government are in healthy condition. By practicing the strictest economy we have been able to maintain a balanced budget. Our currency is sound and stable and is, perhaps, the only currency in the world having behind it a reserve larger than the total circulation. The net bonded indebtedness of the Philippines is only $60,000,000, and our government is regularly meeting its obligations, both as to principal and interest on these bonds.

Some opponents of Philippine independence fear that if the United States withdraws its sovereignty, Japan will annex the islands to her empire. That objection has seemed to gather weight because of recent events in the Far East. But we who are familiar with the situation and the present happenings in the Orient have no dread of this so-called Japanese menace. Let me tell you why we discount it. In the first place, if Japan had had any desire to possess the Philippines, she could have taken them from Spain years before the United States acquired them. Her quick and decisive victory over China in 1894 raised Japan at once to a position of dominance in the Far East and to a place among the great powers of the world. Spain could not have resisted so mighty an adversary.

Japanese expansion has been to the mainland of Asia. Instead of taking the Philippines she conquered a large area of Manchuria from Russia—a very much more powerful nation than Spain was—and subsequently added Korea to her domain. She is now making further advances into Manchuria. In those regions she finds not only the coal and the iron and the agricultural products she needs for her industrial uses and her teeming population, but she finds also the kind of climate that suits the Japanese people, who are to colonize these new possessions of hers.

The Japanese do not flourish in a tropical climate. Though there are no laws forbidding Japanese immigration, there are now only about 8,000 Japanese in the Philippines. This number is insignificant compared with 138,000 domiciled in the United States. Thirty-seven years ago Japan took Formosa, an island with the same climate as that of the Philippines, and ever since has sought to colonize it with her subjects. They have refused to go there or remain there in large numbers. To-day not above 300,000 of them are to be found in Formosa.

In the light of these facts I think we can accept the assurances given by Japanese statesmen that Japan does not covet the Philippines. Only a few months ago, when an American of high official rank hinted that Japan probably would seize the Philippines after their independence, representatives of the Japanese Government disclaimed any such intention. "We have no desire to acquire the Philippines," said this spokesman of the Japanese ministry. "We are unable to see any advantage to Japan if America grants their independence. We are chiefly interested in the islands as a probable market near home, but we doubt whether independence would improve that market. Probably the reverse." This same Japanese spokesman expressed the view that Japan would be willing to sign a treaty with the United States to guarantee Philippine independence.

All the facts of importance bearing on the Philippines were presented before two committees of Congress at the beginning of the present session. Indeed, the hearings held by both the House and the Senate committee early this year merely supplemented previous investigations and studies made by committees of Congress in the course of the last 10 years. All the facts needed for an intelligent comprehension of the problem have been made available in official records. The conditions now prevailing in the Philippines have been closely examined. The testimony of every person who desired to be heard either for or against independence was taken.

After considering many bills providing for Philippine independence the Committee on Insular Affairs of the House of Representatives, on March 15, last, favorably reported the Hare bill by a practically unanimous vote.

The Hare bill grants independence at the expiration of a transitional period of eight years. During this period the Philippine people will enjoy practically complete autonomy as to internal affairs under a constitution approved by them, subject only to such restrictions and limitations as are necessary to safeguard the sovereignty of the United States.

While the House committee was considering Philippine bills, the Senate committee conducted its own hearings, and on February 24 of this year, by an almost unanimous vote, reported the Hawes-Cutting bill. This bill grants independence at the end of 15 years, if the Philippine people, in a plebiscite held expressly for the purpose, shall vote in favor of independence. During the intervening period, the islands will be governed in virtually the same manner as provided in the House bill. In general outline, the Senate bill follows the Fairfield bill, which John W. Weeks, Secretary of War in the Cabinet of President Coolidge, officially recommended for enactment in 1924.

The purpose of the transitional period—eight years in the House bill, and 15 years in the Senate bill—is to allow for the adjustment of economic conditions in the islands, especially of their trade relations with the United States.

Both the House bill and the Senate bill harmonize divergent views of different groups likely to be affected by Philippine independence. American agriculture is protected from what it considers hurtful competition with unrestricted free importation of Philippine products, and American workers are safeguarded from competition with Filipino immigrant labor. On the other hand, these bills recognize the necessity for a gradual accommodation of Philippine business and industry to the new conditions after independence. This is dictated both by fairness and justice. Twenty-five years ago free-trade relations were established between the United States and the Philippine Islands against the expressed desire of the Filipino people. As a consequence of free trade, Philippine industries and commerce with the United States have developed on that basis. Obviously, these trade relations can not be terminated abruptly without serious injury to Philippine economic interests and to American trade with the islands. Both require a definite time to prepare for the change. Investments made on the basis of free trade must be given sufficient time for adjustment or liquidation without loss. Philippine industries must also be given time to establish themselves on a competitive basis before they are placed outside the tariff walls of the United States.

Regarding military posts in the islands, both the House bill and the Senate bill reserve to the United States the right to retain and maintain military and naval bases in the Philippines after their independence has been recognized. This is a privilege which the United States may or may not exercise, as it chooses——

The Philippine representatives for some time past have observed strong indications that a majority of Congress were in favor of independence. The only reason why a bill has not been enacted is the difficulty in obtaining the necessary agreement for its consideration. For it is natural that the Congress should give preference to measures which affect the American people directly. Recently, however, Philippine independence, having assumed practical significance to large groups of Americans, has become a measure of major importance to the Congress of the United States.

The Philippine bill came up for consideration in the House of Representatives on April 4 of this year. After a brief discussion, under suspension of the rules, the bill passed by a vote of 306 to 47. The Philippine Commissioners are informed that many of those who voted against the bill would have voted for it if more time had been allowed for its consideration. Of the Members absent and not voting, at least 40 have since expressed their approval of the bill. The favorable action taken by the House is in large measure due to the able and zealous leadership of the chairman of the Committee on Insular Affairs, Congressman HARE, of South Carolina.

When the Hare bill reached the Senate the Senate Committee on Territories agreed to substitute the provisions of the Senate bill for those of the House bill.

Discussions of proposals affecting the Philippines, as, for example, when it was proposed to levy duty on coconut oil and copra in the tax bill, also show a general sentiment in favor of Philippine independence among the Members of the Senate.

The bill is among the five important measures listed in the Senate's legislative program, which was prepared by the program committee of the Republican caucus, and virtually agreed to by the whole membership of the Senate. In view, however, of the congested Senate calendar in these last days of the session we are encountering serious difficulty in obtaining time for consideration of the Philippine bill.

Our commission in Washington is daily seeking action on the bill by the Senate. We are quite aware that many important bills still pending must be enacted before adjournment. We realize that such bills must have preference. We feel, however, that the significance of the Philippine problem is understood by the Members of the Senate, and we trust it will receive attention this session. We have asked for a few night sessions to dispose of the bill, and the Senate to-day by unanimous consent, agreed to commence its discussion next Monday night. Our commission believes that three night sessions would be sufficient for proper disposition of the measure, which is nonpartisan. For the last 30 years Philippine independence has been a nonpartisan question. We wish it to remain such. Our hope is it shall ever be maintained on the high level of altruism, justice, and humanitarian service upon which President McKinley placed it.

Passage of the independence bill is vital to the Filipino people. Upon it depend their happiness and future welfare. Further delay will work injury both to our interests and those of the United States. The problem must be settled now, and settled right.

Only a few hours of deliberation by the Senate is needed. We trust and we pray that the representatives of the American people will not begrudge these few hours for such a noble cause. When our independence has been achieved, our greatest concern will be to prove ourselves worthy of America, preserving and enlarging the heritage of benefits we have received from her, and always cherishing the gratitude we now feel for all she has done to help us build a free and prosperous nation.

Mr. HAWES. Mr. President, I am very anxious to listen to the distinguished Senator from Michigan [Mr. VANDENBERG], and I now ask unanimous consent to insert in my remarks an analysis of the Senate bill, some reports, some statistical tables, and other matters relating to this subject.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Without objection, it is so ordered.

ANALYSIS OF PHILIPPINE INDEPENDENCE BILL (S. 3377, 72D CONG.)

Following is a brief analysis of the bill reported by the committee:

Section 1: Section 1 authorizes the Philippine Legislature to provide for a constitutional convention to formulate and draft a constitution for the government of the Commonwealth of the Philippine Islands.

Section 2: Section 2 sets forth certain requirements as to the character of the constitution, including the requirement of a republican form of government, bill of rights, and certain mandatory provisions dealing with particular subjects. It is to be noted that among these mandatory requirements is the provision that trade relations between the Philippine Islands and the United States shall be upon the basis prescribed in section 6 (post).

Section 3: Section 3 provides for the submission of the constitution to the President of the United States. After the constitutional convention has completed the draft, the President is to determine whether or not it conforms to the provisions of the act. If he finds that it so conforms, he is to certify that fact to the Governor General of the Philippine Islands, who will advise the constitutional convention. If the President finds that the constitution does not so conform, he is to advise the Governor General stating wherein in his judgment the constitution does not so conform, and submitting provisions sufficient in his judgment to meet the defects. The Governor General is then required to submit the message to the constitutional convention for further action by them, and so on until the President and the constitutional convention are in agreement.

Section 4: After the President has approved the constitution it is to be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within four months after the President certifies his approval. If a majority of the votes cast are for the constitution, the Governor General, within 30 days after receipt of certification of the result of the election from the Philippine Legislature, shall issue a proclamation for the election of officers of the government provided for in the constitution. The election must be held not earlier than three months nor later than six months after the proclamation by the Governor General. The result of the election is to be certified to the President of the United States, who issued a proclamation announcing the results of the election, and thereupon the existing Philippine government terminates and the new government begins under the constitution. If a majority of the votes cast are against the constitution, the existing government of the Philippine Islands continues and the remainder of the act does not take effect.

Section 5: This section provides for the transfer of all property and rights which may have been acquired in the Philippine Islands by the United States under the treaties with Spain, excepting, however, such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States and such land or other property as may have been sold or otherwise disposed of.

Section 6: This section sets up the trade relations between the United States and the new government of the Commonwealth of the Philippine Islands. Generally speaking, the section provides for the continuance of the present relations with the following modifications:

(1) After the date of the inauguration of the new government and until the Philippines become independent, there shall be imposed on the following articles coming into the United States from the Philippine Islands in any calendar year in excess of the limits hereinafter set forth the full rates of duty under the tariff laws of the United States:

In the case of refined sugar, 50,000 long tons.

In the case of unrefined sugar, 800,000 long tons.

In the case of coconut oil, 200,000 long tons.

In the case of cordage, 3,000,000 pounds.

In the event that the limit is reached in any case the above quantities are to be allocated in each year thereafter, under export permits issued by the government of the Philippine Islands, to the producers or manufacturers proportionately on the basis of their exportation to the United States in the preceding year, except in the case of unrefined sugar, where the basis for the allocation is production in the preceding year instead of exportation to the United States.

(2) After the expiration of the tenth year the government of the commonwealth of the Philippine Islands is to impose an export tax on all articles that may be exported to the United States from the Philippine Islands free of duty under the provisions of existing law as modified by the limitation provisions above discussed. This will include the articles above enumerated, within the limitations specified, as well as other articles which would otherwise come in free of duty. The full tariff upon amounts in excess of the limitations specified continues.

The progressive export tax is as follows: During the eleventh year after the inauguration of the new government, 5 per cent of the rates of duty required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries; during the twelfth year, 10 per cent of such rates; during the thirteenth year, 15 per cent of such rates; during the fourteenth year, 20 per cent of such rates; after the expiration of the fourteenth year, 25 per cent of such rates.

The government of the commonwealth of the Philippine Islands is required to place all funds received from such export taxes in a sinking fund which, in addition to other moneys available for that purpose, shall be applied solely to the discharge of the bonded indebtedness of the Philippine Islands.

Section 7: This section sets forth certain relationships that obtain between the new government of the Philippine Islands and the Government of the United States, particularly as concerns supervisory authority to be exercised by this Government over the islands. Among other things, the section provides for the approval of amendments to the Philippine constitution by the President of the United States; authorizes the President to suspend the taking effect of the operation of any law, contract, or executive order of the Philippine government in certain cases; requires the chief executive of the Philippine government to make an annual report to the President and the Congress of the United States; authorizes the appointment of a high commissioner to the government of the commonwealth of the Philippines, prescribes the nature of his office and his duties and compensation; and provides for the selection of a Resident Commissioner from the Philippine Islands to the United States, with a seat in the House of Representatives.

Section 8: Generally speaking, section 8 applies the immigration laws to the Philippine Islands after the date of the inauguration of the new government. Although citizens of the Philippine Islands are excepted from the provisions of section 13 (c) of the immigration act of 1924, prohibiting the immigration of aliens ineligible to citizenship (with certain exceptions), the Philippine Islands is given a quota of 100, which practically puts them in a class with other orientals. The distinction is in the admission of certain nonquota classes in the case of Filipinos, not permitted other orientals.

The exclusion provisions, however, do not apply to Filipinos coming into the Territory of Hawaii, but migration from Hawaii to the mainland is prohibited.

Section 9: After the expiration of the fifteenth year and before the expiration of the seventeenth year after the inauguration of the new government the people of the Philippine Islands shall vote on the question of Philippine independence. If the plebiscite is in favor of independence, the chief executive of the Commonwealth of the Philippine Islands reports to the President of the United States, who issues a proclamation announcing the results of the vote, and within two years the President shall withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty exercised by the United States in and over the territory and people of the Philippine Islands, and on behalf of the United States shall recognize the independence of the Philippine Islands. It is provided, however, that prior to such withdrawal the constitution shall be amended to include certain provisions for the adjustment of property rights between the United States and the Philippine Islands, the safeguarding of property rights of citizens or corporations of the United States, provision for acquisition by the United States of lands necessary for coaling or naval stations, the assumption by the free and independent government of the Philippine Islands of the debts and liabilities of the Philippine Islands, its Provinces, cities, municipalities, and instrumentalities, the assumption of continuing obligations assumed by the United States under the treaty with Spain, and provision, by way of further assurance, for embodying the foregoing provisions in a treaty with the United States.

If the plebiscite is against Philippine independence, report is to be made to the Congress of the United States for their action regarding the future status of the Philippine Islands, but until Congress otherwise provides the Philippine Islands shall revert to the status established by the act for the first 10 years after the inauguration of the government of the Commonwealth of the Philippine Islands, i. e., immigration restrictions and limitation upon imports.

Section 10: This section provides for notification to foreign governments of the recognition of the independence of the Philippine Islands.

Section 11: Under this section, after the Philippine Islands have become independent, there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the same rates of duty as upon like articles imported from other foreign countries, but provision is made for a trade conference within six months after the vote on the question of Philippine independence if the vote is in favor of independence. The purpose of the conference is to formulate recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands. This provision, however, is to have no effect whatever upon the provisions

of the act relating to procedure leading up to Philippine independence or the date upon which independence is to be had.

Section 12: This section continues in effect, except as otherwise provided in the act, laws in force in the Philippine Islands and provides that the government of the commonwealth of the Philippine Islands shall be deemed successor to the present government. It further repeals all laws relating to the present government of the Philippine Islands and its administration, as of the date of the inauguration of the government of the commonwealth of the Philippine Islands.

Section 13: This section provides that the act shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for that purpose as may be provided by the Philippine Legislature.

REPORT OF THE SENATE COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS OF THE SENATE, AT THE SEVENTY-FIRST CONGRESS, FAVORABLY REPORTING A BILL (S. 3822) GRANTING INDEPENDENCE TO THE PHILIPPINE ISLANDS

PHILIPPINE INDEPENDENCE

Your Committee on Territories and Insular Affairs, to whom was referred a number of bills providing for, or relating to, Philippine independence, respectfully report that they have considered all such bills, and a majority of the committee reports favorably S. 3822, "A bill to provide for the withdrawal of the sovereignty of the United States over the Philippine Islands and for the recognition of their independence; to provide for notification thereof to foreign governments; to provide for the assumption by the Philippine government of obligations under the treaty with Spain; to define trade and other relations between the United States and the Philippine Islands on the basis of a progressive scale of tariff duties preparatory to complete independence; to provide for the calling of a convention to frame a constitution for the government of the Philippine Islands; to provide for certain mandatory provisions of the proposed constitution; to provide for the submission of the constitution to the Filipino people and its submission to the Congress of the United States for approval; to provide for the adjustment of property rights between the United States and the Philippine Islands; to provide for the acquisition of land by the United States for coaling and naval stations in the Philippine Islands; to continue in force certain statutes until indepence has been granted, and for other purposes," and recommends that it do pass with the following amendments:

(1) On page 5, line 2, between the words "of" and "an," insert the following: "an adequate system of sanitation and."

(2) On page 6, line 3, between the words "States" and "Commissioner," insert the word "High."

(3) On page 16, line 9, strike out the words "such termination" and in their place insert the following: "the passage of this act."

The other bills before your committee were S. 204, providing for the withdrawal of the United States from the Philippine Islands; S. 3108, to enable the people of the Philippine Islands to adopt a constitution, etc.; Senate Joint Resolution 113, requesting the President to call a conference on the Philippine question; Senate Resolution 199, to investigate the feasibility of tariff autonomy for the Philippines; and S. 3379, to enable the people of the Philippine Islands to adopt a constitution, etc.

EXTENT OF INQUIRY

Your committee at various times between January 15 and May 22, 1930, held public and executive hearings on all of the bills mentioned.

Witnesses were heard by the committee both for and against the proposed measures. These witnesses included the officially authorized representatives of the Philippine people sent to this country for the purpose of presenting the Philippine cause; Americans with business interests in the Philippines, economists, political leaders, and experts familiar with every phase of the Philippine question.

At the conclusion of public hearings, your committee decided to hear also the Secretaries of State, War, and Navy in executive session. The Secretary of State also appeared at one open session and a letter from the Secretary of War, detailing his views on the question of Philippine independence, was made a matter of record.

Among the Filipinos heard by your committee were Hon. Manuel Roxas, speaker of the House of Representatives of the Philippine Islands; Hon. Manuel Briones, majority leader of the Philippine House; Hon. Pedro Gil, floor leader of the minority party in the Philippine House of Representatives; and Hon. Pedro Guevara and Hon. Camilo Osias, Resident Commissioners of the Philippine Islands.

It is pertinent to state that the Philippine commission represented both the minority and majority political parties, as well as the different sections of the Philippines. They asserted, without contradiction, that they voiced the unanimous desire of all political parties and peoples in their islands for Philippine independence.

Your committee calls particular attention to the extensive array of facts and figures concerning the economic, political, social, racial, historical, and geographical phases of the Philippine question which may be found either in the 700 pages of testimony taken by the committee or in the many speeches on this subject delivered by Members of the Senate and House and reported in the CONGRESSIONAL RECORD.

In addition, there are available the facts presented to the House Ways and Means Committee and to the Senate Finance Committee during the consideration of tariff problems; the testimony obtained by the Commerce Committee of the Senate on the question of the extension of the coastwise shipping laws, and statements and data recorded in the hearings of the House Committee on Immigration on the subject of Filipino exclusion.

It is doubtful whether any material facts relating to the Philippine question have not been made accessible in the records of the present Congress.

Your committee further calls attention to the fact that although the Philippine question has never, since the occupation of the islands in 1898, been entirely outside the contemplation of Congress, the question has not heretofore (with the possible exception of the session of 1916) received the detailed and comprehensive consideration that has been given it in the present Congress. So that, in making this majority report to the Senate, your committee feels that little need be left to speculation. The facts may be gathered accurately from the records.

PURPOSES OF BILL REPORTED

In a general way S. 3822 may be said to contain four major purposes, as follows:

(1) To provide for the drafting of a constitution for a free and independent government of the Philippine Islands;

(2) To provide for a ratification by the Philippine people of the constitution so formulated, and the election of governmental officials under the new constitution;

(3) To provide a 5-year period of test for the gradual change in the economic and political relationship between the islands and the United States, thus giving the Philippine people an actual experience of such relationship, and an opportunity, following such experience, to decide at a plebiscite whether they approve or disapprove of separation from the United States.

(4) To provide, in the event of an affirmative vote in the plebiscite, for the final withdrawal of American sovereignty over the islands, with such agreements by treaty or otherwise as may be necessary for the protection of American rights and properties in the Philippines, the liquidation of the public debt of the Philippines, and the retention by the United States of sites for coaling or naval bases as the United States may deem advisable.

UNITED STATES REMAINS IN CONTROL

During the "test" period and under the constitution to be adopted by the Philippine people for this period, the United States, in pursuance of the terms of the bill reported, remains in complete supervision and control of every step taken by the Philippine people toward Philippine independence, and is not to relinquish the islands finally until the provisions of the bill shall have been satisfactorily complied with and until the Congress of the United States shall have approved both the constitution to be framed by the Filipinos and every other step in their progress toward competence as a self-governing people.

DETAILS OF S. 3832

In detail, the bill (S. 3822) provides as follows:

(1) That the Philippine Legislature shall elect delegates to a constitutional convention for the purpose of drafting a constitution for a free and independent government, the expenses of such convention to be provided for by the Philippine Legislature.

(2) That the constitution so formulated shall provide for a government republican in form and adequate to secure a stable, orderly, and free government.

(3) That the constitution so formulated shall, pending the final and complete withdrawal of United States sovereignty, provide among other things as follows:

(a) Citizens and officers of the Philippine Islands shall take the oath of allegiance to the United States.

(b) Religious freedom and tolerance shall be secured and all citizens protected in their religious worship.

(c) Property owned by the United States, and cemeteries, churches, parsonages, convents, and buildings used for religious, charitable, or educational purposes shall be exempt from taxation.

(d) Foreign affairs of the islands shall be under the supervision of the United States.

(e) All acts of the Philippine Legislature shall be reported to the Congress of the United States, which shall have the right to annul such acts.

(f) The United States may intervene for the preservation of the government of the islands.

(g) The Philippine government shall maintain public schools in which the language of instruction shall be English, and an adequate system of sanitation for the protection of public health.

(h) No revenue shall be used for sectarian or denominational purposes.

(i) The authority of the high commissioner of the United States to the Philippine Islands shall be fully recognized and accepted.

(4) That after the adoption by the convention of the constitution so formulated, the constitution shall be submitted to the people of the Philippine Islands at an election and they shall vote directly to accept or reject it.

(5) That the constitution so adopted and approved shall be submitted to the Congress of the United States for approval or rejection.

(6) That if approved by the Congress, the President of the United States shall certify this fact to the Governor General of the Philippines who shall issue a proclamation for the election of Philippine officials to assume and administer the new government.

(7) That the new government having been thus formed and installed, trade relations between the United States and the Philippines shall be, during the 5-year period, upon the following basis:

(a) During the first year, trade relation shall be as present.

(b) During the second year, 25 per cent of existing duties shall be levied upon all articles imported into the United States from

the Philippines, and on all articles imported into the islands from the United States.

(c) During the third year, 50 per cent of such duties shall be levied.

(d) During the fourth year, 75 per cent of such duties shall be levied.

(e) During the fifth year, full duty shall be levied upon imports to both countries in the same manner as on all foreign imports.

The proposals for the gradual application of tariff duties during the period of transition from the present status to complete independence were adopted from the provisions of a bill introduced by Senator ARTHUR H. VANDENBERG, a member of this committee.

Should the Philippine people fail to ratify the proposal for independence in the plebiscite, the bill provides that tariff relations between the islands and the United States shall be restored to the basis in effect at the time of the passage of S. 3822.

THE PLEBISCITE

(8) Within the first six months of the fifth year after the adoption and approval of the constitution, and the election of officials under it, the intervening period being the "test" period under the new trade relationships, the Philippine people shall vote on the question of ratifying or rejecting the granting of Philippine independence by the United States, and if in this vote they do so ratify independence, this fact shall be certified to the President of the United States, who shall issue a proclamation withdrawing, at the end of the 5-year period, the sovereignty of the United States over the Philippine Islands, transferring to the duly elected officials the government of the islands.

(9) Before the withdrawal of sovereignty, the government of the islands shall make provision for the acquisition by purchase or lease by the United States in the islands of adequate naval bases, shall provide by treaty or otherwise for the protection of property rights of Americans and the United States in the Philippines, and shall, on terms acceptable to the United States, provide for the disposition of all fiscal matters and the settlement of all debts and liabilities.

Your committee desires to emphasize again the fact that the bill (S. 3822) grants independence to the Philippine Islands but not forthwith. The actual withdrawal of sovereignty will depend on the result of the plebiscite, which is to be held only after a test of the new relationship between the islands and the United States and after the Filipinos shall have experienced the effects of independence.

In the requirement for a system of public schools in which English shall be the language of instruction, in the provision for the adoption of what is practically the American Bill of Rights, and in the other provisions of this bill (S. 3822), such as the imposition of tariff barriers, and the stipulation of conditions under which the Philippine people will ultimately vote for freedom or a continuation under the American flag, there are imposed upon the inhabitants of the Philippines demands which involve severe hardships. But in the last analysis the Philippine people must determine their course and destiny.

UNCERTAINTY MUST BE REMOVED

It is significant that, without exception, every witness of the many who appeared before your committee admitted that the present situation of uncertainty as to the political future of the Philippines should be removed. The record contains many appeals for a removal of the unsatisfactory conditions which exist at the present time. Even those who oppose early independence for the Philippines admit that the present dubious status of the islands should not be permitted to continue.

The reasons are manifest. The Filipino is neither a citizen of the United States nor is he a citizen of a free country. A Malayan by race, an oriental geographically and by tradition, a foreigner under certain of our statutory provisions, the Filipino has had 30 years of existence as a pseudo-American. Living 7,000 miles from our western coast, on 7,000 islands in the Far East Pacific, these 13,000,000 people, thrown by a great war into the protective arms of a western nation, find themselves, after a generation, to be in law and in fact neither Americans nor foreigners.

Every witness who appeared at the hearings, whether he was an official of the Federal or the insular government or a private person with admitted economic interests at stake, agreed that a definite policy toward the Philippines would be both necessary and desirable as a means of curing the present uncertainty.

The initiative of the Filipino is hampered by his status. The development of 114,000 square miles of island area is being handicapped and certain manufacturing possibilities are being dwarfed because of the general uncertainty.

American capital, doubtful of the future, declines to enter the islands. Foreign capital, with no voice whatever in the settlement of the problem, will not invest there. Under such conditions satisfactory economic progress is impossible.

ALTERNATIVES BEFORE CONGRESS

It appears from our inquiry and study that the uncertainty can be removed only if and when Congress shall adopt one of the following courses:

(1) Granting immediate independence.

(2) Setting a date in the distant future when independence shall be granted.

(3) Creating what might be termed a "colonial" form of government for the future retention of the Philippines.

(4) Incorporating the Philippines as one or more States of the American Union.

(5) Providing, as in this bill (S. 3822), for the organization of a free government and permitting the Philippine people to determine whether under the new conditions they desire to become independent, and grant them independence.

One of these solutions should be adopted by Congress.

Few Americans will advocate immediate independence. The Filipino representatives ask for immediate independence, although they realize the difficulties of reconstruction and readjustment. They would rather suffer the hardships of an immediate dissolution of ties which bind them to the United States than continue in the disastrous uncertainty. They prefer any hardship to the possibility of their remaining forever a subject people.

As to the second proposal, the mere setting of a date for future independence of the islands gives the Philippine people no opportunity to express their views. Furthermore, it is manifest from the hearings that the fixing of a deferred date for Philippine independence is regarded as a plan to make impossible the ultimate granting of such independence. The Secretary of State, in proposing a long period of time for Philippine independence, very frankly stated he cherished the hope that at the end of that period both the Philippines and the United States would decide to continue their relationship.

Your committee is confident that if the date of independence were set for some time in the remote future the economic ties and commercial considerations that meanwhile will have grown up will militate against any possible future relinquishing of American sovereignty.

We shall not discuss at length in this report the proposal to form a colonial government for the Philippines, as we consider this repugnant to the pledges we have made through our executives and in statutory law dealing with the Philippines.

It is hardly conceivable that we could adopt the fourth proposal; that is, giving the Philippines the status of a State of the Union, in view of the racial, sociological, geographical, and other impediments to this course.

The majority of this committee, therefore, finds the only possible solution of the problem to be in a proposal to make possible the formation of a free government in the Philippines, to permit the Philippine people to weigh the experiences of their new status, and finally to allow them to express their views as to independence on the basis of their experience.

The "acid test" provided in this bill, S. 3822, is the hardest ever given a nation seeking independence. We submit for your serious consideration this salient fact, that in the election at which they shall decide whether or not they shall be independent the Philippine people will be called upon to say whether they shall sever their connection with the United States at the very hardest period of their reconstruction problems, after having been subjected to the weight of our trade barriers and to the full effect of the constitutional provisions which we impose upon them in the formation of their new government.

AN INSIDIOUS PROPAGANDA

Before passing to a further analysis of the merits of Philippine independence or the ability of the Philippine people to manage their own affairs, your committee desires to call attention to a propaganda intimating that the Philippine leaders are not sincere in their demands for independence. If there is any basis for this intimation, your committee has been unable to locate it.

It is insinuated that the Philippine people do not actually desire independence, and that their leaders do not really favor it, and yet, in reply to this propaganda, there comes from the entire press of the Philippines, from all classes of its population, from its school children and its public officials, from the representatives of its political parties, majority and minority, a demand for independence.

Not a single witness before your committee could name 10 Filipinos who do not favor independence. The business organizations of the islands, their national conferences, their educators, their government officials, their economists have all declared for independence. The Philippine press, the Philippine public, the Philippine pulpit, the Philippine school, and Philippine industries seem, so far as we can ascertain, to be unanimous in the demand that the United States redeem its pledges to grant to these people the sovereignty to which they aspire.

Only a few months ago, the first Philippine independence congress was held in Manila. More than 3,000 delegates from all over the islands, representing the whole people, including the Mohammedan Filipinos, met to deliberate on the question of independence. They discussed the different phases of the Philippine problem with particular reference to the economic consequences and political responsibilities which independence entails. With full knowledge of such consequences and responsibilities, the congress approved resolutions strongly urging independence at an early date.

This unanimity of opinion in the Philippines contrasts strikingly with the differences among colonial Americans. We were not without many prominent tories during the struggles of our patriots for independence.

In the Philippines, however, from the venerable Aguinaldo down to the child in the primary schoolroom, we have not been able to find a Filipino living in his own country who is not in favor of Philippine independence.

In the face of this attitude on the part of 13,000,000 Filipinos, it would seem that they are entitled to a statement from the Congress of the United States as to what their future status shall be.

OPPOSITION OF CERTAIN BUSINESS INTERESTS

As will be seen from the record, your committee has attempted to give to the commercial phases of our contact with the Philip-

pines that consideration which is due those interests in relation to the whole subject, but we have endeavored to arrive at our conclusions on the basis of a broader view than merely trade relationship. It is idle to assume that the interests of manufacturers and others have no bearing upon this issue. It would be equally absurd to argue that the Philippine question should be determined solely from the viewpoint of consideration for the Philippines.

We must not forget American interests and American welfare. But your committee, having obtained all the facts in relation to our trade with the Philippines, finds in this information rather a powerful argument for some immediate disposition of the Philippine question than a reason to decide the matter of Philippine independence from the standpoint of either exporter or importer.

We have before us the data with respect to the importations of raw materials and manufactured products from the Philippines into the United States and we have investigated the exports of America to the Philippine Islands, but we shall not discuss individually these items of trade relationship.

It is pertinent, however, to state that the growing free exchange of products between the islands and the United States, if permitted to go on at the present rate of increase, will tend to develop a commercial relationship strong enough later to submerge every other consideration in the problem of Philippine independence.

When we took over the Philippines in 1898, the islands sent most of their exports (more than one-half) to Europe. In 1900, more than 55 per cent of the total exports of the Philippines went to European countries. From 1900 to 1908, the United States received 32 per cent of Philippine exports. But in 1909, when free-trade relationship was established, the United States received more than 42 per cent of Philippine exports. In 1927, more than 74 per cent of Philippine exports came into the United States. The growing trade relationship is manifest in these figures. It is equally manifest in the fact that 62 per cent of all foreign products consumed in the Philippines are received from the United States. The tariff wall surrounding the Philippines protects American products and manufactures against all competition.

The total trade of the islands in 1928 was approximately $290,000,000. The imports to the islands were approximately $134,000,000; the exports $155,000,000.

In 1928, the island imports from the United States were $84,000,000, and exports to the United States, $115,000,000. Thus about 69 per cent of the foreign trade of the islands was with the United States.

It is evident that if this trade relationship is permitted to continue, increasing the number and strength of commercial ties between the two nations, the time will rapidly come when a change in the status of the Philippines, however desirable it may be from a national, military, or humanitarian standpoint, will mean economic ruin to the Philippines themselves and an unquestionable detriment to Americans.

Your committee therefore believes that instead of resolving the Philippine question on the basis of commerce, the conclusion to be drawn is that the whole problem must be settled as quickly as its importance permits, and this growing relationship between Americans and Filipinos be given a permanent foundation.

As far as the Philippines are concerned, it is with reason they maintain that the disruption of present relationships now will subject them to hardships which they can more readily endure at present than at some future date when their economic dependency will be greater.

In passing, your committee desires to call attention to the fact that there is an organized medium of opposition to Philippine independence in the United States, namely, the Philippine-American Chamber of Commerce of New York. It is composed of American business men having trade relations with the Philippine Islands. The membership list discloses that of its 80 members all but 22 are residents of New York and only two reside in Manila. A fund was raised by this organization to oppose Philippine independence. They circularized the press of the United States and business organizations and Members of Congress. They reached almost the entire press of America by letters and pamphlets prior to the hearings before your committee, when these various bills came under discussion. It is perfectly natural that this propaganda on the part of those with commercial interests has had its effect upon the recipients of this literature.

The attitude of this organized hostility is unfortunate in that it may be misunderstood and may tend to encourage reprisals harmful to American trade. We have in our colonial history signal incidents that revealed the resentment of our own people under similar circumstances. The Filipinos will naturally not be friendly to the "yard of cloth" argument against their national aspirations.

THE AMERICAN FARMERS' INTERESTS

In America there is one element of our national life which is now receiving attention from Congress and which has appealed to Congress to change conditions with respect to the Philippines. The American farmer has an interest in the disposition of this important question.

Representatives of the American Farm Bureau Federation, the National Grange, and other farm organizations appeared before your committee to express their concern in this particular problem and though they did not demand any unduly rigorous action on the part of Congress against the Philippine people whom our Government committed itself to serve, they asked that we give consideration to their interests. They pointed out that in the 1,000-mile stretch of islands in the Philippines there was an area equal to the combined area of the States of New York, Connecticut, Massachusetts, New Jersey, and Vermont.

They pointed out that in this 114,000 square miles of territory there were vast agricultural areas, capable of great development and production, and they significantly reminded the committee that 80 per cent of the imports of products from the Philippine Islands into the United States to-day consists of farm products, while only 20 per cent of the exports of the United States to the Philippines is farm products. Since perhaps not more than one-seventh of the area of the Philippines is developed to-day, these figures give some idea of the extent to which the farmer in America has an interest in the competition from Philippine products.

It may be well to mention at this point that while the agricultural imports from the Philippines are increasing, the United States is at the same time developing irrigation systems with the object of converting to agricultural purposes vast areas of lands in our own western country. All of this new acreage in America is being brought into competition with the farmers who are here to-day. In his present financial condition, the American farmer's interest in Philippine exportations of agricultural products is not to be forgotten or ignored, especially when he is being urged to reduce his acreage and production.

THE AMERICAN FEDERATION OF LABOR

There appeared before your committee another element in our domestic life, the American Federation of Labor, representing the millions of working men and women of the United States. These representatives of labor called to our attention the matter of Philippine immigration, pointing out that our exclusion laws against certain oriental nations do not apply to the Philippines; that workers from these islands come into America directly or by way of the Hawaiian Islands and elsewhere, and that already there have been disturbances in the United States due to the growing number of Philippine laborers whose hire can be obtained at prices far below the standard wages of American workmen and women.

The average daily wage scale in the islands is from 50 to 75 cents a day for field laborers and for industrial labor an average of $1 a day.

While wages and the standard of living in the islands is from 200 to 300 per cent higher than that obtaining in other oriental countries, it is far below the American standard, which, under the present arrangement, must confront Philippine competition.

The interests of union labor, which for 32 years has been advocating Philippine independence, can not be overlooked in disposing of the Philippine question.

Congress has demonstrated that it will not subject the 13,000,000 Filipinos to the rigors of our exclusion act, to our trade barriers, or to other handicaps placed upon the foreigner while these people are held within the jurisdiction and under the protection of American sovereignty. No foreign nation excludes its colonials from its own domain, nor can America initiate such a policy with propriety.

Again, therefore, considering those questions of economics not related to the Filipinos themselves, but wholly American questions, it is not necessary to decide the Philippine status in favor of one or the other, but it is desirable to solve the Philippine problem for the future in the interest of all these elements of our American life.

While the interests of the American farmer, of the worker, and of the manufacturer should be protected, this protection should come from a constructive settlement of the whole problem from which the complaints arise and not through piecemeal legislation. Such legislation can only result in ill feeling and leave the main cause of the trouble untouched.

We can not, however, blind ourselves to the fact that there is a definite, well-organized movement in America to bring action along the lines of the respective interests affected by the present anomalous conditions. So it would seem to be our duty to take action now on the broader problem, lest at some future date, in emergency or excitement, we might find ourselves applying to these people exclusion laws, tariff barriers, or coastwise shipping restriction which in common justice we should not apply against them while they remain under our flag.

HISTORICAL FACTS

In 1898 when, as a result of the Spanish-American War, we took over the Philippine Islands, we found an unstable government set up under Spanish domination existing under so-called colonial jurisdiction.

Under Article III of the protocol, signed at Washington in August, 1898, we provided:

"The United States will occupy and hold the city, bay, and harbor of Manila pending the conclusion of a treaty of peace which shall determine the control, disposition, and government of the Philippines."

The treaty by which Spain ceded to the United States "the archipelago known as the Philippine Islands," was signed at Paris on December 10, 1898. The beginning of civil government in the Philippine Islands under American sovereignty, as distinguished from purely military administration, dated from the appointment by President McKinley in March, 1900, of what is known as the Taft Philippine Commission.

We separated the executive, judicial, and legislative branches. The commission took over the legislative powers. The judicial powers were to be exercised by the courts established through legislative action of the commission, and the authority to exercise the executive powers was continued in the commander of the mili-

tary forces of the United States. On June 21, 1901, the President issued an order transferring from the military governor to the president of the commission the authority to exercise the executive powers. On July 4, 1901, the late Chief Justice Taft was made civil Governor of the Philippine Islands.

Under the act of July 1, 1902, the existing government was continued and the act placed the seal of legislative approval upon the governmental organization. The Philippine Commission was the sole legislative body for the islands. Section 7 of this act authorized and directed the taking of a census and provided that two years after this census a general election should be held for the choice of delegates to a popular assembly for the islands. The census was taken in 1903 and the Philippine Assembly established in 1907.

In 1916 Congress passed what is known as the Jones law, the present organic act of the Philippine Islands. By this act Congress has given to the Philippines practically all the power that can be granted to them short of complete sovereignty. In accordance with this act, the President of the United States appoints the Governor General, the vice governor, who is also the secretary of public instruction, the chief justice, and the eight associate justices of the supreme court, the auditor, and the deputy auditor.

Congress and the Governor General may review and nullify the acts of the Philippine legislative bodies.

The Philippines have been transformed from an impotent colonial possession, with doubtful efficiency of government, to a people largely handling their own affairs, under the supervision of a few American officials.

POLITICAL CAPACITY

Are the Filipinos ready for self-government; can they maintain a stable self-government?

In the Jones Act previously referred to will be found the following preamble, which is a part of our statutory law, and which has laid down the policy we have pursued in our relations to the islands since 1916, as follows:

"Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that by the use and exercise of popular franchise and governmental powers they may be better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence."

It is pertinent to inquire whether under the Jones Act the Philippine people are exercising all of the functions of government with the exception of sovereignty.

In this connection the following must be considered:

The Philippine people elect the Philippine Senate of 22, two members being appointed to represent the non-Christians. They also elect 86 members of the house, 9 being appointed to represent the non-Christian Provinces. This bicameral body enacts the domestic laws for the Philippine people.

There are only three high executive officials in the Philippine Islands who are not Filipinos. One of these is the Governor General, appointed by the President; another is the vice governor, who is secretary of public instruction, and the third is the auditor. The deputy auditor is a Filipino. Of the high judicial officials (the chief justice and eight associates—nine in all) the chief justice and three of the associate justices are Filipinos.

The governors and members of the provincial boards of the 39 regularly organized Provinces, and all members of the legislature from these Provinces, are Filipinos elected by the people.

In the 9 specially organized Provinces, 5 governors are appointed and 4 elected. Of these 9, 6 are Filipinos and 3 Americans.

From the beginning of American occupation the 900 municipal governments of the islands have been administered practically exclusively by elected Filipinos.

According to the report of the director of civil service of the Philippine Islands, there were on December 31, 1928, only 494 Americans in the civil personnel of the Philippine government, while 19,606 Filipinos were permanently employed under the civil service. Of the 494 Americans, 293 were in the teaching service.

There are 30,000 teachers in 8,000 public schools in the Philippines. Of these teachers only 293 are Americans. The schools are scattered throughout the islands.

Out of the 13,000,000 population, there are more than 1,100,000 enrolled in the public schools alone. There are private colleges and universities in the islands. Some of these institutions are as old as our oldest universities.

It is significant that public order in the Philippines is maintained with unusual vigor and success by what is known as the constabulary, or insular police force. This force is composed of 6,331 Filipinos as enlisted men. Of the 398 officers, 375 are Filipinos.

The Wood-Forbes report on this particular subject states that the Filipinos "are naturally an orderly and law-abiding people," and further that "the constabulary has proved itself to be dependable and thoroughly efficient." The Secretary of War testified that "excellent general conditions of order have existed for over 25 years in the Philippines."

Attention is called at this point to the fact that on the entrance of the United States into the World War the Philippines organized a force and offered it to the United States for service.

At the last election more than 1,000,000 Filipinos voted, notwithstanding each voter is required under the Philippine laws to possess certain electoral qualifications. From 80 to 95 per cent of the registered voters actually vote.

In connection with the holding of elections we have at least one noted authority (the Wood-Forbes report) which says:

"Interest in the election was widespread and election day passed without any serious disturbance. There was a general wide acceptance by the minority of the results of the popular vote."

There are only two political parties in the Philippines, the majority and minority parties, whose differences are on domestic problems. They are in agreement as to Philippine independence.

The present government is substantially a popular government. The elected representatives of the people legislate for the whole country. Executive functions are administered through the different departments, at the head of each of which, with the exception of the department of public instruction, is a Filipino secretary. These secretaries are appointed by and with the advice and consent of the Philippine Senate after each general election, upon recommendation of the leaders of the party in power, from the members of the party which commands a majority in the legislature. The executive departments function under the direction of the secretaries of departments subject to the power of supervision and control of the Governor General.

FINANCES

The Philippine government has been self-supporting since the establishment of civil government in the islands. The only expenses incurred by the American Government are those in connection with the United States Army stationed in the Philippines. The Philippine government has been and is in a sound financial condition. Its income is in excess of its expenditures for the present necessary activities of the island government.

The Philippines have a stable government currency based on the gold standard. The circulation is about ₱130,000,000.

The net bonded indebtedness of the government at the end of the year 1928 was ₱175,237,000, for which there were accumulated sinking funds amounting to over ₱43,000,000. This indebtedness is below the total debt limit fixed by Congress. Besides, this indebtedness will be reduced during the current year by ₱12,000,000, already set aside by the legislature for the redemption of bonds which are redeemable at the option of the government during this year.

A further analysis of financial operations of the government will be found in the budget for 1930 submitted by the Governor General.

HOMOGENEITY AND CULTURE

Joined with the argument that there is some doubt as to the ability of the Filipinos to manage their own affairs is the frequently asserted statement that there exists a diversity of tribal interests, antagonisms, and prejudices which would militate against the maintenance of a stable government. The facts as given to your committee do not bear out the statement.

The late Chief Justice Taft in 1914, testifying before the Senate, said:

"There is a racial solidarity among them (the Filipinos), undoubtedly. I can not tell the difference between an Ilocano and a Tagalog or a Visayan—to me all Filipinos are alike."

Former Governor General Forbes says:

"Racially the Filipino is a Malay and throughout the islands the bulk of the population is sufficiently similar in type to indicate no great difference in origins."

Testimony indicated that while there are many dialects in the Philippines just as there are in all oriental countries, there are but three basic dialects, the Tagalog, the Ilocano, and the Visayan. There are 3 other important dialects, but the testimony was that it was a simple matter for the people to have a speaking knowledge of 2 or 3 of these dialects.

Moreover, as the result of the teaching of English in the islands for more than 30 years, a great number of the Filipinos, regardless of their groups or their dialects, speak the English language, which is rapidly becoming a common language throughout the islands, especially among the younger generation. English has been the official language of the government for many years.

In one of the Latin American States of South America nearly 100 dialects are spoken, in Mexico there are estimated 59 dialects, and it is hardly necessary in order to negative the contention that language differences are a bar to independence to indicate the numberless dialects of China, which have persisted for thousands of years, and which in that country render the inhabitants on one side of a stream wholly unable to talk with inhabitants on the opposite side of the stream. The old countries of Europe are not free from linguistic differences. In Bulgaria there are Bulgarians, Turks, Rumanians, and Greeks. Three languages are spoken in Switzerland. In Hungary Magyars, Slovaks, and Germans use their respective languages, and in other countries of the world there are similarly diversified peoples of distinct racial stock.

In the Filipino delegation which appeared before your committee several sections of the islands and various groups of the people were represented. Yet they had common media of communication and expression.

By itself the mere differences in language would hardly be a bar to national aspirations for independence.

In connection with the fact that there are 8,000 schools in the Philippine Islands, it is significant to note that in Siam, with a population estimated at 9,000,000, there are 5,600 schools; in Peru, with an estimated population of 6,147,000, there are 3,486 schools; in Venezuela, with a population of 3,029,000, there are 857 schools, excluding special and higher schools and primary schools with an enrollment of 73,000.

Statistics indicate that a minimum estimate of literacy in the Philippines is something above 40 per cent, measured by the American standard. The percentage of illiteracy in Mexico is 62 per cent; in Siam, 79 per cent; in Venezuela, 72 per cent (taking countries at random for this analysis).

The number of pupils in the public schools of the Philippines in 1904 was 227,500. In 1928 there were 1,111,500 enrolled.

In 1930, according to the budget figures, 28 per cent of the total Philippine revenues was set aside for education. The percentage of school children in the public schools in the Philippines, exclusive of private-school children, compared to population, is 9.26 per cent; while in Korea, according to the Japan Yearbook, 1929 (p. 677), it is 2.7 per cent; in the Dutch East Indies it is 3 per cent; and in French Indo-China, 1 per cent (according to the figures of G. Angoulvant in Les Indes Neerlandaises, Vol. I, p. 312).

This report has accepted the percentage of literacy in the Philippines as 40 per cent in order to make its comparison conservative. However, the Philippine census of 1918 (Vol. II, pp. 53, 54, and 58) gives the percentage of literacy as 49.2 per cent in that year. The Philippine representatives claim more than 60 per cent of literacy. They hold that full credit is not given to those who are literate in certain dialects, and that sufficient allowance is not made for the increased school facilities and larger annual expenditures for education since 1918.

CAPACITY TO MAINTAIN INDEPENDENT GOVERNMENT

Your committee desires to discuss particularly one frequently made statement, namely, "that the existence or nonexistence of adequate preparation for complete independence can be established with finality only by an actual test."

So long as the United States exercises that supervision, control, and authority over the affairs of the Philippine Government under the present organic act, a categorical decision as to the Filipino people's capacity or incapacity for independent government can not be made. It is argued, therefore, that to grant such a test would "involve an advance decision" with respect to the "very question for the ultimate determination" of which the test would prove a guide.

But such is not the case, as is evidenced by the provisions of the bill S. 3822. Under the provisions of this bill the United States is to furnish the machinery for the setting up of a government and the application of certain conditions precedent to independence which will give the Philippine people the test desired without relinquishing at once the sovereignty of the United States over the islands. These people will determine for themselves subsequently to the test whether they still desire independence and during the period of the test the United States remains in that control necessary to determine for itself whether it wishes to proceed with its approval of what the island government is or is not doing. It controls the veto, if necessary, to the island's legislative enactments. There is no other way to test that capacity.

But whatever may have been our Government's influence in the matter, the fact is that noted authorities have complimented the Philippine governmental agencies upon their efficiency and capacity and have commented as well upon the widespread participation of the people in the elections held in connection with governmental functions. Nor was there any evidence further than that cited to indicate that permanent stable government is or will be menaced by racial or tribal differences. The witnesses before your committee, whatever their views as to what should be done with the Philippines, did not criticize the manner in which the Philippine Government is being managed by Filipinos, and some were high in their praise of both the efficiency and intelligence manifested by those in charge of Philippine domestic affairs.

President Wilson, in connection with the maintenance of a stable government in the Philippines, said:

"Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of the Congress in their behalf, and have thus fulfilled the condition set by the Congress as precedent to a consideration of granting independence to the islands.

"I respectfully submit that this condition precedent having been fulfilled, it is now our liberty and duty to keep our promise to the people of these islands by granting them the independence which they so honorably covet."

Under the present system of government the Filipinos have assumed and exercised the essential functions of administration subject only to the reserved power of the Governor General. The valuable experience acquired by the Filipinos under their present government should fully capacitate them to discharge the functions which will devolve upon them under the new government provided for in this bill.

Governor General Stimson in his report for 1928, after detailing the work of the Philippine Legislature, said:

"The record of legislation produced was highly creditable."

In addition to demonstrating their capacity to administer the affairs of government we are not without evidence that the Philippine people have acquired a reasonable degree of appreciation of the Anglo-Saxon concept of individual rights. Even before the operation of American influence on the islands there was set up by the people in their own constitution for the Philippine republic a guaranty of individual rights. Thirty years of the application of the American bill of rights can not but have had a salutary influence in furthering these concepts.

THE JUDICIARY

The judiciary is well organized and efficient and testimony was that there is "a wide-awake public opinion and an ever-vigilant bar maintained with healthy interest in the courts, which is the best guaranty of a sound and impartial judiciary."

There are 28 district judges in the islands and 25 auxiliary judges. In addition thereto there are 865 justices of the peace. All but two of the judges of the courts of first instance are Filipinos.

PUBLIC HEALTH AND SANITATION

We shall not in this report detail the extensive work which has gone on in the islands in the way of bettering sanitary conditions, extending roads and highways, and in general promoting all those necessary municipal or State efforts which go with the development of a people.

There are in the record much data covering these varied activities. There is much work to be done for the realization of health and sanitation programs, but progress has been made. Except for one short period, cholera, malaria, and smallpox have not been serious in later years. Maternity work is conducted under the public welfare commission. Sewer and water systems are being established. A department of hygiene in the university trains men for sanitation work. Health habits are taught in the schools. But with all this there is room for improvement.

The average annual death rate is set at 20 per 1,000 inhabitants and is smaller than in any of the other oriental countries.

COMMUNICATIONS

As to public roads, the statement of a Governor General is: "There are more miles of improved roads in the islands to-day—I know what it is in Luzon—than in the whole continent of South America outside the cities; and that is true all through the archipelago." (October, 1929.)

There are three trunk railroad systems, at 19,000 kilometers of first-class roads.

There is a system of postal communication and interisland shapping communication.

THE MORO

There is substantial or convincing testimony to the effect that in the island of Mindanao, in Sulu, and in Palawan, where the Moro population centers, there is a combined population of 1,175,212, but that this part of the archipelago is not inhabited wholly by Mohammedan Filipinos or Moros, and that there are living in this area of 44,700 square miles 536,726 Christians and 205,000 Pagans.

The testimony also is to the effect that the Moros number 423,200, or but 4 per cent of the population of the islands, and occupy only 21 per cent of the land area of the islands where they are found and only 8 per cent of the archipelago as a whole.

It is further testified that these Moros belong to the same racial blended stock as do other Filipinos, the Malays; that they are sending their children to the public schools of the islands; that they pay their taxes; and that they unite in the demand for Philippine independence.

The adoption by the Moros in the fourteenth and fifteenth centuries of the Mohammedan religion resulted in a diversity between them and the other Filipinos in certain characteristics, customs, and traditions. There is similar diversity of customs in certain of the other groups and there is some difference in the matter of religion. It would hardly be fair, however, to set up as a bar to independence the theory that our release of the Philippines would endanger the Christian religion in the islands, since the Christian religion was established in the islands for more than 300 years prior to our occupation of them, and 91 per cent of the population is Christian.

THE ORIENTAL PROBLEM

The question of Philippine independence in its relation to the Orient in general has been investigated; but as the result of such inquiry, no fundamental reason is found for refusing independence to the Filipino people because of correlated oriental problems.

We attach hereto as a part of this report the 3-party agreement or treaty which limits our fortification of the islands as a matter of defense. In the absence of fortifications precluded by this treaty, no naval or army authority will deny that the Philippine Islands could not be held against a strong enemy for any reasonable length of time.

To attempt to fortify the Philippines for defense, if we hold them for the future, would require a change in the treaty which now regulates our military and naval operations in the Pacific. There is serious doubt as to their utility to us in the event of armed conflict. They probably would be a liability so long as the 3-power treaty is operative.

It was asserted at the hearings that a foreign nation would hesitate to engage this country in conflict at the present time because of the ultimate disaster which such a war would mean to such aggressor. But admitting that no foreign power at the present time has any designs upon these islands or any desire to take them, there is still a possibility that they may involve us in disputes with a foreign power.

In their present state of preparedness the Philippine Islands would be useless as a post of defense. The Army personnel in the islands at present is limited to some 4,000 Regular Army men and to some 6,400 Philippine Scouts. There is also limited equipment.

These islands, once they were captured, it is generally agreed, could hardly be retaken by us for at least two years, and then only at the cost of an immense amount of money in war expenditures and after the loss of hundreds of thousands of lives of American sailors and soldiers. These islands lie within 30 hours' sailing from the Asiatic coast, they are practically part of Asia,

as much so, in fact, as Cuba is a part of the American continent, and that they are 21 days' sailing, by the fastest ships, removed from the Pacific coast of the United States.

The 3-party treaty with Japan was a far-reaching decision and leaves the Philippine Islands, so far as the Army and Navy of the United States are concerned, in an unprotected condition which can not be changed while this treaty remains in effect.

The only possible expansion of military preparedness in the islands would be that effectuated in the mobile military forces of the islands. But to extend the mobile military force to the point of adequate defense would require from 60,000 to 80,000 trained men, or a body nearly as large as the standing Army of the United States.

EFFECT OF INDEPENDENCE IN ORIENT

Keen interest is evoked by one theory advanced at the hearings; namely, that to grant Philippine independence might disturb the peace of the Orient by inspiring in other peoples there a desire to free themselves from European control. It is asserted that the granting of independence to the Philippines will stimulate a desire for independence on the part of these other dependencies. To give weight to such a theory would be to recognize an unsound philosophy or policy repugnant to the very best traditions of our Nation. We are proud that our experiment in self-government has been imitated by all the nations in South America and by many of the nations of Europe. The finest pages of our history are those recording the conflicts that have followed our own departure from colonial dependency.

We entered the Orient as the protectors of a downtrodden people and later assumed to guide them to the level of occidental civilization. That occidental civilization finds its highest expression in national independence.

At this date of our supremacy over the Philippines, 30 years after our occupation of the islands, to assert that our granting their freedom would be unwise because of the stimulus it would give to other nations cherishing like hopes, is to validate a theory which will have but little weight with real Americans.

We can hardly justify a course which began with the object of establishing a democracy in the Orient and which is to end in colonial control.

As will be verified by current events, there are eastern colonies now endeavoring to assert their aspiration for national identity and moving toward independence, wholly without regard to our attitude in the matter of the Philippine Islands. Our presence in the Orient in these instances has not deterred desires for national self-expression.

Furthermore, our treatment and disposition of the Philippine Islands will largely be the measure by which the Orient will weigh our international honesty. We are told that our retention of the Philippine Islands has a beneficial effect on our intercourse and trade with the Orient. But there is no evidence to conclude that a continuation of our sovereignty over the Philippines will be conducive to oriental friendship. If the Philippine people, actuated by the statements of our executives and by the promises and pledges made in our statutory law, demand, as they do, their independence, and we deny them that independence, it is not likely that our attitude will present a favorable aspect in the Orient.

As time goes on and we retain the Philippine Islands in complete sovereignty, it is scarcely probable that the oriental conception will credit us with those altruistic principles in which we take great national pride. The result may reverse what the advocates of retention now call our strategic position for trade in the Orient.

The holding of the Philippines for mere trade advantage in the Orient seems one-sided in its application, for the reason that while the Philippines offer to the United States a development of foreign trade, the status in which the Philippines find themselves is not conducive to the development of their own foreign trade. It must be recalled that while their trade with the United States increases, their markets in the Orient are narrowed.

INDEPENDENCE THE GOAL OF AMERICAN POLICY

The treaties and laws incident to our occupation of the Philippines did not provide for the ultimate freedom of the Philippines. But to-day, it would seem hardly necessary, after all the discussion that has been had on this subject, to offer proof that we have promised to these people their ultimate sovereignty.

The preamble of the Jones Act passed by Congress is a specific pledge that we are preparing the Philippines for independence. Following is the language of the preamble to that act:

"Whereas it was never the intention of the people of the United States in the incipiency of the war with Spain to make it a war of conquest or for territorial aggrandizement; and

"Whereas it is, as it has always been, the purpose of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein."

But in addition to this act, Presidents Taft, Roosevelt, and Wilson have at various times made statements indicative of a similar policy. President Harding commended "the Philippine aspirations to independence and to complete self-sovereignty." President Roosevelt declared in a message to Congress in 1908: "I trust that within a generation the time will arrive when the Filipinos can decide for themselves whether it is well for them to become independent."

The "generation" suggested by President Roosevelt, will have passed when independence, under this bill, will have been granted. The new 30-year advocates now seek postponement for another generation.

When the late Chief Justice Taft was Secretary of War in 1904, he said:

"When they [the Philippine people] have learned the principle of successful popular self-government from a gradually enlarged experience therein, we can discuss the question whether independence is what they desire, and grant it * * *."

In the instructions of President McKinley to the first Philippine commission, he expressed the hope that the Philippine people would receive its members as bearers of "the richest blessings of a liberating rather than a conquering nation."

Again President McKinley said:

"The Philippines are ours not to exploit but to develop, to civilize, to educate, to train in the science of self-government."

In 1913, President Wilson, in a message to the Philippine people, said:

"Every step we take will be taken with a view to the ultimate independence of the islands and as a preparation for that independence."

And in a message to Congress in the same year, he declared:

"We must hold steadily in view their ultimate independence and we must move toward the time of independence as steadily as the way can be clear and the foundations thoughtfully and permanently laid."

If there be any doubt left that the ultimate purpose of the United States in its legislation with respect to the islands has been to prepare them for independence, it should be removed by the fact that in the 30 years in which we have held the Philippines we have not attempted to incorporate them.

By the operation of our own laws we have set up what must be a temporary government in that we have continued the administration of certain of the affairs of the Philippines in the War Department. We have left the general supervision of the Philippine government to the War Department. We have provided that the Governor General report annually to some official designated by the President of the United States, and that official is not the Secretary of the Interior, the Secretary of the Treasury, or the Secretary of State, but the Secretary of War. The plain implication is that our tenure of the Philippines is temporary in character.

There are some who attempt to ignore the formal commitment and promise of independence to the Filipino people in the Jones Act. They attempt to persuade the Congress not only that this declaration is of no binding force, legal or moral, but go so far as to assert that no promise of independence or commitment to that policy has ever been authoritatively declared.

The mere fact that such declaration of policy was made in the preamble of the act and not in the body of the act itself does not in any way lessen its validity. Whether a part of the law or not, the declaration constitutes a definition of national policy formally made by the only authority possessed of the power to make such declaration. The debate which took place in both Houses of Congress on the Jones Act reveals the importance which was accorded by the Congress to this enunciation of national purpose. It was considered by all those who participated in its enactment as the most important part of the act. The wording of the title of the act indicates that such declaration was its most important aim. The contention that this declaration of policy is of no binding force because any subsequent Congress can repeal or alter it is hardly persuasive. While the declaration remains unaltered and unchanged, every reason of national honor compels its fulfillment.

CONSTITUTIONALITY

We will not in this report discuss the constitutionality of an act of Congress withdrawing sovereignty over the Philippine Islands. This point is greatly overemphasized by certain interests and the attack on the right of Congress to alienate the Philippines comes exclusively from those opposed to independence.

In the records of the present session of Congress and in the hearings before your committee there are able, carefully prepared, and comprehensive briefs sustaining the constitutionality of such an act of Congress.

One may be found in the hearings on page 32. Another on page 2698 of the CONGRESSIONAL RECORD of January 29; another on page 2799 of the CONGRESSIONAL RECORD of January 30.

Furthermore, the office of the Attorney General of the United States in 1924 stated that Congress had the power to grant complete independence to the Philippines, and Justice Malcolm, of the Supreme Court of the Philippines, is of the same opinion.

The opinion of the Attorney General's office may be found in the House hearings of 1924, Philippine Local Autonomy, page 57, and Judge Malcolm's view in the Constitutional Laws of the Philippine Islands (second edition, Lawyers Cooperative Publishing Co., 1926, p. 173).

Professor Willoughby, in the Constitutional Law of the United States (Vol. I, p. 425), reaches the same conclusions as the other authorities cited.

CONSEQUENCES OF WITHDRAWAL

It is urged that while the governmental machinery of the Philippines is practically all in the hands of Filipinos, a great influence is exerted by the American Government through the power of veto in the Governor General and in Congress, and through the supervision by American officials who are holding certain important positions.

The loss of this guiding influence would undoubtedly be of consequence to the Philippine people. There is little doubt that the reins of government could not be shifted to Philippine officials without some disturbing effects. There would be, in the event of our withdrawal, certain increases in the cost of government to

the Philippine Islands. There would be, for instance, the cost of consular service and maintenance of diplomatic machinery. There would be the cost of coast and geodetic survey and perhaps an increase in the cost of maintaining insular police. The application of our trade barriers would result in some diminution of income to the Philippines, but such diminution would largely depend upon the methods pursued by the Filipino government in the development of markets elsewhere than in the United States.

Those who are in control of Philippine affairs in the islands today, however, are keenly alive to all these possibilities as are Americans. The testimony indicates that the Philippine leaders have weighed in dollars and cents each of the costs of independence. The significant and logical argument with which they reply, however, is that the future will not relieve them of this responsibility of reconstruction but will, on the contrary, aggravate the difficulties of reconstruction.

The next 15, 20, or 30 years will bring about conditions in the Philippines under which the separation of the islands from the United States would be attended by even more serious consequences to the Philippine people and to the United States than could possibly result from independence at this time.

This is not an American thought on the subject of separation. It is the frankly admitted statement of the Filipinos. The difficulty of reconstruction for the Filipinos was not conceived first by Americans but was long since carefully examined and recognized by the Filipinos themselves.

To permit a readjustment with the least attendant difficulties the bill provides for a 5-year period before the final withdrawal of American sovereignty.

It is urged that the Philippines would also find difficulty in their future financial operations. The Philippine representatives are thoroughly conversant with the conditions which will probably have to be met in the financing of future island developments. But the Filipinos feel that in all such financing, if the relationship of the islands with the United States is friendly, the handicaps of such financing will be largely diminished. And they point to smaller republics in financing through friendly relations with America as indicative of the soundness of their views on this subject.

As to the future stability of the bonds now outstanding against the Philippine Islands, there are many ways in which payment could be guaranteed to the bondholders. It is hardly necessary here to discuss such problems of finance as may be met through refunding or outright assumption which may be agreed upon.

Another handicap to Philippine stability is presented in the fear that there may be in the Orient certain overcrowded nations who would populate the sparsely settled rich territory of the Philippines with an influx of alien population. The bill contemplates adequate provision for writing into the laws of the Philippines their own immigration laws to protect them from such invasion. The passage of such laws and their enforcement, it would seem, would take care of this situation.

CONCLUSIONS

From the foregoing the following conclusions may be drawn:

(1) That it is the policy of the American Government to free rather than retain the Philippines.

(2) That the Philippine people are justified in their plea for independence at this time.

(3) That the Philippine people have made remarkable strides in the path of self-government.

(4) That at the present time the Philippine people are conducting, except in a few instances, the affairs of government.

(5) That the Philippine people are keenly alive to the untoward eventualities of independence.

(6) That the Philippine people, realizing serious hardships may result from independence and from the loosening of the ties that now bind them to American sovereignty, prefer to risk these hardships at the present time, when they are confident of their ability to endure them, than at a remote date when the hazards of separation from the American Government would be so great as either to threaten disaster or to preclude their independence.

(7) That, so far as the interests of Americans are concerned in Philippine trade, it will be more simple to grant independence at an early date than when their interests have a deeper and more far-reaching contact with the Philippines.

(8) That at the present time the conditions existing in the Philippines and the uncertainty of the future status of these islands is operating to dwarf their initiative, handicap their agricultural and industrial development, hamper their efforts to obtain investments of foreign capital, and militate against their enjoying the full possibilities of their economic development.

(9) That there are important elements, both American and Philippine, whose interests demand some action on the part of Congress in the settlement of this national uncertainty.

(10) That the action of the American Government in relation to the Philippines will determine America's prestige in the Orient.

(11) That the Philippine Islands, of doubtful advantage at the present from a purely trade standpoint, have little or no utility in times of war and might even become a burden and a threat to us in the event of our embroilment with certain powers.

(12) That proposals to postpone the date for the granting of Philippine independence for any great number of years will result in the expansion of certain economic ties which may ultimately make impossible the granting of independence.

(13) That no selfish motives of commercial advantage or expansion should interfere with the redemption of our pledges to these people.

(14) That the Philippine people are unanimous in their demand for early and complete independence.

The United States owes a solemn duty to the Philippine people—the duty of an honest declaration of our future intent. If we have decided to retain these islands under some form of colonial government, we should be frank enough to proclaim it. We should not further encourage national aspirations to ultimate independence on the part of the Philippine people if we are ourselves opposed to their independence.

If the delay of independence for 30 years is for the purpose of defeating independence, we should say so frankly.

In submitting this report, it seems proper to make grateful acknowledgment that in the preparation of this bill and of this report, Senator BRONSON CUTTING, of New Mexico, has given his very active assistance and cooperation, and his helpful advice and suggestions have been incorporated in both the bill and the report.

On the basis of the evidence before your committee, and for the purposes of carrying out the conclusions of your committee, the bill, which is herewith given in its entirety, is approved and recommended for passage:

[S. 3822, Seventy-first Congress, second session]

[Matter within brackets omitted; new matter in italic]

A bill to provide for the withdrawal of the sovereignty of the United States over the Philippine Islands and for the recognition of their independence; to provide for notification thereof to foreign governments; to provide for the assumption by the Philippine government of obligations under the treaty with Spain; to define trade and other relations between the United States and the Philippine Islands on the basis of a progressive scale of tariff duties preparatory to complete independence; to provide for the calling of a convention to frame a constitution for the government of the Philippine Islands; to provide for certain mandatory provisions of the proposed constitution; to provide for the submission of the constitution to the Filipino people and its submission to the Congress of the United States for approval; to provide for the adjustment of property rights between the United States and the Philippine Islands; to provide for the acquisition of land by the United States for coaling and naval stations in the Philippine Islands; to continue in force certain statutes until independence has been granted, and for other purposes

Whereas the act entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands," approved August 29, 1916, declared it to be the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

Whereas a stable government has been established and is being maintained in the Philippine Islands; and

Whereas the Filipino people have petitioned the Government and people of the United States to declare the Philippine Islands free and independent: Therefore

Be it enacted, etc.,

CONVENTION TO FRAME CONSTITUTION FOR PHILIPPINE ISLANDS

SECTION 1. The Philippine Lsgislature is hereby authorized to provide for the election of delegates to a constitutional convention, which shall meet in the hall of the house of representatives in the capitol of the Philippine Islands at such time as the Philippine Legislature may fix, to formulate and draft a constitution for a free and independent government of the Philippine Islands, subject to the conditions and qualifications prescribed in this act, which shall exercise jurisdiction over all the territory ceded to the United States by the treaty of peace concluded between the United States and Spain on the 10th day of December, 1898, the boundaries of which are set forth in Article II of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November, 1900. The Philippine Legislature shall provide for the necessary expenses of such convention.

CHARACTER OF CONSTITUTION—MANDATORY PROVISIONS

SEC. 2. The constitution formulated and drafted shall be republican in form, and adequate to secure a stable, orderly, and free government, and shall, either as a part thereof or in an ordinance appended thereto, contain provisions to the effect that, pending the final and complete withdrawal of the sovereignty of the United States over the Philippine Islands—

(a) All citizens of the Philippine Islands shall owe allegiance to the United States.

(b) Every officer of the government of the Philippine Islands shall, before entering upon the discharge of his duties, take and subscribe an oath of office, declaring, among other things, that he recognizes and accepts the supreme authority of and will maintain true faith and allegiance to the United States.

(c) Absolute toleration of religious sentiment shall be secured, and no inhabitant or religious organization shall ever be molested in person or property on account of religious belief or mode of worship.

(d) Property owned by the United States, cemeteries, churches, and parsonages or convents appurtenant thereto, and all lands,

buildings, and improvements used exclusively for religious, charitable, or educational purposes shall be exempt from taxation.

(e) Trade relations between the Philippine Islands and the United States shall be upon the basis prescribed in section 5.

(f) The public debt of the Philippine Islands and its subordinate branches shall not exceed limits now or hereafter fixed by the Congress of the United States; and no loans shall be contracted in foreign countries without the approval of the President of the United States.

(g) The debts, liabilities, and obligations of the present Philippine government, its Provinces, municipalities, and instrumentalities, valid and subsisting at the time of the adoption of the constitution, shall be assumed and paid by the new government.

(h) Provision shall be made for the establishment and maintenance of *an adequate system of sanitation and* an adequate system of public schools conducted in the English language.

(i) No part of the public revenues shall be used for the support of any sectarian or denominational school, college, university, church, or charitable institution.

(j) Acts affecting the currency or coinage laws shall not become law until approved by the President of the United States.

(k) Foreign affairs shall be under the direct supervision and control of the United States.

(l) All acts passed by the Legislature of the Philippine Islands shall be reported to the Congress of the United States.

(m) The Philippine Islands recognizes the right of the United States to maintain armed forces in the Philippines and, upon order of the President, to call into the service of such armed forces all military forces organized by the Philippine government.

(n) Appeal to Federal courts of the United States shall be as now or as may be hereafter provided by act of Congress.

(o) The United States may exercise the right to intervene for the preservation of the government of the Philippine Islands and for the maintenance of a government adequate for the protection of life, property, and individual liberty, and for the discharge of its obligations.

(p) The authority of the United States high commissioner to the government of the Philippines, as provided in this act, shall be recognized.

SUBMISSION OF CONSTITUTION TO FILIPINO PEOPLE

SEC. 3. If a constitution is formed in compliance with the provisions of this act, the said constitution shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within four months after the completion of the constitution, on a date to be fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution, or for or against any proposition separately submitted. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return and, if a majority of the votes cast on that question shall be for the constitution, shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast thereon, and upon separate propositions, and a copy of said constitution, propositions, and ordinances.

SUBMISSION OF CONSTITUTION TO CONGRESS OF THE UNITED STATES

SEC. 4. When the constitution has been adopted in compliance with the provisions of this act and has been duly ratified by the people of the Philippine Islands, a certified copy shall be submitted to the Congress of the United States for approval. If the Congress by law approves the constitution, or if the Congress, within three months of legislative session following submission to it, fails by law to disapprove the constitution, the President shall so certify to the Governor General of the Philippine Islands, who shall, within 30 days after the receipt of such notification from the President, issue a proclamation for the election of officers of the government provided for in the constitution. The election shall take place not earlier than three months nor later than six months after the proclamation by the Governor General ordering such election. When the election of the officers provided for under the constitution has been held and the results determined, the Governor General of the Philippine Islands shall certify the result of the election to the President of the United States, who shall thereupon issue a proclamation announcing the results of the election, and upon the issuance of such proclamation by the President the existing Philippine government shall terminate and the new government shall enter upon its rights, privileges, powers, and duties, as provided under the constitution. The present government of the Philippine Islands shall provide for the orderly transfer of the functions of government.

If the Congress, within three months of legislative session following submission to it, by law disapproves the constitution adopted and ratified in pursuance of the provisions of this act, then such fact shall forthwith be communicated by the President to the constitutional convention, which shall thereupon consider any objections made and proceed to redraft the constitution for ratification and submission in accordance with the provisions of this act.

TRADE RELATIONS WITH THE UNITED STATES PENDING COMPLETE INDEPENDENCE

SEC. 5. Trade relations between the United States and the government of the Philippine Islands established under this act shall be upon the following basis:

(1) During the first year after the termination of the existing Philippine government all articles coming into the United States from the Philippine Islands, or coming into the Philippine Islands from the United States, shall be admitted in accordance with the law in force at the time of such termination.

(2) During the second year after the termination of the existing Philippine government there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands and upon articles coming into the Philippine Islands from the United States 25 per cent of the duties which are required by the respective governments to be levied, collected, and paid upon like articles imported from foreign countries.

(3) During the third year after the termination of the existing Philippine government there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands and upon all articles coming into the Philippine Islands from the United States 50 per cent of the duties which are required by the respective governments to be levied, collected, and paid upon like articles imported from foreign countries.

(4) During the fourth year after the termination of the existing Philippine government there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands and upon all articles coming into the Philippine Islands from the United States 75 per cent of the duties which are required by the respective Governments to be levied, collected, and paid upon like articles imported from foreign countries.

(5) During the fifth year after the termination of the existing Philippine government there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands and upon all articles coming into the Philippine Islands from the United States the rates of duty which are required by the respective governments to be levied, collected, and paid upon like articles imported from foreign countries.

OTHER RELATIONS WITH UNITED STATES PENDING COMPLETE INDEPENDENCE

SEC. 6. Until the final and complete withdrawal of American sovereignty over the Philippine Islands—

(1) Every duly adopted amendment to the constitution of the Philippine Islands shall be submitted to the President of the United States for approval. If the President approved the amendment, or if the President fails to disapprove such amendment within six months from the time of its submission, the amendment shall take effect as a part of such constitution.

(2) The President of the United States shall have authority to suspend the taking effect of or the operation of any law, contract, or executive order of the Philippine Islands which in his opinion seems likely to result in a failure of the government of the Philippine Islands to fulfill its contracts, or to meet its bonded indebtedness and interest thereon, or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippine Islands, or may create international complications. The President shall, in any such case, finally determine whether or not such law, contract, or Executive order shall go into or remain in effect.

(3) The chief executive of the Philippine Islands shall make an annual report to the President and Congress of the United States of the proceedings and operations of the government of the Philippine Islands and shall make such other reports as the President or Congress may request.

(4) The President shall appoint, by and with the advice and consent of the Senate, a United States *high* commissioner to the Philippine Islands who shall hold office at the pleasure of the President or until his successor is appointed and qualified. He shall be the representative of the President of the United States in the Philippine Islands and shall be recognized as such by the government of the Philippine Islands, by the commanding officers of the military forces of the United States, and by all civil officials of the United States in the Philippine Islands.

If the government of the Philippine Islands fails to pay any of its bonded or other indebtedness or the interest thereon when due or to fulfill any of its contracts, the United States *high* commissioner shall immediately report the facts to the President, who may thereupon direct the *high* commissioner to take over the customs offices and administration of the same, administer the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. The United States *high* commissioner shall annually, and at such other times as the President may require, render an official report to the President and Congress of the United States. He shall perform such additional duties and functions as may be lawfully delegated to him from time to time by the President.

The first United States *high* commissioner appointed under this act shall take office upon the inauguration of the new government of the Philippine Islands. He shall be paid by the United States an annual salary of $18,000 and $12,000 for expenses.

(5) The government of the Philippine Islands shall provide for the selection of a Resident Commissioner to the United States, who shall hold office for a term of four years beginning with the 4th day of March following his selection, and who shall be entitled to an official recognition as such by all departments upon presentation to the President of credentials signed by the chief executive of said islands. He shall have a seat in the House of Representatives of the United States, with the right of debate, but without the right of voting. His salary and expenses shall be fixed and paid by the government of the Philippine Islands. Until a Resident Commissioner is selected and qualified under this section, existing law governing the appointment of Resident Commissioners from the Philippine Islands shall continue in effect.

PLEBISCITE ON THE QUESTION OF PHILIPPINE INDEPENDENCE

SEC. 7. (a) Within the first six months of the fifth year after the termination of the government provided for in this act, the people of the Philippine Islands shall vote on the question of Philippine independence. The legislature of the Philippine government shall provide for the time and manner of an election for such purpose, at which the qualified voters of the Philippine Islands shall be entitled to vote.

(b) If a majority of the votes cast are in favor of Philippine independence, the chief executive of the Philippine Islands shall so report to the President of the United States, who shall, within 60 days after the receipt of such report, issue a proclamation announcing the results of such election, and announcing that upon the expiration of the fifth year after the termination of the government provided for in this act the government of the Philippine Islands will be turned over to the duly elected officers thereof. Upon the expiration of such fifth year the President of the United States shall withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, under the constitution then in force: *Provided*, That the constitution has been previously amended to include the following provisions:

(1) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(2) That the Philippine government will sell or lease to the United States lands necessary for coaling or naval stations at certain specified points, to be agreed upon with the President of the United States not later than two years after his proclamation recognizing the independence of the Philippine Islands.

(3) That the officials elected and serving under the constitution adopted pursuant to the provisions of this act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

(4) That the debts and liabilities of the Philippine Islands, its Provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands, or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(5) That the government of the Philippine Islands, on becoming independent of the United States, will assume all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States.

(6) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except paragraph (3)) in a permanent treaty with the United States.

(c) If a majority of the votes cast are against Philippine independence, the chief executive of the Philippine Islands shall so report to the Congress of the United States for their action regarding the future political status of the Philippine Islands. In the event of such vote against Philippine independence, after the expiration of the fifth year after the termination of the existing Philippine government all articles coming into the United States from the Philippine Islands or coming into the Philippine Islands from the United States, shall be admitted in accordance with the law in force at the time of [such termination] *the passage of this act.*

NOTIFICATION TO FOREIGN GOVERNMENTS

SEC. 8. Upon the proclamation and recognition of the independence of the Philippine Islands under their constitution, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

TARIFF DUTIES AFTER INDEPENDENCE

SEC. 9. After the Philippine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries.

CERTAIN STATUTES CONTINUED IN FORCE

SEC. 10. All laws or parts of laws applicable to the Philippine Islands not in conflict with any of the provisions of this act are hereby continued in force and effect until altered, amended, or repealed in accordance with existing law by the Philippine Legislature or by the legislative authority of the government established under the provisions of this act, or by act of Congress of the United States.

APPENDIX

The language of Article XIX of Chapter I of a treaty between the United States, the British Empire, France, Italy, and Japan, entered into at the city of Washington, D. C., the 13th day of December, 1921, and ratified March 24, 1922, follows. (It will be noted that the contracting powers, in Article XIX are the United States, Great Britain, and Japan.)

"ARTICLE XIX

"The United States, the British Empire, and Japan agree that the status quo at the time of the signing of the present treaty, with regard to fortifications and naval bases, shall be maintained in their respective territories and possessions specified hereunder:

"(1) The insular possessions which the United States now holds or may hereafter acquire in the Pacific Ocean, except (a) those adjacent to the coast of the United States, Alaska, and the Panama Canal Zone, not including the Aleutian Islands, and (b) the Hawaiian Islands;

"(2) Hong Kong and the insular possessions, which the British Empire now holds or may hereafter acquire in the Pacific Ocean, east of the meridian of 110 east longitude, except (a) those adjacent to the coast of Canada, (b) the Commonwealth of Australia and its territories, and (c) New Zealand.

"(3) The following insular territories and possessions of Japan in the Pacific Ocean, to wit: The Kurile Islands, the Bonin Islands, Amami-Oshima, the Loochoo Islands, Formosa, and the Pescadores and any insular territories or possessions in the Pacific Ocean which Japan may hereafter acquire.

"The maintenance of the status quo under the foregoing provisions implies that no new fortifications or naval bases shall be established in the territories and possessions specified, that no measures shall be taken to increase the existing naval facilities for the repair and maintenance of naval forces, and that no increase shall be made in the coast defenses of the territories and possessions above specified. This restriction, however, does not preclude such repair and replacement of worn-out weapons and equipment as is customary in naval and military establishments in time of peace."

Report of the Senate Committee on Territories and Insular Affairs, favorably reporting the bill, S. 3377, providing for independence to the Philippine Islands:

REPORT (TO ACCOMPANY S. 3377)

Your Committee on Territories and Insular Affairs, to whom were referred a number of bills providing for Philippine independence, having considered all such bills, favorably report S. 3377, with an amendment, and recommend that the bill, as amended, do pass.

UNCERTAINTY

For a generation the Philippine problem has confronted the American people. It involves American-Philippine political and economic relations, and the fulfillment of our promise of independence. This bill provides sound, feasible, and fair methods of substituting a definite policy for one of evasion and indecision.

Virtually every witness who testified at the extended hearings conducted by the committee has expressed the view that the present uncertainty characterizing our relations with the Philippine Islands should be removed. Further delay threatens to be prejudicial to the best interests of both the United States and the Philippine Islands.

FAR EASTERN SITUATION

The present situation in the Orient should not prevent Congress from taking definite action at this time. Unsettled conditions in the Far East may continue indefinitely; they may be settled at any time. But the varying fortunes of conflicting forces on the other side of the Pacific can not justly be set up by us as an excuse for delaying the solution of our own problems.

The fulfillment of our duty toward the Philippines must be determined upon the basis of the welfare of the people of the United States and the 13,000,000 people of the Philippine Islands. To change at this time a long-established national policy because of conditions for which we are not responsible and over which we have no immediate control will be interpreted as timidity or weakness.

FACTORS RECONCILED

The recommended bill harmonizes previous divergent views of different groups likely to be affected by Philippine independence. The American farmer, speaking through the three national farm federations, and the dairy organizations, is seeking protection from Philippine competition in our markets. The American workingman, through the American Federation of Labor, and organizations on the Pacific coast, and the American Legion, is demanding the exclusion of Filipino immigrants as well as protection from duty-free Philippine articles produced at lower labor costs.

Nor can the rights and interests of the Filipino justly be ignored. He, too, is under the American flag, and that not by his own choice but by our own will and purpose. While he remains under our sovereignty, he should not be discriminated against. It would be politically immoral to retain indefinitely the Filipino people in their present status as wards and at the same time impose upon them discriminating and unfair restrictions and inhibitions.

We have also to consider our promise to grant independence to the Filipino people. By the declaration of our political parties, by the utterances of our Presidents, by an enactment of Congress, we have pledged our word as a Nation that they should at some time be free and independent. This we can not evade.

INDEPENDENCE—"WHEN" AND "HOW"

Only two questions require decision—first, "When shall the Philippines be granted independence?" and, second, "How should it be granted, so as to protect both Philippine and American welfare?"

To achieve these purposes the bill in the main provides—

PHILIPPINE AUTONOMY

1. The Philippine people shall adopt a constitution for the government of the "Commonwealth of the Philippine Islands," pending complete independence. Under that government they will enjoy complete autonomy as to domestic affairs, subject only to the restrictions and limitations specified in the bill that safeguard both the sovereignty and responsibilities of the United States.

TRADE LIMITATION

2. Pending final withdrawal of American sovereignty, free importations of certain Philippine products into the United States shall not exceed specified limits, based upon the status quo as represented by estimated importations from existing investments.

IMMIGRATION RESTRICTIONS

3. Pending independence, Philippine immigration to the United States is limited to a maximum annual quota of 100.

COMPLETE INDEPENDENCE

4. At the end of a 15-year period from the date of inauguration of the government of the Commonwealth of the Philippine Islands, the people of the islands shall, at a plebiscite, vote on the question of independence, and if a majority favor independence the President is directed to recognize and declare the independence of the Philippine Islands, whereupon, for all purposes, they will become to the United States a foreign nation.

These provisions establish a process for the independence of the Philippine people and the adjustment in an orderly manner of our economic and other relations with them. They provide the erection of the new Philippine national structure and at the same time a safe and satisfactory transition from the present dependent to the future independent status.

GRADUAL TRADE ADJUSTMENT

Twenty-five years ago free-trade relations were established between the United States and the Philippine Islands. This was done by the American Congress against the expressed desire and despite the opposition of the people of the islands. As a consequence of free trade, Philippine industries and trade with the United States have developed on that basis.

This arrangement resulted in an artificial stimulation in the production of certain articles and manufactures in the Philippines, and an extraordinary increase in the volume of American-Philippine trade with a corresponding decrease in the trade of the islands with foreign countries.

Obviously the existing free-trade relations between the United States and the Philippines can not be terminated abruptly without serious injury to Philippine economic interests and American trade with the islands. Both require a definite time to prepare for the change. Investments made on the basis of free trade must be given sufficient time for adjustment or liquidation without loss. Philippine industries must be given time to establish themselves on a competitive basis before they are placed outside the tariff walls of the United States.

MORAL OBLIGATION

The United States owes a moral obligation to the Filipino people in this respect. The existence of this obligation can not be too strongly urged. We can not justify an act which might result in the destruction of the economic structure that we helped to build in the Philippines, with the consequent lowering of standards of living.

Orderly transfers of sovereignty have usually been accompanied by such provisions as those proposed in this bill. When the Philippines were ceded to the United States by Spain we agreed by treaty to permit Spain for 10 years to send her merchandise and her ships to the Philippines on the same basis as ours. We did this because we realized that we would injure Philippine and Spanish interests if we abruptly forced on the Philippine Islands a different arrangement.

A DEFINITE PERIOD

The committee examined the various proposals as to the time at which independence should be granted. There were proposals for immediate independence, for independence in 5 years, for independence in 10 years, and for independence in 20 years. The reasons urged in behalf of each were considered. Your committee concluded that a period of 15 years was required for the necessary readjustments. Some members of the committee yielded their preference for earlier independence on the basis of evidence developed at the hearings. There was unanimous agreement that a definite date for independence should be set.

During the first 10 years of the 15-year period there is to be a limitation on importations from the Philippines to the United States as already indicated.

GRADUATED TARIFF

At the end of the first 10 years there begins a gradually increasing tariff levy in the nature of an export tax imposed and collected by the Philippine government on all Philippine free exports to the United States. From the eleventh to the fifteenth year the tax will rise from 5 per cent to 25 per cent of the American tariff on like articles imported from foreign countries. Products on the general free list of the American tariff will not under the bill be subject to this tax.

Three main considerations dictated this procedure. First, to permit Philippine industries to adjust themselves to the new conditions following independence; second, to induce the Filipino people to diversify their products on a competitive basis and to find new markets for them; third, to protect American agriculture, labor, and industry.

PAYMENT OF BONDED INDEBTEDNESS

One additional reason prompted this provision. It will permit the Philippine Islands to discharge its bonded indebtedness prior to independence, for the bill requires that all collections from this tax shall constitute a special fund to be used exclusively for the retirement of the outstanding indebtedness of the Philippine Islands. It is believed that at the end of the 15-year period the bonded indebtedness of the islands will have been paid.

UNITED STATES SOVEREIGNTY UNIMPAIRED

The sovereignty of the United States over the Philippine Islands during the 15-year period continues unimpaired. The United States also retains such authority in the government of the Philippine Islands as is commensurate with its responsibilities. But it is in the nature of reserved powers and authority rather than of actual and affirmative participation in the government. The authority can be exercised when the necessity for it arises. Additional power is unnecessary. These powers extend to the safeguarding of the finances of the Philippine nation, its currency, its foreign trade, its public lands and mines, public order, and all those activities and services of the government necessary for the protection of life, liberty, and property. It is also provided that foreign relations of the islands shall be exclusively under the control and supervision of the United States, and that our Government at any time may intervene to prevent a violation of international obligations.

RECOGNITION OF AMERICAN AUTHORITY

Pending the consummation of independence United States sovereignty will be represented in the Philippines by a high commissioner, who shall be recognized as such representative by all the departments of the Philippine government.

The high commissioner will act as the representative of the United States, and he is vested with all of the prestige and authority required for the discharge of such responsibility. He shall have access to all of the records of the government and have means at his disposal to acquaint himself with the manner in which the government of the Commonwealth is conducted.

Should any of the eventualities described in the bill, involving either the finances or the orderly functioning of the government, occur, the way is clear for the exercise of authority by the United States to remedy such conditions.

The governmental powers reserved to the United States and the United States high commissioner are effective to insure an efficient administration of public affairs in the Philippines.

MILITARY AND NAVAL BASES

Under the provisions of this bill the United States also reserves the right to retain its present military, naval, and other reservations in the Philippine Islands. It is also provided that after independence, the United States may obtain, by lease or purchase, any additional territory in the Philippine Islands as it may consider necessary for such purposes. There is no provision in the bill to prevent the withdrawal or abandonment of these naval and military posts at any time, or at the end of the 15-year period. That question is left to future decision and determination.

The bill provides that after the people of the Philippine Islands have voted for independence, and prior to the final withdrawal of American sovereignty, a conference of representatives of the American and Philippine Governments shall be held for the purpose of formulating recommendations as to future trade relations between the United States and the independent government of the Philippine Islands.

CONCLUSION

The recognized policy of the United States in the Philippines has been to prepare the Philippine people for independence. Every Chief Executive since our occupation of the islands down to the present time has stated that we were in the islands for the purpose of assistance rather than colonization. Every legislative act of Congress has contemplated ultimate independence. For 30 years every act of the American Government in the islands has been based upon and in furtherance of this policy.

We have done much for these people. Americans may justly say that we have accomplished for the Filipino people in 30 years what no other nation has done for the people of its colonies in a hundred years. And the Philippine people appreciate that fact, and they are grateful to America for it.

The rest they must do and achieve by themselves. And they can only have this opportunity if, as this bill provides, they are permitted to lead their own life, enjoying their independence, free to exercise their own genius, and thrown on their own resources.

Every condition precedent that we have imposed upon them has been fulfilled. They now have a stable government. We can no longer postpone a definite solution of the question of independence without serious injustice. The Filipino people unitedly are respectfully, but with insistence, urging their independence. Further delay will not be understood by them and can not be justified by us.

The bill, as amended, is as follows:

S. 3377

A bill to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes

Be it enacted, etc.—

CONVENTION TO FRAME CONSTITUTION FOR PHILIPPINE ISLANDS

SECTION 1. The Philippine Legislature is hereby authorized to provide for the election of delegates to a constitutional convention, which shall meet in the hall of the house of representatives in the capital of the Philippine Islands, at such time as the Philippine Legislature may fix, to formulate and draft a constitution for the government of the Commonwealth of the Philippine Islands, subject to the conditions and qualifications prescribed in this act, which shall exercise jurisdiction over all the territory ceded to the United States by the treaty of peace concluded between the United States and Spain on the 10th day of December, 1898, the boundaries of which are set forth in Article III of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November, 1900. The Philippine Legislature shall provide for the necessary expenses of such convention.

CHARACTER OF CONSTITUTION—MANDATORY PROVISIONS

SEC. 2. The constitution formulated and drafted shall be republican in form, shall contain a bill of rights, and shall, either as a part thereof or in an ordinance appended thereto, contain provisions to the effect, that, pending the final and complete withdrawal of the sovereignty of the United States over the Philippine Islands—

(a) All citizens of the Philippine Islands shall owe allegiance to the United States.

(b) Every officer of the government of the Commonwealth of the Philippine Islands shall, before entering upon the discharge of his duties, take and subscribe an oath of office, declaring, among other things, that he recognizes and accepts the supreme authority of and will maintain true faith and allegiance to the United States.

(c) Absolute toleration of religious sentiment shall be secured and no inhabitant or religious organization shall be molested in person or property on account of religious belief or mode of worship.

(d) Property owned by the United States, cemeteries, churches, and parsonages or convents appurtenant thereto, and all lands, buildings, and improvements used exclusively for religious, charitable, or educational purposes shall be exempt from taxation.

(e) Trade relations between the Philippine Islands and the United States shall be upon the basis prescribed in section 6.

(f) The public debt of the Philippine Islands and its subordinate branches shall not exceed limits now or hereafter fixed by the Congress of the United States, and no loans shall be contracted in foreign countries without the approval of the President of the United States.

(g) The debts, liabilities, and obligations of the present Philippine government, its Provinces, municipalities, and instrumentalities, valid and subsisting at the time of the adoption of the constitution, shall be assumed and paid by the new government.

(h) Provision shall be made for the establishment and maintenance of an adequate system of public schools, primarily conducted in the English language.

(i) Acts affecting currency, coinage, imports, exports, and immigration shall not become law until approved by the President of the United States.

(j) Foreign affairs shall be under the direct supervision and control of the United States.

(k) All acts passed by the Legislature of the Commonwealth of the Philippine Islands shall be reported to the Congress of the United States.

(l) The Philippine Islands recognizes the right of the United States to expropriate property for public uses, to maintain military and other reservations and armed forces in the Philippines, and, upon order of the President, to call into the service of such armed forces all military forces organized by the Philippine government.

(m) Appeals to the Supreme Court of the United States shall be as now provided by existing law and shall also include all cases involving the constitution of the Commonwealth of the Philippine Islands.

(n) The United States may exercise the right to intervene for the preservation of the government of the Commonwealth of the Philippine Islands and for the maintenance of the government as provided in their constitution, and for the protection of life, property, and individual liberty and for the discharge of government obligations under and in accordance with the provisions of their constitution.

(o) The authority of the United States high commissioner to the government of the Commonwealth of the Philippine Islands, as provided in this act, shall be recognized.

(p) Citizens and corporations of the United States shall enjoy in the Commonwealth of the Philippine Islands all the civil rights of the citizens and corporations, respectively, thereof.

SUBMISSION OF CONSTITUTION TO THE PRESIDENT OF THE UNITED STATES

SEC. 3. Upon the drafting and approval of the constitution by the constitutional convention in the Philippine Islands, the constitution shall be submitted to the President of the United States, who shall determine whether or not it conforms with the provisions of this act. If the President finds that the proposed constitution conforms substantially with the provisions of this act he shall so certify to the Governor General of the Philippine Islands, who shall so advise the constitutional convention. If the President finds that the constitution does not conform with the provisions of this act he shall so advise the Governor General of the Philippine Islands, stating wherein in his judgment the constitution does not so conform and submitting provisions which will in his judgment make the constitution so conform. The Governor General shall in turn submit such message to the constitutional convention for further action by them pursuant to the same procedure hereinbefore defined, until the President and the constitutional convention are in agreement.

SUBMISSION OF CONSTITUTION TO FILIPINO PEOPLE

SEC. 4. After the President of the United States has certified that the constitution conforms with the provisions of this act, it shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within four months after the date of such certification, on a date to be fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution and ordinances appended thereto. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return and, if a majority of the votes cast on that question shall be for the constitution, shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast thereon and a copy of said constitution and ordinances. The Governor General shall, in that event, within 30 days after receipt of the certification from the Philippine Legislature, issue a proclamation for the election of officers of the government of the Commonwealth of the Philippine Islands provided for in the constitution. The election shall take place not earlier than three months nor later than six months after the proclamation by the Governor General ordering such election. When the election of the officers provided for under the constitution has been held and the results determined, the Governor General of the Philippine Islands shall certify the results of the election to the President of the United States, who shall thereupon issue a proclamation announcing the results of the election, and upon the issuance of such proclamation by the President the existing Philippine government shall terminate and the new government shall enter upon its rights, privileges, powers, and duties, as provided under the constitution. The present government of the Philippine Islands shall provide for the orderly transfer of the functions of government.

If a majority of the votes cast are against the constitution, the existing government of the Philippine Islands shall continue without regard to the provisions of this act.

TRANSFER OF PROPERTY AND RIGHTS TO PHILIPPINE COMMONWEALTH

SEC. 5. All the property and rights which may have been acquired in the Philippine Islands by the United States under the treaties mentioned in the first section of this act, except such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States, and except such land or other property or rights or interests therein as may have been sold or otherwise disposed of in accordance with law, are hereby granted to the government of the Commonwealth of the Philippine Islands when constituted.

RELATIONS WITH THE UNITED STATES PENDING COMPLETE INDEPENDENCE

SEC. 6. After the date of the inauguration of the government of the Commonwealth of the Philippine Islands trade relations between the United States and the new government shall be as now provided by law, subject to the following exceptions:

(a) There shall be levied, collected, and paid on all refined sugars in excess of 50,000 long tons, and on unrefined sugars in excess of 800,000 long tons, coming into the United States from the Philippine Islands in any calendar year the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(b) There shall be levied, collected, and paid on all coconut oil coming into the United States from the Philippine Islands in any calendar year in excess of 200,000 long tons the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(c) There shall be levied, collected, and paid on all yarn, twine, cord, cordage, rope, and cable, tarred or untarred, wholly or in chief value of manila (abaca) or other hard fibers, coming into the United States from the Philippine Islands in any calendar year in excess of a collective total of 3,000,000 pounds of all such articles hereinbefore enumerated, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(d) In the event that in any year the limit in the case of any article which may be exported to the United States free of duty shall be reached by the Philippine Islands, the amount or quantity of such articles produced or manufactured in the Philippine Islands thereafter that may be so exported to the United States free of duty shall be allocated, under export permits issued by the gov-

ernment of the Commonwealth of the Philippine Islands, to the producers or manufacturers of such articles proportionately on the basis of their exportation to the United States in the preceding year, except that in the case of unrefined sugar the amount thereof to be exported annually to the United States free of duty shall be allocated to the sugar-producing mills of the islands proportionately on the basis of their production in the preceding year, and the amount of sugar which may be exported from each mill shall be allocated between the mill and the planters on the basis of the proportion of sugar received by the planters and the mill from the planters' cane, as provided in their milling contract. The government of the Philippine Islands is authorized to adopt the necessary laws and regulations for putting into effect the allocation hereinbefore provided.

(e) The government of the Commonwealth of the Philippine Islands shall impose and collect an export tax on all articles that may be exported to the United States from the Philippine Islands free of duty under the provisions of existing law as modified by the foregoing provisions of this section, including the articles enumerated in subdivisions (a), (b), and (c), within the limitations therein specified, as follows:

(1) During the eleventh year after the inauguration of the new government the export tax shall be 5 per cent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

(2) During the twelfth year after the inauguration of the new government the export tax shall be 10 per cent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

(3) During the thirteenth year after the inauguration of the new government the export tax shall be 15 per cent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

(4) During the fourteenth year after the inauguration of the new government the export tax shall be 20 per cent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

(5) After the expiration of the fourteenth year after the inauguration of the new government the export tax shall be 25 per cent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

The government of the Commonwealth of the Philippine Islands shall place all funds received from such export taxes in a sinking fund, and such fund shall, in addition to other moneys available for that purpose, be applied solely to the payment of the principal and interest on the bonded indebtedness of the Philippine Islands, its Provinces, municipalities, and instrumentalities, until such indebtedness has been fully discharged.

When used in this section in a geographical sense, the term "United States" includes all Territories and possessions of the United States, except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam.

SEC. 7. Until the final and complete withdrawal of American sovereignty over the Philippine Islands—

(1) Every duly adopted amendment to the constitution of the government of the Commonwealth of the Philippine Islands shall be submitted to the President of the United States for approval. If the President approves the amendment or if the President fails to disapprove such amendment within six months from the time of its submission, the amendment shall take effect as a part of such constitution.

(2) The President of the United States shall have authority to suspend the taking effect of or the operation of any law, contract, or executive order of the government of the Commonwealth of the Philippine Islands which in his judgment will result in a failure of the government of the Commonwealth of the Philippine Islands to fulfill its contracts or to meet its bonded indebtedness and interest thereon or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippine Islands, or which in his judgment will violate international obligations of the United States.

(3) The chief executive of the Commonwealth of the Philippine Islands shall make an annual report to the President and Congress of the United States of the proceedings and operations of the government of the Commonwealth of the Philippine Islands and shall make such other reports as the President or Congress may request.

(4) The President shall appoint, by and with the advice and consent of the Senate, a United States high commissioner to the government of the Commonwealth of the Philippine Islands who shall hold office at the pleasure of the President and until his successor is appointed and qualified. He shall be known as the United States high commissioner to the Philippine Islands. He shall be the representative of the President of the United States in the Philippine Islands and shall be recognized as such by the government of the Commonwealth of the Philippine Islands, by the commanding officers of the military forces of the United States, and by all civil officials of the United States in the Philippine Islands. He shall have access to all records of the government or any subdivision thereof, and shall be furnished by the Chief Executive of the Commonwealth of the Philippine Islands with such information as he shall request.

If the government of the Commonwealth of the Philippine Islands fails to pay any of its bonded or other indebtedness or the interest thereon when due or to fulfill any of its contracts, the United States high commissioner shall immediately report the facts to the President, who may thereupon direct the high commissioner to take over the customs offices and administration of the same, administer the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. The United States high commissioner shall annually, and at such other times as the President may require, render an official report to the President and Congress of the United States. He shall perform such additional duties and functions as may be lawfully delegated to him from time to time by the President.

The United States high commissioner shall receive the same compensation as is now received by the Governor General of the Philippine Islands, and shall have such staff and assistants as the President may deem advisable and as may be appropriated for by Congress. He may occupy the official residence and offices now occupied by the Governor General. The salaries and expenses of the high commissioner and his staff and assistants shall be paid by the United States.

The first United States high commissioner appointed under this act shall take office upon the inauguration of the new government of the Commonwealth of the Philippine Islands.

(5) The government of the Commonwealth of the Philippine Islands shall provide for the selection of a Resident Commissioner to the United States, and shall fix his term of office. He shall be the representative of the government of the Commonwealth of the Philippine Islands and shall be entitled to official recognition as such by all departments upon presentation to the President of credentials signed by the chief executive of said government. He shall have a seat in the House of Representatives of the United States, with the right of debate, but without the right of voting. His salary and expenses shall be fixed and paid by the government of the Philippine Islands. Until a Resident Commissioner is selected and qualified under this section, existing law governing the appointment of Resident Commissioners from the Philippine Islands shall continue in effect.

SEC. 8. (a) After the date of the inauguration of the government of the commonwealth of the Philippine Islands—

(1) For the purposes of the immigration act of 1917, the immigration act of 1924 (except section 13 (c)), this section, and all other laws of the United States relating to the immigration, exclusion, or expulsion of aliens, citizens of the Philippine Islands who are not citizens of the United States shall be considered as if they were aliens. For such purposes the Philippine Islands shall be considered as a separate country and shall have for each fiscal year a quota of 100. This paragraph shall not apply to a person coming or seeking to come to the Territory of Hawaii who does not apply for and secure an immigration or passport visa.

(2) Citizens of the Philippine Islands who are not citizens of the United States shall not be admitted to the continental United States from the Territory of Hawaii (whether entering such Territory before or after the effective date of this section) unless they belong to a class declared to be nonimmigrants by section 3 of the immigration act of 1924 or to a class declared to be nonquota immigrants under the provisions of section 4 of such act other than subdivision (c) thereof, or unless they were admitted to such Territory under an immigration visa. The Secretary of Labor shall by regulations provide a method for such exclusion and for the admission of such excepted classes.

(3) Any Foreign Service officer may be assigned to duty in the Philippine Islands, under a commission as a consular officer, for such period as may be necessary and under such regulations as the Secretary of State may prescribe, during which assignment such officer shall be considered as stationed in a foreign country; but his powers and duties shall be confined to the performance of such of the official acts and notarial and other services, which such officer might properly perform in respect of the administration of the immigration laws if assigned to a foreign country as a consular officer, as may be authorized by the Secretary of State.

(4) For the purposes of sections 18 and 20 of the immigration act of 1917, as amended, the Philippine Islands shall be considered to be a foreign country.

(b) The provisions of this section are in addition to the provisions of the immigration laws now in force, and shall be enforced as a part of such laws, and all the penal or other provisions of such laws, not inapplicable, shall apply to and be enforced in connection with the provisions of this section. An alien, although admissible under the provisions of this section, shall not be admitted to the United States if he is excluded by any provision of the immigration laws other than this section, and an alien, although admissible under the provisions of the immigration laws other than this section, shall not be admitted to the United States if he is excluded by any provision of this section.

(c) Terms defined in the immigration act of 1924 shall, when used in this section, have the meaning assigned to such terms in that act.

PLEBISCITE ON THE QUESTION OF PHILIPPINE INDEPENDENCE

SEC. 9. (a) At any time after the expiration of the fifteenth year and before the expiration of the seventeenth year after the inauguration of the government provided for in this act the people of the Philippine Islands shall vote on the question of Philippine independence. The Legislature of the Commonwealth of the Philippine Islands shall provide for the time and manner of an election for such purpose, at which the qualified voters of the Philippine Islands shall be entitled to vote.

(b) If a majority of the votes cast are in favor of Philippine independence, the chief executive of the Commonwealth of the Philippine Islands shall so report to the President of the United States, who shall, within 60 days after the receipt of such report, issue a proclamation announcing the results of such election, and within a period of two years after such report the President of the United States shall withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, under the constitution then in force: *Provided*, That the constitution has been previously amended to include the following provisions:

(1) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(2) That the government of the Philippine Islands will sell or lease to the United States lands necessary for coaling or naval stations at certain specified points, to be agreed upon with the President of the United States not later than two years after his proclamation recognizing the independence of the Philippine Islands.

(3) That the officials elected and serving under the constitution adopted pursuant to the provisions of this act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

(4) That the debts and liabilities of the Philippine Islands, its Provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands, or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(5) That the government of the Philippine Islands, on becoming independent of the United States, will assume all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States.

(6) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except paragraph (3)) in a treaty with the United States.

(c) If a majority of the votes cast are against Philippine independence, the chief executive of the commonwealth of the Philippine Islands shall so report to the Congress of the United States for their action regarding the future political status of the Philippine Islands: *Provided*, That until Congress otherwise provides the Philippine Islands shall revert to the status established by this act for the first 10 years after the inauguration of the government of the commonwealth of the Philippine Islands.

NOTIFICATION TO FOREIGN GOVERNMENTS

SEC. 10. Upon the proclamation and recognition of the independence of the Philippine Islands under their constitution, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

TARIFF DUTIES AFTER INDEPENDENCE

SEC. 11. After the Philippine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries: *Provided*, That within six months after the people of the Philippine Islands have voted on the question of Philippine independence, if a majority of the votes cast are in favor of independence there shall be held a conference of representatives of the Government of the United States and the government of the commonwealth of the Philippine Islands, such representatives to be appointed by the President of the United States and the chief executive of the commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States; but nothing in this proviso shall be construed to modify or affect in any way any provision of this act relating to the procedure leading up to Philippine independence or the date upon which the Philippine Islands shall become independent.

CERTAIN STATUTES CONTINUED IN FORCE

SEC. 12. Except as in this act otherwise provided, the laws now or hereafter in force in the Philippine Islands shall continue in force in the Commonwealth of the Philippine Islands until altered, amended, or repealed by the legislature of the Commonwealth of the Philippine Islands or by the Congress of the United States, and all references in such laws to the Philippines or Philippine Islands shall be construed to mean the government of the Commonwealth of the Philippine Islands. The government of the Commonwealth of the Philippine Islands shall be deemed successor to the present government of the Philippine Islands and of all the rights and obligations thereof. Except as otherwise provided in this act, all laws or parts of laws relating to the present government of the Philippine Islands and its administration are hereby repealed as of the date of the inauguration of the government of the Commonwealth of the Philippine Islands.

EFFECTIVE DATE

SEC. 13. The foregoing provisions of this act shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature.

Report of the House Committee on Insular Affairs, favorably reporting the bill H. R. 7233, at this session of the Congress.

Your Committee on Insular Affairs, to whom were referred several bills looking to the independence of the Philippine Islands, having considered the same, favorably report H. R. 7233, with an amendment, and recommend that the bill as amended do pass.

BASIC FACTS

A careful analysis of the Philippine question and of all the evidence submitted at the hearings held before the committee discloses the following facts:

1. When the United States, as a result of the war with Spain, assumed sovereignty over the Philippine Islands, it disclaimed any intention to colonize or exploit them.

2. In pursuance of such lofty purpose the United States, through Executive pronouncements and a formal declaration made by the Congress in 1916, pledged itself to grant independence to the Philippines. The only condition precedent imposed by the Congress was the establishment of a stable government.

3. It is believed that a stable government now exists in the Philippines; that is, a government capable of maintaining order, administering justice, performing international obligations, and supported by the suffrages of the people.

4. Every step taken by the United States since the inception of American sovereignty over the Philippines has been to prepare the Filipino people for independence. As a result they are now ready for independence politically, socially, and economically.

5. The American farmer is urging protection from the unrestricted free entry of competitive Philippine products.

6. American labor is seeking protection from unrestricted immigration of Filipino laborers, especially at this time of widespread unemployment.

7. The solution of the Philippine problem can no longer be postponed, without injustice to the Filipino people and serious injury to our own interests.

8. Any plan for Philippine independence must provide for a satisfactory adjustment of economic conditions and relationships. The present free-trade reciprocity between the United States and the Philippines was established by the American Congress against the opposition of the Filipino people. The major industries of the islands have been built on the basis of that arrangement. This trade arrangement can not be terminated abruptly without injuring both American and Philippine economic interests.

Your committee held extended hearings at which the representatives of the various groups concerned appeared. Every person who asked to be heard was accorded an opportunity to testify.

AMERICAN POLICY PROMISE OF INDEPENDENCE

There is little need for argument to justify the grant of independence to the people of the Philippines. We stand committed to the duty of making them free. At the very outset of our occupation of the islands (in 1898) President McKinley proclaimed the purpose of their acquisition and forecast their destiny. "The Philippines are ours," he said, "not to exploit but to develop, to civilize, to educate, to train in the science of self-government. This is the path of duty which we must follow or be recreant to a mighty trust committed to us."

Still later, at a time when the American people had heard a year's discussion of our intentions and plans regarding the islands, President McKinley voiced the hope that the first Philippine commission would be accepted by the Filipinos as bearers of "the richest blessings of a liberating rather than a conquering nation."

In January, 1908, President Roosevelt said in his message to Congress:

"* * * The Filipino people, through their officials, are therefore making real steps in the direction of self-government. I hope and believe that these steps mark the beginning of a course which will continue till the Filipinos become fit to decide for themselves whether they desire to be an independent nation * * *."

In 1913 President Wilson, in a message to the Filipino people, said:

"We regard ourselves as trustees acting not for the advantage of the United States but for the benefit of the people of the Philippine Islands. Every step we take will be taken with a view to ultimate independence of the islands and as a preparation for that independence."

Similar statements of our Government's intent to help the Filipinos achieve separate, independent nationhood are to be found

in official utterances of the Presidents of the United States from 1898 to the present.

In 1916 the Congress of the United States, in the preamble of the Jones Act, declared:

"Whereas it was never the intention of the people of the United States in the incipiency of the war with Spain to make it a war of conquest or for territorial aggrandizement; and

"Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

"Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence."

Nearly 16 years have passed since the enactment of this act. More than 10 years have elapsed since President Wilson certified to the Congress that the condition precedent for the granting of independence has been fulfilled.

HISTORICAL BACKGROUND

The Filipino people are the beneficiaries of several centuries of civilization. Long before the Spanish conquest of the islands in the latter half of the sixteenth century, the inhabitants possessed a certain degree of culture, including written languages, characteristic arts, and industries. They maintained commerce with the mainland of Asia. This civilization and culture were, like the people themselves, of Malay origin, but with Indonesian and Mongolian elements.

Spanish occupation of the islands for more than three centuries introduced and established Christianity, European jurisprudence, language, and customs. It centralized authority and tended thereby to unify the country. However, economic progress during the first two centuries of Spain's dominion was slow. The spread of democracy in Europe and America in the late decades of the eighteenth and the early years of the nineteenth century—largely as a result of the American Revolution—influenced the fortunes and the outlook of the Filipinos. From 1807 to 1872—a stretch of 65 years—there were 11 native revolts against Spanish rule. These testify to the sense of nationalism and the longing for self-government of the Filipino people.

The interval from 1872 to 1896—24 years—was a period of preparation for the more decisive struggles of later years. In 1896 Jose Rizal, the leading Filipino patriot, was executed. Soon afterwards the Katipunan, a revolutionary association, with Andres Bonifacio at its head, started a nation-wide revolt.

The outcome was a solemn agreement binding the Spanish authorities to institute reforms, among them improvements in the judicial system, Filipino representation in the Spanish Cortes at Madrid, separation of church and state, and in general a larger measure of autonomy for the islands. This agreement included a stipulation that Aguinaldo and other leaders should expatriate themselves.

The Spaniards failed to execute the agreement they had made. In consequence, the Filipinos, under the leadership of Gen. Francisco Macabulos, renewed the revolt and established a provisional government. In April, 1898, when the United States declared war, the Filipinos were in active rebellion against Spain. At the suggestion of Admiral Dewey, in May, 1898, Aguinaldo, who was then in Hong Kong, returned to Manila as an ally of the Americans. With the aid of the American military authorities he succeeded in wresting the islands, with the exception of Manila, from the Spanish forces. Manila itself was captured on August 13, 1898, upon the arrival of the American Army.

From the occupation of Manila until more than a year after the treaty of Paris had transferred the islands to the United States, the government there was purely military. For nine months—September 1, 1900, to June, 1901—the islands were governed by the Taft Commission and the United States Army. The commission exercised legislative powers, but the executive authority was lodged in the military. This arrangement was supplanted in June, 1901, by civil government when William Howard Taft, president of the commission, was inaugurated as the first civil governor. The establishment of civil government throughout the islands was delayed because of native resistance to American control, which started with the outbreak of hostilities between Filipino forces and the American Army on February 4, 1899.

PROGRESS IN SELF-GOVERNMENT

In 1901 the Filipinos were given control of municipal governments. Beginning in 1903 the people of the Provinces were permitted to elect the provincial governors. At first the two members, who with the governor constituted the provincial board, were appointive officials, but they, too, were soon made elective. In 1907, under the provisions of the Cooper Act, the first elective assembly was inaugurated. The legislature was then composed of this elective assembly as its lower house and a commission appointed by the President of the United States as the upper house, whose presiding officer was the Governor General. The share of the Filipino people in the government was still further enlarged in 1913, when a majority of Filipinos was appointed to the commission. This, for practical purposes, gave the Filipinos control of the legislature.

Under the Jones law, passed in 1916, the Philippine people were given a very large and important participation in their government. To a great measure the government of the islands was placed in their hands. This active, responsible part in making and administering their laws and in conducting their other public affairs has been for them a practical apprenticeship in self-government.

The act provided for an elective senate and house of representatives as the legislative department of the insular government. The Governor General ceased to be the presiding officer of the upper house but continued as the chief executive official. Though the Governor General is the chief executive official, the executive departments perform all executive functions. The secretaries of these departments are all, with the exception of the vice governor, Filipinos, appointed by the Governor General upon the recommendation of the party in power in the legislature, and confirmed by the Philippine Senate. The vice governor is secretary of the department of public instruction.

A notably useful institution is the council of state, created some 14 years ago. Members of the council are chosen by the Governor General. Thus far the secretaries of the various departments, and the presiding officers and the majority leaders of the two houses of the legislature have constituted its membership, under the chairmanship of the Governor General. The council acts in an advisory capacity and has served to reconcile divergent views of the executive and the legislature with reference to fundamental questions of policy. Governors General have recorded their indebtedness to the council of state for its helpful cooperation.

POLITICAL PARTIES AND ELECTIONS

Political parties are not merely organs for the expression of hopes, proposals, and demands with respect to government; they are also measures of the popular capacity to understand and differentiate political, economic, and moral issues. Still more are they a test of people's fitness for self-government if they stand for the sanctity of the ballot and insure full acquiescence in the will of the majority honestly and unmistakably expressed.

There are at present but two political parties in the Philippines. They have existed for a good many years—one of them dates from 1907. They differ as to principles and policies of government, but they are at one on the question of independence. Their contests for victory at the polls have at times been marked by warmth and vigor, but the elections have always been orderly. The Wood-Forbes report, quoted at the hearings, described the elections of 1919 as "without any serious disturbance," and declared that there was a "general acceptance by the minority of the result of the popular vote." This finding of the Wood-Forbes Commission is true of other elections.

At the last general elections (1931) there were 1,009,125 voters registered. Of these 983,406 (about 90 per cent) cast their ballots. At no election, the testimony showed, has the proportion of voters to registrations been less than 80 or 85 per cent. These statistical facts illustrate the popular interest in the insular elections and in the issues at stake.

At present there is only male suffrage in the islands and this is limited to certain classes. A male 21 years of age, who is able to read and write Spanish, English, or any of the native dialects; or who owns property of an assessed value of 500 pesos or more; or who pays an annual tax of at least 30 pesos; or who held one of the so-called municipal offices during the Spanish dominion is entitled to vote. There is now a movement to enfranchise Filipino women, and a bill granting them suffrage is pending in the Philippine Senate, having already passed the house. This proposal to add women to the electorate is taken as additional evidence of the people's appreciation of their civic duties and responsibilities.

POPULAR EDUCATION

Popular education is everywhere and always a stimulus and assistance to popular interest and participation in government. The Filipino people, as evidence submitted to the committee attested, are eager for education and willing to expend large sums on their schools of every level. In September, 1929, there were 9,063 schools in the islands, an increase of approximately 7,000 schools since we obtained possession of the islands. Of these, 8,442 were public schools. Enrolled in these schools, public and private, were 1,316,126 students. The public schools are staffed by 28,519 supervisors, principals, and teachers, all but about 300 of whom are Filipinos. The annual expenditure for public education in the Philippines for 1932 will represent almost 30 per cent of the government's income. The whole cost of this public education is paid by the people of the islands.

Included in this great educational establishment, public and private, are four universities of high academic standard. One of these, that of Santo Tomas, in Manila, was founded in 1611, or 25 years before Harvard University. Some 19,500 young men and young women are preparing themselves at these universities for the professions. Many others are attending the normal schools for the teaching profession. Many Filipinos are also attending colleges and universities in America and other countries. In all the schools of the islands, primary, secondary, and higher, the language of instruction is English.

HEALTH AND SANITATION

Many agencies and institutions, both preventive and curative, are at work to combat disease and promote health among the Filipino people. Sanitation was one of the first concerns of the American Government in the Philippines. Progress in this regard has been steady in all parts of the islands. For the last 15 years the health service has been administered almost wholly by Fili-

pinos. The present director of the bureau is a Filipino, as are nearly all of his 522 medical and 2,083 lay assistants. In 1930 there were 105 hospitals of all types in the islands. One of them (in Manila) was founded in 1596 and is the oldest institution of its kind in the Far East.

The Secretary of War in 1930 reported that "Health conditions were in general good."

As a proof and a measure of the effectiveness of the work accomplished for health and sanitation, official statistics for the year 1930 were adduced in testimony on this subject. They showed the birth rate to be 38.65 per 1,000, and the mortality to be 22.78 per 1,000. The success of the Philippine Health Service in treating and eradicating leprosy has attracted widespread attention. The leprosarium at Culion has been visited by medical scientists of many countries and is one of the leading institutions of its kind. Here again, as in the case of education and other activities of the government, the cost is paid by the Filipino people.

CIVIL SERVICE

In the legislative, executive, and judicial departments of the insular establishment proper, in the Provincial and municipal offices, including Manila and Baguio, there were on December 31, 1930, some 21,700 civil service employees. All but 461 of these were Filipinos. Of the Americans remaining in the service, nearly all are teachers. In the office of the Governor General there are 35 Filipino civil employees.

ADMINISTRATION OF JUSTICE

Interesting and significant facts regarding the administration of justice in the islands were presented in oral testimony and in official statistics received by the committee. The judicial system of the islands includes a supreme court, 28 courts of first instance in as many different districts, and 865 justices of the peace. There are one or more judges for each of the 28 district courts. Thirty-one auxiliary judges assist these district judges. All the justices of the peace and all the district judges save two are Filipinos. Until 1913 the judges of the supreme court numbered 9, 5 Americans and 4 Filipinos.

The Philippine attorney general's report for 1930 gives the information that the courts of first instance disposed of a total of 14,265 civil cases and 6,823 criminal cases in that year. Of the criminal cases, 5,888 resulted in convictions and 935 in dismissals.

Breaches of the law in the Philippines, the testimony indicated, are relatively few. About 7,000 convictions for violations of statutes and municipal ordinances are recorded each year. The number of persons confined in prisons is about 8,000.

PUBLIC ORDER

Law and order are maintained throughout the islands by the Philippine constabulary and the local police forces. The constabulary is an organization of 7,000 members, practically all of whom are Filipinos, and is supported exclusively by the insular government. It is efficient and reliable. The Wood-Forbes commission, in its report to the President in 1922, said:

They (the Filipinos) are naturally an orderly law-abiding people. The constabulary has proved itself to be dependable and thoroughly efficient.

INSULAR CURRENCY

The soundness of Philippine currency was persuasively demonstrated at the hearings. On December 31, 1930, the total net circulation of insular currency was ₱108,000,000. The several forms of this currency and the amount of each were: Treasury certificates, ₱71,000,000; Philippine silver coin, ₱20,000,000; bank notes, ₱16,000,000. By way of guaranty for this circulation there was as of October 31, 1931, a gold-standard fund of ₱38,000,000 divided thus: ₱10,000,000 in Philippine currency and ₱7,000,000 in United States currency deposited in the Philippine treasury, and ₱20,000,000 in gold currency in several Federal reserve banks in the United States.

The law of 1903 requires that the gold-standard fund shall be at all times not less than 15 per cent nor more than 25 per cent of the total or available circulation of Philippine currency. The ₱38,000,000 gold standard reserve is therefore ₱16,000,000 in excess of the legal requirement on the basis of actual circulation.

The treasury certificates in circulation on December 31, 1930, were backed, more than dollar for dollar, by a reserve taking the form of American currency and held in Federal reserve banks in the United States. On the date given this reserve was ₱81,000,000—that is, ₱10,000,000 larger than the aggregate of treasury certificates. In addition to this reserve, there are ₱13,000,000 in the treasury of the Philippine Islands behind these certificates. Of this sum, ₱3,700,000 is in American currency, the rest in Philippine silver coins.

It was pointed out that the operation of the act of 1903 requiring these protective reserves behind the Philippine currency makes it one of the most dependable currencies in the world to-day. While there is no provision for gold reserves in the islands, an equivalent is supplied by the backing of gold currency in the United States. The stability of the Philippine currency is thus made as safe and stable as American currency. The fact that despite the present depression Philippine currency remains at par with the American gold dollar is evidence of its soundness.

The financial administration of the Philippines is directed by Filipinos.

NATIONAL WEALTH AND TRADE

The Secretary of War reports that in 1930 the trade of the Philippines with the United States and foreign countries aggregated ₱512,520,162, a decrease of about 17.8 per cent from that of 1929. The insular collector of customs, in his report, gives the value of imports as ₱266,334,255. The balance of trade in favor of the islands was ₱20,148,348. The bulk of the overseas trade was with the United States. The total of this was ₱367,050,179 and its proportion of the entire foreign commerce of the islands 72 per cent. Of the whole volume of trade with the United States ₱156,366,057 represents imports and ₱210,684,122 exports. The balance in favor of the islands, accordingly, was ₱54,318,065.

Since 1909, when free trade with the United States was established, the insular trade with the United States has risen from ₱10,576,682, equal to 16 per cent of their entire foreign commerce, to ₱367,050,179, or 72 per cent in 1930.

Sugar, coconut oil, cordage, and tobacco were the principal exports to the United States and these have been growing steadily in volume. They come to the United States duty free.

It is natural that the domestic industries and foreign commerce of the islands should enlarge in keeping with the increase in population. There were only 4,500,000 Filipinos in 1866 and about 7,500,000 in 1898. The Philippines are rich in many products which the world needs. The national wealth is estimated at ₱5,905,085,000 (1927), or ₱478 per capita. If independence be bestowed on them, the Filipino people will begin their separate existence with a greater patrimony than was possessed by many of the peoples who recently have joined the ranks of sovereign nations.

INSULAR BUDGET

At a time of universal depression, when most nations, large and small, are beset with fiscal difficulties, the government of the Philippines is in a sound financial condition. This statement is corroborated by the report of the insular auditor. From the exhibits left with the committee it appears that the Philippines not only have succeeded in balancing their budget but have in fact accumulated a surplus. Even in 1932, and in the face of curtailment of revenues, the Philippine budget will be balanced without increased taxation or abandonment of essential government services. The budgetary system was adopted in the Philippine Islands before it became operative here.

It was urged by the proponents of independence in the presentation of their views to the committee that this wise stewardship of the insular revenues evidences the ability of the Filipinos to manage one of the most difficult departments of government in one of the worst financial dislocations of recent years.

THE NATIONAL DEBT

The present outstanding bonded indebtedness of the Philippine Islands is ₱170,000,000, as against which there has already been built up a sinking fund of ₱50,000,000, now on deposit in American banks. This leaves a net outstanding indebtedness of ₱120,000,000. The present national debt is but 48 per cent of the bonded-debt limit fixed by the Congress of the United States and the evidence submitted at the hearings showed that the Philippine government is regularly meeting both interest and the required amortization of said bonds.

In his annual report for 1930, the Secretary of War said:

"The total amount of outstanding indebtedness is well within the limits provided by law and sinking funds are fully maintained to cover all outstanding bonds."

FILIPINO IMMIGRATION

Filipino immigration into the United States is at present unrestricted. From several points of view it is a matter of no little concern. It involves economic and other difficulties for this country, especially in the States of the Pacific coast. According to the census of 1930 there are 45,208 Filipinos in the United States. About 35,000 of these are in the Pacific States. It is complained that these Filipinos compete with American workers and thereby contribute to the lowering of the American standard of wages and living. Spokesmen for the Filipino people in their statements to the committee contended that while the Philippine Islands remain under the American flag their native inhabitants ought not to be excluded from this country. They, however, freely conceded the right of the United States to exclude them after independence. Nation-wide unemployment faces us with exigencies that obscure the equities of the question. Many Americans, as we learned at the hearings, regard independence, aside from the ethical considerations which warrant it, as the cure for the evils of Filipino immigrants and urged it on those grounds.

THE SO-CALLED MORO PROBLEM

Ninety-two per cent of the approximately 13,000,000 inhabitants of the Philippine Islands are Christians. Four per cent are pagans and 4 per cent Mohammedans. These Mohammedans are the so-called Moros. The Mohammedan, the pagan, and the Christian Filipinos are racially identical. Their history and tradition are the same. The Mohammedan and pagan Filipinos have for a long time acquiesced in the government of the islands by the Christian majority, and their most important leaders have publicly given adhesion to the cause of independence. In the revolution against Spain, it was pointed out, non-Christian Filipinos united with Christian Filipinos to overthrow Spanish authority.

There is no substantial evidence that these Moros and others have protested against Christian preponderance in the government. The contention that the United States is obligated by a treaty with the Moros to see to it that they should not be governed by Christians was negatived by the statements of W. Cameron Forbes, former Governor General and member of the Wood-Forbes Commission; Frank W. Carpenter, former governor of Mindanao and Sulu; and General Pershing, under whose supervision the Moros were disarmed. Finally, the committee were informed that

one of the Moro datus, Facundo Mandi, had recently led a public manifestation of Mohammedan Filipinos in behalf of independence at Zamboanga. A resolution favoring complete and absolute independence, it was testified, had been drafted by the manifestants and transmitted to the President of the United States. A resolution favoring independence for the Philippines, bearing the signatures of some 1,500 Filipinos from the Mohammedan sections of the islands, also was submitted to the committee.

INDECISIVENESS DETRIMENTAL TO BOTH PEOPLES

To protract the present indecisive status of the Philippine Islands, your committee believe, would be to prejudice not only the welfare of the Filipinos but also American interests, especially those of agriculture and labor. The Philippines, though under the sovereignty of the United States, are for certain purposes foreign territory. Our Constitution does not apply to them. The Filipinos are not American citizens. Any sudden change in our trade relations with them would injure them, yet for reasons entirely our own we might at any time revise these relations. No large investments of outside capital are likely to be made in the Philippines while their future remains as doubtful as it now is. The insular government can provide no reasonable assurance of stability of conditions under which manufacturing, commerce, or other activities shall be undertaken there, because of the power of Congress to alter them irrespective of the wishes or the welfare of the Filipino people.

FEASIBLE PLAN FOR INDEPENDENCE

In keeping with the principles which have guided our dealings with the Filipino people these last thirty-odd years we should proceed to liberation in an orderly manner, through an institutional process which will not only provide for the erection of the new national structure but will also insure the safe and satisfactory adjustment of all present political and economic relations of the two Nations.

Any plan for independence should afford a reasonable time for the readjustment of existent trade relations. The backbone of Philippine economic system is the present reciprocal free trade with the United States. Abrupt termination of that relationship would destroy many of the basic industries of the Philippines; it would seriously imperil the future of the free Philippine nation and forfeit much of the gains the people have made under the guidance of the United States. This free-trade reciprocity was not of the Filipino people's seeking. It was enacted by the American Congress against their wishes. Once in effect, free trade stimulated the production of those commodities that are protected in the American market. It was responsible also for an extraordinary increase in the volume of Philippine-American trade and in a considerable decrease in the trade of the islands with other countries. Obviously a sudden disruption of this relationship will injure both American and Philippine economic interests.

We can not justify the termination of this relationship without allowing the interests concerned an opportunity to prepare themselves to meet the new conditions which will obtain after independence, when the Philippine Islands will have been placed outside the tariff wall of the United States. More particularly we owe a duty to Philippine industries which have been built up on the basis of free trade and to the people who depend for their livelihood on such industries. It is our duty to give them an opportunity to place themselves on a competitive basis before a radical change is forced upon them.

But while we are thus solicitous for the welfare of the Filipino people, we can not ignore our duty to the American farmer and the American wage earner. The organizations representing American agriculture plead for protection from free Philippine imports that compete with like products of our own soil. American workers, too, call for the exclusion of Filipino immigrants.

NECESSITY FOR DEFINITE ACTION

This review of the facts and issues enfolded in the present relationship of the Philippines with the United States serves to illustrate the gravity of the problem and to underline the need for a prompt and permanent solution. There should be no further delay. Our self-interest and our self-respect coincide in demanding action.

Our purpose in the Philippines has been accomplished. The unity of the people there is a fact. Their readiness and their eagerness for self-government have been abundantly demonstrated. Their financial capacity to support their government is beyond question. They have a balanced budget, a stable currency, a sound and efficient administration of justice, a successful system of public instruction. They have sanitation, communications, and all other services which are indispensable to progressive and orderly government. They maintain law and order through their own instrumentalities and assure protection to their own citizens and the nationals of other countries. Their educational and economic standards are higher than those in other countries in that part of the world. Under our inspiration and tutoring they have come to understand and prize and covet democracy. They recognize their debt of gratitude to the American people.

We have done for the Filipinos all that we have promised them except to grant them independence. We owe it not only to the Filipino people but also to our own to name the day and the way of Philippine independence.

PROVISIONS OF THE BILL

On the basis of these facts and considerations, the duty of the United States to grant independence to the Philippine Islands is clear. The only questions to be considered are: First, When should independence be granted? and, second, What should be the terms of the grant? To solve these questions the present bill is recommended. It provides a sound, feasible, and orderly process of granting independence under conditions which shall be just and fair at once to American and Filipino interests.

The salient provisions of the bill are as follows:

1. The Filipino people are authorized to adopt a constitution and institute the government of the commonwealth of the Philippine Islands which will exist pending complete independence. Under such government they will enjoy complete autonomy as to domestic affairs, subject only to certain reservations intended to safeguard both the sovereignty and the responsibilities of the United States.

2. Pending final relinquishment of American sovereignty the free importation of certain Philippine products into the United States shall not exceed specified limits based upon the status quo as represented by estimated importations from existing investments.

3. Pending independence, Philippine immigration to the United States is limited to a maximum annual quota of 50.

4. On the 4th of July immediately following the expiration of a period of eight years from the date of the inauguration of the government of the Philippine commonwealth American sovereignty will be withdrawn and the complete independence of the Philippine Islands formally recognized. Thereupon the Philippines, to all intents and purposes, will become a country foreign to the United States.

5. The United States reserves the right and privilege, at its discretion, to retain and maintain military and naval bases and other reservations in the Philippine Islands.

The bill as amended is as follows:

[H. R. 7233, Seventy-second Congress, first session]

A bill to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes

Be it enacted, etc.—

CONVENTION TO FRAME CONSTITUTION FOR PHILIPPINE ISLANDS

SECTION 1. The Philippine Legislature is hereby authorized to provide for the election of delegates to a constitutional convention to meet at such time and place as the Philippine Legislature may fix to formulate and draft a constitution for the government of the commonwealth of the Philippine Islands, subject to the conditions and qualifications prescribed in this act, which shall exercise jurisdiction over all the territory ceded to the United States by the treaty of peace concluded between the United States and Spain on the 10th day of December, 1898, the boundaries of which are set forth in Article III of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November, 1900. The Philippine Legislature shall provide for the necessary expenses of such convention.

CHARACTER OF CONSTITUTION—MANDATORY PROVISIONS

SEC. 2. The constitution formulated and drafted shall be republican in form, shall contain a bill of rights, and shall, either as a part thereof or in an ordinance appended thereto, contain provisions to the effect that, pending the final and complete withdrawal of the sovereignty of the United States over the Philippine Islands—

(a) All citizens of the Philippine Islands shall owe allegiance to the United States.

(b) Every officer of the government of the Philippine Islands shall, before entering upon the discharge of his duties, take and subscribe an oath of office, declaring, among other things, that he recognizes and accepts the supreme authority of and will maintain true faith and allegiance to the United States.

(c) Absolute toleration of religious sentiment shall be secured, and no inhabitant or religious organization shall ever be molested in person or property on account of religious belief or mode of worship.

(d) Property owned by the United States, cemeteries, churches, and parsonages or convents appurtenant thereto, and all lands, buildings, and improvements used exclusively for religious, charitable, or educational purposes shall be exempt from taxation.

(e) Trade relations between the Philippine Islands and the United States shall be upon the basis prescribed in section 6.

(f) The public debt of the Philippine Islands and its subordinate branches shall not exceed limits now or hereafter fixed by the Congress of the United States, and no loans shall be contracted in foreign countries without the approval of the President of the United States.

(g) The debts, liabilities, and obligations of the present Philippine government, its provinces, municipalities, and instrumentalities, valid and subsisting at the time of the adoption of the constitution, shall be assumed and paid by the new government.

(h) Provision shall be made for the establishment and maintenance of an adequate system of public schools primarily conducted in the English language.

(i) No part of the public revenues shall be used for the support of any sectarian or denominational school, college, university, church, or charitable institution.

(j) Acts affecting the currency or coinage laws shall not become law until approved by the President of the United States.

(k) Foreign affairs shall be under the direct supervision and control of the United States.

(l) All acts passed by the legislature of the commonwealth of the Philippine Islands shall be reported to the Congress of the United States.

(m) The Philippine Islands recognizes the right of the United States to expropriate property for public uses, to maintain military and other reservations and armed forces in the Philippines and, upon order of the President, to call into the service of such armed forces all military forces organized by the Philippine government.

(n) Appeals to the Supreme Court of the United States shall be as now provided by existing law and shall also include all cases involving the constitution of the commonwealth of the Philippine Islands.

(o) The United States may exercise the right to intervene for the preservation of the government of the commonwealth of the Philippine Islands and for the maintenance of the government as provided in their constitution and for the protection of life, property, and individual liberty and for the discharge of government obligations under and in accordance with the provisions of their constitution.

(p) The authority of the United States high commissioner to the government of the Philippine Islands, as provided in this act, shall be recognized.

(q) Citizens and corporations of the United States shall enjoy in the Commonwealth of the Philippine Islands all the civil rights of the citizens and corporations respectively thereof.

SUBMISSION OF CONSTITUTION TO THE PRESIDENT OF THE UNITED STATES

SEC. 3. Upon the drafting and approval of the constitution by the constitutional convention in the Philippine Islands such constitution shall be submitted to the President of the United States, who shall determine whether or not it conforms with the provisions of this act. If he finds that the proposed constitution conforms substantially with the provisions of this act, he shall so certify to the Governor General of the Philippine Islands, who shall so advise the constitutional convention assembled, but if he finds that the proposed constitution does not conform with the provisions of this act he shall so advise the Governor General, stating wherein in his judgment the constitution does not so conform and submitting provisions which will in his judgment make the constitution so conform. The Governor General shall in turn submit such message to the constitutional convention for further action by them pursuant to the same procedure hereinbefore defined, until the President and the constitutional convention are in agreement.

SUBMISSION OF CONSTITUTION TO FILIPINO PEOPLE

SEC. 4. After the President of the United States has certified that the constitution conforms with the provisions of this act it shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within four months after the date of such certification, on a date to be fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution and ordinances appended thereto. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return and, if a majority of the votes cast on that question shall be for the constitution, shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast thereon, and a copy of said constitution and ordinances. The Governor General shall, in that event, within 30 days after receipt of the certification from Philippine Legislature, issue a proclamation for the election of officers of the government of the Commonwealth of the Philippine Islands provided for in the constitution. The election shall take place not earlier than three months nor later than six months after the proclamation by the Governor General ordering such election. When the election of the officers provided for under the constitution has been held and the results determined, the Governor General of the Philippine Islands shall certify the result of the election to the President of the United States, who shall thereupon issue a proclamation announcing the results of the election, and upon the issuance of such proclamation by the President the existing Philippine government shall terminate and the new government shall enter upon its rights, privileges, powers, and duties, as provided under the constitution. The present government of the Philippine Islands shall provide for the orderly transfer of the functions of government.

If a majority of the votes cast are against the constitution, the existing government of the Philippine Islands shall continue without regard to the provisions of this act.

TRANSFER OF PROPERTY AND RIGHTS TO PHILIPPINE COMMONWEALTH

SEC. 5. All the property and rights which may have been acquired in the Philippine Islands by the United States under the treaties mentioned in the first section of this act, except such land or other property as is now actually occupied and used by the United States for military and other reservations of the Government of the United States, and except such land or other property or rights or interests therein as may have been sold or otherwise disposed of in accordance with law, are hereby granted to the new government of the commonwealth of the Philippine Islands when constituted.

TRADE RELATIONS WITH THE UNITED STATES PENDING COMPLETE INDEPENDENCE

SEC. 6. After the date of the inauguration of the government of the commonwealth of the Philippine Islands trade relations between the United States and the new government shall be as now provided by law, subject to the following exceptions:

(1) There shall be levied, collected, and paid on all refined sugars in excess of 50,000 long tons, and on unrefined sugars in excess of 800,000 long tons, coming into the United States from the Philippine Islands in any calendar year, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(2) There shall be levied, collected, and paid on all coconut oil coming into the United States from the Philippine Islands in any calendar year in excess of 200,000 long tons, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(3) There shall be levied, collected, and paid on all yarn, twines, cords, cordage, rope, and cables, tarred or untarred, wholly or in chief value of manila (abaca) or other hard fibers, coming into the United States from the Philippine Islands in any calendar year in excess of a collective total of 3,000,000 pounds of all such articles hereinbefore enumerated, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(4) In the event that in any year the limit in the case of any article which may be exported to the United States free of duty shall be reached by the Philippine Islands, the amount or quantity of such articles produced in the Philippine Islands thereafter that may be so exported to the United States shall be allocated under export permits issued by the government of the commonwealth of the Philippine Islands, to the producers or manufacturers of such articles proportionately on the basis of their exportation to the United States in the preceding year; except that in the case of unrefined sugar the amount thereof to be exported annually to the United States free of duty shall be allocated to the sugar-producing mills of the islands proportionately on the basis of their production in the preceding year, and the amount of sugar which may be exported from each mill shall be allocated between the mill and the planters on the basis of the proportion of sugar received by the planters and the mill from the planters cane, as provided in their milling contract. The government of the Philippine Islands is authorized to adopt the necessary laws and regulations for putting into effect the allocation hereinbefore provided.

When used in this section in a geographical sense, the term "United States" includes all Territories and possessions of the United States, except the Philippine Islands, the Virgin Islands, American Samoa, and the Island of Guam.

SEC. 7. Until the final and complete withdrawal of American sovereignty over the Philippine Islands—

(1) Every duly adopted amendment to the constitution of the government of the commonwealth of the Philippine Islands shall be submitted to the President of the United States for approval. If the President approves the amendment, or if the President fails to disapprove such amendment within six months from the time of its submission, the amendment shall take effect as a part of such constitution.

(2) The President of the United States shall have authority to suspend the taking effect of or the operation of any law, contract, or executive order of the government of the commonwealth of the Philippine Islands, which in his judgment will result in a failure of the government of the commonwealth of the Philippine Islands to fulfill its contract, or to meet its bonded indebtedness and interest thereon or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippine Islands, or which in his judgment will violate international obligations of the United States.

(3) The chief executive of the government of the commonwealth of the Philippine Islands shall make an annual report to tne President and Congress of the United States of the proceedings and operations of the government of the commonwealth of the Philippine Islands and shall make such other reports as the President or Congress may request.

(4) The President shall appoint, by and with the advice and consent of the Senate, a United States high commissioner to the government of the commonwealth of the Philippine Islands who shall hold office at the pleasure of the President and until his successor is appointed and qualified. He shall be known as the United States high commissioner to the Philippine Islands. He shall be the representative of the President of the United States in the Philippine Islands and shall be recognized as such by the government of the commonwealth of the Philippine Islands, by the commanding officers of the military forces of the United States, and by all civil officials of the United States in the Philippine Islands. He shall have access to all records of the government or any subdivision thereof, and shall be furnished by the chief executive of the commonwealth of the Philippine Islands with such information as he shall request.

If the government of the commonwealth of the Philippine Islands fails to pay any of its bonded or other indebtedness or the interest thereon when due or to fulfill any of its contracts,

the United States high commissioner shall immediately report the facts to the President, who may thereupon direct the high commissioner to take over the customs offices and administration of the same, administer the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. The United States high commissioner shall annually, and at such other times as the President may require, render an official report to the President and Congress of the United States. He shall perform such additional duties and functions as may be lawfully delegated to him from time to time by the President.

The United States high commissioner shall receive the same compensation as is now received by the Governor General of the Philippine Islands, and shall have such staff and assistants as the President may deem advisable and as may be appropriated for by Congress. He may occupy the official residence and offices now occupied by the Governor General. The salaries and expenses of the high commissioner and his staff and assistants shall be paid by the United States.

The first United States high commissioner appointed under this act shall take office upon the inauguration of the new government of the commonwealth of the Philippine Islands.

(5) The government of the commonwealth of the Philippine Islands shall provide for the selection of a resident commissioner to the United States, and shall fix his term of office. He shall be the representative of the government of the commonwealth of the Philippine Islands and shall be entitled to official recognition as such by all departments upon presentation to the President of credentials signed by the chief executive of said islands. He shall have a seat in the House of Representatives of the United States, with the right of debate, but without the right of voting. His salary and expenses shall be fixed and paid by the government of the Philippine Islands. Until a resident commissioner is selected and qualified under this section, existing law governing the appointment of Resident Commissioners from the Philippine Islands shall continue in effect.

(a) For the purposes of the immigration act of 1917, the immigration act of 1924 (except section 13(c)), this section, and other laws of the United States relating to the immigration, exclusion, or expulsion of aliens, persons who are citizens of the Philippine Islands, and who are not citizens of the United States, shall be considered as if they were aliens. For such purposes the Philippine Islands shall be considered as if it were a separate country and shall have for each fiscal year a quota of fifty. This subdivision shall not apply to a person coming or seeking to come to the Territory of Hawaii who does not apply for and secure an immigration or passport visa.

(b) Citizens of the Philippine Islands who are not citizens of the United States shall not be admitted to the continental United States from the Territory of Hawaii (whether entering such Territory before or after the effective date of this section) unless they belong to a class declared to be nonimmigrants by section 3 of the immigration act of 1924 or to a class declared to be nonquota immigrants under the provisions of section 4 of such act other than subdivision (c) thereof, or unless they were admitted to such Territory under an immigration visa. The Secretary of Labor shall by regulations provide a method for such exclusion and for the admission of such excepted classes.

(c) Any Foreign Service officer may be assigned to duty in the Philippine Islands under a commission as a consular officer, for such period as may be necessary and under such regulations as the Secretary of State may prescribe, during which assignment such officers shall be considered as stationed in a foreign country; but his powers and duties shall be confined to the performance of such of the official acts and notarial and other services which such officer might properly perform in respect to the administration of the immigration laws if assigned to a foreign country as a consular officer, as may be authorized by the Secretary of State.

(d) For the purposes of sections 18 and 20 of the immigration act of 1917, as amended, the Philippine Islands shall be considered a foreign country.

(e) The provisions of this section are in addition to the provisions of the immigration laws now in force, and shall be enforced as a part of such laws, and all the penal or other provisions of such laws, not inapplicable, shall apply to and be enforced in connection with the provisions of this section. An alien, although admissible under the provisions of this section, shall not be admitted to the United States if he is excluded by any provision of the immigration laws other than this section, and an alien, although admissible under the provisions of the immigration laws other than this section, shall not be admitted to the United States if he is excluded by any provision of this section.

(f) Terms defined in the immigration act of 1924 shall, when used in this section, have the meaning assigned to such terms in that act.

(g) This section shall take effect 60 days after the enactment of this act.

RECOGNITION OF PHILIPPINE INDEPENDENCE AND WITHDRAWAL OF AMERICAN SOVEREIGNTY

SEC. 9. (1) On the 4th day of July immediately following the expiration of a period of eight years from the date of the inauguration of the new government under the constitution provided for in this act, the President of the United States shall withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippines and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, under the constitution then in force: *Provided*, That the constitution of the commonwealth of the Philippine Islands has been previously amended to include the following provisions:

(2) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(3) That the government of the Philippine Islands will cede or grant to the United States land necessary for commercial base, coaling or naval stations at certain specified points, to be agreed upon with the President of the United States not later than two years after his proclamation recognizing the independence of the Philippine Islands.

(4) That the officials elected and serving under the constitution adopted pursuant to the provisions of this act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

(5) That the debts and liabilities of the Philippine Islands, its Provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands, or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(6) That the government of the Philippine Islands, on becoming independent of the United States, will assume all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States.

(7) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except paragraph (3)) in a treaty with the United States.

NOTIFICATION TO FOREIGN GOVERNMENTS

SEC. 10. Upon the proclamation and recognition of the independence of the Philippine Islands, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

TARIFF DUTIES AFTER INDEPENDENCE

SEC. 11. After the Philippine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries: *Provided*, That at least six months prior to the withdrawal of American sovereignty as hereinbefore provided, there shall be held a conference of representatives of the Government of the United States and the government of the Commonwealth of the Philippine Islands, such representatives to be appointed by the President of the United States and the chief executive of the Commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States; but nothing in this proviso shall be construed to modify or affect in any way provision of this act relating to the procedure leading up to Philippine independence or the date upon which the Philippine Islands shall become independent.

CERTAIN STATUTES CONTINUED IN FORCE

SEC. 12. Except as in this act otherwise provided, the laws now or hereafter in force shall continue in force in the Philippine Islands until altered, amended, or repealed by the legislature of the commonwealth of the Philippine Islands or by the Congress of the United States, and all references in such laws to the Philippines or Philippine Islands shall be construed to mean the government of the commonwealth of the Philippine Islands. The government of the commonwealth of the Philippine Islands shall be deemed successor to the present government of the Philippine Islands and of all the rights and obligations thereof. Except as otherwise provided in this act, all laws or parts of laws relating to the present government of the Philippine Islands and its administration are hereby repealed as of the date of the inauguration of the government of the commonwealth of the Philippine Islands.

SEC. 13. If any provision of this act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the act and the applicability of such provisions to other persons and circumstances shall not be affected thereby.

Tables showing the financial condition of the Philippine government, as reported by the insular auditor for the year 1930, show that at the end of the year 1930 the Philippine government had a surplus of ₱12,687,325.15. I might add that the surplus at the end of the year 1931, was ₱3,572,347, exclusive of a cash fund of ₱6,500,000 used for advances for money orders.

FINANCIAL CONDITION OF THE PHILIPPINE GOVERNMENT AS REPORTED BY THE INSULAR AUDITOR FOR THE YEAR 1930

Summary of financial status: The financial condition of the central government on December 31, 1930, as compared with that of the preceding year, is shown in the consolidated balance sheet on page 19 of this report, and summarized as follows:

	Dec. 31, 1930	Dec. 31, 1929	Increase (+), decrease (−), in 1930
Total assets	₱1,254,282,627.03½	₱784,093,279.04½	+470,189,347.99
Total liabilities	1,052,243,134.31	599,732,941.36	+452,510,192.95
Total surplus at the end of the year	202,039,492.72½	184,360,337.68½	+17,679,155.04

SURPLUS

The excess of the total assets over the total liabilities constitutes the total surplus or net worth of the central government as at December 31. This total surplus is segregated in the consolidated balance sheet into current and invested surplus, which are subdivided as follows:

	Dec. 31, 1930	Dec. 31, 1929	Dec. 31, 1928	Increase (+), decrease (−), in 1930	Increase (+), decrease (−), in 1929	Difference between increase and decrease, 1929–30
Current surplus:						
General fund	₱40,455,426.74½	₱51,789,035.28½	₱41,179,267.46½	−₱11,333,608.54	+₱10,609,767.82	−₱21,943,376.36
Special fund	9,757,820.17	6,301,367.74	6,130,608.00	+3,456,452.43	+170,759.74	+3,285,692.69
Bond fund	22,843,325.15	21,745,759.78	22,037,636.54	+1,097,565.37	−291,876.76	+1,389,442.13
	73,056,572.06½	79,836,162.80½	69,347,512.00½	−6,779,590.74	+10,488,650.80	−17,268,241.54
Invested surplus:						
Sinking fund	43,269,898.40	41,316,852.79	36,811,713.02	+1,953,045.61	+4,505,139.77	−2,552,094.16
Permanent and long-term investments	53,957,978.83	53,203,465.69	53,578,160.70	+754,513.14	−374,695.01	+1,129,208.15
Fixed property	31,755,043.43	10,003,856.40	7,579,398.30	+21,751,187.03	+2,424,458.10	+19,326,728.93
	128,982,920.66	104,524,174.88	97,969,272.02	+24,458,745.78	+6,554,902.86	+17,903,842.92
Total surplus at the end of the year	202,039,492.72½	184,360,337.68½	167,316,784.02½	+17,679,155.04	+17,043,553.66	+635,601.38

It will be noted from the foregoing statement that the total current and invested surplus of ₱184,360,337.68½ in 1929 increased to ₱202,039,492.72½ in 1930, or a difference of ₱17,679,155.04 in favor of 1930. However, it will also be seen that at the close of the fiscal year under review, a decrease of ₱6,779,590.74 was registered in the current surplus as against an increase of ₱10,488,650.80 in the preceding year, thus resulting in a total decrease of ₱17,268,241.54. Had it not been for the value of supplies and materials and sales stock amounting to ₱300,156.26 brought into account by some bureaus as a result of inventory taking made by this office under the provisions of Act 3569, the total increase in the current surplus would have been ₱17,568,397.80. On the other hand, in the invested surplus an increase of ₱17,903,842.92 was registered for the same period, principally due to the bringing into account of the sum of ₱5,266,022.89 representing the value of irrigation systems constructed within the Friar lands estates, and ₱980,974.13 worth of equipment, also brought into account under act No. 3569 by some bureaus, which had not been accounted for in previous years. A comparison of the results of operation for the years 1930 and 1929 shows that the net accrual to the surplus is ₱635,601.38 as may be seen in the last column of the foregoing statement.

Current surplus: This item represents the liquid capital of the insular government upon the close of business on December 31, 1930, which, together with the estimated income for the year 1931, constitutes the basis for the proposed expenditures for that year as approved by the legislature. An analysis of the total current surplus of ₱73,056,572.06½ shows that it is made up not entirely of cash but partly of other forms of liquid items such as accounts receivable, supplies and materials, cadastral survey advances, and other assets which are more or less readily convertible into cash, as can be seen in the consolidated balance sheet on page 19 and which is more clearly detailed in the following statement:

Analysis of current surplus

Items	Total	General fund	Special fund	Bond fund
Cash assets:				
In insular treasury	₱65,067,320.80½	₱33,647,317.76½	₱7,954,017.98	₱23,465,985.06
In hands of collecting officers	1,524,719.96	1,267,536.20	257,183.76	
In hands of disbursing officers	27,326,348.98	25,454,602.52	1,871,746.46	
In hands of depositaries	1,717,232.36	62,428.68	1,430,310.60	224,493.08
Total cash assets	95,635,622.10½	60,431,885.16½	11,513,258.80	23,690,478.14
Deduct—Current liabilities:				
Accounts payable—				
Insular bureaus and offices (net)	388,090.39		388,090.39	
Provinces, municipalities, and cities	1,947,073.87	391,679.39	1,555,394.48	
Miscellaneous	20,846,428.96	20,573,462.29	272,966.67	
Accrued leave payable	3,765,612.89	3,712,475.80	53,137.09	
Accrued interest payable	7,787,257.67	7,755,726.24	31,531.43	
Untransferred proceeds of provincial, municipal, and city government bonds	551,857.22			551,857.22
Undistributed collections	557,674.03	159,316.44	398,357.59	
Deposited collections not yet covered by abstracts	842,300.10	725,207.70	117,092.40	
Deferred credits to income	710,079.29	70,177.48	639,901.81	
Insurance reserve	38,335.93	32,157.38	6,178.55	
Warrants payable	6,586,037.59	5,073,852.07	1,216,939.75	295,295.77
Total current liabilities	44,020,797.94	38,494,054.79	4,679,590.16	847,152.99
Net cash assets	51,614,824.16½	21,937,830.37½	6,833,668.64	22,843,325.15
Add—Other current assets:				
Accounts receivable—				
Insular bureaus and offices (net)	2,593,634.07	2,593,634.07		
Provinces, municipalities, and cities	3,174,608.67	3,039,658.67	134,950.00	
Miscellaneous	3,731,178.05	2,687,517.28	1,043,660.77	
Colonists' account current	489,974.73		489,974.73	
Accrued interest receivable	750,000.00	750,000.00		
Cadastral survey advances	3,857,759.45	3,857,759.45		
Supplies and materials	3,284,082.04	3,147,757.42	136,324.62	
Sales stock	2,271,616.23	2,248,250.22	23,366.01	
Work in process	182,705.07	182,705.07		
Deferred charges	430,171.65	8,914.19	421,257.46	
Investments and securities	676,017.94	1,400.00	674,617.94	
Total current assets	21,441,747.90	18,517,596.37	2,924,151.53	

Analysis of current surplus—Continued

Items	Total	General fund	Special fund	Bond fund
Current surplus:				
Cash unappropriated	₱26,681,732.10½	₱16,525,732.10½		₱10,156,000.00
Cash for continuing appropriations	24,993,092.04	5,412,098.27	₱6,893,668.64	12,687,325.15
Other current assets	21,441,747.90	18,517,596.37	2,924,151.53	
Total current surplus, Dec. 31, 1930 (see balance sheet and operation statement of current surplus)	73,056,572.06½	40,455,426.74½	9,757,820.17	22,843,325.15

It is of special interest to note from the foregoing analysis that of the total cash assets of ₱95,635,622.10½, the amount of ₱44,020,797.94 is set aside to offset current liabilities, thus leaving a net cash surplus of ₱51,614,824.16½ of which ₱21,937,830.37½, or 42½ per cent, pertains to the general fund. Of this general fund cash surplus, ₱16,525,732.10½ is free and available for appropriation, the rest, ₱5,412,098.27, being set aside to meet expenses for continuing appropriations. It will also be noted that besides the cash surplus, there is also current surplus of ₱18,517,596.37, consisting of various kinds of assets, most of which are convertible into cash and will, therefore, be also available for appropriation. The unappropriated cash surplus of ₱10,156,000 under the bond fund represents the proceeds of the bonds issued under Act 2999 and is held to protect the financial interests of the government, to guarantee the final redemption and payment of the circulating notes of the Philippine National Bank in accordance with Act 3174 as needs may arise, and to be invested in the manner prescribed by Act 3723. The remaining item of the bond fund surplus, which also consists of cash, represents the unexpended balances of several bond issues (see pp. 44 to 50) segregated in the consolidated balance sheet into appropriated-released and appropriated-unreleased, and detailed as follows:

Released:	
Manila port works and improvements, Act 2903	₱790,410.93
Public improvements, Act 2940 (irrigation systems and other public works)	1,669,800.62
Cebu port works and improvements, Act 3413	2,327,776.16
Iloilo port works and improvements, Act 3417	3,350,726.32
	8,138,714.03
Unreleased:	
Manila port works and improvements, Act 2908	268,772.16
Public improvements, Act 2940 (irrigation systems and other public works)	4,279,838.96
	4,548,611.12
Total	12,687,325.15

Tables taken from the budget for 1932, showing the estimated income and the proposed expenditures for that year:

Estimated income of 1932 and sources thereof—total, ₱66,968,320

Revenue from taxation (73.9 per cent, ₱49,481,460):	
License and business tax, 23.4 per cent	₱15,704,550
Import duties, 22.7 per cent	15,183,040
Excise tax, 19.8 per cent	13,254,260
Income tax, 3.7 per cent	2,500,000
Documentary tax, 2.1 per cent	1,380,110
Inheritance tax, 0.78 per cent	521,000
Tonnage dues, 0.67 per cent	439,220
Immigration tax, 0.46 per cent	321,500
Franchise tax, 0.27 per cent	177,300
Earnings and other credits (20.5 per cent, ₱13,762,520):	
Industrial operating income, 12.8 per cent	8,580,220
Functional income, 6.2 per cent	4,192,700
Other credits, 1.5 per cent	989,600
Incidental revenue (5.6 per cent, ₱3,724,340):	
Forest charges, 2.1 per cent	1,500,000
Fines and forfeitures, 1.06 per cent	707,040
Interest on bank deposits, 0.97 per cent	650,000
United States internal-revenue stamps, 0.89 per cent	600,000
Interest on investments, 0.16 per cent	113,700
Sales of public domain, 0.14 per cent	100,000
Repayment of loans, 0.01 per cent	3,500
Other, 0.67 per cent	50,100

Proposed expenditures for 1932 showing the purposes for which they are to be used—total, ₱70,540,667

Public education, 28.4 per cent	₱20,006,652
Public debt, 13.4 per cent	9,498,310
Industrial operation, 9.9 per cent	6,959,685
Public health, 8.1 per cent	5,704,570
Law and order, 7.7 per cent	5,437,223
Adjudication, 4.8 per cent	3,395,067
Development of agriculture, 4.6 per cent	3,228,664
Unclassified public works, 3.8 per cent	2,683,347
Development of commerce, 3.3 per cent	2,315,645
Executive direction and control, 2.9 per cent	2,051,130
Legislation, 2.8 per cent	₱2,011,921
Revenue collection, 2.7 per cent	1,886,756
Public correction, 1.4 per cent	972,643
Other economic development, 2.4 per cent	1,698,803
Other minor items, 3.8 per cent	2,690,251

"Conditions as to public finances, public order, and public health were generally satisfactory. The Philippine Islands naturally have not escaped the economic depression, which the entire world is undergoing. However, it appears that they have not suffered nearly as much as other countries. Although the prices of principal products have fallen, in some cases to the lowest level in 40 years, the increased volume has to a certain extent made up for loss in prices. While it can not be said that the general economic situation is good, there has been little or no actual physical suffering, due, as the Governor General points out, to 'the comparatively simple organization of society in the islands, to the climate, to the ease of living, and to the splendid feeling of family responsibility which is traditional among the Filipino people.'"

The revenues from ordinary sources—customs, internal revenue, and miscellaneous receipts—for the year 1930 were smaller by some $2,800,000 than the corresponding revenues for the preceding year. On the other hand, the ordinary expenditures of the government were greater by about $1,000,000 than those of the previous year. Nevertheless, the unappropriated cash surplus at the end of the year 1930 was more than $6,000,000. The report of the Governor General shows a decrease in the insular bonded indebtedness during the year 1930 of $2,525,000. The total amount of outstanding indebtedness is well within the limits provided by law and sinking funds are fully maintained to cover all outstanding bonds.

(From the 1930 Annual Report of the Secretary of War, pp. 11–12.)

Mr. VANDENBERG. Mr. President, I very much regret that this tremendous problem, involving the honorable responsibilities of the United States and the ambitious destiny of the Philippine Islands, comes to us under the pressure of the closing hours of this difficult and perplexing session of Congress. We dare not dismiss it with a mere gesture of impatient haste. We must give it the survey and analysis, consulting it in its realities, which its far-flung implications involve. Anything less would be treason to our obligations.

The delay in bringing the legislation to conclusive hearing is not due to any lack of diligence or dedication or persuasion on the part of the sponsors of this independence legislation. They have persistently pressed for their day in court, as this special night session, under special order, demonstrates.

The delay has been solely due to the pressure of other and major emergency legislation which could not be set aside. Indeed, though the Philippine proposal has been on the Senate Calendar since the 1st of last March, and on the preferred list of the so-called steering committee of the Senate, of which I have the honor to be chairman, for many weeks, there has never up to now been an opportunity to proceed seriously with the discussion, and I welcome the opportunity, even though it be so late.

The delay, I repeat, Mr. President, has been unavoidable, and in no sense a disparagement of the importance of the issue. Nevertheless the delay has occurred, and in the weary climax of this session, meeting, as we do, under force and prolonged night schedule, I fear we scarcely have the time or mood to do serious and judicial labor upon the pending bill. Yet it would be criminal negligence to take anything for granted in this connection. I certainly say this with complete respect for the honorable and earnest Senators who have worked with zeal and solicitude upon this pending objective.

I do not complain of these eleventh-hour circumstances, Mr. President, but I lament the vicissitude, and I urge that it shall not be allowed to push us too precipitously to any inadvisable decision, no matter how nobly meditated.

My own discussion will be as brief as the magnitude of the subject permits. I apprehend that no Senator will cherish either the desire or the expectation that the Senate shall follow the cavalier example of another legislative body which recently gave the world the amazing spectacle of liquidating this 30-year-old problem in 40 hasty minutes, under the repression of a rule which permitted not so much as one amendment from the floor.

The question of Philippine independence is vital and pressing, but it involves no such summary necessity for the correction of exploitation and outrage as did our own exploited status under our own Declaration of Independence, although this erroneous analogy is often drawn.

It would be ridiculous to think of the Filipinos in terms of a down-trodden, throttled, and exploited colony. Such an abortive conception would be an insult to 30 years of altruistic American leadership in the creation of the most progressive and relatively the most prosperous and the happiest people in all the Far East. Indeed, Mr. President, I never read a finer apostrophe to this fact than in the initial testimony of the very able and brilliant head of the Filipino independence delegation in Washington at this time, my own good friend, Hon. Sergio Osmena, as he testified before the House Committee on Territories on January 22, 1932. I want to quote it:

> We fully appreciate what America has done for us—her unselfishness, her altruism, her generosity. More than 30 years ago she set out in the Philippines on a unique adventure, nobly conceived and faithfully carried out, to liberate a subject people. This had never been attempted before, but so consistent has been America's adherence to her noble purpose that her administration in the Philippines has established a new standard of justice in the treatment of dependent peoples. Readily casting aside the belief current among many colonizing nations that democracy can not thrive in the Tropics, she trained us in the art of self-government. Her success is now recognized. No other country under the tutelage of another has attained more substantial progress than the Philippine Islands during the same period of time. This is the opinion of impartial observers. We regard America as our friend and benefactor.

Mr. President, it is indeed refreshing to hear so eloquent and yet so truthful a tribute of testimony from so high a spokesman of the Filipino people with whom we have undertaken to deal so beneficently during the last 30 years.

I say, however, that in view of the truth of these facts, there is no precipitous necessity for immature action to reconstruct the Filipino status. Let no one misunderstand what I am trying to say. It is not that the question should not be settled now, because I shall make it immutably clear that that is not my viewpoint, but I am saying that it can not be done in the rush of a single evening hour, because the implications are too far-reaching, not only for us but for the Filipinos.

Certainly it would not be an act of friendship to ignore realities in a present world in which even the oldest and the strongest governments find it difficult to cope with contemporary instabilities. Certainly it would not be an act of friendship to launch the Filipinos' final great adventure under auspices calculated to threaten early and permanent failure. Hungry communism loves just such fallow ground as that.

Mr. President, I am one of those who believe that these considerations must temper the Senate's deliberative judgment, and that they challenge us to look before we leap. But I am not one of those who believe that these considerations warrant a present abandonment of all constructive and progressive efforts to anticipate the cherished and promised goal.

I am one of those who would attempt safely to answer the Philippine question, but I am not one of those who believe that any answer is better than no answer at all. On the contrary, it never will be answered until it is answered rightly, and with due regard not only to Filipino welfare and aspirations but also to American obligation and American honor.

Mr. President, let me make this clear again at the outset. I believe the United States is under both moral and explicit pledge to provide the Philippines with the free option of ultimate independence. This promise is implicit in utterances of every President of the United States since 1898. It is the specific warrant in the famous Jones preamble to the organic act of August 29, 1916.

While one Congress can not literally bind another, the unavoidable and unassailable historic fact remains that the Sixty-fourth Congress solemnly proclaimed our purpose, from which we ourselves can not retreat. It proclaimed that "It has always been the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein," and that the people of the Philippines shall, when ready, "assume the responsibilities and enjoy all the privileges of complete independence."

Mr. President, that is a definite promise of independence. But the time and the specifications are indefinite. Our mutual trouble has been and now is that time and specifications are the vital essence of the pledge. Our immediate problem and responsibility are to take uncertainty out of these latter elements so far as that may be done by contemporary legislation. The need is to clarify our own thinking and specifically to instruct the Filipino people as to what we mean by a stable government and by the responsibilities of independence. Their need, in turn, is to contribute to this clarification with an eye on the next generation rather than on the next election.

I repeat that there is no escaping the implication of the Jones preamble. The Filipinos regard it as a warrant. They have builded the famous Jones Bridge in Manila as a monument to this faith. I regard it as an absolute obligation on our part. But I also repeat that I believe it is still the responsibility of the United States to exhaust every assurance that the Philippine republic, if and when established, shall stand for keeps, to make every supreme effort to assure that this climax shall be safe and sane, and sure and wholesome, and, most emphatically, to reach our conclusions in consultation of the best welfare of the Filipinos, rather than in consultation of our own selfish economic advantage, no matter how pressing.

Here, indeed, human life must be of first concern. In some American quarters to-day the aim and motive is not to free the Philippines from the United States but to free the United States from the Philippines. That, Mr. President, is a dangerous impulse, calculated to sow the wind and reap the whirlwind. I repudiate it. A decision born of such unenlightened selfishness would be unmoral, unsound, unworthy, and unsafe.

This does not mean that we are required to close our eyes to undue prudence that may be involved in our stewardship. It does not mean that we are never entitled to assess our own desperate continental economic needs in so far as they can legitimately factor as a by-product of the Philippine independence question. It does not mean, for example, that altruism demands of us that we totally ignore the economic fact that the balance of trade as between the Philippine Islands and the United States benefits the former in the ratio of about 4 to 1 and that we must neglect our right to equalize this ratio.

But we dare not determine the fate, Mr. President, of 13,000,000 or 14,000,000 people, our wards for 30 beneficial years, solely on the basis of what we may want or wish in respect to our own pocketbooks. We must make the decision primarily in behalf of the rights and the welfare of the Filipinos themselves, and with a decent respect to the opinions of mankind regarding the honorable disposition of our far-eastern responsibilities.

Now to the problem. It has been a problem in our politics as well as in Filipino politics for many years, and always will be until settled. It has been a problem in our Congress for many years and in many phases. These rival phases still persist to-night. Let me summarize nine different attitudes, at least five of which will require Senate decision before the final verdict is pronounced. Manifestly the Senate must contemplate these rival attitudes in making up its mind. Here briefly is a summary of these nine ideas:

First in order of apparent liberality is the idea of immediate, absolute, and complete independence. I think that

any literal application of this idea may be dismissed, as the able and distinguished Senator from Missouri [Mr. HAWES] has himself substantially just indicated. It is essentially a rhetorical slogan. It is still heard in poetical and patriotic apostrophes. It still lingers as an abstraction in native aspirations. But it no longer exists in the laboratory of reality. In literal fact it would be too cruel. Immediate and absolute independence without some period of intervening arrangement would simply mean immediate and absolute collapse. I believe the responsible leaders of the Filipinos themselves frankly acknowledge this intervening need, although their spokesmen in Washington, able and earnest men, for whom I have the profoundest respect, courageously insist that the interim shall be held to the minimums of necessity.

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Nevada?

Mr. VANDENBERG. I yield; although I would like to complete my general argument.

Mr. PITTMAN. In order that the Senator may not be misunderstood, the representatives of the Legislature of the Philippine Islands are in entire accord with the limitations as to time and everything else in the Hawes-Cutting bill.

Mr. VANDENBERG. The Senator has vindicated the observation I was offering. Yet we still hear immediate, complete, and absolute independence frequently discussed, and since it is the very base of the pyramid it is necessary to canvass it in order to obtain a relative view of the other programs pending, because all programs are simply this program in progressive degree. I am saying that the demand for immediate, absolute, and complete independence has ceased to exist as a reality.

I noted the suggestions upon this score submitted by General Aguinaldo on July 25, 1931, in response to a questionnaire from my friend the able senior Senator from Missouri [Mr. HAWES], in which this native warrior-patriot said:

> I would suggest a period of not more than 10 years, within which we hope to be able to adjust the economic difficulties attendant upon separation in a way satisfactory to both peoples.

Now note:

> If there is a will to do it, our independence could be granted us within the next five years.

That makes a total of 10 years.

> Whatever is desired to be adjusted regarding commerce and other interests here of the United States may be so adjusted within 10 years after the concession of freedom. These are reasonable periods of time and will not jeopardize anybody's interests.

Fifteen years a reasonable period of time.

Mr. Roxas, another very brilliant Filipino leader in Washington, and another whom I am proud to call my friend, frankly told the Senate Committee on Insular Affairs:

> There is no one in the Philippine Islands who does not believe that a sudden disruption of our economic relations would produce serious embarrassment to our economic system.

Hon. Pedro Gil, another member of the last Philippine independence mission, told a similar House committee:

> In the event that free trade is abolished, practically no other outlets will be immediately available for our products outside of the United States.

Senator Juan Sumalong, minority leader of the Philippine Senate, put the following plank in his independence platform:

> Continuation for a period of from 5 to 10 years of the present free trade between the United States and the Philippines.

Now, Mr. President, this is the thing I want to bring emphatically to your attention, that all through most of these quotations is not only the concession to the view that there must be time for rearrangement but there is an expression of the native hope that this time for rearrangement shall follow independence instead of preceding it. It is upon that point that I want to bear down at the moment lest there be any misunderstanding.

Unfortunately much of the independence agitation in the islands has proceeded upon the convenient theory that after the American flag comes down the dividends from a sort of absentee American protectorate will continue. The Wood-Forbes mission of 1921 said:

> We find everywhere among Christian Filipinos a desire for independence under the protection of the United States.

It is an anomaly to talk of independence and a protectorate in the same breath. It is a confession that independence in some quarters does not mean the same thing over there as over here. It is significant evidence that the whole discussion too frequently has avoided inconvenient yet pertinent reality, and the Senate will observe, as I proceed to my conclusion, that the one thing above all else for which I am pleading is a consultation of realities, because a decision upon any other base would be as unsafe as it would be unsound.

Mr. President, any native expectation for a prolonged period of American free trade following independence can be dismissed as an impossibility. One conviction unmistakably has taken hold of American public opinion, namely, if and when we leave the Philippines, we shall leave completely and permanently. There will be no postintependence tutelage. There will be no Platt amendment, as in the case of Cuba. There might be a reciprocal trade differential in our mutual tariff. I should hope so. But free markets will essentially disappear along with our flag. If this were immediate and absolute, or if it were in any degree premature, it would be a curse rather than a blessing. It would be of no benefit to the Philippines and no credit to the United States.

I think we may dismiss the idea of immediate absolute and complete independence. But it has been worth lingering upon, I repeat, because in our subsequent problems, when we come to writing a formula and fixing a time for a preindependence preparation, we continue to deal in many of these same factors. The only difference becomes a difference in degree.

I conclude this analysis of this first of nine proposals with a quotation from Prof. Joseph R. Hayden, of the political science department of the University of Michigan, who has spent many official years in the Philippines and who returned recently from his third trip to the islands. Professor Hayden expresses the ethnic as well as the economic hazards. I quote:

> Every year thousands of Chinese are smuggled in—this in spite of the rigid guard maintained by American officers. Once remove these officers and the situation would be far beyond the control of native agents. After gaining entrance, the Chinese seem to have a knack of taking business away from the Filipinos. At the present time a relatively small Chinese population controls from 80 to 85 per cent of the island mercantile business.

Then—this was last October—Professor Hayden significantly concludes:

> It would be extremely unfortunate if, at the present time, the United States should drop connections with the islands. The result would be the complete undoing of the work we have done there. The islands, which at the present time know no depression, would be ruined.

Now for the second of these nine proposals, and I shall not linger on the remainder of them, because, I repeat, each one of them involves the fundamental problem except in the matter of degree. The second of these nine proposals in order undoubtedly is the suggestions which will be offered in concrete form by the able and distinguished Senator from Utah [Mr. KING], and I would not presume to anticipate him. From my viewpoint the proposition which he will submit contemplating independence, as I understand, within four years, possesses in only slightly removed degree all the infirmities to which I have been adverting; but the Senator from Utah and I agree in this: If there is to be comparatively sudden independence it might better be as soon as physically possible rather than to drag it out across an inadequate and inconclusive span of years. Obviously it already is plain, however, that my own view prefers the adequate and the conclusive span of years.

The third of these nine proposals, in the order of speed, is the so-called Hare bill, which is now on the Senate Cal-

endar and to which I shall pay my specific compliments in a few moments.

The fourth of these nine viewpoints, again speaking progressively, is the so-called Hawes-Cutting bill, which is immediately before the Senate and which has the benefit of a practically unanimous support from the Committee on Insular Affairs.

It contemplates independence in from 17 to 19 years. It is the product of an earnest effort to compose conflicting ideas. It bears the name of the able junior Senator from New Mexico [Mr. CUTTING] and that of the distinguished senior Senator from Missouri [Mr. HAWES]. I may say, Mr. President, that the Senator from Missouri has been a scrupulous student of the Philippines and a loyal, persistent friend to their independence aspirations. In framing this pending measure he has generously and considerately sought a meeting of conflicting minds. He has written many of my own ideas into the pending bill, and I want publicly to thank him for his consideration. Perhaps the chief vice of the pending measure—and, of course, I do not use the word invidiously—is the very fact that it has reached out too assiduously for this meeting of minds and in this very composition has lost some of its own logic and continuity. I do not particularly quarrel with its tenure of years, but I think its progressive Philippine export limitations are too long in starting and too precipitous in concluding. Fundamentally I disagree with it, however, because it writes the new Philippine constitution at the beginning rather than at the end of the preindependence period. I consider this to be a fatal fallacy laden with serious implications. I believe that while America retains responsibility it must maintain the realities of authority. But let the detail of this analysis wait until we are done with our summary.

The fifth of these nine viewpoints is what may be calculated to be a conference compromise between the House and Senate bills, perhaps on a 10-year base. I have heard that suggested in conversation. I dread any conclusion of this proposed legislation, Mr. President, on the basis of an expedient conference compromise, and I cordially concur with the sentiment and observation submitted this evening by the junior Senator from New Mexico [Mr. CUTTING] that we must follow through consecutively upon one or the other of these theories and that we can not expediently and conveniently patch them together in the manufacture of a compromise.

The sixth of these viewpoints, Mr. President, will be the substitute which I have drafted after faithful consultation with many students of the problem, and which I shall take the liberty of offering in a few moments. It has some philosophy in common with the Hawes-Cutting bill; but, in my humble judgment, it avoids some of the latter's pitfalls. Its objective is reached in from 20 to 21 years. It contemplates a Philippine constitution in the climax of this great adventure instead of on its threshold. But here again details may await the conclusion of this summary of viewpoints.

The seventh viewpoint is that of the War Department, which insists that we should define the ultimate attainment of Philippine independence in terms of objective rather than in fixed terms of years. It proceeds upon the theory—which can be powerfully defended—that the fallible human mind can not presume to anticipate conclusively just what the conditions will be either over here or over there 8 or 10 or 17 or 21 years ahead of time. This can not be gainsaid. Yet the preamble of the Jones law cries out for implements, and I would provide them if we can.

The eighth viewpoint is that which undoubtedly will again be urged by the able senior Senator from New York [Mr. COPELAND], who insists that Congress has no constitutional authority whatever to alienate territory such as the Philippines when once it has come under the Stars and Stripes.

The ninth and final viewpoint is that of the citizen who bluntly insists that the question of Philippine independence shall be closed and never reopened, and that the Philippines shall remain an integral part of the United States. Here, in reminiscence of an earlier day, so-called imperialists and anti-imperialists will divide. So far as I am concerned, I stand upon the anti-imperialistic side.

I venture the assertion at this point, Mr. President, that the vast body of American public opinion falls within the bracket from the third to the seventh proposal heretofore outlined, which is to say, somewhere between the philosophies of the Hare bill, as it comes to us from the House, and the philosophies of the War Department, as I have just roughly sketched them. Organized agriculture and organized labor undoubtedly would prefer that the process be hastened. Yet the editorial opinion in the newspapers of the country probably is strongly favorable to the maximum postponement. But the Congress must decide the question upon its own conscience and without relation to any of these external forces or considerations.

As a basis for this choice let me give another quick summary—this time a fleeting view of these beautiful, fruitful, ambitious, and relatively happy islands, so that we may have our problem more intimately in mind.

They are not less than 20 days from California's Golden Gate. There are 7,083 of these tropical islands with a grand area matching that of New York, New Jersey, Massachusetts, Connecticut, and Vermont combined. Here are 13,000,000 people, of whom 91 per cent are Christians.

Here on the one hand are cities as progressive as any in the States, sometimes built with scrupulous regard for municipal beautification; here, on the other hand, are primitive tribesmen in the pagan hills. Yet, the farther you penetrate these hills the nearer you come to the grand canyons of rice terraces, which were an engineering triumph 2,000 years ago.

Here in these paradoxial islands are education and culture worthy of the world's best, with more than a million children in the public schools; but here also are backward provinces where occidental enlightenment has made little perceptible impression.

Here is a capital with more daily journals than any other city of its size on earth. They are notably progressive and well edited. But here also is a total daily circulation of only 164,000 newspapers in all the Philippines.

Here are the finest motor cars; here also is the wallowing carabao, carrying most of the rural burden. Yet here also are an excellent government owned and operated railroad and hotel running at a profit, and the finest municipal wharf and pier in the world at Manila.

Here is democracy upon the one hand and a paraphrase of feudalism upon the other. Here for 30 years many dialects and tongues have fruitlessly sought English as their common solvent after 300 futile years of kindred Spanish effort. Here these and innumerable other antitheses are in constant and striking challenge.

But here are law and order and security for property and person which could bring a blush of envy—if they ever blush—to some of the proudest precincts of continental United States. Here are a people of tender sensibilities, of open-hearted hospitality, of brave ambitions. Here progressive political autonomy has made striking conquest. Here are remarkable evidences of racial progress. This progress is an indivisible credit, on the one hand, to native adaptability and aspirations; and, on the other hand, to the influence and direction of American stewardship for three fruitful decades. Here is the brightest, happiest, cleanest, most prosperous spot in an otherwise turbulent, benighted, and nearly bankrupt Orient.

All this proceeds under the Stars and Stripes. The burning question to be answered, as definitely and as soon as possible, is whether the flag stays up or whether the flag comes down; and if so, when and how.

Magellan originally discovered the Philippine Islands in 1521. But they were made known to most Americans by Admiral Dewey one celebrated morning in 1898. Even then these Malays were bravely intent upon establishing their own republic, and did so temporarily with a constitution of their own making, which included, significantly, a veritable Anglo-Saxon Bill of Rights. They passed to American sov-

ereignty in the liquidation of the Spanish War, with a new vision, a new privilege, and a new opportunity in life. There has been sympathetic, helpful, and beneficial control. There has not been, and of course must not be, the remotest semblance of greedy exploitation. The time has come to face facts, both in Washington and in Manila. Does the flag stay up? If not, when and how does it come down?

I visited these delightful islands and these hospitable people one year ago. My visit was utterly inadequate to give me any authority of counsel in the pending matter, and I expressly disclaim any such presumption. But my visit illuminated my prior studies of the problem; it amended certain of my own prior notions; it changed my mind in some respects; but it confirmed the opinions and the attitude which I now take upon the pending bill.

I want to read to the Senate the public statement which I made in Manila the morning that I sailed away:

I leave these beautiful and rich islands with intensified respect for the great progress which is being made in the Philippines and for their future possibilities. Here are constantly increasing occidental standards and advantages in the heart of an oriental world. It is the solemn responsibility of every lawmaker, whether in Manila or Washington, to deal with the future of the islands in a way which will best preserve and promote these benefits. The utility of government is to be tested not by its forms but its results reflected in the lives, fortunes, and security of its people. This is the rule of action needed in relation to Phil-American contacts.

Speaking only for myself and not presuming to commit anyone else, I am confirmed in the opinion that the future status of the islands now must be a problem in economics rather than in political forms. So far as political forms go, you already have about 98 per cent of autonomy. If that were all that is involved, your status would be no problem at all. But economic autonomy is something else. Economic self-sufficiency is the vital foundation of stability, particularly at a time when even the oldest and strongest of countries are finding national economics perilous. There can be no political stability without economic stability.

This phase calls for absolute candor both in Manila and in Washington. Immediate independence or premature independence will be accompanied by a concurrent foreclosure to you of America's free markets in which you sell nearly 80 per cent of your exports, and upon which you must depend for your favorable balance of trade. The imminence of this foreclosure is clear from the nature of the new and dominant support which the independence movement enjoys in the States. It is a support engendered by an anxiety to stop your free trade in America as quickly as possible.

Any such sudden wrench to your economic status would be nothing short of a calamity. It not only would impair the livelihood of every man, woman, and child in the islands; it also would scuttle your public revenues at the very moment when you would confront the inevitable need of heavily increased tax budgets. The mere increase in political autonomy from 98 per cent to 100 per cent could not remotely compensate for such a staggering economic prospectus. Indeed the government itself would be calculated to stagger in similar degree.

Facts are facts. This is one of many to be frankly and courageously faced. I take away with me a new sense of responsibility to consult all of these realities for the sake of your true welfare. The greater your present progress, the greater would be the tragedy of needless error in charting your future. There is nothing automatic in the benefits of independence. Your final great adventure should be launched at a time and under circumstances best calculated to warrant permanent success rather than the possibility of disastrous failure.

But you are entitled to be relieved of the curse of uncertainty so far as this can be done by legislation. Uncertainty prevents long-range planning. It stunts development. It produces ceaseless agitation, which is a poor substitute for progress. We need a just formula for this final preindependence period.

It seems to me that candor requires consent on our part that you shall have the unequivocal option of ultimate independence under fixed specifications after a final adequate term of economic preparation, which for your sake might fare better be too long than too short.

It requires consent on your part that these specifications shall be practical and not precipitous and that you shall have a just regard for some of our own related problems on the mainland. I know you will be responsive because after all America's 30 altruistic years in the Philippines have demonstrated the good faith of our attitudes.

It requires of us that we do not deal with you solely to suit our own economic convenience, which many think would best be served by completely cutting the economic string to-morrow. It requires of you that you do not ignore your own economic necessities as distinguished from your political aspirations, and that you do not pursue a slogan instead of a reality.

It requires of both that we do not jeopardize a fine, wholesome, happy culmination of this great adventure which has proceeded so nobly under the American flag. Neither an anti-Philippine attitude in America nor an anti-American attitude in the Philippines will do.

We all need prayerful study of these realities in quest of a rational program which shall best serve all concerned. I feel better equipped to go on with my own small part in this quest as a result of my visit. I am deeply grateful to all who have made these recent days so memorable for me. I hope for the finest possible Filipino future.

Mr. President, one year has since passed. I would not change a word in this statement. It was generously accepted at the time in the native press. Editorials were friendly—so much so that the Literary Digest, on June 18, 1931, mobilized a page of opinions from this native press, particularly emphasizing, if I may be pardoned the personal reference, the comment of the Manila Herald that "Senator VANDENBERG, of Michigan, is the leader of a desirable compromise."

Mr. President, the most desirable possible compromise which I can offer I shall presently lay upon the Senate's bar.

It will be noted that I put great stress upon the economic phase. So must the Senate, no matter which plan it embraces, if it would do justice to the Philippines. Gov. Gen. Dwight Davis, who recently concluded a highly honorable and able administration at Manila, frankly said in his annual message of July 11, 1931, that trade relations with the United States had been the islands' savior in these perilous economic times. I regret that these relations have been reciprocally burdensome to the United States. Certainly we are entitled to fair adjustments, regardless of the independence outcome. But we are not entitled knowingly to precipitate our island wards into a fore-ordained economic wreck.

Experts have estimated that the immediate effect of independence at any time upon all Philippine exports to the United States would be a loss of not less than $55,000,000, or about 43 per cent of the total export trade to all countries. This would precipitate a general reduction of labor wages and standards to the normal oriental basis of bare existence. Domestic trade would suffer sympathetically. Land values would be greatly reduced, which in turn would jeopardize the public revenues, because 33 per cent of the provincial revenues, 51 per cent of the general municipal revenues, and 74 per cent of the Manila revenues are derived from land taxes. Conservative prophets believe that the income of the Philippine government in import duties, sales tax, excise tax, income tax, wharfage charges, United States tax remissions on tobacco, and from other sources would immediately decrease from the 1920–1929 average of $40,000,000 to not more than $25,000,000. The Budget just balances at present, thanks to curtailment in many public expenditures for such things as sanitation, health, and new construction. Obviously, the result of further domestic curtailment would mean fewer schools, lower health standards, and a general retrogression from occidentalism to orientalism. Not the least serious phase of such a contemplation is the fact that even now, according to Red Cross testimony, malnutrition is the chief mass handicap from which the Filipino race suffers.

Independence ceases to be a pretty picture under such auspices. Indeed, it is not a picture which either the Filipinos or we Americans, after 30 years of altruistic partnership, could tolerate. It would be a hideous anticlimax. Nor would it satisfy the Jones preamble. It could not envision stable government. On the contrary, it would be an open invitation either to anarchy or to communism.

At this very moment of dire economic crisis, the new and independent Philippine government would immediately require more, rather than less, of a tax budget. It could expect no added aid from increased import duties, because the islands' buying power would be depleted. Yet it would have to pay for its own national defense and its own diplomatic and consular service, all of which is now an American contribution. It would have to support a much larger constabulary for domestic security. It would have to pay much more for public loans, if it could get them at all, because this type of money costs at least 7 per cent in other comparable countries, whereas at present the influence of Amer-

ican stability produces loans as low as a 4.28 per cent basis. Meanwhile another large source of island income, estimated at $15,000,000 a year, would disappear with the withdrawal of the American Army and Navy.

We must not climax our great Philippine adventure by precipitating these fine, relatively contented, prosperous, happy, and secure people into a governmental fatality.

These are but a few of the economic reasons why we must proceed with care. We owe it to our responsibilities. Yet these are not reasons why we should decline to proceed at all. I have no more sympathy with a denial of action than I have with precipitous and premature action. Furthermore, before we dismiss the trade balances between the Philippines and the United States as wholly prejudicial, let us candidly assess credits as well as debits.

The debits involve chiefly sugar, coconut oil, and hemp products. I state, parenthetically, at this point that my substitute will begin a quicker limitation upon these exports to us, although under a more livable régime than any of these others at present pending proposals.

But how about the trade credits? The Philippines continue to be the largest market, on the absolute basis of dollar value, for American cotton piece goods and canned milk, and among the largest for wheat flour, tinned fish, fruits, vegetables, and numerous other items. American agriculture, in other words, will lose as well as gain in the event of suspending reciprocal free trade. American industry meanwhile has a substantial stake in the sales of motor cars, machinery, electrical apparatus, wire and steel and kindred products in the islands. It has a substantial stake in raw materials which it always must import from the Tropics. Other such credits include the large amount of American capital which has been encouraged to enter the islands and engage in their development. They include the speculative value of a great American trade base at the threshold of the greatest undeveloped exporting market left in the world, where the stabilization of economic life for 750,000,000 oriental people will some day produce the richest trade opportunities of modern times. No visitor to the Far East can fail to sense these possibilities. No visitor to the Philippines can fail to sense their rare potentialities. No student of American balance sheets can fail to understand our own vital stake in an unfolding Orient.

These are not the factors which rightly should dominate our Philippine decisions. But the point is that if our selfish economics are to be argued in favor of hasty Philippine independence regardless of Philippine welfare, then our selfish economics also should be argued for what bearing they may have in a different direction. Incidentally, our prestige in the Far East is of thoroughly tangible importance, and that prestige could suffer no deadlier blow than from a Philippine debacle as the ultimate product of our far Pacific stewardship.

Mr. President, let me now revert once more to summaries. The Senate's direct judgment must be taken between the King bill, the Hare bill, the Hawes-Cutting bill, and what I shall identify as the Vandenberg bill. Here is a summary of the rule of action by which I think the decision should be made.

First. I believe the United States unequivocally is bound by solemn obligation—frequently expressed and always implied—to withdraw its sovereignty over the Philippine Islands when a stable government is in existence and when the people of the Philippines are ready, as defined in the Jones preamble of August 29, 1916, to "assume the responsibilities and enjoy all the privileges of complete independence." I believe the measure of this "stability"—this capacity for the "responsibilities of complete independence"—is not political alone, but also and emphatically economic, because economic collapse is the root source of most governmental paralysis to-day all round the globe. This is precisely what the late President Taft said as long ago as December 6, 1912, when he uttered this pregnant observation:

> We would endeavor to secure for the Filipinos economic independence and to fit them for complete self-government with the power to decide eventually according to their largest good, whether such self-government shall be accompanied by independence.

Second. I believe that the Filipino people have made amazing strides in the forms and philosophy of political government under our generous tutelage, which already gives them fully 98 per cent of electoral autonomy, including the direct election of 22 out of 24 senators, 86 out of 95 representatives, 44 out of 48 provincial governors and boards; also including complete home rule in 900 municipal departments, also including 98 per cent of the places in the civil service, also including domination of the Governor General's cabinet and within one of a majority of their supreme court. There are still some submerged and backward people. There is still a question about unassimilated groups in the mountains and in the southern islands. But as an abstract proposition I believe that Filipino progress in self-government gives political promise—political, mind you—of adequacy and ultimate stability within a reasonable definition of the Jones preamble. After all, we can not expect a complete Malay paraphrase of Anglo-Saxon government. Therefore I do not feel that the essential experiments remaining to be made in this probationary progress are primarily political. They are economic.

Third. I believe the United States must retain effectual authority in the islands so long as it retains responsibility in the islands. Therefore I am opposed to proposals for a new constitution and a new form of native government at the beginning of the final probationary period. I think it should be the end and climax. If set up now, with the probationary period yet to run its course, it inevitably invites the shadow of divided authority, even though it avoids the substance. This is a frank but considered change of view, as is also my present view of the essential time element, since I originally introduced my first Philippine bill on January 31, 1930.

Fourth. I should be less than candid with the Senate if I did not state my further belief that the Filipino people, enjoying 98 per cent of autonomy, are infinitely better off and happier in material considerations under the American flag than they will be under their own. But they are entitled to their own flag when their preparation is complete. It is our task to implement the Jones preamble with a bill of particulars—difficult though it be to attempt to penetrate the problems of the future—and then to let the Filipinos ultimately decide their own destiny for themselves in the fullness of an experience which shall have taught them what "the responsibilities of independence" mean.

Mr. President, I now send my substitute to the desk and formally offer it. To save time I ask that its reading be dispensed with at the moment, but that for the information of the Senate it be printed in the RECORD at the conclusion of my remarks.

Mr. President, this puts three specific propositions thus far textually before the Senate—the Hare bill from the House, the Hawes-Cutting bill from the Senate committee, and my substitute. At this point I send a letter to the desk and ask that it be read.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

> DEAR SENATOR VANDENBERG: I have noted the provisions of the amendment (in the nature of a substitute) intended to be proposed by you in connection with the bill S. 3377, to enable the people of the Philippine Islands to adopt a constitution, etc.
>
> While I am not in accord with the provisions of the amendment, the latter is, from the viewpoint of this department, preferable to either the Hawes-Cutting bill or the Hare bill.
>
> For the reasons which I have stated to the committee, I reiterate that action on this legislation at this time is not desirable.
>
> Sincerely yours,
>
> PATRICK J. HURLEY,
> *Secretary of War.*

Mr. VANDENBERG. Mr. President, I think we owe it to ourselves to take cognizance of the attitude of the department primarily charged with Philippine administration. It is opposed to all this present legislation, as I have previously stated. But it finds the substitute just presented less objectionable than the other two proposals. It would more nearly meet the department's view.

As between these bills, first let me speak of the Hare bill, which may be said to represent the House conception, which was approved in 40 minutes by a House vote of 306 to 47.

But what a conception! I speak respectfully, but in earnest protest, against program which the Secretary of State, himself a former Governor General of the islands, described as "selfishness and futility" in a letter made public the day of this amazing roll call. I speak in complete sympathy with an editorial observation in the New York Herald Tribune the following morning which said in part:

> This bill sentences the Philippines to eight years of political turmoil, and then to economic ruin, if not to extinction.

Mr. President, in my humble judgment the ninth year of experience in the Philippine Islands under the Hare bill would be a year of sackcloth and ashes, if not worse. Even though a reciprocal trade relationship were created under section 2 of the House bill, it would mean that in the first year of the Philippine Republic its export commodities, the backbone of its economic life, would suddenly lose 80 per cent of their free markets, and, on the basis of last year's trade, confront the better part of $60,000,000 in new American customs duties—a sum almost twice the annual budget of the native government.

Could any government, new or old, survive such a sudden and fundamental wrench to its trade relations? Could this new Philippine Republic, simultaneously burdened with an infinity of other perplexities, stand up under such a desperate economic blow? Is it fair to our hopes for an ultimate permanence for a Philippine Republic to fling our erstwhile wards and friends to any such devastating jeopardy? Is it fair to the hopes of the Filipinos themselves? Is it sanity in a realistic world?

I dislike to say it. But the solemnity of this responsibility, Mr. President, calls upon all of us—whether in Washington or in Manila—to speak our true minds or to forever after hold our peace.

In my judgment, any such prospectus would be the deadliest possible blow which could be leveled at the peace and happiness of the Filipino people, and an advance warrant of ignoble failure for a great, free, and successful Philippine Republic.

In my judgment, any such prospectus would be the deadliest possible blow which could be struck against the honorable liquidation of American responsibilities in the Far East.

Meanwhile, let us not ignore the lengthened shadows of these same hazards, though in mitigated degree, as we proceed.

Now we reach the Hawes-Cutting bill and my substitute for it. Both are built on the theory of preindependence economic preparation. Indeed, they have much in common. Yet they depart from each other in several considerations which I hold to be vital if we shall take maximum precaution against any of the possible tragedies to which I have previously adverted. I have dwelt upon the possible tragedies by way of admonition and not by way of discouragement against any forward march. Let me say that I believe emphatically that it is possible to write a safe formula, and that it is our duty so to try to do, but conservatism is a virtue in this pursuit. Economic self-sufficiency in the islands is the key to this success. It calls primarily for agrarian diversification and sufficient time to make it effectual. There are incalculable opportunities in this direction. I submit an excerpt upon this score from the last annual report of Governor General Davis, because it shows so plainly the undeveloped possibilities which can be enlisted in the cause if time and opportunity are adequately permitted.

Both the Hawes-Cutting bill and my substitute limit immigration immediately. In this aspect, and in the further requirement that the Filipino legislature must ratify the new ritual before it becomes effective, the proposals are identical. The principal differences are as follows:

First. The Hawes-Cutting formula is built on a 15-year base—actually 17 or more. The Vandenberg formula is built on a 20-year base. But both lead to the unequivocal option of ultimate independence. I do not believe it is possible to work out a progressive economic program that will be practical under 20 years, for reasons which will presently appear.

Second. The Hawes-Cutting bill provides a native constitution and native government at the inception of the probationary period. The Vandenberg bill provides for the constitution at the end of the period on the theory, first, that American authority must continue as long as American responsibility continues; and, second, that the native constitution is logical only as the climax rather than as the inception of the probation. The Vandenberg bill, however, increases native autonomy under the existing order by providing a complete legislative cabinet. It seems to me that it is vital in a correct philosophy of action that the existing structure of Philippine government should not be fundamentally changed to fit the prospectus of a subsequent republic until the economic probation is completed and until the native decision for an ultimate republic is made and the republic is ready to function. Otherwise, we have the cart before the horse. We leap before we look. We invite what may too easily and too dangerously be interpreted as a surrender of essential authority during the probationary years, when we still carry the sovereign responsibility. Twilight zones of responsibility in government are calculated to invite delicate and doubtful interludes. This could be particularly true 10,000 miles from home. I opposed this section of the Hawes-Cutting bill in committee but was outvoted. I regret that I can not surrender my conviction that it is a controlling weakness in the whole structure of the bill.

Mr. SHORTRIDGE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. SHORTRIDGE. To put it in simple words, I gather from what I have just listened to that it would be fully 20 years before the Filipino people would be fully independent.

Mr. VANDENBERG. That is correct.

Mr. SHORTRIDGE. I assume that the Senator thinks it would take 20 years to enable them to prepare to control their own destiny?

Mr. VANDENBERG. No, Mr. President; that is not the point at all. I think the Filipino people have progressed politically in a most amazing degree. At the present moment they have 98 per cent of political autonomy, and I think they are justifying their possession of that 98 per cent. I am saying that when we lay out a formula which looks to an ultimate definite independence, whether it be 17 years, as under the Hawes-Cutting plan, or 21 years, as under the substitute I have proposed, it is not logical to create the constitution of the ultimate republic the first year they start upon that probationary journey, that it is an anticlimax when the ultimate period of independence is reached, and that during the interim you have surrendered at least the semblance of essential authority while you yet retain the responsibility.

Mr. SHORTRIDGE. Why should we not give them their independence next year, and let them work out their own destiny?

Mr. VANDENBERG. Mr. President, at 2 minutes to 10 o'clock I hesitate to revert to that point, which I reached at 8.30. I say that with great respect to the Senator; but I am anxious to conclude.

The third difference between the Hawes-Cutting bill and my substitute is in respect to the economic limitations.

Third. The Hawes-Cutting bill provides for limitations upon free American markets for sugar and hemp products and coconut products for 10 years on the basis of present Philippine exports to the United States; thereafter it switches to straight tariffs with an annual step-up in rates. The Vandenberg bill provides these same initial limitations for 5 instead of 10 years, and then progressively reduces these limitations in each subsequent 3-year period.

If we are to launch the theory of limitations, and I favor it, I believe it is necessary to start them sooner and progress with them more regularly over a longer period of time than the Hawes-Cutting bill provides or permits. Thus it can be done safely and in successful defiance of the economic

hazards which I have previously stressed. Under the Hawes-Cutting bill these limitations would switch to yearly changes in tariffs from the tenth to the fifteenth year.

I do not believe that any people could survive such constant tariff turmoil. We know of our own experience that one general tariff revision in a decade is a source of difficulty and unrest. It seems to me that this era of annual tariff flux would be an inevitable era of menace. I submit it would be far preferable to cling consistently to the theory of limitations from beginning to end; to make the progressive changes on a regular schedule every three years as provided in the substitute; and to take a few years longer in the ultimate process, permitting the native legislature to decide for itself at each interval whether it desires, out of native experience, to persist in the progression. A short step forward must not result in a long step backward. It is better to be safe than sorry. There is too great a stake, particularly in precious human hopes, to justify doubtful experiments.

Under the Hawes-Cutting bill these limitations would switch to yearly changes in tariffs from the tenth to the fifteenth year. I do not believe that many people on earth could survive a yearly change in tariff. They would live in a continuous and perpetual economic turmoil. We have all that we can do to survive one general tariff revision in a decade. Here is a tariff change every year from the tenth to the fifteenth years. I submit that that is not a safe economic reliance. I submit that it is infinitely better to take a few more years, to be safe instead of sorry, and to develop within those years an adequate progression by easy stages so that when the climax is reached it is not reached at the end of the shock, but is reached in sensible graduation.

Mr. REED. Mr. President, would the Senator prefer not to be interrupted?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Pennsylvania?

Mr. VANDENBERG. I am glad to yield.

Mr. REED. At this point it occurs to me that there is one matter which, during the time I have been listening, has not been mentioned. It seems to be an omission in both the Hawes-Cutting bill and in the substitute. I refer to the matter of the future neutrality of the islands. Granted that we assume no protectorate over them, ought we not to make a condition precedent to the granting of independence the achievement of a treaty of neutrality among all of those countries that might have an interest in violating the neutrality?

Mr. VANDENBERG. I think the Senator's suggestion is utterly sound, and, of course, has been borne in mind in like discussions by all of us.

Mr. HAWES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Missouri?

Mr. VANDENBERG. I yield.

Mr. HAWES. The representative of Japan has stated that they would sign such an agreement, but if we withhold our opinion until England says she will come in, or until France says she will come in, we will have legislation by foreign countries instead of by the United States.

Mr. REED. Oh, no; what I meant to suggest is a clause in the bill which would provide that in no event should independence be given until such and such nations should have joined with us in a treaty of neutrality. We can always amend it, and I can scarcely believe that any nation invited in advance would refuse to join in such a treaty.

Mr. VANDENBERG. Whatever the merits or otherwise of this particular situation, these bills of the moment involve a fundamental challenge respecting a philosophy of action; and if the Senator will permit me, I should prefer to conclude my analysis of the difference in summary between the two bills.

The fourth difference between the bills is this: The Hawes-Cutting bill provides no opportunity for the Filipinos to change their minds, when once the 15-year program is launched, if its economic burdens should become too heavy. The Vandenberg bill permits the Filipino Legislature to pass upon the proposition at each 3-year interval if it so desires. It transfers the entire responsibility to the Filipinos to make these subsequent decisions. It makes them the masters of their own destiny and the captains of their own fate.

Fifth. The Hawes-Cutting bill permits the ultimate American retention of existing American Army and naval bases. The Vandenberg bill requires a final survey by the President and Congress at the end of the probation and permits the United States to make whatever final disposition may be advisable, even to the possible extent of moving military and naval bases to other islands.

Sixth. The Vandenberg bill makes more specific commitments to assure the retirement of the Philippine public debt, for which the United States has a moral responsibility. It differs in other structural details.

Mr. President, I regret the necessity for having so long trespassed upon the Senate's time and forbearance. But in conscience I have seen no way to avoid this full discussion which I can only hope may give the Senate pause in its decision upon a tremendously important problem which we must not expediently dismiss with casual conclusion in the pressure of this session's closing hours. I subscribe myself a friend of Philippine independence in a day and with a structure that shall warrant permanence. Meanwhile I renew my acknowledgments of the great good faith and notable zeal with which the Senate authors of the bill upon the calendar have pursued their service to the independence cause. I shall be happy if a justified bill results.

But if all this substantive legislation respecting Philippine independence fails at this session, Mr. President, nevertheless I am constrained to say that the cause has gained. As a result of committee studies in both branches of Congress, and as a result of discussion upon the floor, and as a result of the intensive survey of both in the American press, there is a clearer conception in this country of the necessity for developing a progressive program in keeping with our long-time pledges and in sympathy with legitimate and laudable Filipino aspirations. At the same time I dare to hope that there is a more tangible realization, in the islands themselves, that independence is just as much a problem in responsibilities as in privileges; that liberty entails obligations as well as oratory; and that the surest advantage for the future lies in a mutually candid survey of our relationships to the end that this adventure shall culminate to the glory and honor both of the Philippines and the United States.

If all this present legislation fails, our common problem is to capitalize this legislative experience into maximum dividends for to-morrow. It were far better for the Filipinos themselves that improper legislation should fail, if we learn new lessons from the failure, than that a noble impulse should rush us and them into error which we both might bitterly repent at leisure.

I am not prophesying failure of this present legislative effort, Mr. President, but in conclusion I am assessing the possibilities subsequent to such a contingency. In such an event I am suggesting that in the interim before another Congress meets the Philippine government itself should address itself constructively to the formulation of new proposals which shall fit a rational and practical prospectus. The Filipinos now know in a general way what they can and what they can not expect. Their leaders know in their hearts that "immediate, absolute, and complete independence" is just as futile as it would be fatal. Our leaders know equally well that American public opinion insists upon a reasonable program to implement the Jones preamble and to permit these 13,000,000 people the unequivocal right of ultimate self-determination.

In the event of present legislative failure to conclude the issue, I dare to hope that the Filipinos themselves will use the congressional recess to develop concrete suggestions of their own. At the moment I am thinking particularly of a notable interview with Hon. Manuel L. Quezon, undisputed mentor of Philippine statecraft, published as recently as April 3, 1932. In this interview Senator Quezon outlined his

notion of what might even be a permanent liaison between the Philippines and the United States on what might be called a dominion status. While I dissent from some of the views submitted in this interview, I applaud the constructive candor which prompted it and the practical common sense which trade-marks its trends. It typifies what I believe should be the native thinking during the next six months.

We have struggled with independence formulae at our end of the line and we have made progress. Thus far they, from their end of the line, have brought us officially nothing but a stolid demand for "immediate, absolute, and complete independence." Although it is our responsibility to provide the final formula, I venture the suggestion that they themselves can facilitate the operation. Running all through these bills and these debates is a common thread. They point the way to simplifications of the issue which the Philippine Legislature itself can contribute, and thus contributing, can hasten the happy day of ultimate agreement. It can, upon its own responsibility, limit emigration to the continental United States. It can, upon its own responsibility, limit its own exports to the United States in respect to a few commodities which unfairly depress our continental markets, and it can thus establish a statesmanlike impulse to the agrarian and industrial diversification, which is its sole economic hope as a free country. Having done these things upon its own initiative, it has, I repeat, immensely simplified the issue between us. It has spectacularly demonstrated its grasp upon the realities of the problem. It has forged ahead in practical statesmanship in a fashion to justify the confidence of its continental friends.

Then let it come to us—not with a slogan, however nobly uttered, which is bankrupt of practical potentialities, but with its conception of what our formula should be, in the light of the clear purposes which are common to practically all of the independence bills that have had substantial support in the American Congress.

Such, Mr. President, are the possibilities of far-flung advantage which can grow out of the present situation, even though the present situation fails to conclude a bill. One year is but a moment in the life of a nation. If it is not marked by the conclusion of an actual independence formula, but if it is marked by substantial clarifications in freedom's optional direction, it is yet a highly useful and propitious year.

So much for the alternative.

The immediate problem is the pending bill and its substitutes. For the reasons heretofore submitted in sustained detail, Mr. President, I offer the formula which I have sent to the desk. I can claim for it no pontifical reliance. But in my humble judgment it addresses itself to the best and most reliable answer to the pending question at the Senate's bar.

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Pennsylvania?

Mr. VANDENBERG. I yield.

Mr. REED. It seems obvious that we do the Philippines no kindness in giving them independence from us to be gobbled up very soon by some others stronger than themselves. I understand that the Senator has characterized as utterly reasonable, or some such phrase, my suggestion that we should try to accomplish a treaty of neutrality such as that to which I referred a moment ago.

Mr. VANDENBERG. Did the Senator say "utterly reasonable"?

Mr. REED. Yes. If it is utterly reasonable, would not the Senator's amendment be improved by inserting a paragraph calling for the accomplishment of such a treaty as a condition precedent?

Mr. VANDENBERG. I think it would.

Mr. REED. Then the Senator would not resent or resist it if I were to offer an amendment to his substitute to that effect when we come to consider it?

Mr. VANDENBERG. When the Senator says that we would make it a condition precedent, I say I would not resist it if he does not mean that the ultimate adventure in independence could never be undertaken until and unless such a treaty were to be written. I could not consent to that method of foreclosing any development in the future.

Mr. REED. Ah, but it is to be assumed that future Congresses will have as much wisdom as ourselves; and if it were found to be a perpetual barrier, a future Congress would modify that requirement.

Mr. VANDENBERG. Let me say to the Senator that I would be delighted to consider most sympathetically the idea which he is discussing.

Mr. REED. If the Senator does not mind my protracting the discussion——

Mr. VANDENBERG. I am glad to have the Senator proceed.

Mr. REED. Here is the point: The Japanese, who have been most often mentioned in this connection, have more or less officially indicated their readiness to join us in such a treaty. Assuming that they are willing to do so, I should think that other nations less closely interested would be similarly willing, and that for the sake of these wards of ours, whom we are going to launch out on a cruel and stormy world, we ought, at least, give them that protection. If we do not exercise a protectorate—and I know the Senator and I are in agreement that we should not—then surely we owe them the advantage of a treaty of neutrality which will make it the concern of the civilized nations of the world if they should be pounced upon by some greedy power.

Mr. VANDENBERG. I entirely concur in the Senator's philosophy.

Mr. REED. I am encouraged to hear the Senator say that. I notice also——

Mr. KING. Mr. President, will the Senator yield?

Mr. REED. I will finish in a moment. I notice also the Senator has put in a provision, being section 15, I think, which allows the President to designate such lands as the United States may need in perpetuity for naval or military purposes. Does not the Senator think there might be an advantage in adding to that a provision which would authorize us to have some sort of commercial toe hold in that part of the world, such as the British have in Hong Kong, for example?

Mr. VANDENBERG. I do.

Mr. REED. And that could very well be done in connection with one of these military or naval bases.

Mr. VANDENBERG. I will be very glad to canvass that suggestion with the Senator.

Mr. REED. Will the Senator think that over for insertion in the particular paragraph?

Mr. VANDENBERG. I will be glad to do so.

Mr. REED. I thank the Senator.

Mr. KING. Will the Senator yield?

Mr. REED. I yield if I have the floor.

The VICE PRESIDENT. The Senator from Michigan has the floor.

Mr. VANDENBERG. I yield the floor.

The substitute proposed by Mr. VANDENBERG is as follows:

Whereas the act entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands," approved August 29, 1916, declared it to be the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

Whereas the stability of a government is necessarily dependent upon the capacity of that government to function in its economic aspects: Therefore

Be it enacted, etc., That sections 22 and 23 of the act entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands," approved August 29, 1916, are hereby amended to read as follows:

"SEC. 22. That the executive departments of the Philippine government shall continue as now authorized until otherwise provided by law. The Philippine Legislature may hereafter by appropriate legislation increase the number of the executive departments, or may abolish any of them, or may make such changes in the names and duties thereof as it may see fit, and shall provide for the appointment and removal of the heads of the executive depart-

ments by the Governor General: *Provided*, That nothing in this section, or in any law of the Philippine government enacted pursuant thereto, shall limit the power of the Governor General to remove for cause the head of any executive department and that all executive functions of the government shall continue as heretofore, to be directly under the Governor General or within one of the executive departments under the supervision and control of the Governor General.

"The president of the Philippine Senate shall, as soon as practicable after the organization of the Philippine Legislature at the session thereof next after each general election, submit to the Governor General recommendations for heads of the several executive departments. The Governor General shall, except for adequate reasons, make appointments in accordance with such recommendations and by and with the consent of the Philippine Senate. Should any name submitted to the Governor General be unacceptable to him, or be rejected by the Philippine Senate, the president of the senate shall submit another name until the appropriate office shall be duly filled.

"Membership in the senate or house of representatives shall not be a bar to appointment as head of an executive department.

"The president of the senate, the speaker of the house of representatives, and the heads of the several executive departments shall constitute the cabinet of the Governor General.

"If at any time the Philippine Senate should select a new president thereof, the Governor General shall reconstitute his cabinet upon the recommendation of the new president of the senate in accordance with the procedure hereinbefore prescribed.

"The bureau of non-Christian tribes, as heretofore established, shall continue to have general supervision over the public affairs of the inhabitants of the territory represented in the legislature by appointive senators and representatives.

"SEC. 23. That there shall be appointed by the President, by and with the advice and consent of the Senate of the United States, a vice governor of the Philippine Islands, who shall have all of the powers of the Governor General in the case of a vacancy or temporary removal, resignation, or disability of the Governor General, or in case of his temporary absence, and to whom may be assigned such other duties, not inconsistent with the provisions of this act, as the Governor General may designate.

"The President of the United States shall designate the president of the Philippine Senate to act as Governor General in the case of the temporary removal, resignation, or disability of both the Governor General and the vice governor, or their temporary absence, and the Acting Governor General thus designated shall exercise all the powers and perform all the duties of the Governor General during such vacancy, disability, or absence.

"In case of the temporary removal, resignation, or disability of the Governor General, the vice governor, and the president of the senate, or the temporary absence of all of these, the President of the United States may designate to act as Governor General the speaker of the house of representatives or the head of an executive department of the Philippine government, and the Acting Governor General thus designated shall exercise all the powers and perform all the duties of the Governor General during the vacancy, disability, or absence in question."

SEC. 2. At any time during the eighteenth year from and after the date when the trade relations prescribed in section 9 of this act become effective, the Philippine Legislature may formulate and draft a proposed constitution for a free, independent, and sovereign government of the Philippine Islands, subject to the conditions and qualifications prescribed in this act.

The territory subject to such independent government of the Philippine Islands as may be established under the provisions of this act shall be the Philippine Islands ceded to the United States Government by the treaty of peace concluded between the United States and Spain on the 11th day of April, 1899, the boundaries of which are set forth in Article III of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November, 1900, excluding, however, such territory, if any, of the said islands as may be reserved or excepted therefrom pursuant to the provisions of section 15 of this act.

SEC. 3. Any constitution for an independent government of the Philippine Islands that may be formulated and drafted pursuant to this act shall include provisions to the following effect:

(1) That the government of the Philippine Islands recognizes the exclusive sovereignty, jurisdiction, and control of the United States over any territory withdrawn from the present limits of the Philippine Islands and reserved to the United States by proclamation of the President of the United States, issued pursuant to the provisions of section 15 of this act.

(2) That the government of the Philippine Islands recognizes as the property of the United States, reserved exclusively for its purposes and uses, all immovable property of the United States, set forth and indicated for retention, by the United States, in any proclamation of the President of the United States, issued as provided for in subsection (b) of section 15 of this act.

(3) That the government of the Philippine Islands recognizes as its own all debts and obligations, direct and indirect, contracted by the Philippine government, its Provinces, municipalities, and instrumentalities while under the sovereignty of the United States.

(4) That all acts of the United States in the Philippine Islands during the exercise of its sovereignty over these islands are ratified and validated, and all lawful rights acquired thereunder shall be maintained and protected.

(5) That the property rights of the United States in the Philippine Islands shall be fully acknowledged, respected, and safeguarded, and that any question that may be pending at the date when an independent government of the Philippine Islands may be established, or that may thereafter arise, regarding the respective property rights of the United States and the Philippine Islands shall be promptly adjusted and settled.

(6) That all existing property rights of citizens or corporations of the United States, and all such rights as may hereafter lawfully be acquired by them, shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(7) That all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States are assumed by the independent government of the Philippine Islands and will be duly discharged by the same.

(8) That the government of the Philippine Islands assumes all obligations, direct or indirect, of the United States, contracted while the United States exercised sovereignty over the Philippine Islands, to citizens of the Philippine Islands by way of pensions, retirement pay, and other similar benefits to which such citizens may be entitled on account of claims for service rendered to the government of the Philippine Islands and that may not have been definitely allowed or rejected prior to the withdrawal of United States sovereignty from the Philippine Islands and also on account of compensation or other benefits, based upon claims allowed prior to such withdrawal and pertaining to any period subsequent to such withdrawal: *Provided*, That the government of the Philippine Islands may make such equitable readjustment, of general application, of the amounts payable by it on account of the assumption of such obligations as the different standards of service compensation and living conditions in the Philippine Islands may justify: *And provided further*, That service of citizens of the Philippine Islands to the government of the Philippine Islands, during the period of United States sovereignty in the Philippine Islands, shall be reckoned as service to any independent government of the Philippine Islands that may be established pursuant to this act, in so far as regards the application of the pension, retirement, or similar laws that may be in effect at the time of the establishment of any such independent government of the Philippine Islands or that may be enacted thereafter by such government.

(9) That the debts and liabilities of the Philippine Islands, its provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States from the Philippine Islands, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued, under authority of an act of Congress of the United States, by the Philippine Islands, or any province, city, or municipality therein, and where, under authority of an act of Congress of the United States, the government of the Philippine Islands has guaranteed the payment of interest or of principal, or of both interest and principal, on bonds of corporations, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(10) That the officials elected as provided for in section 6 of this act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

(11) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions of this section, except subsection (10), in a treaty with the United States.

SEC. 4. Should a constitution be drafted and approved by the Philippine Legislature pursuant to the provisions of sections 2 and 3 of this act, it shall be duly certified and submitted by the said legislature to the Governor General of the Philippine Islands for transmission, within 30 days of its receipt by the Governor General, to the President of the United States, who shall determine whether or not it conforms with the provisions of this act. If the President finds that the proposed constitution conforms with the provisions of this act he shall so certify to the Governor General, who shall thereupon so advise the Philippine Legislature. If the President finds that the constitution does not conform with the provisions of this act he shall so advise the Governor General, stating wherein, in his judgment, the constitution does not so conform, and submitting provisions which will, in his judgment, make the constitution so conform. The Governor General shall, in turn, transmit such advice to the Philippine Legislature for appropriate further action by that body, pursuant to the same procedure hereinbefore prescribed, until the President and the legislature are in agreement: *Provided*, That should such an agreement not be reached within two years following the date of transmission by the Governor General to the Philippine Legislature of an advice of the President setting forth the statement and proposed constitutional provisions as above indicated, this section shall thereupon cease to be operative, and the President shall report the facts to the Congress as soon as practicable after the expiration of the said 2-year period.

SEC. 5. At any time within one year following the receipt by the Philippine Legislature from the Governor General of the advice communicating the fact that the President of the United States has certified that the constitution conforms with the provisions of this act the Philippine Legislature may provide for the submission of such certified constitution to the people of the Philippine

Islands for their ratification or rejection in an election at which the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against such proposed constitution. The said election shall be held at such date and in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made: *Provided*, That the date of such election shall be not earlier than four months after the date of receipt by the legislature from the Governor General of the advice communicating the fact of the certification by the President of the United States of the proposed constitution, nor earlier than the beginning of the twentieth year from and after the date when the trade relations prescribed in section 9 of this act become effective, and shall be not later than the end of the said twentieth year, unless the date of receipt by the Philippine Legislature from the Governor General of the said advice shall be after the beginning of the said twentieth year, in which case the Philippine Legislature may fix the date for the election at any time not earlier than four months nor later than one year after the date of such receipt by it of the said advice. The Philippine Legislature shall by law provide for the canvassing of the return and shall certify the result of said vote to the Governor General of the Philippine Islands, such certification to include a statement of the votes cast for and against the constitution and to be accompanied by a certified copy of the constitution voted upon at the election. The Governor General shall, within 30 days after the receipt by him of such certification, transmit the same to the President of the United States, together with the certified copy of the constitution submitted by the Philippine Legislature.

SEC. 6. If a majority of the votes cast at the election are in favor of the ratification of the proposed constitution previously certified by the President of the United States for a free, independent, and sovereign government of the Philippine Islands, the Governor General shall, in that event, within 30 days after receipt of the certification from the Philippine Legislature of the result of the vote as prescribed in section 5, issue a proclamation for the election of officers of the government of the Philippine Islands provided for in the constitution. The election shall take place not earlier than three months nor later than six months after the proclamation by the Governor General ordering such election. When the election of the officers provided for under the constitution has been held and the results thereof determined, the Governor General of the Philippine Islands shall certify the results of the election to the President of the United States. The President of the United States shall thereupon issue a proclamation fixing a date, not more than six months after the date of such proclamation, for the complete withdrawal of American sovereignty over the Philippine Islands except as otherwise provided in section 15 of this act. Upon the date so fixed the previously existing Philippine Government shall terminate and the new government shall enter upon its rights, privileges, powers, and duties, as provided under the constitution, the orderly transfer of the functions of government being effected under appropriate directions to be issued by the President, who shall also arrange for the transfer to the independent government of the Philippine Islands of all immovable property of the United States in the Philippine Islands, except such as may be retained by the United States pursuant to the provisions of section 15 of this act: *Provided*, That upon the establishment of the independent government of the Philippine Islands the President is authorized to cause to be discharged from the military and naval services of the United States all citizens of the Philippine Islands who may not previously have been separated from such services.

SEC. 7. (a) In case no proposed constitution for a free, independent, and sovereign government of the Philippine Islands should be certified and submitted by the Philippine Legislature to the Governor General pursuant to section 4 of this act, and before the end of the eighteenth year after the date when the trade relations prescribed in section 9 of this act become effective; or, in case such a proposed constitution should be certified and submitted by the Philippine Legislature as provided in the said section 4 and before the end of the said eighteenth year, but certification thereof be withheld by the President of the United States due to failure of the President and the Philippine Legislature to reach an agreement within the 2-year period stated in the proviso contained in the said section 4; or, in case the Philippine Legislature should fail to provide for the submission of the proposed constitution for ratification or rejection by vote of the qualified voters of the Philippine Islands in accordance with the provisions set forth in section 5 of this act; or, in case the Philippine Legislature should fail duly to certify the result of said vote to the Governor General within three months after the date of the election at which said vote may be taken; or, in case a majority of the votes cast as provided in section 5 of this act should not be in favor of the ratification of the proposed constitution, previously certified by the President of the United States and submitted to the qualified voters of the Philippine Islands pursuant to the said section 5; then, in any one of the above cases, and in any other case that does not involve substantial compliance with the conditions imposed by sections 5 and 6 of this act, no further effect shall be given to the unexecuted provisions of the said sections 5 and 6, but, instead, the President of the United States shall be duly advised by the Governor General of the essential facts and shall thereupon issue a proclamation reciting such facts; and, effective 30 days after the date of such proclamation, and until otherwise provided by Congress, trade relations between the United States and the Philippine Islands shall be as provided in section 9 of this act except that the amounts of sugar, coconut oil, and all yarns, twines, cords, cordage, rope, and cables, tarred and untarred, wholly or in chief value of manila hemp (abaca) or other hard fibers, permitted to come into the United States from the Philippine Islands free of duty, shall be 40 per cent less than the amounts of such articles permitted to come into the United States from the Philippine Islands free of duty under the provisions of the said section 9. From and after the date of such proclamation the government of the Philippine Islands shall continue as provided by the laws in effect at the date when such proclamation may be issued except as they may thereafter be duly altered or repealed. The President of the United States shall, as soon after the proclamation as may be practicable, report the facts to Congress for such action as it may then see fit to take.

SEC. 8. (a) Effective 60 days after the enactment of this act—

(1) For the purposes of the immigration act of 1917, the immigration act of 1924 (except sec. 13 (c)), this section, and all other laws of the United States relating to the immigration, exclusion, or expulsion of aliens, citizens of the Philippine Islands who are not citizens of the United States shall be considered as if they were aliens. For such purposes the Philippine Islands shall be considered as a foreign country and shall have for each fiscal year a quota of 100. This paragraph shall not apply to a person coming or seeking to come to the Territory of Hawaii who does not apply for and secure an immigration or passport visa.

(2) Citizens of the Philippine Islands who are not citizens of the United States shall not be admitted to the continental United States from the Territory of Hawaii (whether entering such Territory before or after the effective date of this section) unless they belong to a class declared to be nonimmigrants by section 3 of the immigration act of 1924 or to a class declared to be nonquota immigrants under the provisions of section 4 of such act other than subdivision (c) thereof, or unless they were admitted to such Territory under an immigration visa. The Secretary of Labor shall by regulations provide a method for such exclusion and for the admission of such excepted classes.

(3) Any Foreign Service officer may be assigned to duty in the Philippine Islands, under a commission as a consular officer, for such period as may be necessary and under such regulations as the Secretary of State may prescribe, during which assignment such officer shall be considered as stationed in a foreign country; but his powers and duties shall be confined to the performance of such of the official acts and notarial and other services which such officer might properly perform in respect of the administration of the immigration laws if assigned to a foreign country as a consular officer as may be authorized by the Secretary of State.

(b) The provisions of this section are in addition to the provisions of the immigration laws now in force, and shall be enforced as a part of such laws, and all the penal or other provisions of such laws not inapplicable shall apply to and be enforced in connection with the provisions of this section. An alien, although admissible under the provisions of this section, shall not be admitted to the United States if he is excluded by any provision of the immigration laws other than this section, and an alien, although admissible under the provisions of the immigration laws other than this section, shall not be admitted to the United States if he is excluded by any provision of this section.

(c) Terms defined in the immigration act of 1924 shall, when used in this section, have the meaning assigned to such terms in that act.

SEC. 9. Not later than six months after receipt by the President of the United States of the acceptance, as provided in section 21 of this act, of the provisions of this act the President shall issue a proclamation announcing such acceptance, and for a period of five years from and after the 1st of January next following the date of such proclamation trade relations between the United States and the Philippine Islands shall be regulated as now provided by law, subject to the following exceptions:

(a) There shall be levied, collected, and paid on all refined sugars in excess of 50,000 long tons, and on unrefined sugars in excess of 800,000 long tons, coming into the United States from the Philippine Islands in any calendar year, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(b) There shall be levied, collected, and paid on all coconut oil coming into the United States from the Philippine Islands in any calendar year in excess of 200,000 long tons the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(c) There shall be levied, collected, and paid on all yarn, twine, cord, cordage, rope, and cable, tarred or untarred, wholly or in chief value of manila hemp (abaca) or other hard fibers coming into the United States from the Philippine Islands in any calendar year in excess of a collective total of 6,000,000 pounds of all such articles hereinbefore enumerated, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(d) In the event that in any year the limit in the case of any article which may be exported to the United States free of duty shall be reached by the Philippine Islands, the amount or quantity of such articles produced or manufactured in the Philippine

Islands thereafter that may be so exported to the United States free of duty shall be allocated, under export permits issued by the government of the Philippine Islands, to the producers or manufacturers of such articles proportionately on the basis of their exportation to the United States in the preceding year; except that in the case of unrefined sugar the amount thereof to be exported annually to the United States free of duty shall be allocated to the sugar-producing mills of the islands proportionately on the basis of their production in the preceding year, and the amount of sugar which may be exported from each mill shall be allocated between the mill and the planters on the basis of the proportion of sugar received by the planters and the mill from the planters' cane, as provided in their milling contract. The government of the Philippine Islands is authorized to adopt the necessary laws and regulations for putting into effect the allocation hereinbefore provided.

SEC. 10. (a) In case that, during the fifth year from and after the date when the trade relations prescribed in section 9 of this act may become effective, the Philippine Legislature should, by a majority vote in both branches, petition for a decrease in the amount of articles permitted to come into the United States from the Philippine Islands free of duty pursuant to the provisions of section 9, the President of the United States shall so announce by proclamation and, thereafter, during the sixth, seventh, and eighth years from and after the date when the trade relations prescribed in section 9 of this act may become effective, trade relations between the United States and the Philippine Islands shall be as provided in the said section 9, except that the amounts of sugar, coconut oil, and all yarns, twines, cords, cordage, rope, and cables, tarred or untarred, wholly or in chief value of manila hemp (abaca) or other hard fibers, permitted to come into the United States from the Philippine Islands free of duty, shall be 10 per cent less than the amounts of such articles permitted to come into the United States from the Philippine Islands free of duty under the provisions of the said section 9.

(b) If the Philippine Legislature should not petition as provided in subsection (a) of this section, trade relations between the United States and the Philippine Islands shall, pending further action by Congress, be regulated as prescribed in section 9 and the provisions of subsection (c) of this section and of sections 2 to 7, inclusive, 11 to 14, inclusive, 15 and 17 to 20, inclusive, of this act shall not be operative.

(c) At any time after the expiration of the fifth year, and before the expiration of the eighth year, from and after the date when the trade relations prescribed in section 9 of this act may become effective, the Philippine Legislature may, by a majority vote in both branches, petition for a withdrawal of such limitation on the duty-free entry of articles into the United States as may have been imposed under subsection (a) of this section, and upon the submission of such petition to the President he shall by proclamation declare such limitation to be no longer in force, effective 30 days after the date of the submission of the said petition to him; and on such effective date trade relations between the United States and the Philippine Islands shall revert to the status prescribed in section 9 and the provisions of sections 2 to 7, inclusive, 11 to 14, inclusive, 15 and 17 to 20, inclusive, of this act shall become inoperative.

SEC. 11. (a) In case that, during the eighth year from and after the date when the trade relations prescribed in section 9 of this act may become effective, the Philippine Legislature should, by a majority vote in both branches, petition for a decrease in the amount of articles permitted to come into the United States from the Philippine Islands free of duty pursuant to the provisions of subsection (a) of section 10 of this act, the President of the United States shall so announce by proclamation, and thereafter during the ninth, tenth, and eleventh years, from and after the date when the trade relations prescribed in section 9 of this act may become effective, trade relations between the United States and the Philippine Islands shall be as provided in section 9, except that the amounts of sugar, coconut oil, and all yarns, twines, cords, cordage, rope, and cables, tarred or untarred, wholly or in chief value of manila hemp (abaca) or other hard fibers permitted to come into the United States from the Philippine Islands free of duty shall be 20 per cent less than the amounts of such articles permitted to come into the United States from the Philippine Islands free of duty under the provisions of section 9.

(b) If the Philippine Legislature should not petition as provided in subsection (a) of this section, trade relations between the United States and the Philippine Islands shall, pending further action by Congress, be regulated as prescribed in subsection (a) of section 10, and the provisions of subsection (c) of this section and of sections 2 to 7, inclusive, 12 to 14, inclusive, 15, and 17 to 20, inclusive of this act shall not be operative.

(c) At any time after the expiration of the eighth year, and before the expiration of the eleventh year, from and after the date when the trade relations prescribed in section 9 of this act may become effective, the Philippine Legislature may, by a majority vote in both branches, petition for a withdrawal of such limitation on the duty-free entry of articles into the United States as may have been imposed under subsection (a) of this section; and upon the submission of such petition to the President, he shall by proclamation declare such limitation to be no longer in force, effective 30 days after the date of the submission of the said petition to him; and on such effective date trade relations between the United States and the Philippine Islands shall revert to the status prescribed in subsection (a) of section 10, and the provisions of section 2 to 7, inclusive, 12 to 14, inclusive, 15, and 17 to 20, inclusive, of this act shall become inoperative.

SEC. 12. (a) In case that, during the eleventh year from and after the date when the trade relations prescribed in section 9 of this act may become effective, the Philippine Legislature should, by a majority vote in both branches, petition for a decrease in the amount of articles permitted to come into the United States from the Philippine Islands free of duty pursuant to the provisions of subsection (a) of section 11, the President of the United States shall so announce by proclamation and, thereafter, during the twelfth, thirteenth, and fourteenth years from and after the date when the trade relations prescribed in section 9 of this act may become effective, trade relations between the United States and the Philippine Islands shall be as provided in section 9, except that the amounts of sugar, coconut oil, and all yarns, twines, cords, cordage, rope, and cables, tarred or untarred, wholly or in chief value of manila hemp (abaca) or other hard fibers, permitted to come into the United States from the Philippine Islands free of duty shall be 30 per cent less than the amounts of such articles permitted to come into the United States from the Philippine Islands free of duty under the provisions of section 9.

(b) If the Philippine Legislature should not petition as provided in subsection (a) of this section, trade relations between the United States and the Philippine Islands shall, pending further action by Congress, be regulated as prescribed in subsection (a) of section 11, and the provisions of subsection (c) of this section, and of sections 2 to 7, inclusive, 13, 14, 15, and 17 to 20, inclusive, of this act shall not be operative.

(c) At any time after the expiration of the eleventh year, and before the expiration of the fourteenth year, from and after the date when the trade relations prescribed in section 9 of this act may become effective, the Philippine Legislature may, by a majority vote in both branches, petition for a withdrawal of such limitation on the duty-free entry of articles into the United States as may have been imposed under subsection (a) of this section, and, upon the submission of such petition to the President, he shall by proclamation declare such limitation to be no longer in force, effective 30 days after the date of the submission of the said petition to him; and on such effective date trade relations between the United States and the Philippine Islands shall revert to the status prescribed in subsection (a) of section 11, and the provisions of sections 2 to 7, inclusive, 13, 14, 15, and 17 to 20, inclusive, of this act shall become inoperative.

SEC. 13. (a) In case that, during the fourteenth year from and after the date when the trade relations prescribed in section 9 of this act may become effective, the Philippine Legislature should, by a majority vote in both branches, petition for a decrease in the amount of articles permitted to come into the United States from the Philippine Islands free of duty pursuant to the provisions of subsection (a) of section 12, the President of the United States shall so announce by proclamation and, thereafter, during the fifteenth, sixteenth, and seventeenth years from and after the date when the trade relations prescribed in section 9 of this act may become effective, trade relations between the United States and the Philippine Islands shall be as provided in section 9, except that the amounts of sugar, coconut oil, and all yarns, twines, cords, cordage, rope, and cables, tarred or untarred, wholly or in chief value of manila hemp (abaca) or other hard fibers, permitted to come into the United States from the Philippine Islands free of duty, shall be 40 per cent less than the amounts of such articles permitted to come into the United States from the Philippine Islands free of duty under the provisions of section 9.

(b) If the Philippine Legislature should not petition as provided in subsection (a) of this section, trade relations between the United States and the Philippine Islands shall, pending further action by Congress, be regulated as prescribed in subsection (a) of section 12, and the provisions of subsection (c) of this section, and of sections 2 to 7, inclusive, 14, 15, and 17 to 20, inclusive, of this act shall not be operative.

(c) At any time after the expiration of the fourteenth year, and before the expiration of the seventeenth year, from and after the date when the trade relations prescribed in section 9 of this act may become effective, the Philippine Legislature may, by a majority vote in both branches, petition for a withdrawal of such limitation on the duty-free entry of articles into the United States as may have been imposed under subsection (a) of this section, and, upon the submission of such petition to the President, he shall by proclamation declare such limitation to be no longer in force, effective 30 days after the date of the submission of the said petition to him; and on such effective date trade relations between the United States and the Philippine Islands shall revert to the status prescribed in subsection (a) of section 12, and the provisions of sections 2 to 7, inclusive, 14, 15, and 17 to 20, inclusive, of this act shall become inoperative.

SEC. 14. (a) In case that, during the seventeenth year from and after the date when the trade relations prescribed in section 9 of this act may become effective, the Philippine Legislature should, by a majority vote in both branches, petition for a decrease in the amount of articles permitted to come into the United States from the Philippine Islands free of duty pursuant to the provisions of subsection (a) of section 13, the President of the United States shall so announce by proclamation and, thereafter, during the eighteenth, nineteenth, and twentieth years from and after the date when the trade relations prescribed in section 9 of this act may become effective, trade relations between the United States and the Philippine Islands shall be as provided in section 9, except that the amounts of sugar, coconut oil, and all yarns, twines, cords, cordage, rope, and cables, tarred or untarred, wholly or in chief value of manila hemp (abaca) or other hard fibers, permitted to come into the United States from the Philippine

Islands free of duty, shall be 50 per cent less than the amounts of such articles permitted to come into the United States from the Philippine Islands free of duty under the provisions of section 9.

(b) If the Philippine Legislature should not petition as provided in subsection (a) of this section, trade relations between the United States and the Philippine Islands shall, pending further action by Congress, be regulated as prescribed in subsection (a) of section 13, and the provisions of subsection (c) of this section, and of sections 2 to 7, inclusive, 15 and 17 to 20, inclusive, of this act shall not be operative.

(c) At any time after the expiration of the seventeenth year, and before the expiration of the twentieth year, from and after the date when the trade relations prescribed in section 9 of this act may become effective, the Philippine Legislature may, by a majority vote in both branches, petition for a withdrawal of such limitation on the duty-free entry of articles into the United States as may have been imposed under subsection (a) of this section, and, upon the submission of such petition to the President, he shall by proclamation declare such limitation to be no longer in force, effective 30 days after the date of the submission of the said petition to him; and on such effective date trade relations between the United States and the Philippine Islands shall revert to the status prescribed in subsection (a) of section 13, and the unexecuted provisions of sections 2 to 7, inclusive, 15 and 17 to 20, inclusive, of this act shall become inoperative.

SEC. 15. (a) Unless section 2 of this act shall previously have ceased to be operative the President of the United States shall, during the first 10 days of the regular session of Congress next following the beginning of the seventeenth year from and after the date when the trade relations prescribed in section 9 of this act may become effective, report to Congress what lands and waters, if any, should, in his opinion, be retained by the United States for military and naval purposes and be withdrawn from the territory subject to any independent government of the Philippine Islands which may be established pursuant to this act. At any time subsequent to the close of the said session of Congress and prior to the establishment of an independent government of the Philippine Islands as provided in section 6 of this act, the President is authorized to declare, by proclamation, any lands and waters previously indicated by him for retention in the report rendered pursuant to this subsection to be the property in perpetuity of the United States and subject to the exclusive jurisdiction thereof, unless Congress shall meanwhile have provided otherwise, in which case any such reservation of lands and waters proclaimed by the President shall conform to the authorization of Congress.

(b) The report called for by subsection (a) of this section shall also set forth any immovable property of the United States, located in the Philippine Islands and not included within the limits of the lands and waters recommended for reservation by proclamation of the President as provided in the said subsection (a), which, in the opinion of the President, should be retained for the use of the Diplomatic and Consular Service of the United States and for the use of any other services of the several executive departments of the Government of the United States. The said report shall likewise set forth any immovable property of the United States, included within the limits of the lands and waters indicated for retention by the United States under subsection (a) of this section, and which should, in the opinion of the President, be retained by the United States in case the said lands and waters within the limits of which such immovable property is included, or any part of said lands and waters, should not be withdrawn from the territory subject to any independent government of the Philippine Islands established pursuant to this act and be retained under the exclusive jurisdiction of the United States.

In so far as may be practicable, any questions that may arise, or may appear likely to arise, reference the ownership of any of the property to which this subsection refers, shall be adjusted prior to the submission of the report of the President.

Unless Congress shall meanwhile direct otherwise the President is authorized to declare, by proclamation issued at the time stated in subsection (a) of this section, all or any of the immovable property of the United States, previously recommended, in his report, for retention as indicated in this subsection, to be the property of the United States and reserved exclusively for its purposes and uses.

SEC. 16. That the bonds and other obligations of the Philippine government or of the provincial and municipal governments thereof, hereafter issued during the continuance of United States sovereignty in the Philippine Islands, shall specifically provide that there is no obligation, moral or legal, on the part of the United States to meet the interest or principal of such bonds or obligations: *Provided*, That such bonds and obligations hereafter issued shall not be exempt from taxation in the United States or by authority of the United States: *And provided further*, That no such obligations shall be contracted in foreign countries without the prior approval of the President of the United States, nor shall the proceeds of any such obligations contracted in foreign countries be applied, without such approval, to purposes other than the retirement of existing obligations of the Philippine government, or the provincial and municipal governments thereof, heretofore issued under authority of some act of Congress of the United States.

SEC. 17. Effective as of the date when an independent government of the Philippine Islands may enter upon its rights, privileges, powers, and duties as provided in section 6 of this act, all laws of the United States having in contemplation the Philippine Islands as territory subject to the jurisdiction of the United States are, in so far as such laws affect statutes of the United States of general application, hereby repealed: *Provided*, That this section shall not apply to such lands and waters of the Philippine Islands, if any, as may be withdrawn from the jurisdiction of the government of the Philippine Islands pursuant to the provisions of section 15 of this act.

SEC. 18. Subsequent to the establishment of an independent government of the Philippine Islands as provided in section 6 of this act, and until Congress may otherwise direct, all executive and judicial powers necessary for the government and administration of such territory, if any, as may be retained by the United States under the provisions of section 15 of this act shall be vested in such person or persons, and be exercised in such manner, as the President of the United States may direct: *Provided*, That unless Congress shall meanwhile otherwise direct, trade relations between such territory and the United States shall be regulated as provided in section 301 of the tariff act of 1930.

SEC. 19. Upon the proclamation and recognition of the independence of the Philippine Islands under their constitution, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

SEC. 20. After the Philippine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands, except as provided in section 18 of this act, the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries: *Provided*, That if the President shall certify to the Governor General of the Philippine Islands, as provided in section 4 of this act, a proposed constitution for an independent government of the Philippine Islands, he shall arrange for the holding, as soon as practicable after such certification, of a conference of representatives of the Government of the United States and of the then existing government of the Philippine Islands, respectively, for the purpose of formulating a report, together with appropriate recommendations, regarding the trade relations between the Government of the United States and any independent government of the Philippine Islands that may be established pursuant to this act, the time, place, and manner of holding such conference to be determined by the President of the United States with a view to transmission of the resulting report and recommendations to Congress and to the Legislature of the Philippine Islands, respectively, prior to any vote that may be taken, as provided in section 5 of this act, for the ratification or rejection of a proposed constitution for an independent government of the Philippine Islands; but nothing in this proviso shall be construed to modify or affect in any way any provision of this act relating to the procedure leading up to the establishment of an independent government of the Philippine Islands.

SEC. 21. The foregoing provisions of this act shall not take effect until accepted by concurrent resolution of the Philippine Legislature.

Mr. KING. May I state to the Senator from Pennsylvania that a number of years ago when the first Philippine independence bill was introduced, as I recollect, there was contemporaneously submitted in the Senate a resolution asking the President of the United States, unless independence were granted to the Filipinos in advance, to take the matter up with all the powers having interests in the Pacific, with a view to negotiating a treaty that would neutralize the Philippines and recognize their territorial integrity and political independence. A similar resolution is now before the committee. I have offered such a resolution at every session of Congress for the last 8 or 10 years.

I may add that, while I do not want to betray any confidence, a number of powers have been approached with reference to such a resolution, and all have signified, as I am advised, their perfect willingness to enter into such a treaty. Japan has never exhibited the slightest imperialistic attitude toward the Philippines. The Senator may know that there are only six or seven thousand Japanese in the islands.

Mr. REED. About three centuries ago the Japanese did have an expeditionary force in one of the northern islands, but they withdrew it of their own accord.

Mr. KING. That is true. The climatic conditions are not at all hospitable to the Japanese. They have had the utmost difficulty in settling their own territory of Formosa and only two or three hundred thousand Japanese are there.

With all the opportunities which the Japanese have had to settle the Philippine Islands they have made no effort in that direction. So there has been no inclination whatever upon their part to invade the Philippine Islands, and the Philippine Islands as an independent nation would not be in jeopardy at the hands of the Japanese.

Mr. REED. I quite agree with the Senator in that respect.

The Senator from Michigan has shown great foresight, it seems to me, in anticipating most of the serious problems that are connected with the Philippine independence idea, such as the Filipino debts, for which we are morally responsible, and matters of that sort; and it seems to me that likewise these military matters deserve consideration and ought to be taken into account in whatever bill we finally shall adopt on this subject.

Mr. HAWES. Mr. President, I trust the Senator from Pennsylvania did not wrongly construe the statement I made a few moments ago. A declaration of neutrality would be the most desirable thing in the world at this time, and I am sure that it could be brought about. The point I wanted to emphasize was that we can not make it a condition precedent, because if we did that any one of the nations might prevent independence. I am, however, entirely in sympathy with the Senator's thought, and I think it ought to be embodied in the bill.

I wish to invite the Senator's attention to a very interesting situation in the Philippines.

In 1922 we entered into a 4-power treaty with Japan, Great Britain, and France. Paragraph (3), Article XIX, of this treaty enumerated the insular territories and possessions of Japan in the Pacific Ocean, as "The Kurile Islands, the Bonin Islands, Amami-Oshima, the Loochoo Islands, Formosa, and the Pescadores, and any insular territories or possessions in the Pacific Ocean which Japan may hereafter acquire." Then in the same article and paragraph it was declared:

> The maintenance of the status quo under the foregoing provisions implies that no new fortifications or naval bases shall be established in the territories and possessions specified, that no measures shall be taken to increase the existing naval facilities for the repair and maintenance of naval forces, and that no increase shall be made in the coast defenses of the territories and possessions above specified. This restriction, however, does not preclude such repair and replacement of worn-out weapons and equipment as is customary in naval and military establishments in time of peace.

Apparently the American Government had as its motives for calling the conference from which this treaty emerged, first, the desire to establish the principle of limitation by international agreement; second, the hope of equalizing, to an extent, the British and American Navies; and third, the wish to initiate the ratio principle in naval construction. But whatever may have been the prospects of advantage for us and the world in general, the outcome is that Japan has immediate control of the Asiatic side of the Pacific. Army officers of experience agree that the treaty prevents us from increasing our fortifications in the Philippines. Without such defenses our retention of the islands could not be assured—in a conflict with a great power—except by a tremendous expenditure of money and blood.

Under this treaty we can not build, without violating our obligation, a fortification of any kind, not even a concrete trench. We can not so much as replace obsolete guns with those of a larger caliber. In short, we can do nothing in the matter of increased efficiency, except to substitute new guns for old, and then only if the substitutes do not exceed their predecessors in the caliber or the efficiency of those of 1922, when the treaty was signed. By the terms of this treaty we have abandoned, from both a naval and a military standpoint, the chief means of effective resistance in the Philippines. We reserved from the agreement limiting fortifications all the coasts of continental United States and those of Hawaii, but so far as the Philippines are concerned, and as respects improvements, we have bargained to stand still on the spot we occupied in 1922. Army officers know that we could not for any considerable time halt an invasion of the Philippines by a first-class power of the Orient unless we maintained permanently in the islands a mobile army of 60,000—one-half the size of our present standing Army. We could defend Corregidor against attacks from the sea, but it would be possible to place guns back of Mariveles, unless the kind of army I mentioned were on hand to forestall such a flanking of our batteries. Manila has no defensive works, and under the treaty we can not now erect any there.

The northernmost part of the Philippine Islands is only 65 miles from the southernmost point of Formosa, a possession of Japan—one which she took from China in 1895. Our Army and Navy in the Philippines are 7,000 miles from our Army base and 5,000 miles from Pearl Harbor, in Hawaii. Our nearest base would, therefore, be Pearl Harbor. The effective cruising distance for naval vessels without transport service for refueling is 2,000 miles. A map prepared by the Geographic Society divides the Pacific Ocean into zones represented by different colors. The Japanese zone extends to the north, to the east, and partly to the south of the Philippines. There is an American zone surrounding the Hawaiian Islands, but it is not connected; there is no passageway marked out or designated for the United States between the Hawaiian Islands and the Philippine Islands.

It may be said that, as a step toward disarmament, the 4-power treaty was wise and salutary, but its effect certainly has been to expose the Philippine Islands. The conditions imposed on us render the usefulness of our Army in case of an invasion very dubious. We could not hold them against a powerful nation. To lose them to a foreign foe would inflame all America. Our people would never be satisfied until they were recaptured.

The Philippines are, therefore, from a military point of view, perhaps the weakest spot in our armor. Corregidor could hold Manila Bay and protect the naval approaches to the metropolis, if the defenders could be provisioned with food and ammunition, but there could be little hope of safeguarding even Manila from a military attack by land. Corregidor is the one spot in the Philippines we could defend and hold for any considerable period in the face of a powerful enemy, but we should be obliged to relinquish it also if it were cut off from military reenforcements from the United States. Dewey, as we recall, having destroyed the Spanish fleet in Manila Bay and the fortifications on shore, still was compelled to wait three months for the arrival of American troops before he and the commander of our Army could take the city.

I do not think a member of our committee, after carefully investigating this subject, believes that there is the slightest possible danger of Japan attempting to enter the Philippines, and I agree with the Senator entirely on that point. Of course, the President of the United States could make a request for neutrality and it would be granted.

Mr. President, just one other observation and I am through. Some reference was made by the Senator from Michigan to the administration of the War Department. The United States is the only Nation with colonies whose administration is under a War Department. England, with her far-flung empire, has civil government everywhere; so has France; so has Holland; so has Spain. The only country in the world whose war department is dominant over civil affairs in colonial matters is the United States.

Mr. REED. Mr. President, will the Senator yield right there?

Mr. HAWES. If the Senator will let me conclude, then I will yield. I do not say that as a criticism, but it is because all our Presidents have considered our occupancy of the islands as temporary that no change in the form of administration has been made, and Congress has not made the change because independence has been promised the Philippine people, and there was no great necessity for making the change until it was done completely. The fact remains, however, that our country, so far as I have been able to ascertain, is singular in that respect; and there is a bill now pending in our committee, introduced by the distinguished chairman of the committee, to take the jurisdiction of the Philippines away from the War Department and give it either to the State Department or the Department of the Interior. I now yield to the Senator.

Mr. REED. Mr. President, our War Department is unlike the similar department of any other country. A very large

portion of the activities of the American War Department are purely civilian in nature. The great engineering works on rivers and harbors are in charge of our War Department, as are the great works in the way of flood control in our interior valleys, the operation of the Panama Canal, and all that sort of thing, which are not military activities; they are wholly civilian, and so it is natural that we in America should not associate any military activity with our occupancy of the Philippines merely because it is the War Department that has charge of it. I think that deserves to be said.

Mr. HAWES. The Senator is correct except in one particular. The War Department, in the case of flood control, has jurisdiction because of the Army engineers who are experts in such matters. The same thing is true of the Panama Canal, where we have employed the Army engineers to great advantage, as in connection with some other works; but in Panama we have a civilian governor, and, while we have a civilian governor in the Philippines, $70,000,000 is expended under the jurisdiction of the Bureau of Insular Affairs of the War Department.

I have looked into the matter rather carefully, and while the qualifications the Senator makes are entirely true, and to the credit of the Army, still I can make the statement again that the only nation in the world whose war department directs in any way the civil government or has anything to do with the civil government of its colonies is the War Department of the United States of America.

I have prepared an analysis of the substitute bill offered by the Senator from Michigan [Mr. VANDENBERG], which I ask leave to have printed at the conclusion of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

ANALYSIS OF THE VANDENBERG SUBSTITUTE

A bill to authorize a more autonomous government for the people of the Philippine Islands, to regulate trade relations and immigration between those islands and the United States, to provide for the future political status of the Philippine Islands, and for other purposes

The title of the bill describes the different subjects covered by its provisions. These I examine consecutively.

"1. To authorize a more autonomous government for the people of the Philippine Islands."

In the interval before final withdrawal of American sovereignty over the Philippine Islands—a period of 20 years—the bill contemplates certain changes in the Jones Act by amending sections 22 and 23. The amendment to the organic act, in the language of its author, has for its purpose the establishment of a "legislative cabinet." It provides that the appointment of the heads of the executive departments be made upon the recommendation of the president of the senate—the leader of the majority party in the legislature—after each general election. This provision merely legalizes a practice already in existence.

The amendment also provides: (1) That the selection of a new president of the senate shall provoke a reconstitution of the cabinet, the new department heads to be appointed upon the recommendation of the new senate president. (2) That membership in the legislature shall not be a bar to appointment as head of an executive department. (There is no such positive provision in the Jones Act, although there is a precedent for such appointment. (3) That the President of the senate and the speaker of the house of representatives, together with the heads of the executive departments, shall be members of the cabinet of the Governor General. (This provision merely sanctions the present "council of state" created by executive order of the Governor General as a clearing house for legislative and executive views on important questions of policy.) (4) That the president of the senate shall be designated to act as Governor General in the case of the temporary removal, resignation, or disability of both the Governor General and the vice governor, or their temporary absence. (This provision merely designates the president of the senate as acting Governor General instead of the Filipino heads of departments as provided by the Jones Act.)

The Vandenberg bill does not in any way enlarge Philippine autonomy under the Jones Act; it maintains the same constitutional demarcations of governmental power and authority among the different branches of the government. The limitations on Philippine autonomy are not removed or altered. The Governor General continues as chief executive clothed with the same administrative and legislative powers as under the existing law. The dual responsibility in the government, the one assumed by the Governor General and the other Filipino officials, subsists. Undoubtedly, certain political implications may arise from the establishment of the so-called legislative cabinet; however, the bill does not in any way expressly enlarge the powers of the legislature or diminish the authority of the Governor General. In fact, the power of "supervision and control" over the executive departments lodged in the Governor General is confirmed and strengthened, for the provision of the Jones Act conferring upon the legislature the power to reorganize the executive departments and to provide for the appointment and removal of the department heads is subjected to a new limitation, namely, "that nothing in this section or in any law of the Philippine government enacted pursuant thereto shall limit the power of the Governor General to remove for cause the head of any executive department."

It is clear, therefore, that this substitute bill, even as a charter of autonomy, does not grant to the Filipino people any enlargement of the governmental powers which they now exercise. It could be said truthfully that the bill merely gives legal approval to certain democratic practices which have grown up under the present organic act. But in practically all other respects American control of the Philippine government is to continue unaltered. The Governor General is not to be elected by the Philippine people; he will continue to be appointed by the President of the United States. The vice governor, the insular auditor, and the deputy insular auditor, as well as the members of the Insular Supreme Court, are to remain presidential appointees. The power of the Governor General over the executive departments, his unlimited authority to direct and control them, his power to make appointments, his practically absolute veto power, which includes the right to veto separate items of appropriation bills and to revive corresponding items of the appropriation act of the previous year—none of these powers suffers the least curtailment.

"2. To regulate trade relations."

The bill provides, in section 21, that its provisions shall not take effect until accepted by concurrent resolution of the Philippine Legislature. The bill further provides that within six months after receipt by the President of the United States of the notification of acceptance the President shall issue a proclamation announcing such acceptance. The provisions of the bill governing trade relations between the United States and the Philippine Islands begin to take effect from the 1st day of January next following the date of such proclamation. The period after which the constitution for an independent government is to be formulated is also reckoned from that date.

The provisions relating to trade relations are as follows:

(a) For a period of five years trade relations between the United States and the Philippine Islands shall be regulated as now provided by law (free trade), subject to the following exceptions:

(1) Full duty shall be levied on refined sugar coming into the United States from the Philippine Islands in any calendar year in excess of 50,000 long tons and on unrefined sugars in excess of 800,000 long tons.

(2) Full duty shall be levied on all coconut oil coming into the United States from the Philippine Islands in any calendar year in excess of 200,000 long tons.

(3) Full duty shall be levied on all yarn, cordage, etc., coming into the United States from the Philippine Islands in any calendar year in excess of 6,000,000 pounds.

(These limitations are identical with those of the Hawes-Cutting bill, excepting on cordage. The Hawes-Cutting bill provides 3,000,000 pounds limitation.)

(b) Upon the petition of the Philippine Legislature (approval of the Governor General not required), approved during the fifth year, the limits of free imports specified in subsections (1), (2), and (3), by proclamation of the President of the United States, are reduced by 10 per cent, effective during the sixth, seventh, and eighth years.

(c) Upon a similar petition of the Philippine Legislature during the eighth year, by presidential proclamation, the limits of free imports specified in subsections (1), (2), and (3) are reduced by 20 per cent, effective during the ninth, tenth, and eleventh years.

(d) Upon a similar petition of the Philippine Legislature during the eleventh year, by presidential proclamation, the limits of free imports specified in subsections (1), (2), and (3) are reduced by 30 per cent, effective during the twelfth, thirteenth, and fourteenth years.

(e) Upon a similar petition of the Philippine Legislature during the fourteenth year, by presidential proclamation, the limits of free imports specified in subsections (1), (2), and (3) are reduced by 40 per cent, effective during the fifteenth, sixteenth, and seventeenth years.

(f) Upon a similar petition of the Philippine Legislature during the seventeenth year, by presidential proclamation, the limits of free imports specified in subsections (1), (2), and (3) are reduced by 50 per cent, effective during the eighteenth, nineteenth, and twentieth years.

(g) In the event that the Philippine Legislature shall not petition as provided in sections (b), (c), (d), (e), and (f), trade relations and limitations shall be as existing at the time of such failure, until further action by Congress.

(h) If after the effectiveness of any additional reduction of limits of free imports as provided in sections (b), (c), (d), (e), and (f), the Philippine Legislature at any time during the three years of its effectiveness should "petition for a withdrawal of such limitations," said additional reduction, by presidential proclamation, shall be canceled, and in such case trade relations and the amount of limitation shall revert to the status existing during the period immediately preceding that in which such petition of withdrawal was made.

(i) In the event that the right of petition mentioned in section (h) is exercised by the Philippine Legislature in any one instance, then all the provisions of the bill contemplating subsequent

action, including the grant of independence, become inoperative. The same thing occurs if the Philippine Legislature, in any one instance, should fail to petition for additional reduction of the amount of free imports as specified in sections (b), (c), (d), (e), and (f).

These provisions governing trade relations between the United States and the Philippine Islands are highly unjust and discriminatory, injurious to Philippine economic interests, and cruel to the Filipino people. For a period of 20 years the Philippine Islands would be kept in a condition of continuous economic uncertainty, more acute and damaging than that which now exists. Their people would be plunged into constant political strife and turmoil. Certainly such proposed trade relations would not allow that period of quiet and stability necessary to permit the Philippine Islands gradually to prepare themselves for the changes which independence will bring about. It is also obvious that the proposed plan would be far from satisfactory to American producers, because it would leave exclusively to the Filipino people to decide what the trade relations between the United States and the Philippines should be.

In 1909, when free trade between the United States and the Philippines was proposed, the plan met with the opposition of the representatives of the Filipino people. Despite their protest, Congress placed them within the American tariff wall. In this manner they were forced to rely on the American free market. For a generation Philippine industries and trade have grown on the basis of free trade with the United States. Most of those industries, and to a large extent the trade of the Philippine Islands with us, depends upon the continuance of that free-trade arrangement. To cut off the Philippine Islands from the American free market without giving them a reasonable opportunity to adjust themselves to the change would ruin many of their basic industries and destroy American trade with them. Such results can not but react seriously upon social conditions in the islands. Not fewer than 2,000,000 Filipinos are dependent on the sugar industry alone.

Practically every bill presented before the Congress looking to Philippine independence prescribes a period of transition before independence. The Hawes-Cutting bill, as reported out by the Committee on Territories and Insular Affairs, provides a period of 15 years; the Vandenberg substitute proposes a period of 20 years. The evident purpose of such transitional period is to allow the Filipino people to exercise self-government and to afford them an opportunity to adjust their economic, social, and political conditions to the changes that must occur upon the advent of independence. The aim is not to destroy the progress or the economic structure of the Philippines, but, rather, to prevent injury to the country and its economic interests through abrupt and violent changes.

It is essential to examine whether the Vandenberg bill reasonably complies with the duty of the United States to grant to the Philippine Islands that period of preparation to which they are entitled, prior to the imposition of the American tariff.

For the first five years the Vandenberg bill establishes practically the same trade arrangements as the Hawes-Cutting bill, including the limitations on the volume of sugar, coconut oil, and cordage which can annually be imported duty free. After five years these amounts of sugar, coconut oil, and cordage permitted to enter free of duty are progressively reduced by 10 per cent every three years. The pertinent question is: Can the Philippine sugar, coconut oil, and cordage industries adjust themselves in five years by lowering production costs, so that at the end of such period they may be able to absorb the payment of full duty on a progressively increasing proportion of their yearly output?

The evidence adduced at the hearings shows that such period is not sufficient. At least 10 years is considered necessary. This is especially true as regards the sugar industry. The Philippine sugar industry is many years behind that of Cuba, Java, or Hawaii in the successful application of the results of scientific research, discovery, and experimentation.

But these provisions of the Vandenberg bill are more objectionable from another viewpoint. They compel the Philippine people, through their representatives in the legislature, every three years, by their own action, to further restrict their free exports to the United States. If for any cause, whether within or beyond their control, they should fail to do so, they will be forced to live under economic conditions highly hurtful to them, and, more important, their failure is to be considered as an admission of economic incapacity and used as an excuse to permanently withhold their independence. Such exaction is neither equitable nor honorable from the viewpoint of American justice. Rather than subject the Philippine nation to that torture, it would be preferable for their own good to turn them loose immediately and permit them to shift for themselves.

If it is the purpose of this plan of progressive increase of limitations to compel Philippine industries gradually to absorb the American tariff which they shall have to meet after independence, that end is reached more effectively and justly under the plan proposed in the Hawes-Cutting bill.

For 10 years Philippine sugar, coconut oil, and cordage are limited by the Hawes-Cutting bill to their estimated volume of imports into the United States as of the year 1932. After the expiration of that 10-year period the Hawes-Cutting plan imposes a tariff in the nature of an export duty on those and other articles entering the United States free of duty beginning from the eleventh year at the rate of 5 per cent of the American tariff, increasing yearly by 5 per cent up to 25 per cent at the end of the 15-year period. The Hawes-Cutting bill is fair both to the Philippines and to the United States. While protecting Philippine industries, at the same time it gradually applies to them the American tariff.

The trade provisions of the Vandenberg bill are unjust and discriminatory in another respect. As has been stated, while the Hawes-Cutting bill maintains the status quo as to the volume of free imports into the United States from the Philippine Islands for 10 years, the Vandenberg bill proposes to reduce that volume until it falls to 50 per cent of the original amount. While this process takes place American exports to the Philippine Islands are neither reduced nor limited in any way.

At the end of 10 years, whereas the volume of American exports to the Philippines may have increased to a total much above the present figures, Philippine free imports into the United States shall be reduced to 80 per cent of the present volume, and during the eighteenth year such free imports shall be reduced to 50 per cent.

"3. To provide for the future political status of the Philippine Islands."

The bill authorizes the Philippine Legislature, at any time during the eighteenth year, to formulate a constitution for a free, independent, and sovereign government of the Philippine Islands. The constitution must include provisions to the following effect:

(1) Recognition of American sovereignty over territory reserved by the President for military and naval purposes.

(2) Recognition of property rights of the United States over immovable property belonging to the United States and reserved by the President for American use.

(3) Assumption by independent Philippines of all debts and obligations of the present government.

(4) Recognition of validity of all acts of the United States in the Philippine Islands during its sovereignty.

(5) Recognition of property rights of the United States in the Philippine Islands, and obligation to safeguard same.

(6) Protection of existing property rights of citizens or corporations of the United States, and all such rights as may hereafter be acquired by them to the same extent as property rights of Philippine citizens.

This provision would create permanently in favor of American citizens and corporations a preferred status not to be enjoyed by other foreign citizens or corporations. Such a condition would greatly embarrass the Philippines in its dealings with other nations. There can be no justification for the requirement that such preferential treatment be accorded American citizens and corporations as to "all such rights as may hereafter be acquired by them." It would be the cause of numerous interminable disputes. And this is proposed in the same bill that would deprive Filipinos of all privileges in the United States, including entry and residence.

(7) Assumption of continuing obligations of the United States under the treaty of Paris.

(8) Assumption of all obligations of the United States in favor of Philippine citizens for pensions, retirement pay, and other similar benefits.

(9) Provisions for payment of outstanding debts and liabilities of present government, and same shall be first lien on Philippine revenues.

(10) Recognition as constitutional officers of those elected pursuant to constitution.

(11) Obligation to embody foregoing provisions (except (10)) in treaty with United States.

The constitution so drafted shall be transmitted to the President of the United States, who shall determine whether or not it conforms to the provisions of the act. In this respect the Vandenberg bill's provisions are substantially the same as those of the Hawes-Cutting bill, with this exception: The Vandenberg bill provides that if the President does not reach an agreement with the Philippine Legislature within two years after transmission of his objections to the legislature, all further actions as to the constitution are suspended until Congress intervenes.

If the President certifies the constitution, the Philippine Legislature is empowered to provide for its submission to the Philippine people for ratification or rejection.

After the ratification of the constitution, the election of the officers of the government provided for in the constitution shall be held.

Upon receipt of the report of the Governor General announcing the results of the election, the President is to issue a proclamation fixing a date, not later than six months after such proclamation, for the complete withdrawal of American sovereignty over the Philippine Islands.

Other provisions relating to withdrawal and transfer of sovereignty are substantially identical with those of the Hawes-Cutting bill.

But under the Vandenberg bill, the independence of the Philippines shall not eventuate in the following cases:

(1) If the Philippine Legislature does not formulate a constitution during the eighteenth year.

(2) If the President of the United States does not certify the constitution within two years after transmission of his objections to the legislature.

(3) If the Philippine Legislature fails to provide for the submission of the constitution to the Philippine people for ratification.

(4) If the Philippine Legislature fails to certify to the Governor General the results of such election for the ratification of the constitution within three months thereafter.

(5) If the majority of the votes cast at such election is against the ratification of the constitution.

In any one of these cases the bill provides the President shall issue a proclamation reciting the facts, and, effective 30 days from such proclamation, and until otherwise provided by Congress, trade relations between the United States and the Philippine Islands shall revert to the basis effective during the first 5-year period, except that the amounts of sugar, coconut oil, and cordage permitted to come into the United States free of duty shall be reduced by 40 per cent.

As to the government of the Philippine Islands in any of the eventualities enumerated, the same shall continue as provided by laws in effect on the date of the proclamation of the President, and all the facts shall be reported by him to Congress for appropriate action.

Besides the 5 cases above mentioned, there are 10 other instances specified in the bill which would result in defeat of Philippine independence. These were noted in discussing the provisions concerning trade relations; however, their importance justifies a repetition at this point. The bill provides that further action in the process or procedure leading to Philippine independence and withdrawal of American sovereignty shall be suspended also in the following cases:

(1) If the Philippine Legislature during the fifth year should fail to petition for a decrease in the amount of limitations of duty-free sugar, coconut oil, and cordage.

(2) If after the fifth year and before the expiration of the eighth year the Philippine Legislature should petition for a withdrawal of such additional limitations on free imports.

(3) If the Philippine Legislature during the eighth year should fail to petition for a further decrease in the amount of limitations of duty-free sugar, coconut oil, and cordage.

(4) If after the eighth year and before the expiration of the eleventh year the Philippine Legislature should petition for a withdrawal of the additional limitations on free imports mentioned in subsection (3).

(5) If the Philippine Legislature during the eleventh year should fail to petition for a further decrease in the amount of limitations of duty-free sugar, coconut oil, and cordage.

(6) If after the eleventh year and before the expiration of the fourteenth year the Philippine Legislature should petition for a withdrawal of the additional limitations on free imports mentioned in subsection (5).

(7) If the Philippine Legislature during the fourteenth year should fail to petition for a further decrease in the amount of limitations of duty-free sugar, coconut oil, and cordage.

(8) If after the fourteenth year and before the expiration of the seventeenth year the Philippine Legislature should petition for a withdrawal of the additional limitations on free imports mentioned in subsection (7).

(9) If the Philippine Legislature during the seventeenth year should fail to petition for a still further decrease in the amount of limitations of duty-free sugar, coconut oil, and cordage.

(10) If after the seventeenth year and before the expiration of the twentieth year the Philippine Legislature should petition for a withdrawal of the additional limitations on free imports mentioned in subsection (9).

These provisions indicate the difficult ordeal imposed upon the Philippine people. It is rather a test of their patience and of the degree they are willing to suffer material losses than of either their ability or their patriotism. The best that can be said of this whole plan is that it provides a long, sinuous process leading to independence. So difficult would be compliance with the conditions imposed, that irrespective of the laudable purpose of the bill, its provisions would defeat rather than accomplish the independence of the Philippine people.

"4. To provide * * * for other purposes."

I. IMMIGRATION

The provisions of the Vandenberg bill relating to immigration during the transition period of 20 years are identical with those of the Hawes-Cutting bill, except that the Vandenberg bill makes its provisions effective 60 days after the passage of the act, whereas the corresponding provisions of the Hawes-Cutting bill go into effect upon the inauguration of the government of the Philippine commonwealth.

II. MILITARY AND NAVAL RESERVATIONS

Section 15 of the bill directs the President of the United States during the seventeenth year to report to Congress "what land and waters, if any, should, in his opinion, be retained by the United States for military and naval purposes." Unless Congress has meanwhile provided otherwise, the President, before withdrawal of American sovereignty, is authorized to declare, by proclamation, any lands and waters previously indicated by him to be "the property in perpetuity of the United States" and subject to the government, jurisdiction, and sovereignty thereof. This authority extends to any immovable property of the United States located in the Philippine Islands for the use of the diplomatic and consular or other service of the United States.

The bill does not provide any limitation as to the amount or kind of land or waters which may be reserved; the whole island of Mindanao, with an area as large as that of Indiana and more, could be retained. In fact, other things may result from this provision: The whole Philippine Archipelago may be retained by the United States, if in the opinion of the President that should be necessary for military or naval purposes. This authority, once exercised, binds the Philippine people by an engagement in their constitution (sec. 3 (1)) to recognize its validity. The Philippine people could not agree a priori to such a course. It would be most unwise for them to do so. And yet, unless they do agree and accept that stipulation in their constitution, they can not become independent.

It may be asserted that those reservations are to be limited to small portions of territory actually needed for military and naval purposes. While such is a reasonable assumption, the temptation to expand these reservations would be very great. No harm can come from keeping a large portion. So, why risk the chances of shortage in the future? The Filipino will have nothing to say. He will have agreed to it beforehand.

The express provisions of the bill indicate that no paltry portion of territory is contemplated. Rather, large areas of land inhabited by economically productive communities are in view. Two provisions of the bill suggest this conclusion:

(1) Section 18 provides that after independence has been granted to the Philippine Islands, and until Congress may otherwise direct, "all executive and judicial powers necessary for the government and administration of such territory * * * as may be retained by the United States * * * shall be vested in such person or persons * * * as the President of the United States may direct."

(2) Section 18 also provides: "That unless Congress shall meanwhile otherwise direct, trade relations between such territory and the United States shall be regulated as provided in section 301 of the tariff act of 1930" (free trade).

If these provisions mean anything, they mean that these territories will not be mere naval or military stations, but veritable colonial possessions, with a complete government having civil officials charged with the duty of dispensing justice, executing the laws, and administering public affairs.

Who will inhabit these territories? Only soldiers, marines, and other military and naval officials? Certainly not. A thriving and productive civilian community is contemplated. It will produce articles that will be admitted free of duty into the United States, and in turn will not levy a tariff on imports from America. The trade to be developed is important enough to merit legislation 20 years before the status which it seeks to regulate is created. These provisions are inconsistent with a just and earnest attempt to liberate the Philippine people.

III. TRADE RELATIONS AFTER INDEPENDENCE

The bill repeals all laws of the United States having in contemplation the Philippine Islands as a territory subject to the jurisdiction of the United States, effective upon the inauguration of the independent government of the Philippine Islands. It also provides that subsequent to the proclamation of independence tariff duties shall be levied and collected upon all articles coming into the United States from the Philippine Islands as if the Philippine Islands were a separate and foreign country. This provision excepts such territories as are retained by the United States.

IV. TRADE CONFERENCE

The bill contains provisions substantially the same as those of the Hawes-Cutting bill regarding the holding of a conference of representatives of the United States and the Philippine Islands for the purpose of discussing and submitting recommendations concerning trade relations between the two countries after the recognition of Philippine independence.

EFFECTIVENESS OF THE ACT

The bill provides that its provisions shall not take effect until accepted by concurrent resolution of the Philippine Legislature. This provision is inconsistent with section 8 which provides that the provisions regulating immigration shall take effect 60 days after the passage of the act.

RECESS

Mr. McNARY. I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 10 o'clock and 27 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until to-morrow, Tuesday, June 14, 1932, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 13, 1932

The House was called to order at 12 o'clock noon by the Clerk of the House of Representatives.

ELECTION OF SPEAKER PRO TEMPORE

Mr. CRISP. Mr. Clerk, I offer the following privileged resolution.

The CLERK. The gentleman from Georgia offers the following resolution:

House Resolution 264

Resolved, That Hon. HENRY T. RAINEY, a Representative from the State of Illinois, be, and he is hereby, elected Speaker pro tempore during the absence of the Speaker.

Resolved, That the President and the Senate be notified by the Clerk of the election of Hon. HENRY T. RAINEY as Speaker pro tempore during the absence of the Speaker.

Mr. CRISP. I am only going to detain you a moment. Our able and beloved Speaker is unable to be present, as he is suffering with a very heavy cold and bronchitis. He is confined to his bed, and the House physician forbids his coming to the House.

I am happy to say that he is much better. [Applause.] The doctor is confident he can return to his duties about Thursday. The Speaker could designate a Speaker pro tempore; but if he did so some question might arise as to the authority of the Speaker pro tempore to appoint conference committees and to sign enrolled bills. At this stage of the proceedings of Congress it is necessary that conferences be speedily assembled, the conferees appointed, and enrolled bills signed. This is why it is necessary to offer this resolution.

I move the previous question on the adoption of the resolution.

The resolution was agreed to.

Mr. RAINEY took the chair as Speaker pro tempore after Mr. CRISP administered the oath of office prescribed by law.

PRAYER

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, this day may we make Thee our sovereign and the Republic our commonwealth. The mercy of Thy providence is ours, and yet we can not understand it; we claim it, for we are Thy earthly children. O give us Thy instruction and influence from on high. Bless us with the supreme sentiments of the soul, which are faith and hope. Do Thou enlarge and exalt the spheres of our lives. In the eyes of our countrymen our duty is sacred. May we look upon it, lift it, and bear it solemnly. O let the spirit of brotherhood throb in the realms of our souls. In these retreats no tempest is heard and no shock is felt. May our country be redeemed to patience, to quietude, and cooperation. Our Father, our solicitude and our prayer go out to Thee for our Speaker. May he be blest with great comfort, rest of mind and body, and with immediate recovery. In the adorable name of Jesus, our Elder Brother. Amen.

The Journal of the proceedings of Saturday, June 11, 1932, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 11361. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1933, and for other purposes.

THE WAGNER BILL

Mr. BANKHEAD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BANKHEAD. There has been a considerable amount of inquiry as to whether or not the so-called Wagner bill has been referred to the Committee on Banking and Currency.

The SPEAKER pro tempore. It has not been; it will be referred some time to-day.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

The SPEAKER pro tempore. The Chair desires to admonish the galleries that under the rule of the House expressions of approval or disapproval from the galleries are prohibited; and the Chair will enforce that ruling.

Mr. PATMAN. Mr. Speaker, I call up the motion to discharge the Committee on Rules from further consideration of House Resolution 220, and ask that it be reported.

The SPEAKER pro tempore. Did the gentleman sign the petition?

Mr. PATMAN. I did.

The SPEAKER pro tempore. The gentleman from Texas moves to discharge the Committee on Rules from further consideration of House Resolution 220. The Clerk will report the resolution by title.

The Clerk read as follows:

House Resolution 220, a resolution to make the bill H. R. 7726, to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, a special order of business.

The SPEAKER pro tempore. Under the rules, the gentleman from Texas is recognized for 10 minutes in favor of the resolution.

Mr. BROWNING. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BROWNING. With regard to the order of procedure, I would like to ask the Chair if it is not the procedure that there will be 10 minutes in favor of the motion to discharge the Rules Committee and 10 minutes against it in debate. A vote will then come on the motion to discharge the Rules Committee; and if that is favorable, a vote will immediately be had on the resolution from which the Rules Committee is discharged from consideration.

The SPEAKER pro tempore. That is correct.

Mr. PATMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. PATMAN. Should not the motion be read?

The SPEAKER pro tempore. No; just the title, under the rule; and the title has been read.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the gentleman from Kentucky [Mr. VINSON] dispense the time for the proponents.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. VINSON of Kentucky. Mr. Speaker, I yield three minutes to the gentleman from Arkansas [Mr. RAGON].

Mr. RAGON. I first want to speak of the parliamentary situation. The procedure here this morning is to discharge the Rules Committee from the consideration of what was originally known as the Patman bill. The Patman bill, together with some 13 others, were reported adversely from the Ways and Means Committee. A resolution was then introduced asking for a rule, which was referred to the Rules Committee.

At the proper time there will be an effort made by the friends of the bill to substitute for the Patman plan what is known as the Owen plan. This was the plan that 10 of us, members of the Ways and Means Committee, voted to report favorably as a substitute for the Patman plan.

The Owen plan is a program of controlled expansion of the currency. I think, if there is anything needed in this country to-day, it is an expansion of our currency. Under the Owen plan there is provided for the flotation of a bond issue equal to the amount of the adjusted-service certificates. This is held by the Federal reserve system until the dollar has reduced itself to 2 per cent below the standard it maintained in 1926. At that time the Federal Reserve Board is authorized to sell or dispose of as many of these bonds as will keep the dollar at a stabilized price. No interest on bonds is paid until, of course, they are sold.

I think if we do this we will accomplish three important purposes.

Remember, this does not take a penny out of the Treasury. Remember, these bonds that are put up here are put up in equal amount to the certificates that we owe the soldiers 13 years from now, and these bonds mature in 20 years and carry interest at the rate of 3½ per cent.

In the first place, the Government of the United States will discharge an obligation that it owes to the ex-service men in this country.

In the second place, Mr. Speaker, it is the best way of distributing funds that we can possibly undertake for the rehabilitation, or the rebuilding, of purchasing power in this country. I insert here the figures by counties in my own State. It would put this much new money into circulation in that State.

ARKANSAS

Arkansas	$305,064.00
Ashley	344,065.68
Baxter	130,219.92
Benton	482,261.04
Boone	204,338.16
Bradley	239,317.92
Calhoun	133,407.36
Carroll	216,417.60
Chicot	309,797.28
Clark	341,069.76
Clay	373,163.04
Cleburne	155,582.64
Cleveland	174,337.92
Columbia	373,737.60
Conway	300,262.32
Craighead	612,043.20
Crawford	308,470.32
Crittenden	543,328.56
Cross	351,890.64
Dallas	200,699.28
Desha	298,415.52
Drew	272,615.04
Faulkner	388,252.08
Franklin	215,624.16
Fulton	148,209.12
Garland	492,904.08
Grant	134,529.12
Greene	357,417.36
Hempstead	421,986.96
Hot Spring	247,676.40
Howard	239,249.52
Independence	331,398.00
Izard	176,088.96
Jackson	382,260.24
Jefferson	877,626.72
Johnson	263,873.52
Lafayette	231,657.12
Lawrence	296,349.84
Lee	364,394.16
Lincoln	277,020.00
Little River	212,245.20
Logan	329,824.80
Lonoke	461,823.12
Madison	182,409.12
Marion	121,423.68
Miller	418,416.48
Mississippi	947,873.52
Monroe	282,505.68
Montgomery	147,306.24
Nevada	279,167.76
Newton	144,515.52
Ouachita	408,895.20
Perry	105,267.60
Phillips	556,543.44
Pike	161,314.56
Poinsett	406,227.60
Polk	203,243.76
Pope	363,162.96
Prairie	207,758.16
Pulaski	1,884,105.36
Randolph	230,795.28
St. Francis	456,829.92
Saline	214,228.80
Scott	161,465.04
Searcy	151,246.08
Sebastian	744,547.68
Sevier	223,859.52
Sharp	146,581.20
Stone	109,344.24
Union	763,344.00
Van Buren	163,640.16
Washington	537,008.40
White	523,519.92
Woodruff	310,289.76
Yell	291,561.84
Total	25,369,313.76

In the third place, it will reduce the present high price of the dollar with which American citizens are compelled to discharge their indebtedness.

I think, from the standpoint of a business proposition, the Owen plan, as suggested here, will do more to restore prosperity in this country than any other one thing. The Patman plan, for which it is going to be asked to substitute the Owen plan, is a plan which the 10 members of the minority did not think controlled the expansion of the currency.

I have consistently supported the immediate payment in cash of these adjusted-compensation certificates. While I favored paying this compensation in cash originally, we were not permitted to vote upon this question under the rules, and I therefore voted for the adjusted-compensation certificate, as shown on page 4444 of the CONGRESSIONAL RECORD of March 18, 1924. When the President vetoed this bill I voted to override his veto, as shown on page 8814 of the CONGRESSIONAL RECORD of May 17, 1924. I voted for the Johnson bill with the Rankin amendment, and voted to override the President's veto of this measure. I voted also for the disability allowance when it came up for passage. The last session I supported the hospitalization program, which gave Arkansas another veterans' hospital. This session I have voted for a pension to the widows and orphans of the ex-service men. It is true we can not pay these certificates from the Treasury, but we can pay them under the Owen plan, for which 11 of us voted in the Ways and Means Committee.

So in the vote that is coming, my friends, we are simply discharging the committee in order to get the ex-service men of this country a vote on this proposition. [Applause.]

The SPEAKER pro tempore. The Chair recognizes the gentleman from Georgia [Mr. COX] for 10 minutes in opposition to the motion.

Mr. COX. Mr. Speaker, I yield 5 minutes of the 10 minutes to the gentleman from Indiana [Mr. PURNELL], to be disposed of as he sees fit.

Mr. PURNELL. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. FISH]. [Applause.]

Mr. FISH. Mr. Speaker, in these few minutes I want, as a World War veteran, to emphasize the point that the Congress of the United States does not owe the able-bodied veterans a single penny at the present time, directly or indirectly, now or to-morrow, or until 1945, on their adjusted-service certificates.

The Congress of the United States has a very clear-cut and distinct duty to perform; to serve notice on all the veterans that we owe them nothing; that they were misinformed and badly advised in coming to Washington in mass formation; that there is not a ghost of chance of enacting a bonus bill into law during this economic crisis and national emergency, and that we do not propose to be coerced by any veterans in Washington or any other group in the United States. [Applause.]

The title of this bill should read:

A bill to print two billions of depreciated paper money, shove us off the gold standard, undermine public credit at home and abroad, destroy what remains of economic confidence, prolong both the depression and unemployment, undo all the efforts of the Government to balance the Budget, scrap all ideas of governmental economy, and bring ruin and disaster to the American people—

as was done in Germany, Russia, and other foreign nations where printing presses turned out vast quantities of worthless paper currencies. [Applause.]

Mr. PURNELL. Mr. Speaker, I yield two minutes to the gentleman from Nebraska [Mr. SIMMONS]. [Applause.]

Mr. SIMMONS. Mr. Speaker, I join with my comrade of the World War [Mr. FISH] in speaking briefly against this resolution.

We are not here to-day to decide the question of the inflation of the currency. We should settle that on its own merits. The cause of the World War veteran ought not to be used for that purpose. We are to-day to decide the question as to whether or not the Congress is going to vote to the World War men the payment of money from the Treasury that is not now due.

Three decisions ought to go out from this House to the country to-day. The first is that the Congress is not going to be compelled and can not be compelled by a show of force or numbers to act in behalf of and favorable to any group in the United States. [Applause.] The second is that our comrades, the men in the galleries and in the country, ought to know that no matter what the vote in this House may be to-day the cash payment of the adjusted-service certificates should not and will not be made by this Congress. The third is that our comrades in the galleries and the veterans in the country ought to know that this movement to pay these certificates now is doing more to harm the cause of the disabled and able-bodied veterans of the United States than anything that anybody could possibly propose that Congress do. The country is not going

to stand forever the constant and incessant demands for increased payments and additional benefits from the Federal Treasury to veterans without regard to merit. The service men themselves ought to lead the movement to protect the taxpayer from any and every group which demands increased expenditures and largesses from Federal money. Every vote for this resolution is a vote to place in jeopardy every pension and compensation check sent out by the United States. We must, as service men, resist these movements. If we do not, the resentment of the country may be such as to take from deserving veterans that which we all now believe they should have. [Applause.]

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Speaker, I yield three minutes to the gentleman from Wisconsin [Mr. BOILEAU]. [Applause.]

Mr. BOILEAU. Mr. Speaker, I believe that the cause of the veterans must, in this instance, rest upon the theory that the payment of the bonus will be best for the welfare of the country.

I want to say that the men whom I know in this Congress who are sponsoring the payment of the balance due the World War veterans on their bonus certificates at this time are doing so because we are convinced that there is nothing else that this Congress could do that would have a better or more wholesome effect upon the entire country. [Applause.]

The gentleman from New York [Mr. FISH] stated that the proponents of this bonus plan, if their program became effective, would bring ruin and disaster on this country. I want to say to you, my friends, that ruin and disaster will be upon us unless we do something that will bring about some real relief. [Applause.]

The Patman bill, with the Owen amendment, would provide for the issuance of additional currency, the expansion of currency, with a check or brake on it, that would guarantee that commodity prices would not go higher than the average commodity prices of 1926, and would provide that in no instance would the purchasing value of the dollar go more than 2 per cent below the average purchasing value of the dollar in 1926.

I believe that if this money were put in circulation and spread, as it would be, in every nook and corner of the entire United States at the rate of about $18 per capita, immediately the people of this country would have an opportunity to not only buy the necessaries of life, but they would also have an opportunity to pay the grocer and the baker and to pay their debts and get money in circulation so that business would have a chance to revive. The passage of this bill will afford an opportunity to bring about an economic stability in our country.

I want to say to you that I know that the spirit of the ex-service men of this country is such that they are willing to do what is best for the country, but I maintain that the payment of this bonus, the discharge of this obligation to the men at this time, when the country is in such great need of having more money in circulation, is the best way we can help not only the veteran but all of the people with whom the veteran comes in contact.

I believe I can say without fear of successful contradiction that former Senator Owen, of Oklahoma, is one of the leading, if not the leading, monetary experts in this country. After giving about 40 years of study to monetary problems, and after studying this problem from every angle, he has come to the conclusion that an immediate expansion of currency is essential—not only desirable but essential—and he maintains that the passage of this bill would be the most effective way to get this money in circulation all over the country. [Applause.]

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield myself five minutes.

Mr. Speaker, there is not time at my disposal to attempt to reply to these spurious arguments made in behalf of this indefensible measure. Mr. Speaker, I find in this motion to discharge the application of blind force to constitutional government that is little less than revolution.

It is in obedience to the demands of duty, which Wordsworth once called the "stern daughter of the voice of God," that I take the floor, put on my shirt of fire, and in my feeble way try to stay this rising tide of fear that threatens to wash out the courage of men and endanger the safety of the Republic.

Is it true, Mr. Speaker, that each man kills the thing he loves? These, my countrymen, the representatives of the American people, will at least to-day by their votes make demonstrations of their beliefs.

What is this invitation to the House? Is it to destroy the integrity of its own creatures, two of its important committees, and produce a rent in the cloak of its parliamentary procedure through which wrong and abuse will ever find free access?

What is the crime for which the Committee on Rules stands arraigned? Nothing but obedience to the laws of this House; the refusal to displace right with wrong. What honorable man of this body—and all are honorable men—would, under similar circumstances, have dared stain his conscience with such infernal hue as breach of public trust?

But, gentlemen, say that the exigencies of the occasion demand the setting aside of the rules, and the rules will probably be set aside; but who expects members of the committee to flee when you, my colleagues, have placed them in the watchtower to protect you, and through you the American people, against the attack of the public enemy? Blast them out of the position which they have taken, and you would despise them had they taken any other; but, remember, you will have ravished yourselves away by a power that should have been resisted.

What has become of the courage of old? What man will rise and speak the language of Andrew Jackson, who once to a panic-stricken companion said, "You are uneasy; you never sailed with me before, I see." Is the threat that is being held over Congress driving the light out of the eyes of men and chilling their hearts with fear? Are gentlemen afraid to hazard their political fortunes for the good of the country? Let them remember that it is willingness to sacrifice and to die that makes men fit to serve.

The tragic part about this whole thing is that the soldier has been told that the Government owes him money that it will not pay, and in most instances he believes it. The fault is ours. Things said upon the floor of this House have filled his heart with a feeling of distrust, and he is made to despise the thing which he once so gloriously risked his life to save.

There is want and hunger everywhere, but is the plight of the soldier worse than that of others? Around three-quarters of a million of them now draw compensation. Near a half million or more are in the employ of the General Government and its subdivisions and are therefore supported at public expense, and the remainder have been officially determined to be in good health, and they are at the very peak of their productive capacity. If their condition is no worse than others, then why penalize the rest for their special good? Why should not all the needy share equally in the bounty of the Government?

Who gets the bonus? The rich as well as the poor, the self-sufficient as well as the needy. There is not a member of Edwin Markham's army of pale-faced children that outwatches the sun by day and the moon by night but whose condition will be made worse by the adoption of this proposed law. There is not a beggar that extends the hand of want but from whose tin cup there will be taken toll.

Go and pass this law, fill the soldiers' pockets with this new-made money, ground out of the toil of the poor as well as all others, but when he goes back home and passes down a back-alley street or out upon the public highway and sees standing in the doorway of a half-torn-down house a hollow-cheeked and sunken-eyed woman with four or five ragged and half-starved children tugging at her tattered dress, and sees her give to the mouth of a crying baby an empty and flabby breast, let him be reminded that to the new-made money that jingles in his pockets that mother and those children were made to contribute.

Mr. Speaker, this is no time to cringe, for men to freeze from fear. This is the time of trial, and who will flee from the ordeal or beg to be excused?

In this hour of stress all should be content to be tied together in a deep concern for the national good. What man has the right to advantage? All are under the same cloud of despair. We are in the same boat in the storm at sea. Safety is our promise, but each must take his turn at the oars. Mutiny is treason, and treason is death.

Let the roll be called, Mr. Speaker. This is the appointed hour. "The storm is up, and all is on the hazard." [Applause.]

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Speaker, we have only one more speech.

Mr. PURNELL. Mr. Speaker, I yield to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, this bill to pay over $2,400,000,000 to less than 4 per cent of the population of this country will not solve a single problem with which Congress and the country are confronted. [Applause.] With 8,000,000 unemployed men and women in this country, I for one refuse to sacrifice them for any such sordid, selfish purpose.

If the real purpose of this bill is an expansion of the currency, then I say it is unfair to make the veterans surrender their certificates for that expansion of the currency. In eight weeks after the bonus is paid the veterans will not have any money and the country will be in exactly the same condition as we are in now. What Congress must do is to provide work for the unemployed. I say, Mr. Speaker, that service to country in time of peace is often more difficult than in time of war, and now is the time for Congress to be real soldiers in this critical moment of stress and render real service to their country by courageously voting against this motion. [Applause.]

Mr. Speaker, in the time allocated it is impossible to present a real argument on the merits of the proposition before us, and therefore, under leave granted to me, I shall insert the complete statement which I made on this subject before the Ways and Means Committee of the House:

STATEMENT OF THE HON. FIORELLO H. LAGUARDIA BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES, APRIL 19, 1932

Mr. LAGUARDIA. Mr. Chairman, at the outset I want to say that it is a rather novel situation for me to be opposing a bill sponsored by my best and closest legislative friends. I consider our colleague from Texas, Mr. PATMAN, one of the most promising of the younger statesmen. We have worked together on a great many important issues. I do not believe there is anyone to whom I have been closer legislatively than my good friend from Mississippi, Mr. RANKIN. It is typical of the so-called independent or progressive to do his own thinking. If we were ready to go along, we would not be, perhaps, in a class by ourselves; and because we are that, we have become callous to abuse and being misunderstood, and we just keep on going along according to the dictates of our best judgment and our conscience.

Mr. Chairman, there are two propositions involved in this question of the cash payment of the bonus. One if whether or not the American people through Congress have properly provided and cared for the veterans of the World War; and I fear that in the course of the discussion of this bill, in the heat of debate and argument throughout the country, there may be in certain quarters a misapprehension that the people of this country have been unappreciative or have to a degree neglected the care of the veterans.

I do not think that is fair. I believe Congress in this instance has provided most generously for the care of the veterans: Of course, in dealing with 4,000,000 or more men, it is quite possible that there are individual cases that perhaps have received too generous treatment and individual cases here and there that might have been neglected, or not properly cared for. But, on the whole, I believe Congress has responded since 1919 to every demand, to every suggestion, to every request made by the veterans of the World War through their organizations.

The last bill that I voted for before leaving the House in 1917, was the war risk insurance bill. We thought at the time that the establishment of this insurance system would take care of the casualties, disabilities, and that we would embark upon such a system rather than to repeat the mistakes of the treatment accorded veterans of the Revolutionary War, the War of 1812, the Civil War, and the Spanish-American War.

Grave mistakes were made in the treatment of veterans in the past. After the World War, there was a demand for vocational rehabilitation. I believe this committee had jurisdiction of the bills providing for that. In the enthusiasm, in the desire to properly care for and rehabilitate these young heroes, we spent over $600,000,000. The law was administered very generously. The benefit of the doubt was given to every applicant and it continued for a period of three or four years.

After that we sought to develop a system of hospitalization, which was followed by the first compensation act. I will not bore the committee with figures, but suffice it to say that over 313,700 veterans are, in various degrees, of course, now the beneficiaries of the existing law—from a slight degree of disability up to total.

In addition to that, last year we passed a new act allowing as much as $40 for disabilities not incurred in line of duty, not service connected. That was not a novel departure, by any means. It was novel as to the time, the short time, after the war provision for nonservice disabilities were made. If we take 1918, the end of 1918, as the end of the war, it followed 12 years after the war, while the first non-service-connected allowance made for veterans of the War of 1812 was enacted on February 14, 1871, 57 years after that war.

The first act granting compensation to disabled veterans of the Mexican War, not service connected, was 38 years after that war; as to the Civil War, 25 years, and the Spanish War, 31 years. They were included in the same act which granted compensation for non-service-connected disabilities to veterans of the World War.

It is true that in the construction of the various acts applicable to the Civil War veterans, they were very broad in their interpretations. But as far as Congress is concerned this great lapse of time to which I have referred existed before compensation was allowed for non-service-connected disabilities.

The question of pensions has been a very disturbing element in our legislative history from the days of the Revolution. In 1818 we had a situation very similar to this one in the case of the veterans of the Revolutionary War.

In 1789 by act of Congress the Federal Government assumed the payment of such Revolutionary War pensions as had been granted by the States, and this provision was continued by subsequent legislation. Later on, pensions were granted to widows of Revolutionary soldiers, and in 1861 the pension rolls contained the names of 63 survivors of that war and 2,728 widows. Total paid $70,000,000.

The 1818 pension law provided that every person who served in the Revolutionary Army through its close or for nine months during any part of the war and was "in need" should be pensioned. District judges heard applications and transmitted recommendations to the Secretary of War. By the middle of September the rush of applicants was so great that the War Department could not take care of them all. Flagrant abuses came to light and were the subject of severe newspaper comment. Expenditures increased from $200,000 to $300,000 per year to $2,000,000 to $300,000,000.

In 1819 there was a Government deficit and that made the situation more acute. When Congress met in December, 1819, the abuses of the service pension were properly brought to its attention. Secretary of War Calhoun admitted that in spite of every precaution his department had been imposed upon to a great extent. Congress ordered a roll of all pensioners to be published and set a committee to work investigating the situation in the spring of 1820. The most damning charge was that the rich took advantage of the act to cheat the Government out of money and that "many in the community less able to bear the burdens of government are compelled to pay heavy taxes to support their more opulent neighbors." So on May 1, 1820, Congress passed supplemental legislation requiring the filing of sworn schedules of property and a more certain showing of "need" in order to secure the pension. Thousands were stricken from the roll under this act. Many more failed to reply and many were rejected.

"The fact that there had been much fraud and imposition at the expense of the Government was clearly established."

It is interesting to note that the relief of veterans ran a little over $100,000 in Washington's administration, it varied from about $75,000 to $100,000 until we come to this period; and it was during Monroe's administration that it jumped right up to $3,000,000. Then, after the investigation to which I have just called attention, and the scandal which ensued, it came down to a normal of about $300,000 and then adjusted itself.

Now we come to the period 1829 to 1836, when there were added to that column the veterans of the War of 1812.

Mr. RAGON. You have been speaking here about the Revolutionary soldier?

Mr. LAGUARDIA. Yes; the veterans of the War of 1812 were added later to the pension rolls.

Mr. LEWIS. You did not include there the soldiers of 1812?

Mr. LAGUARDIA. Not in that period.

The ACTING CHAIRMAN. May I say to the gentleman from New York that it is not necessary to yield until the gentleman has concluded his statement?

Mr. LAGUARDIA. I would prefer to continue uninterrupted, if I may, and then I shall be glad to answer questions.

The ACTING CHAIRMAN. The rules of the House apply to these hearings.

Mr. LAGUARDIA. February 14, 1871, was the first pension legislation concerning veterans of this war. Congress then granted a pension of $8 per month to the survivors of the War of 1812 who rendered a service of 60 days and to their widows provided they were married to such soldiers or sailors prior to the treaty of peace. The act of March 9, 1879, reduced the period of service to 14 days and made no limitation as to date of marriage in case of widows. By subsequent legislation the pension to widows was

increased to $12 per month. Ten widows were still on the rolls on June 30, 1930. Total paid, $46,194,000.

The first act touching specially this war passed January 29, 1887, when Congress granted a pension of $8 per month to the surviving soldiers and sailors of this war provided they had served 60 days and were honorably discharged. By act of March 3, 1903, the compensation was increased to $12 per month. To be eligible survivors were required to be 62 years of age or over or else disabled from causes not connected with rebellion against the United States. Widows were entitled to pension on same terms. On June 30, 1930, there were still 630 widows of this war on the rolls and the total expenditures had been $59,470,000.

There are two distinct systems of pension connected with this war. Under the acts of July 14, 1862, and March 3, 1873, any soldier or sailor disabled by reason of wound or injury received or disease contracted in the service of the United States and in the line of duty may be pensioned for such disability during its continuance. In case of his death from causes originating as above set forth his widow or his child or children under 16 became entitled to pension.

The other class of pensions, not related to disability, first became a serious issue in 1886, when President Cleveland vetoed a bill to provide such. On June 27, 1890, however, such a bill became law and any soldier or sailor who had served 90 days or more during the Civil War and was honorably discharged became eligible for a pension of $6 to $12 per month if he was suffering from a permanent disability not the result of his own vicious habits such as to prevent him from earning his own support. Widows and children of such veterans were provided for under similar terms. On June 30, 1930, there were 48,991 veterans and 167,674 widows and minor children and to that date the total sum paid to pensioners of the Civil War was $7,370,462,000. The original 1890 bill was liberalized somewhat by an act of May 9, 1900, and May 11, 1912; 69,254 cases were dealt with also by special acts to June 30, 1927. The high point was 1913, 48 years after the close of the war, when the total sum paid was $174,171,000 for a single year. The highest number of pensioners was in 1905, 998,441.

The provisions of the Civil War pension acts of 1862 and 1873, etc., regarding total and complete disability contracted in the service and the supplementary provision regarding widows and orphans apply also to the widows and orphans resulting from this war.

In 1922 and by subsequent legislation the treatment of these veterans has been liberalized. As far as I am able to determine, there was no provision before 1930 which awarded compensation to Spanish War veterans for disabilities not contracted in the service, though the administration of the existing law was very liberal and in case of doubt as to whether a disability was contracted in or out of the service the petitioner was awarded relief. The absence of special legislation for the benefit of these veterans can be attributed to the fact that the Civil War pension system applied to these veterans from the first. The first provision for soldiers in this war compensating them for nonservice connected disabilities was on June 2, 1930. (This act included the veterans of the World War of 1917–18.)

Thank you. Now, gentlemen, if this were a question only of the bonus and the finances of the country permitted, I do not believe this committee would be holding extended hearings.

We were asked to adjust the compensation of all veterans of the World War, and many plans of bonuses and adjustments were submitted. Finally various organizations agreed upon a plan which resulted in the adjusted compensation act and the issuance of certificates payable in and around 1945.

The fact that we had 4,400,000 or more veterans in the service, of course, meant that every time any question of bonus or adjustment was raised we were faced with the question of finding the money. Any cash settlement involved a total staggering in its amount.

The reasons that the provisions of the adjusted compensation act were found satisfactory were first, they were capable of being financed on a sinking-fund basis by setting aside an amount every year to build up the fund necessary to pay the certificates at maturity.

The act also contemplated a larger amount payable to each individual veteran than would otherwise have been possible and gave them the benefit of 20 years' amortization.

It also took into consideration the fact that the certificate would become payable at the very age when a tidy little sum would be helpful to the average American family. Everyone seemed satisfied at the time. We passed that act over the veto of the President. Then we were confronted with the necessity of permitting loans up to 50 per cent to be made upon these certificates. We were told then, and the estimates were given to us of the number of men who might take advantage of that loan, how much would be borrowed. The number who took advantage of the loan provision far surpassed any estimate that was made.

The members of the committee and my colleagues who are here to-day will recall that the estimates made by the proponents of the cash bonus at the time of the consideration of the bill were that from $300,000,000 to $500,000,000 would be required. The estimate made by General Hines of the Veterans' Administration was $1,000,000,000. I am sure my colleagues will all remember that that estimate was ridiculed as being excessively high and not justified. Now we know that since February 27, 1931, no less than 2,554,400 loans have been made and that $963,759,953 has been paid out on these loans. It is interesting to note that of the 3,662,374 certificates issued 2,554,400 have taken advantage of the loans.

We were told then that the additional amount of money placed in circulation would serve as a stimulant to business and that that in and of itself would be sufficient to pull us out of the depression we were then in. Some voted in accordance with that belief. Others of us voted from purely sentimental reasons.

Now we find that a large percentage of the veterans have taken advantage of that act and have borrowed 50 per cent of the face value of their certificates, and unless the law is changed, at the time of maturity there will be very little, if anything, coming to them.

As I read the history of the treatment of veterans by the United States Congress and as I know the feeling of the Members of the present Congress, I am just as certain as I am standing here this moment that eventually legislation will be passed refunding the interest charges, so that the veterans who were compelled to borrow will not be wiped out entirely.

Now we come to the proposition that is before you and that is urged for two reasons. The proponents have been very fair and frank in their attitude. They state that, primarily, the purpose of this legislation is to inflate currency, and the question of paying the bonus to the veterans at this time is purely incidenal, or secondary.

Now, gentlemen, if that is all, I submit it is hardly fair to use the veterans for this purpose. If the real purpose is to inflate the currency, then, of course, that contemplates an increase in commodity prices. It decreases the value of the dollar. If the purpose is to inflate the currency so as to decrease the value of the dollar and increase commodity prices—and that is conceded—then I say that we promised these boys good, wholesome American dollars and we ought to pay them in good, wholesome American dollars. It is not fair to take it out of the veterans. We will be confronted with that after the first impulse of the cash payment has passed away.

The second reason for selecting the veterans is the critical condition of unemployment and destitution existing among the veterans. That is a subject to which I have been giving a great deal of time and study. I believe that in my repeated statements on the floor of the House on that subject of unemployment, direct relief, and stabilization of industries, I have made myself perhaps something of a nuisance in the House. But, gentlemen, we are not only in the midst of an economic depression, but we are in the midst of an economic readjustment and a change in our whole economic system. Not all the platitudes nor all the presidential proclamations, nor all the corner turning is going to get us out of this depression. The whole financial structure is collapsing and the method suggested here is by no means a cure, a permanent cure.

It may cause a flurry for a short time, but it will redound to the disadvantage of these very veterans we are trying to help and the wage earners in general. Mr. Chairman, if only the veterans were unemployed, we could deal with this question very quickly. But I can not see how we are going to solve the problem of unemployment, if we take only the smallest percentage of any group of the army of the unemployed to-day. When I say the smallest percentage, I want to submit some figures to this committee. Let us take the youngster who was from 5 to 13 years of age in 1917 and 1918. He is to-day 20 to 28 years of age.

Those youngsters were not in the Army. They could not have been, by the nature of things. The census of unemployed as taken by the United States Bureau of the Census shows that in class A—that is, persons out of a job, able to work and looking for a job—in 1930 there were 2,420,062 total. I have criticized that figure. It was too low. But that is by reason of the classification of the Census Bureau and perhaps because of its limited means and time to get the figures. The census of unemployed does furnish us a basis for accurate computation for our purpose here.

But we can take that as a basis to figure our groups according to ages, and if the figure is 50 per cent too low, as it was at the time—I think it was about 55 or 60 per cent too low—our proportions still remain the same.

Of the 2,420,000 unemployed in 1930, according to the Bureau of the Census, 361,262 were women. In this computation we have disregarded entirely the children of 10 to 14 years in class A, because some of them were not even born when war was declared; in fact, none of them were born. We then eliminated the group from 15 to 19 years, for obvious reasons, because the oldest was 4 years of age when war was declared. We excluded the group from 20 to 24, and the group from 25 to 29 years for the reason that the oldest of these groups were not of military age in 1917.

Then we took a proper percentage of the group from 30 to 34 years, granting that every boy of 18 years of age at the time was in the Army, which, of course, is a most violent assumption. But conceding all that, we then got the percentage of the men over 35 years of age who were in the service. There were 113,190 over 35 years of age. I was one of them.

We took that percentage of the total number and applied it to the group 55 to 59 years of age and then excluded all the rest from 59 to 70 years of age, because owing to their age they could not have been in the service, because they were too old at the time. And I say, we allowed every young man over 18 years of age to be counted as having been in the service, and I repeat that is a most wild assumption. Taking all of those, there can be to-day only about 13 per cent of the unemployed who are veterans.

Now, can we single out 13 per cent in dealing constructively with the question of unemployment, regardless of our feeling for the veteran, regardless of our desire to help him? Can we take the boy who was 18 years of age in 1917 and hand him a lump sum because of the unemployment situation, and leave his neighbor or his brother who, through no fault of his own, was only a youngster 15 years of age at that time, but who is also unemployed now, without help?

Can we take the man who was 40 years of age, who was too old to enter the Army, who is now 55 years of age and, gentlemen, who is unemployed, and perhaps permanently unemployed, and do nothing for him?

Can we disregard the need, the necessity of doing something constructive to aid the superannuated worker, and go to the extent of putting our printing presses to work and issuing $2,000,000,000 of relief money to take care of 13 per cent of the unemployed, absolutely ignoring the superannuated worker and the other mass of workers who were too young to enter the service?

In other words, under the cash bonus bill, in dealing with the subject of necessary relief based on destitution brought about by unemployment, we would care for only 12 or 13 per cent of the total, ignoring 68 or 67 per cent, giving this 68 or 67 per cent no consideration at all, and in order to take care of the 13 per cent we would have to give a cash bonus to over 2,700,000 men who do not need a cash bonus. That surely is not only an unscientific but a manifestly unfair way to approach the subject of unemployment.

Will that solve our unemployment problem? If we are to do something, if we are to go to the extent of printing money or issuing bonds to the extent of $2,000,000,000, let us do something so that the veteran will get the full benefit of it, but also the entire country will get some benefit of it; do something that will prevent a recurrence of the depression we are in now, a recurrence of a prolonged period of unemployment in the future.

If 13 per cent of the unemployed constitute the body of veterans, how many of the veterans are there who fortunately are employed and cared for and who would be in no need of a bonus? Have you considered that?

Why, gentlemen, we have in the Government service alone—the Federal Government—152,562 veterans. They are on the pay roll. Surely they should not be handed a bonus when an equal number of their fellow citizens have no employment, want to work, and are unable, through no fault of theirs, to find employment, but were either too young or too old to be veterans, are not provided for.

I have endeavored to obtain an estimate of the number of veterans in the State, county, and municipal services, but it is extremely difficult to get those figures, because some of our States have no statistics on the subject.

Have you been able to get any, Mr. BACHARACH?

Mr. BACHARACH. No; I was going to ask you that question.

Mr. LAGUARDIA. Now, New Mexico reports there are 1,000, approximately, in the State, municipal, and county services.

Massachusetts reports there are 37,726 in the permanent employ of the State and municipalities who are under civil service. They report that it is impossible to obtain the number who are not under civil service.

Pennsylvania has 1,075 World War veterans employed by the State (this does not include county and municipal service).

Texas reports that they estimate 3,000 out of approximately 150,000 ex-service men are in municipal or governmental service in the State of Texas, either State, county, or municipal.

Virginia reports that 15 per cent of the personnel in State, county, and municipal services are veterans of the World War.

Arizona—and Arizona seems to have the most complete and accurate figures—reports 302.

Perhaps by taking the States from which we have reports and the percentage of population together with their civil-service rolls that we might strike an average. I might say that my own State, New York, has no accurate figures on that subject. But I simply want to point out to you gentlemen that since the war every possible consideration has been given our veterans in civil-service preference both in the Federal Government and in State, county, and municipal governments.

Relief is being accorded all over the country to veterans. Time did not permit a canvass of all the States, but responses received from 12 cities, I believe, reflect the attitude all over the country toward veterans' relief.

"Newark, N. J., Jerome T. Congleton, mayor: Of 7,500 families receiving aid, 60 per cent are veterans. Money appropriated by the city. City has always cared for needy veterans, but numbers are much greater now, due to present conditions. Aid will be continued until the need does not exist.

"Boston, Mass., John J. Lydon, soldiers' relief commission: Approximately $200,000 expended on veterans since January 1, 1932. Anticipate spending $800,000 in 1932; 1,625 families and veterans aided in March, making a total of 5,644 individuals. One hundred and three Spanish War veterans aided in March, 209 individuals benefiting; 179 Civil War cases aided in March, 180 individuals benefiting. Money received by taxation. Forwarding annual report of department for 1930.

"Detroit, Mich., John F. Ballenger, general superintendent, department of public welfare: 1,750 families of veterans received aid in March from public welfare. Average cost per family per month, $33 permanent. City department financed through taxation. Community fund spent $873 for veterans' families in March. Funds derived from solicitation community fund considered permanent organization; spends average of $12,000 per year for veterans.

"Philadelphia, Pa., J. Hampton Moore: City makes no direct appropriation for veterans' relief. Veterans in distress may have received assistance from an independent committee to which city transferred $3,000,000 last year but that city fund expired December 31.

"New York, N. Y., Frank J. Taylor: 15,000 veterans and families receiving aid. New York City funds appropriated by city government. Been going on for many years according to State law. Four million dollars spent 1931; $6,000,000 estimated 1932. All expenses borne by taxpayers New York City.

"San Francisco, Calif., 600 to 1,000 World War veterans receiving relief from community chest, the San Francisco municipal employees' relief fund, and veterans' organizations. Figures approximate because no distinction made as to recipients of relief. Organized relief started in fall of 1930. Will cease in May to reopen in fall if conditions necessitate.

"Milwaukee, Wis., Daniel W. Hoan, mayor: Since 1929, Milwaukee County spent over $360,000, raised by direct property tax, to take care of veterans. In February the total number on relief lists was 2,283. This work handled by soldiers' relief commission created in 1888 and will continue indefinitely. Amount spent in 1931 was $65,000 greater than in 1930.

"Minneapolis, Minn., relative veterans receiving aid from city would estimate 300 single men and 1,000 families. Funds from taxation. Difficult to say just how long this has been going on and will continue. Above figures do not include private agencies.

"Cincinnati, Ohio, Fred K. Hoehler, commissioner of welfare: 700 families on soldiers' relief granted by Hamilton County; approximately 600 individuals aided by transient service bureau; 1,000 additional families ex-service men helped by family welfare agencies.

"Buffalo, N. Y., Charles E. Roesch, mayor: Veterans receiving aid from 1925 to 1931: World War veterans, 8,084; Grand Army of the Republic and Spanish War, 2,117. World War veterans' relief has had 4,787 applications for home relief since July 1. In March, 1932, there were 3,226 active cases. Funds provided by local taxation. In 1920 legislature authorized aid for World War veterans. Has heard of no suggestion that the State laws relative to veterans' relief be changed.

"Cleveland, Ohio, B. S. Pyke, welfare division, city of Cleveland: No veterans on city. City subsidizes private agencies; 2,000 families active cases on soldiers and sailors' relief, county supported; 3,000 families on waiting list; 125 on Red Cross. Figures obtained from soldiers and sailors' relief.

"Pittsburgh, Pa., local Red Cross reports 618 disabled veterans and 483 able veterans on their relief; Veterans of Foreign Wars have 75 men on relief; Legion gives no relief. Unable to get figures from their auxiliaries. Disabled Veterans report 25. City hospital has 70, both disabled and psychopathic; Allegheny County, similar institution, has 44; total of 1,315 that are known. Further investigation might disclose more."

Of course, if 13 per cent, which is a very fair and generous estimate of the present unemployed who are veterans—and it is easy to compute that a large percentage of the veterans certainly are not now unemployed—represent the proportion of veterans to the total of unemployed, in dealing with the question at this time as it is presented, one of relief and of necessary, immediate relief, I would take all of the unemployed and consider them as a group, and not pick first the small percentage of veterans who are unemployed and at the same time include the larger percentage of veterans who are employed and not in need of a cash bonus at this time; at a time when a large number—I estimate that number easily between six and seven million—of American workers are unemployed.

What is going to be the feeling of the veterans' neighbors in their home towns if Congress says, "We have solved the unemployment situation by paying a cash bonus to the veteran," and the veteran goes to his bank and cashes his check, and his fellow citizens who are unemployed can not even get a job? What will they think of Congress in solving this serious problem that is not only confronting our country but is confronting the whole world?

When I say the whole world is confronted with this problem, it is. First, there are the changed methods of production by machine, displacing men. That would have happened had we no World War and we in this country would have been the first to feel it. We would have unemployment, gentlemen, in this country even if we had no financial crisis or depression, by reason of our modern, progressive, efficient methods of production.

So that is a question which we will have to solve by legislation affecting the hours of labor, the number of days of labor in the week, and caring for superannuated workers. That must keep pace with the machine age.

The same problem arose in other countries after the World War. England was facing an unemployment situation before the World War, and I do not believe that we can afford to sit idly by and take a laissez faire attitude and say that this question is going to adjust itself. It is not.

I want to make a prediction right now, gentlemen, that before long some of the people who are now opposing the cash bonus are going to come out for it, for selfish, sordid, unpatriotic reasons.

The poor veteran has been used and misused. When I was at the city hall in New York in 1920, my colleagues on the committee from New York will remember that we had pending a readjustment in wages and salaries; there were labor troubles, and one time we were threatened with a longshoremen's strike.

Selfish people, seeking to take advantage of the situation, endeavored to set up the patriotic organizations of veterans to break the strike of the longshoremen. I called them into my office at the city hall, the representatives of the veterans' organizations, representatives of the workers who themselves were veterans, but we adjusted their dispute in 15 minutes. The boys saw the light. They saw that they were being misused for many occasions; the veterans are sought for exploitation. The friends, the real friends of the veteran, will keep them but will not permit them to be used for selfish interests, for political advantage, or be exploited in any way.

We are confronted with an economic readjustment in this country and we have to face the situation. We have to take into consideration the machine age in which we are; we have to provide shorter hours, and a shorter work week, and unemployment insurance, and old-age pensions in order to bring up the level, and then you are going to see, gentlemen, a dash made by selfish people to use these same veterans to offset social legislation of that kind. The veterans I know will not lend themselves to any such purpose.

I do not want to see my comrades improperly used for any such purpose. I am sure that if we could explain the mathematics of our economics to the veterans, they would be the first to say, "Don't turn over $2,000,000,000 to us at this time. We will get that eventually. But do something for all Americans who are unemployed."

Now, this committee has jurisdiction. You are now considering H. R. 1. I ask this committee to give consideration to H. R. 2. I introduced that bill the first day of the session, after many, many months of study and consideration. I will concede it is crude, it is imperfect. At least it will give us a starting point, give us the basis of applying some thought to this economic readjustment.

My bill provides for a national system of unemployment insurance. Call it a dole, gentlemen, you are not going to scare me. No one is going to be scared by a name. We have had some experience with dole-giving in this session of Congress. Call it a dole. It is going to retard its acceptance, perhaps, somewhat, but if I understand conditions, American people will simply refuse to go hungry while they are in the richest country in the world. We will have to provide some system of insurance to take care of such depressions, periods of unemployment. It will shorten these so-called economic cycles, because it does not entirely destroy the purchasing power which falls immediately upon any period of unemployment.

If we are to use money for the purposes of inflation, if we are to start the Bureau of Engraving working nights and overtime for that purpose, may I submit that we could start by furnishing the initial fund necessary to put a national system of unemployment insurance into effect? That will immediately create purchasing power, a demand for the necessaries of life, and that will have a permanent effect on our economic system.

It will be said, "Well, England has a system of unemployment insurance. It has ruined England." It has done no such thing. It has saved England. There would be no England to-day had they not had the foresight away back in 1910 to pass the first unemployment insurance law, which was perfected in 1912. Then the war came along.

But the mistake in the English system was this, that they excluded all industries where employment was permanent, such as state railways, civil service; all industries where employment was permanent were excluded from the original unemployment insurance act of England.

Profiting by that experience, of course, we would not repeat what they did, because we have learned in this depression that even those industries where employment is permanent are affected. We have seen that in our railroads and we are seeing it right now in our Government service. So that any national system of unemployment insurance which we would adopt would necessarily benefit by the experience of England and Germany and some of the smaller countries that have adopted a system of unemployment insurance.

Gentlemen, we can not avoid it. As optimistic as we may be, we are not going to get out of the situation and get to the point where we will have no unemployed, for a long time. We must take care of the superannuated employees who can not keep pace with the machine age.

Leave it to the States, you say? We can not leave it to the States. We are one economic unity, regardless of how we may feel about State rights and our State pride. We find that unemployment in Alabama affects New York; unemployment in New York affects Nebraska and North Dakota. We have experienced that in our factory laws and in our child labor laws. Some of the States have enacted proper, protective laws preventing the employment of children of tender years in factories. What was the result? We open our daily papers and we find full-page advertisements of chambers of commerce of other States who say, "Come down to our State and establish your factory there, where labor of all ages is plentiful and where we have no restrictive laws."

And they do. We found that out in our income-tax and inheritance-tax system. States will go along, while other States will refuse and advertise the fact, and then there is migration to those States. That was the case in the inheritance-tax provisions until we hit upon the policy of the 80–20 system of inheritance taxation, and several States changed their constitutions to take advantage of it.

So we will have to adjust ourselves in this matter of unemployment to make it uniform, so that the progressive, advanced State will not be put to a disadvantage in good times by a State which refuses to keep abreast, and in times of unemployment the State with the insurance system would inherit all of the unemployed from the other States. I say we must make this a national system.

Now, I understand, gentlemen, the tremendous pressure that is being brought to bear upon you. I know that some of my colleagues and friends will say, "Why, LAGUARDIA, you know you have not got a chance to have H. R. 2 considered at this time." But we are accustomed to that. We know that we are leading the way for welfare and social legislation. We know that it is coming.

Gentlemen, 10 years ago I sat and talked with Governor SHALLENBERGER, of Nebraska. We talked of a system of guaranteed bank deposits. I talked about that for the last 10 years, and I was laughed at. I was howled down many times on the floor of the House. But within not very many weeks from now we are going to pass a law guaranteeing deposits in banks. Senator Owen, who sits here, was likewise one of the pioneers in that movement. We did not lose courage, but it took us all of this time to get the action we wanted. We worked for 15 years before we could convince Congress of the necessity of remedying the condition of the abuse of Federal courts in labor disputes, and a few weeks ago, thanks to the kindly interest of the gentleman from Illinois, Mr. RAINEY, and the Speaker, we passed that bill.

So, I am not discouraged at all. I know that I am going to be misunderstood by many of my comrades in my attitude to-day, but I follow that school of politics that believes in thinking out loud, that believes in taking a position. And I want to say this, without criticism of the slightest of my colleagues, that if a secret vote were taken on this bill in the House of Representatives, it would not get 30 votes. I say that after cloak-room conversation with my colleagues. That being so, it seems to me I am justified in coming here before this committee and making this statement.

Now, are we to admit that representative government is a failure because of organized demands for legislation? We have organized demands. Sometimes we succumb and sometimes Congress does not. No one knows it better than the distinguished acting chairman of this committee, because I know he went through hell during the last few weeks in the consideration of the tax bill. I know the tremendous pressure that was brought to bear on this committee and the most dismal, dark pictures of the future were depicted in order to convince this committee that they ought to adopt a taxing policy which was contrary—at least I believe so—to the best interests of this country.

There you had organized propaganda. Here you have organization. Oh, I know I am going to meet it; it is not the first time I have had to meet it.

There are three forms of government that are being tested in the world to-day. We have the soviet system of Russia. We have the fascist system, the dictatorship of Italy, and we have the representative form of government, government of the people, still in the United States, England, and France.

Are we going to say that although we know it is wrong, because of organized groups of splendid, active young men who misunderstand the situation, we are going to succumb and vote contrary to the best interests of the country? Are we going to admit that Mussolini is right, that republics and parliamentary forms of government are failures for that reason? I do not believe it. I still have hope in representative government. I still think it is possible, if a measure is wrong, that we can stand up and oppose it.

Are we going to sit idly by and let the wealth of this country tell us that "we will not put our money to work, we will buy Government bonds and you will have to support us, if you do not pass the kinds of laws we want industry will stop"? Are we going to admit that Lenin was right? I refuse to do so. But we have to meet the attacks from both of these sources.

We have to consider the welfare of 126,000,000 people and worse things can happen to a Member of Congress than being defeated, if he knows, if he feels he is right.

I appear this morning not on behalf of organized veterans. That is the easy thing to do. I appear this morning on behalf of the 6,000,000 unorganized, unemployed, among them veterans who have no means of contacting Congress, who are willing to work, who are unable to understand why they are not able to find work. On their behalf I appeal that if Congress is going to do something to relieve distress, do not single out a small, powerful group, but consider this great army that has contributed to the make-up, the wealth, the power of this country. Let us take the whole situation, let us take the whole economic problem and consider it and deal with it constructively; and if we want to inflate our money, we can inflate money in such a way as to give all the people of this country the full benefit of any such measure.

The ACTING CHAIRMAN. Are there any questions of Mr. LAGUARDIA?

Mr. RAGON. I want to ask the major a few questions that I wanted to ask Mr. PATMAN. I have noted a number of questions. The major dwelt on this subject at the beginning of his remarks. I saw a statement of the benefits given to the veteran up to date, I believe, in the New York Times of Monday a week ago. I was wondering if you had checked up on those figures. For instance, I find an item of $644,000,000 for vocational training.

Mr. LAGUARDIA. Yes. That was in the first few years right after the war.

Mr. RAGON. Have you the amount that the Government paid on insurance for the veterans?

Mr. LAGUARDIA. You will find that in the insurance adjusted——

Mr. RAGON. I mean the war-risk insurance. I have a figure here of $1,003,000,000.

Mr. LAGUARDIA. That is about right.

Mr. RAGON. And then for Veterans' Administration there has been spent $2,100,000,000. Have you any figure on that?

Mr. LAGUARDIA. That is right.

Mr. RAGON. And then for allotments and allowances, $582,931,000.

Mr. LAGUARDIA. Yes; $582,931,845.08.

Mr. RAGON. And administrative overhead and miscellaneous expenditures, $656,000,000. That gives a total, in other words, of $5,435,000,000 that has been spent on the veterans since 1918 or during the war period and up to the present time.

Mr. LAGUARDIA. That does not correspond altogether with my figures. My figure from the Veterans' Bureau is to date a total amount of $6,124,068,083.80 has been spent.

Mr. RAGON. Your figure is $6,000,000,000?

Mr. LAGUARDIA. Yes, sir. That includes military and naval compensation; emergency officers' retirement pay; disability allowance; military and naval insurance, United States Government life insurance; adjusted-service certificate fund; adjusted service and dependent pay; administration and hospitalization; hospital and domiciliary facilities and services, Veterans' Administration construction—that includes construction. There is the difference between our figures. Vocational rehabilitation, allotments and allowances, marine and seamen's insurance, and miscellaneous.

I believe the difference between us is the figure of construction. That figure in this table is $60,607,133.

Mr. RAGON. I do not have that item. Have you any tabulation as to what that amounts to per soldier?

Mr. LAGUARDIA. Yes; but it would be a few minutes to get it.

Mr. VINSON. Does that sum include the money paid into the sinking fund to take care of the bonus?

Mr. RAGON. No.

Mr. LAGUARDIA. The disbursements on the adjusted-service certificates—the adjusted-service certificate fund was $124,917,000 and adjusted-service dependent pay $42,000,000.

Mr. RAGON. It would be something in the neighborhood of $1,200 or $1,500 per man at a total expenditure of about $5,000,000,000.

Mr. HAWLEY. Mr. Chairman, may I suggest that Major LAGUARDIA put that table to which he has been referring in the record?

The ACTING CHAIRMAN. It will be made a part of the record.

(The table referred to is as follows:)

Active awards at the end of each fiscal year

Fiscal year	Compensation		Insurance	
	Disability compensation	Death compensation	War risk (term)	United States Government life
1919	24,947	24,458	104,126	----------
1920	134,308	42,945	129,133	----------
1921	154,960	47,559	138,434	394
1922	173,793	51,339	141,568	931
1923	182,869	55,305	146,403	1,480
1924	[1]179,037	58,110	149,857	2,054
1925	211,644	65,391	153,074	2,602
1926	227,650	78,693	150,679	3,375
1927	245,253	82,839	146,047	4,086
1928	257,774	86,562	144,081	5,298
1929	266,498	88,529	141,919	6,634
1930	279,539	92,040	155,254	8,042
1931	304,791	95,033	152,982	8,025
Dec. 31, 1931	318,114	97,543	152,722	8,459

[1] Correction.

Active claims

Fiscal year	Emergency officers' retirement pay	Disability allowance
1929	4,243	----------
1930	6,083	----------
1931	6,364	229,568
Dec. 31, 1931	6,469	326,495
Feb. 29, 1932	----------	353,744

Amounts paid for disability allowance:

From July, 1930, to Feb. 29, 1932	$76,866,520.59
Calendar year 1931	59,018,361.82

Disbursements

Total disbursements to Feb. 29, 1932: [1]

Military and naval compensation—	
Disability and death compensation	$1,988,215,849.20
Emergency officers' retirement pay	35,672,230.76
Disability allowance	76,866,520.59
Total disbursements to Feb. 29, 1932—Con.	
Military and naval insurance (term)	$1,456,970,753.02
United States Government life insurance	162,164,690.54
Adjusted-service certificate fund	124,917,609.10
Adjusted-service and dependent pay	42,692,855.51
Administration and hospitalization	912,704,805.38
Hospital and domiciliary facilities and services, Veterans' Administration (construction)	60,607,133.14
Vocational rehabilitation	644,943,410.24
Allotments and allowances	582,931,845.08
Marine and seamen's insurance	35,077,918.69
Miscellaneous	302,462.55
Total	6,124,068,083.80

[1] The total amount includes $951,649,458 made available by deduction for allotment from the pay of World War veterans while in service and from amounts collected as premiums on the various forms of Government insurance.

Mr. DICKINSON. Congressman LAGUARDIA made the statement which attracted my attention, that some time in the future Congress, in his judgment, would pass a provision returning to the ex-service men who held these certificates the interest charge. I want to ask him if he saw in the press about the time the 50 per cent was authorized a statement as coming from the Treasury Department that if all veterans applied for loans, the Treasury would make about $70,000,000 annually, based upon the idea that the Government was borrowing money at a low interest rate and was charging interest at 4½ per cent.

I want to ask Major LAGUARDIA in this connection, is it his idea that Congress in the future will pass a law returning the interest charged to the veterans, because the interest charge was excessive; and may I suggest to him—he probably has it in his mind—that it is the interest charge that will eat up the difference between the 50 per cent of the loan and the balance of the face value at the time of maturity.

Mr. LAGUARDIA. Exactly. Of course the excess of interest is indefensible, and I suppose the rate was fixed at the time to care for any future period when the cost of money would be greater. But, regardless of that, I think in the light of our past experience and in our desire to be helpful to the veterans, I think that no Congress would ever permit interest charges to eat up the balance of the certificate; and I would vote accordingly.

Mr. BACHARACH. There are two or three questions I want to ask you, Mr. LAGUARDIA. In the first place, in answer to my colleague, Mr. DICKINSON, you were going a long way when you inferred that there might be no interest charge for the balance that the soldiers owed. Personally, I do not approve of the rate of interest that is being charged; in the first place, we are charging 4½ per cent compound interest, but if a man happened to be foolish or ignorant enough to go to the bank and borrow the money, he is charged 6 per cent, and when the Government takes up that certificate it still charges the veteran 6 per cent. Manifestly there is an injustice there, and I think I approve very heartily of what you say, except I do not believe it would be fair to the men who have not borrowed to eliminate the interest entirely. I think there should be a fair rate of interest, say, the rate that the Government has to pay.

Mr. LAGUARDIA. Mr. BACHARACH, I do not want to shock you, but I will say this——

Mr. BACHARACH. I have been shocked before; it is all right.

Mr. LAGUARDIA. I will say this. I firmly believe that by the time these certificates will mature, there will be such a change in our financial structure that no money unaccompanied by effort or labor will be worth more than 1 or 2 per cent a year.

Mr. BACHARACH. That may be all very true, but that is your judgment and of course I do not have to agree with it. Now, Mr. LAGUARDIA, I do want to ask a question merely for the sake of the record. I happen to know something about your own war record. Will you give it to us for the purposes of our record here?

Mr. LAGUARDIA. My reply to that is this. I can only repeat the words of Orville Wright who, when he was discouraged, went to France to try out his plane. He had his opportunity and for the first time the people witnessed a sustained flight of a heavier-than-air machine. The Academy of Sciences gave him a banquet and they praised his great abilities. He was asked to make a speech and he said, "Gentlemen, the only bird that talks is a parrot and it does not fly."

Mr. RAINEY. Mr. LAGUARDIA, it is proposed to expand the currency in order to meet this charge. I would like to hear you on that point. What do you think of that?

Mr. LAGUARDIA. Well, the spending of money is one of the easiest things Congress can do. But if that is the only justification for it, why not take this kind of money and use it to meet the deficits that are staring us in the face, instead of disorganizing the United States Government with arbitrary reductions of all kinds. If we are to distribute money, circulate money, why can we not use that to pay the interest on our outstanding bonds, which will take up a billion dollars in a year? Why can we not use this kind of money for public improvements?

Mr. HAWLEY. That is not all interest.

Mr. LAGUARDIA. Interest and sinking-fund requirements. It is over $800,000,000, $900,000,000, and the sinking-fund requirements bring it to over a billion dollars. Why not take this kind of money and go out and buy all our surplus crops, which will bring up commodity prices, sell the crops abroad for any price we can get for them; it will be that much to the good and that will reflect directly to the benefit of the veterans?

Mr. RAINEY. May I, apropos of your argument, as you reached the end of it, call your attention to what happened in Germany

yesterday? It was not carried in display headlines, but in Germany they only had $225,000,000 worth of gold, nothing upon which they could base a further expansion of their currency. So they took the first steps toward inaugurating a system of international barter which would not require any money at all. They have had such a recent bad experience with expanding their currency that they do not want to go into that any more unless they have at the base of it a sufficient amount of gold to do it. So they have now inaugurated a system of international barter for their purposes.

Mr. LAGUARDIA. Of course, there was a time, Mr. RAINEY, when economists could get up and talk to people about gold and gold reserves and they thought it was something mysterious that could not be fathomed and they accepted what they said about it. But now the average workingman thinks in terms of food and clothes and shoes and rent and education, and after all, that is the real test of the value of your services or for the return of what you produce. Our whole economic system is artificial and it has been kept alive all these years because of the ignorance of the masses. But we are slowly evolving from that stage and coming to an enlightened period when the farmer who raises so many acres of wheat figures that wheat in terms of machinery and education for his children and the opportunity to live decently. So I think we will have very soon a change in our whole monetary system.

Mr. HILL. Mr. LAGUARDIA, what is your information as to the number of unemployed veterans?

Mr. LAGUARDIA. I figure that, assuming that every boy of military age from 18 to 30 were in the military service in 1917 and 1918, it would be about 22 per cent of the present unemployed.

Mr. HILL. About 22 per cent?

Mr. LAGUARDIA. About 22 of the unemployed.

Mr. HILL. Of the total of unemployment?

Mr. LAGUARDIA. Twenty-two per cent would be veterans; yes. Then we have to allow something for the veterans who are employed, and I think a very generous allowance would show that the percentage of unemployed veterans to the total of unemployed would be less than 13 per cent.

Mr. HILL. That is, 13 per cent of the total unemployment?

Mr. LAGUARDIA. Yes.

Mr. HILL. Not just of the veterans themselves?

Mr. LAGUARDIA. No; 13 per cent of the unemployed army. I think that is a fair estimate.

Mr. CANFIELD. What percentage of the World War veterans are unemployed?

Mr. LAGUARDIA. There are various estimates that have been given here on that. Perhaps Mr. RANKIN can answer that.

Mr. RANKIN. I do not know just what the percentage is. I do not think that is very material. This is a bill for the benefit of all the American people.

Mr. CANFIELD. Just one other question. The tables that you submitted for the record, did you compile it yourself or did you get it from the Veterans' Bureau?

Mr. LAGUARDIA. I got that from the Veterans' Bureau. Gentlemen, may I cite for the record a most interesting compilation of our pension laws, Federal Military Pensions of the United States, by Glasson? I want to give you that because I know you will find it very useful, very enlightening.

Mr. CROWTHER. Congressman, you have referred almost wholly to the Patman bill for the issuance of $2,400,000,000 worth of Treasury notes. In your opinion, is there any more merit attached to the so-called Thomas bill, which provides for 2 per cent consols, 30 years, distributed among the Federal reserve banks according to their proportionate residence of soldiers, or other things, and the issuance of currency on them, or have you looked into the proposition by Senator Owen——

Mr. LAGUARDIA. Let us take one at a time.

Mr. CROWTHER. Yes.

Mr. LAGUARDIA. Take the Thomas proposal. That practically is the same as the Patman proposal, except it would cost us 2 per cent a year.

Mr. CROWTHER. Well of course, Senator THOMAS did not agree to that. He argued, among other things, he was rather opposed to the Patman method in that it might result in disturbing the present Federal reserve currency by this new issue.

Mr. LAGUARDIA. If we issue bonds to the Federal reserve and they, in turn, issue currency, it is tantamount to the same system, except you have one hurdle in between and an additional cost to the taxpayers of 2 per cent a year.

Mr. CROWTHER. Have you given any consideration to the plan presented by Senator Owen?

Mr. LAGUARDIA. What plan is that?

Mr. CROWTHER. Senator Owen has a plan for the issuance of 4 per cent bonds to be distributed to the Federal reserve banks and by them to their agents, and then I think he has linked up with it—and he is here and I know he will correct me if I am wrong—he has linked up with that a suggestion that we use the Goldsborough and similar bills for the stabilization of the representative commodity prices, 100 of them, on the basis of the involved year, 1926. Then, of course, they all make the statement that necessarily following one of these bond issues of money, commodity prices will immediately rise; but none of them suggests to us it will take more of that kind of dollars to buy commodities. Now they suggest, or I think Senator Owen suggests, when those commodity prices show any evidence of rising, then they shall sell some of these bonds and cancel the currency which resulted from them, and maintain a balance. He claims we may maintain an economic balance by that method.

Mr. LAGUARDIA. Of course, in any system of inflation we must bring wages up to meet the increased commodity prices. If you do not do that, then the working people of this country are going to pay all of the costs. So that when we do have inflation, we can not just say we will dump in $2,000,000,000; we have to inflate gradually and bring up the standard of wages to it; otherwise, the working people are going to pay for it. And I am not going to stand for that, if I can help it.

Mr. WATSON. Do you consider, if we pass the $2,000,000,000 bonus, that will be only temporary relief; or do you think it will be permanent?

Mr. LAGUARDIA. It won't solve any particular problem permanently.

Mr. WATSON. No more than the $1,000,000,000 that was given one year ago?

Mr. LAGUARDIA. A little more, Mr. WATSON. There will be a flurry, but it will last a little longer. Commodity prices will go up; but, at the end of that, we will have just as many unemployed.

Mr. WATSON. Then after two years, how are we going to take care of the veterans?

Mr. LAGUARDIA. That is why I am pleading to-day to make a comprehensive study of our whole unemployment situation and our depressed industrial system. I am not concerned, Mr. WATSON, about the stock ticker; it is no indication at all either of our financial or our industrial, or social well-being; but I urge a comprehensive study of our industrial depression, our unemployment, so that we can solve this question. And if we are to spend $2,000,000,000, let us do it at least where we can have a hope of some permanent cure.

Mr. WATSON. We must take care of the soldiers after the two billions are expended. We have already given $8,500,000,000 in pensions since 1790.

Mr. LAGUARDIA. Yes; war is awfully costly.

Mr. WATSON. Therefore I can not see any other way of taking care of the soldiers two years from now, after all this money is expended, than to have a system of pensions.

Mr. LAGUARDIA. If we follow the same ratio and the same attitude of other wars and we continue to provide for disabilities not service connected, in 1952 the requirements will be, yearly requirements will be, about $2,000,000,000.

Mr. WATSON. For veterans?

Mr. LAGUARDIA. For the care of veterans.

Mr. HAWLEY. In your compilation of the number of unemployed do you segregate them so that you could tell how many are men and how many are women?

Mr. LAGUARDIA. Yes; we made that allowance.

Mr. HAWLEY. Do you know of the number of unemployed you stated how many are men and how many are women?

Mr. LAGUARDIA. Yes; it is in the record now.

Mr. HAWLEY. Does the gentleman recall about the proportion?

Mr. LAGUARDIA. Of the 2,420,062 unemployed covered by the Census Bureau, 361,262, or, roughly, 15 per cent, were women.

Mr. TREADWAY. Mr. LAGUARDIA, in the earlier part of your testimony I understood you to say you regarded the payment to the veterans secondary to the desire on some people's part of inflation of the currency?

Mr. LAGUARDIA. No; I stated that the sponsors of H. R. 1 so stated.

Mr. TREADWAY. Yes; that the real object, the primary object——

Mr. LAGUARDIA. The primary object.

Mr. TREADWAY. Was the inflation of the currency. Is that correct?

Mr. LAGUARDIA. That is what I understood from reading the reports of these hearings.

Mr. TREADWAY. Was that same argument used when Congress, in the last session, paid 50 per cent?

Mr. LAGUARDIA. Yes; but it was more crudely and not as scientifically used.

Mr. TREADWAY. Then that was secondary?

Mr. LAGUARDIA. Well, it was stated, and a great many of our colleagues believed, that the placing in circulation of this added amount would help; would give a stimulus to trade and business, local and otherwise.

Mr. CROWTHER. With reference to this very last statement that you made, it was suggested to us that it would pull us out of this hole we were in and help us to return to somewhat normal conditions.

Mr. LAGUARDIA. The record will bear that out, I think.

Mr. CROWTHER. But the proponents of this new measure, this year, suggest the reason it did not do it and did not do it more materially than it did, was the fact we simply took money from one class and distributed it to another; but that this measure would do it, because we are putting new lifeblood into the currency—putting new money in circulation.

Mr. LAGUARDIA. I think the proponents are absolutely sincere in their convictions, although I do not agree with them.

Mr. CRISP. We thank you, Major. Now we will hear Congressman ROYAL C. JOHNSON, of South Dakota.

Mr. VINSON of Kentucky. Mr. Speaker, I yield four minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. We are not asking for the setting aside of the rules, but we are proceeding under the liberalized rules of this House. If the adjusted-service certificates are paid now, as provided in this bill, which is H. R. 1 amended—

(a) Three million six hundred and sixty thousand veterans of the World War will receive $2,200,000,000. The money will be quickly paid without graft, additional taxes, or favoritism, and the people in every city, county, and State will get their share, which will make tax payments easier. This money will go to ten times more people than if expended for either public buildings or highway construction. Purchasing power will be placed into the hands of consumers, thus promoting production and employment.

(b) The debt will be paid without a bond issue, without increasing taxes, without unbalancing the Budget, and in no way will affect the gold standard.

(c) The increased money placed into circulation will be in competition with hoarded dollars and will thereby force money out of hoarding.

(d) The money will go to patriotic American citizens and will be spent in America.

(e) It will not cause people to go into debt more, as most relief measures propose, but it will liquidate debts equal to ten times the amount of currency issued.

(f) It is an absolutely needed expansion of the currency. It is an honest-dollar bill. [Applause.]

(g) A constitutional mandate requiring Congress to regulate the value of money will be complied with.

(h) Some international bankers will be displeased, but millions of American citizens will be made happy and American prosperity vigorously promoted.

If the adjusted-service certificates are not paid now 1,000,000 veterans out of jobs and 1,000,000 more who are working from one to three days a week at greatly reduced wages will be forced to deprive themselves and families of the necessities of life while the banks and the Government consume the remainder of their certificates by interest payments on prior loans.

If this bill is considered we will follow the minority report filed by 10 members of the Ways and Means Committee and insert the Owen plan for payment, and be able to prove:

(a) That each holder of an adjusted-service certificate is now entitled to an amount of money equal to the face or maturity value of his certificate, by invoking the same principles and policies of government that have been invoked for others, including the war profiteers.

(b) That such payment will not only not be detrimental to the country, but as Senator Owen suggested before the Ways and Means Committee, "It will be a godsend to this Nation."

(c) That the plan for distributing the money is the same in principle as the plan now allowed by national banks and as advocated by the unanimous report of the Senate Banking and Currency Committee in its report on the Goldsborough bill.

(d) That we are merely asking that a noncirculating Government obligation be converted into a circulating Government obligation.

We demand justice for the veterans, but we also demand a fair price for corn, cotton, wheat, hogs, cattle, land, agricultural products, and for fair wages for the labor in our great factories. This bill will accomplish that result. If it passes, this panic will disappear and prosperity will return. [Applause.]

The SPEAKER pro tempore. All time has expired, and the question is on the motion to discharge the committee.

Mr. PATMAN. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 226, nays 175, answered "present" 1, not voting 29, as follows:

[Roll No. 94]

YEAS—226

Adkins	Boileau	Byrns	Christgau
Almon	Boland	Campbell, Iowa	Christopherson
Amlie	Briggs	Canfield	Clancy
Arnold	Browning	Carden	Clark, N. C.
Auf der Heide	Brumm	Carley	Cochran, Mo.
Bankhead	Brunner	Carter, Wyo.	Cole, Md.
Barton	Buchanan	Cartwright	Collins
Beam	Buckbee	Cary	Condon
Black	Bulwinkle	Chapman	Connery
Blanton	Busby	Chase	Connolly
Bloom	Butler	Chavez	Cooper, Tenn.
Crail	Greenwood	Lichtenwalner	Sandlin
Cross	Gregory	Lindsay	Schafer
Crosser	Griffin	Linthicum	Schneider
Crowe	Griswold	Lovette	Schuetz
Crump	Hall, Miss.	Lozier	Seger
Cullen	Hancock, N. C.	Ludlow	Selvig
Curry	Hare	McClintic, Okla.	Shannon
Davis	Harlan	McClintock, Ohio	Sinclair
Delaney	Hart	McCormack	Sirovich
DeRouen	Hartley	McFadden	Smith, W. Va.
Dickinson	Haugen	McKeown	Somers, N. Y.
Dickstein	Hill, Ala.	McReynolds	Spence
Dies	Hill, Wash.	McSwain	Steagall
Dieterich	Hogg, Ind.	Maas	Stevenson
Disney	Hornor	Magrady	Strong, Pa.
Dominick	Horr	Major	Stull
Doughton	Howard	Maloney	Sullivan, N. Y.
Douglass, Mass.	Igoe	Mansfield	Sutphin
Doutrich	Jacobsen	May	Swank
Dowell	James	Mead	Sweeney
Doxey	Jeffers	Miller	Swing
Driver	Johnson, Mo.	Mitchell	Taylor, Colo.
Elizey	Johnson, Okla.	Mobley	Taylor, Tenn.
Englebright	Johnson, Tex.	Montet	Thomason
Eslick	Jones	Moore, Ky.	Tierney
Evans, Mont.	Kading	Murphy	Turpin
Fiesinger	Karch	Nelson, Wis.	Underwood
Finley	Keller	Norton, Nebr.	Vinson, Ga.
Fitzpatrick	Kelly, Ill.	Overton	Vinson, Ky.
Flannagan	Kelly, Pa.	Palmisano	Warren
Frear	Kemp	Parks	Weaver
Fulbright	Kendall	Parsons	Welch
Fuller	Kennedy	Patman	West
Fulmer	Kerr	Peavey	Williams, Mo.
Gambrill	Kleberg	Person	Williams, Tex.
Garber	Kniffin	Polk	Wilson
Garrett	Kopp	Pou	Wingo
Gasque	Kunz	Prall	Withrow
Gavagan	Kurtz	Ragon	Wolcott
Gilchrist	Kvale	Rankin	Wolverton
Gillen	Lambertson	Rayburn	Wright
Glover	Lambeth	Robinson	Wyant
Golder	Lamneck	Romjue	Yates
Goldsborough	Lankford, Ga.	Rudd	Yon
Granfield	Larrabee	Sabath	
Green	Larsen	Sanders, Tex.	

NAYS—175

Aldrich	Culkin	Kinzer	Reed, N. Y.
Allen	Darrow	Knutson	Reilly
Andresen	Davenport	LaGuardia	Rich
Andrew, Mass.	Douglas, Ariz.	Lanham	Rogers, Mass.
Andrews, N. Y.	Drewry	Lehlbach	Seiberling
Arentz	Dyer	Lewis	Shallenberger
Ayres	Eaton, Colo.	Lonergan	Shott
Bacharach	Eaton, N. J.	Loofbourow	Shreve
Bachmann	Estep	Luce	Simmons
Bacon	Evans, Calif.	McDuffie	Smith, Idaho
Baldrige	Fish	McGugin	Smith, Va.
Barbour	Fishburne	McLaughlin	Snow
Beedy	Foss	McMillan	Sparks
Bland	Free	Manlove	Stafford
Boehne	Freeman	Mapes	Stalker
Bohn	French	Martin, Mass.	Stewart
Bolton	Gibson	Martin, Oreg.	Stokes
Bowman	Gifford	Michener	Strong, Kans.
Brand, Ohio	Gilbert	Millard	Summers, Wash.
Britten	Goodwin	Milligan	Sumners, Tex.
Burch	Goss	Montague	Swanson
Burdick	Guyer	Moore, Ohio	Swick
Burtness	Hadley	Morehead	Taber
Cable	Haines	Mouser	Tarver
Campbell, Pa.	Hall, Ill.	Nelson, Me.	Temple
Cannon	Hall, N. Dak.	Niedringhaus	Thatcher
Carter, Calif.	Hancock, N. Y.	Nolan	Thurston
Cavicchia	Hardy	Norton, N. J.	Timberlake
Celler	Hawley	O'Connor	Tinkham
Chindblom	Hess	Oliver, Ala.	Treadway
Chiperfield	Hoch	Oliver, N. Y.	Underhill
Clague	Hogg, W. Va.	Parker, Ga.	Wason
Clarke, N. Y.	Holaday	Parker, N. Y.	Watson
Cochran, Pa.	Hollister	Partridge	Weeks
Cole, Iowa	Holmes	Perkins	White
Collier	Hooper	Pettengill	Whitley
Colton	Hope	Pittenger	Whittington
Cooke	Hopkins	Pratt, Harcourt J.	Wigglesworth
Cooper, Ohio	Houston, Del.	Pratt, Ruth	Williamson
Corning	Huddleston	Purnell	Wood, Ga.
Cox	Hull, Morton D.	Rainey	Wood, Ind.
Coyle	Jenkins	Ramseyer	Woodruff
Crisp	Johnson, Wash.	Ramspeck	Woodrum
Crowther	Ketcham	Ransley	

ANSWERED "PRESENT"—1

Erk

NOT VOTING—29

Abernethy	Fernandez	Leavitt	Snell
Allgood	Hastings	McLeod	Sullivan, Pa.
Beck	Hull, William E.	Nelson, Mo.	Tilson
Boylan	Johnson, Ill.	Owen	Tucker
Brand, Ga.	Johnson, S. Dak.	Patterson	Wolfenden
Dallinger	Kahn	Reid, Ill.	
De Priest	Lankford, Va.	Rogers, N. H.	
Drane	Lea	Sanders, N. Y.	

So the motion to discharge was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Erk (for) with Mr. Snell (against).
Mr. Reid of Illinois (for) with Mr. Lea (against).
Mr. Patterson (for) with Mr. Tilson (against).
Mr. Rogers (for) with Mr. Beck (against).
Mr. Hastings (for) with Mr. Johnson of South Dakota (against).
Mrs. Kahn (for) with Mr. Sanders of New York (against).
Mr. Fernandez (for) with Mr. Lankford of Virginia (against).
Mr. Boylan (for) with Mr. Tucker (against).
Mr. McLeod (for) with Mr. Dallinger (against).
Mr. Abernethy (for) with Mr. Wolfenden (against).

General pairs:

Mr. Drane with Mr. Leavitt.
Mr. Nelson of Missouri with Mr. William E. Hull.
Mr. Brand of Georgia with Mrs. Owen.
Mr. Allgood with Mr. Johnson of Illinois.
Mr. Sullivan of Pennsylvania with Mr. De Priest.

Mr. OLIVER of Alabama. Mr. Speaker, my colleague, Mr. PATTERSON, is unavoidably absent. If here, he would vote "yea."

Mr. CULLEN. Mr. Speaker, my colleague, Mr. BOYLAN, of New York, is in a hospital seriously ill. If he were present, he would vote "yea."

Mr. McCLINTIC of Oklahoma. Mr. Speaker, my colleague, Mr. HASTINGS, is unavoidably absent. He has a pair with the gentleman from South Dakota, Mr. JOHNSON. If he were present, he would vote "yea," and Mr. JOHNSON would vote "nay."

Mr. DARROW. Mr. Speaker, my colleague, Mr. BECK, is unavoidably absent. If present, he would vote "nay."

Mr. ERK. Mr. Speaker, I voted "yea." I am paired with the gentleman from New York, Mr. SNELL. If he were present, he would vote "nay." I therefore withdraw my vote of "yea" and answer "present."

Mr. GOSS. Mr. Speaker, my colleague, Mr. TILSON, is attending the national convention at Chicago. If he were present, he would vote "nay."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 220

Resolved, That upon the day succeeding the adoption of this resolution a special order be, and is hereby, created by the House of Representatives for the consideration of H. R. 7726, notwithstanding the adverse report on said bill. That on said day the Speaker shall recognize the Representative from the first district of Texas, WRIGHT PATMAN, to call up H. R. 7726, a bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, as a special order of business, and to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the said H. R. 7726. After general debate, which shall be confined to the bill and shall continue not to exceed four hours, to be equally divided and controlled by the Member of the House requesting a rule for the considering of the said H. R. 7726 and a Member of the House who is opposed to the said H. R. 7726, to be designated by the Speaker, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit. The special order shall be a continuing order until the bill is finally disposed of.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

Mr. PURNELL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 225, nays 170, answered "present" 3, not voting 33, as follows:

[Roll No. 95]

YEAS—225

Adkins	Bloom	Butler	Chavez
Almon	Boileau	Byrns	Christgau
Amlie	Boland	Campbell, Iowa	Christopherson
Arentz	Briggs	Canfield	Clancy
Arnold	Browning	Carden	Clark, N. C.
Auf de Heide	Brumm	Carley	Cochran, Mo.
Bankhead	Brunner	Carter, Wyo.	Cole, Md.
Barton	Buchanan	Cartwright	Collins
Beam	Buckbee	Cary	Condon
Black	Bulwinkle	Chapman	Connery
Blanton	Busby	Chase	Connolly
Cooper, Tenn.	Gregory	Lindsay	Sandlin
Crail	Griffin	Linthicum	Schafer
Cross	Griswold	Lovette	Schneider
Crosser	Hall, Miss.	Lozier	Schuetz
Crowe	Hancock, N. C.	Ludlow	Seger
Crump	Hare	McClintic, Okla.	Selvig
Cullen	Harlan	McClintock, Ohio	Shannon
Curry	Hart	McCormack	Sinclair
Davis	Hartley	McFadden	Sirovich
Delaney	Haugen	McKeown	Smith, Idaho
DeRouen	Hill, Ala.	McReynolds	Smith, W. Va.
Dickinson	Hill, Wash.	McSwain	Spence
Dickstein	Hogg, Ind.	Maas	Steagall
Dies	Hornor	Magrady	Stevenson
Dieterich	Horr	Major	Strong, Pa.
Disney	Howard	Maloney	Stull
Dominick	Igoe	Mansfield	Sullivan, N. Y.
Doughton	Jacobsen	May	Sutphin
Douglass, Mass.	James	Mead	Swank
Doutrich	Jeffers	Miller	Sweeney
Dowell	Johnson, Mo.	Mitchell	Swing
Doxey	Johnson, Okla.	Mobley	Taylor, Colo.
Driver	Johnson, Tex.	Montet	Taylor, Tenn.
Ellzey	Jones	Moore, Ky.	Thomason
Englebright	Kading	Mouser	Tierney
Eslick	Karch	Murphy	Turpin
Evans, Mont.	Keller	Nelson, Wis.	Underwood
Fiesinger	Kelly, Ill.	Norton, Nebr.	Vinson, Ga.
Finley	Kelly, Pa.	Overton	Vinson, Ky.
Fitzpatrick	Kemp	Palmisano	Warren
Flannagan	Kendall	Parks	Weaver
Frear	Kennedy	Parsons	Welch
Fulbright	Kerr	Patman	West
Fuller	Kleberg	Peavey	Williams, Mo.
Fulmer	Kniffin	Person	Williams, Tex.
Gambrill	Kopp	Polk	Wilson
Garrett	Kunz	Pou	Wingo
Gasque	Kurtz	Prall	Withrow
Gilchrist	Kvale	Ragon	Wolcott
Gillen	Lambertson	Rankin	Wolverton
Glover	Lambeth	Rayburn	Wright
Golder	Lamneck	Robinson	Yates
Goldsborough	Lankford, Ga.	Romjue	Yon
Granfield	Larrabee	Rudd	
Green	Larsen	Sabath	
Greenwood	Lichtenwalner	Sanders, Tex.	

NAYS—170

Aldrich	Culkin	Ketcham	Reed, N. Y.
Allen	Darrow	Kinzer	Reilly
Andresen	Davenport	Knutson	Rich
Andrew, Mass.	Douglas, Ariz.	LaGuardia	Rogers, Mass.
Andrews, N. Y.	Drewry	Lanham	Seiberling
Ayres	Dyer	Lehlbach	Shallenberger
Bacharach	Eaton, Colo.	Lewis	Shott
Bachmann	Eaton, N. J.	Lonergan	Shreve
Bacon	Estep	Loofbourow	Simmons
Baldrige	Evans, Calif.	Luce	Smith, Va.
Barbour	Fish	McDuffie	Snow
Beedy	Fishburne	McGugin	Sparks
Bland	Foss	McLaughlin	Stafford
Boehne	Free	McMillan	Stalker
Bohn	Freeman	Manlove	Stewart
Bolton	French	Mapes	Stokes
Bowman	Gibson	Martin, Mass.	Strong, Kans.
Brand, Ohio	Gifford	Martin, Oreg.	Summers, Wash.
Britten	Gilbert	Michener	Sumners, Tex.
Burch	Goodwin	Millard	Swanson
Burdick	Goss	Milligan	Swick
Burtness	Guyer	Montague	Taber
Cable	Hadley	Moore, Ohio	Tarver
Campbell, Pa.	Haines	Morehead	Temple
Cannon	Hall, Ill.	Nelson, Me.	Thatcher
Carter, Calif.	Hall, N. Dak.	Niedringhaus	Thurston
Cavicchia	Hancock, N. Y.	Nolan	Tinkham
Celler	Hardy	Norton, N. J.	Treadway
Chindblom	Hawley	O'Connor	Underhill
Chiperfield	Hess	Oliver, Ala.	Wason
Clague	Hoch	Oliver, N. Y.	Watson
Clarke, N. Y.	Hogg, W. Va.	Parker, Ga.	Weeks
Cochran, Pa.	Holaday	Parker, N. Y.	White
Cole, Iowa	Hollister	Partridge	Whitley
Collier	Holmes	Perkins	Whittington
Colton	Hooper	Pettengill	Wigglesworth
Cooke	Hope	Pittenger	Williamson
Cooper, Ohio	Hopkins	Pratt, Ruth	Wolfenden
Corning	Houston, Del.	Purnell	Wood, Ga.
Cox	Huddleston	Rainey	Woodruff
Coyle	Hull, Morton D.	Ramseyer	Woodrum
Crisp	Jenkins	Ramspeck	
Crowther	Johnson, Wash.	Ransley	

ANSWERED "PRESENT"—3

Erk	Gavagan	Somers, N. Y.

NOT VOTING—33

Abernethy	Garber	McLeod	Sullivan, Pa.
Allgood	Hastings	Nelson, Mo.	Tilson
Beck	Hull, William E.	Owen	Timberlake
Boylan	Johnson, Ill.	Patterson	Tucker
Brand, Ga.	Johnson, S. Dak.	Pratt, Harcourt J.	Wood, Ind.
Dallinger	Kahn	Reid, Ill.	Wyant
De Priest	Lankford, Va.	Rogers, N. H.	
Drane	Lea	Sanders, N. Y.	
Fernandez	Leavitt	Snell	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Erk (for) with Mr. Snell (against).
Mr. Reid of Illinois (for) with Mr. Lea (against).
Mr. Patterson (for) with Mr. Tilson (against).
Mr. Rogers (for) with Mr. Beck (against).
Mr. Hastings (for) with Mr. Johnson of South Dakota (against).
Mrs. Kahn (for) with Mr. Sanders of New York (against).
Mr. Fernandez (for) with Mr. Lankford of Virginia (against).
Mr. Boylan (for) with Mr. Tucker (against).
Mr. McLeod (for) with Mr. Dallinger (against).
Mr. Abernethy (for) with Mr. Pratt (against).

General pairs:

Mr. Drane with Mr. Leavitt.
Mr. Nelson of Missouri with Mr. William E. Hull.
Mr. Brand of Georgia with Mr. Wood of Indiana.
Mr. Allgood with Mr. Timberlake.
Mrs. Owen with Mr. Wyant.
Mr. Sullivan of Pennsylvania with Mr. De Priest.

Mr. ERK. Mr. Speaker, I voted "aye." I again desire to announce that I am paired with the gentleman from New York, Mr. SNELL. If he were present, he would vote "no." He is not present, and I therefore withdraw my vote.

Mr. DARROW. Mr. Speaker, I wish to make the same announcement that I did on the previous roll, that if my colleague the gentleman from Pennsylvania, Mr. BECK, were present, he would vote "no."

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I desire to announce the absence of the gentleman from Oklahoma, Mr. HASTINGS. He is paired with the gentleman from South Dakota, Mr. JOHNSON. If he were present, he would vote "aye."

Mr. CULLEN. Mr. Speaker, I desire to make the same announcement that I did on the previous roll, that my colleague the gentleman from New York, Mr. BOYLAN, who is seriously ill, if present would vote "aye."

On motion of Mr. BLANTON, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. Under the rule the bill (H. R. 7726) will be in order for consideration to-morrow, and the present occupant of the chair designates the gentleman from Georgia [Mr. CRISP] to control the time against the bill.

Mr. BANKHEAD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BANKHEAD. As I understand the construction of the rule, this bill will be in order as a privileged matter to-morrow immediately after the reading of the Journal?

The SPEAKER pro tempore. The gentleman is correct.

TIME OF MEETING TO-MORROW

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet to-morrow morning at 11 o'clock.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. CANNON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 11361) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1933, and for other purposes, with Senate amendments, disagree to the amendments and ask a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

Mr. LaGUARDIA. Reserving the right to object.

Mr. MAPES. Reserving the right to object, I shall not object; but I have reserved the right to do so for the purpose of calling the attention of the Members of the House who have not followed the matter closely, to the status of the bills which were passed early in this session, before the holidays, relating to the District of Columbia, and also to refresh the recollection of the Members somewhat on the report of the special committee appointed to investigate and make report on the fiscal relations between the District of Columbia and the Federal Government.

I may say that the bills which passed the House practically unanimously, at least without any roll-call vote, and without any material opposition, have not been returned to this body, but have been pending before the body at the other end of the Capitol. The bills were referred to the Bureau of Efficiency, and my understanding from the accounts in the newspapers is that that bureau has approved in principle all four of the bills which were passed for the purpose of raising revenue. Just why it was necessary to refer the bills to that bureau I have not been able to understand, but that is the situation. The Bureau of Efficiency has not reported upon the bill to repeal the 60-40 provision of the law, but, as a matter of practice, that law has been practically repealed now for several years.

It will be recalled by the membership of the House, and I am sure by those members of the Committee on Appropriations who will be the conferees on this appropriation bill, that the special committee estimated that the bills which were passed by the House and which have now been approved in principle by the Bureau of Efficiency, if enacted into law, would raise something more than $4,000,000 per year, and that with their passage and the raising of that extra revenue it would not be necessary in normal times to increase the general property tax rate in the District of Columbia at all.

It was also stated in the report that with the present tax rate there would be a substantial surplus this year, after raising the amount recommended by the Budget, if those bills were passed and the $4,000,000 were raised, in addition to the Federal contribution recommended by the special committee, which was $6,500,000. My understanding is that the appropriation bill, as it passed the House of Representatives, reduced this Budget estimate by over $3,000,000, so that practically, without the passage of these bills raising this additional $4,000,000 revenue, and with very little, if any, increase in the tax rate, with the reduction which the Committee on Appropriations has made under the Budget recommendation, it would not be necessary to raise the Federal contribution over and above that carried in the bill as it passed the House, namely, $6,500,000.

Permit me to say further, as my attention has been called to the matter by the gentleman from Illinois, this city has not yet done what other cities have done. It has not yet reduced the salaries of District employees generally, as other cities have done. Some of them have reduced the salaries of their employees very materially, and it seems to me that this bill, as far as the Federal contribution is concerned, was about right as it passed the House of Representatives and went to the Senate, with the amount fixed at $6,500,000.

Mr. BLANTON. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. BLANTON. The gentleman happens to know that if the bills he mentioned were passed it would cause the people who are holding them up and keeping them from passing to be taxed a little more heavily than they are now, and it would keep the people of the United States, generally, from paying a great part of the expense in the District of Columbia, which causes tax dodgers to escape taxation. That is possibly the reason why the bills have not been passed.

Mr. MAPES. That may be.

Mr. PARSONS. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. PARSONS. Does the bill as it passed the Senate have the $800,000 relief feature restored to it?

Mr. MAPES. My understanding is that it has. I was addressing myself, however, to the Federal contribution more particularly. I do not care to say anything more. I have every confidence in the conferees who will be appointed by the House to take care of the situation.

Mr. PARSONS. Do not the other cities take care of their own relief without having appropriations out of the Federal Treasury for that purpose? There is no reason why Washington should not conform to the same principle.

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object if the gentleman from Michigan is going to surrender it.

Mr. Speaker, reserving the right to object, I want to ask the gentleman from Missouri [Mr. CANNON] if the amount for relief in the District of Columbia which was stricken out by the committee has been reinstated by the Senate; and if so, how much?

Mr. CANNON. My understanding is that the amount of $600,000, which was originally requested, has been inserted by the Senate as a Senate amendment.

Mr. LAGUARDIA. Now, replying to the statement just made by the gentleman from Illinois [Mr. PARSONS], I will say that it is true other cities have provided relief out of their municipal funds, but in this respect we are sitting here in the capacity of a board of aldermen for the city of Washington, and this is the only way the funds can be provided.

Mr. BLANTON. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. BLANTON. I do not know whether the gentleman knows the fact or not, but this last January the regularly organized boards of charity in the District of Columbia got the powers that be to levy an assessment. They called it a voluntary contribution, but it was a real assessment against every Government worker of the United States in Washington.

Mr. LAGUARDIA. That is quite true.

Mr. BLANTON. The Government employees contributed one day's wage out of January, one day's wage out of February, and one day's wage out of March, and they raised a fund for the board of charities amounting to $2,400,000, most of which is now in the bank. That was for the regular work of the board of charities.

Our District auditor here did not get to disburse any of that money. He wanted some money to disburse. He wanted an overhead to put in offices, and he asked us to raise another $600,000 by appropriation for him to disburse.

The gentleman from Missouri [Mr. CANNON], chairman of the subcommittee, looked into the matter carefully. We held hearings. We called on Auditor Donovan for a breakdown. We asked what salaries he was going to pay, but we got none of the information we asked for. They said, in effect, it was none of our business.

I want to say to my friend that if he were on the committee of investigation he would not give them one red cent for Donovan to disburse, not one.

Mr. PARSONS. Will the gentleman yield?

Mr. LAGUARDIA. Mr. Speaker, let me reply to the gentleman from Texas.

The money collected was for the usual community chest, which is participated in by hospitals, educational institutions, the Young Men's Christian Association, the Young Women's Christian Association, and many other institutions. None of these institutions, although they are serving a useful public purpose, are engaged in providing relief to take care of cases in the present emergency.

Unless I can get some assurance from the gentleman from Missouri that he will not come back into the House with a report that will either have to be voted up or voted down I shall be constrained to object for the present, or until we can talk the thing over.

Mr. PARSONS. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. PARSONS. Irrespective of the relief that has been furnished the tax rate in the District of Columbia is only $1.70 per hundred. In other cities of the United States it is two, three, and even four or five times as much.

Mr. LAGUARDIA. All the more reason why we should not appropriate this money so much needed for relief. Let them put the tax rate up.

Mr. PARSONS. They ought to have the tax rate made high enough to take care of the situation.

Mr. BLANTON. The Board of Charities are helping in every way possible right now.

Mr. CANNON. Replying to the gentleman from New York, we are very anxious that this matter have every consideration. We shall be glad to have him appear before the conferees when it is taken up.

Mr. LAGUARDIA. Does the gentleman mean to say that I may appear before the august conferees? I have been here 14 years, but I have never had a similar invitation extended to me.

Mr. CANNON. The conferees on the part of the House shall be glad to hear the gentleman either personally or collectively. And let me say in reply to the gentleman's suggestion that we are acting here as a civic counsel disbursing community funds that out of every dollar of the $600,000 which it is proposed to appropriate for this purpose 23 cents is a Federal appropriation. More than one-fifth of it is a direct contribution from the Federal Government.

Let me say further, in response to the suggestion of the gentleman from Michigan [Mr. MAPES], that we fully appreciate the situation which he presented, and having that in mind exercised the most rigid economy in order to prevent the necessity for raising the rate of taxation in the District, and especially the rate of taxation on the real estate of the District.

We would have been glad to have been more liberal with some of the items in this bill, but we had to cut the coat from the cloth that was given us. We were under emphatic instructions from the House not to increase the amount of Federal contribution over $6,500,000, and in view of the fact that we have had no assurance that the Mapes bills will be passed and that additional revenue will be available from that source, it was necessary for us to eliminate many appropriations we would have been glad to include.

Mr. MAPES. May I say to the gentleman that I think the committee did a very commendable piece of work?

Mr. LAGUARDIA. The Senate bill provides an appropriation of $600,000 for direct relief. The gentleman can not ignore existing conditions. People will flock to the Capital. It is a natural impulse to look for aid to the Government, whether municipal, State, or Federal, for relief. We have a condition here which we can not ignore, and to say that we have here a community chest which gives to established institutions doing social work rather than relief work is no answer to the problem. I will not object if I can get the assurance of the gentleman from Missouri that he will keep an open mind on this subject and permit us to furnish information that will satisfy the gentleman from Texas and others. Otherwise, I am not willing to permit this bill to go to conference at this time. I have had some experience with conferees and conference reports in the 14 years I have served in the House. I resent the bringing in of conference reports and being told that we must take the report or leave it, and the conference submitted for adoption by a viva voce vote without any discussion. I take this particular provision most seriously, and I think the gentleman should assure us that he will give us an opportunity to get the facts before the conferees, and that he should go into the conference with an open mind.

Mr. CANNON. I appreciate the force of what the gentleman says. He may be certain we shall agree with him as far as our limited resources permit.

Mr. STAFFORD. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The regular order is, Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER pro tempore appointed the following conferees: Messrs. CANNON, GRANFIELD, BLANTON, HOLADAY, and SIMMONS.

AMENDMENT OF THE REVENUE ACT OF 1932

Mr. CRISP. Mr. Speaker, I present a privileged resolution from the Committee on Ways and Means and ask for its immediate consideration.

The SPEAKER pro tempore. The gentleman from Georgia presents a privileged resolution from the Committee on Ways and Means and asks for its immediate consideration. The Clerk will report the resolution.

The Clerk read as follows:

House Joint Resolution 429

Resolved, etc., That section 625 (a) of the revenue act of 1932 is amended by striking out the words "or with any person other than a dealer," and by adding at the end thereof a new sentence, as follows: "If any article has, under a contract of the character above described, been delivered prior to June 21, 1932, to any person (other than a dealer or other than a person intending to use the article as material in the manufacture or production of another article, or to sell it on or in connection with, or with the sale of, another article), no tax shall be collected under this title."

Mr. CRISP. Mr. Speaker, this resolution is a revenue resolution and therefore is privileged. It simply seeks to correct an error made in the tax bill. Therefore I ask unanimous consent that the resolution may be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. The gentleman from Georgia asks unanimous consent that the resolution may be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

Mr. CRISP. Mr. Speaker, I regret the necessity of having to offer this resolution to correct a mistake in the tax bill. I am not offering any alibi for myself or the other conferees. The conferees when they met realized the importance to the country of reaching a speedy agreement. We worked from morning until late at night and did accomplish that. In that haste we overlooked this matter. It was called to my attention by the Treasury Department a few days after the bill was passed and by some of the business men whose interests were affected by it. In conference neither the Senate conferees, the House conferees, the Senate, the House, nor the drafting boards of the Treasury detected it.

Here is all the resolution does:

In all the tax bills there has been a provision that where a contract is made for future delivery and the contract does not specify who is to pay the taxes, if taxes are levied, the vendee has to pay them. If the contract specified that the vendor was to pay them, the vendor would pay them.

When this bill was up on the floor of the Senate the Senator from Florida [Mr. TRAMMELL] offered an amendment in which he sought to care for automobiles bought on the installment plan. When automobiles are bought on the installment plan, of course, the title does not pass until they are paid for. So Senator TRAMMELL offered this amendment intended to provide that taxes on automobiles, radios, electric refrigerators, and other things sold on the installment plan were not to be paid where the contract was made before May 1, and the vendee, not being a dealer, would have no opportunity to add the tax to his sales price.

The unexpected effect of this amendment being adopted is that the large companies—the steel companies, the American Bell Telephone Co, the Ford Co., the large taxicab companies, and the big industries that make contracts for two or three or four years in advance—would be relieved from paying the taxes that the bill specified should be paid on tires, tubes, gasoline, oil, or any other of the commodities that they bought that are taxable under the bill, a result not intended by Senator TRAMMELL nor the Senate or House conferees. The effect of the bill as it stands now is to require the small dealers, who have to pay more for their purchases than these big dealers, who buy in large quantities, to be put at a disadvantage. The big concerns, with contracts running three or four years, would not have to pay the excise taxes levied in the bill, while the small dealer would have to pay them. It is inequitable, it is unjust to the small dealers, and the Treasury will lose from $30,000,000 to $50,000,000 that was contemplated the Treasury would receive under the tax bill as it passed.

This matter has been called to the attention of the Senate, and I am just advised that the Senator from Wisconsin, Senator LA FOLLETTE, obtained a unanimous-consent agreement in the Senate to-day that if the resolution correcting this error came over there, no amendment could be offered to it affecting any other provision of the bill, and the only amendments that could be offered would be germane amendments dealing with this subject matter.

Mr. McCORMACK. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. McCORMACK. The gentleman has stated that when the conference report was under consideration it was estimated the bill would raise for 1933, according to my recollection, one billion one hundred and some odd million dollars.

Mr. CRISP. One billion one hundred and eighteen million dollars.

Mr. McCORMACK. Would this thirty millions to fifty millions of dollars be in addition to that amount?

Mr. CRISP. No; it is included in that amount.

This explains the purpose of the resolution.

May I say this? I noticed in the papers yesterday there was a conference at the White House, and it was stated that in that conference the President said the Budget would not be balanced and that we would have to have $150,000,000 or $200,000,000 more to balance the Budget—or more reductions in Government expenditures.

No man in this House has worked harder to balance the Budget than I have. I have not spared myself or my political welfare in any way, because I believe it is imperative for the good of the Nation that the Budget be balanced. I know that $1,118,000,000 of additional taxes levied on the people at this time is burdensome in the extreme, and, as far as I am concerned, I am not in favor of levying additional taxes to balance the Budget. [Applause.] I think the Budget should be balanced and it should be balanced by reducing expenditures [applause], and they should be reduced even if boards have to be abolished, even if Government activities have to be curtailed, even if you have to apply a blanket reduction to all the appropriations for governmental activities. The Budget must be balanced, but it should be balanced by further economies and not by levying additional taxes. [Applause.]

Mr. BYRNS. I thoroughly agree with the gentleman; and does not the gentleman believe that the Budget is balanced, provided the Secretary of the Treasury and his department gave the correct figures to the gentleman and the other conferees?

Mr. CRISP. Yes; and I will say to my friend that when the Ways and Means Committee was considering this bill we were told it required $1,240,000,000 to balance the Budget. We allowed for $200,000,000 of economies and then brought in a bill that the Treasury believed and we believed balanced the Budget. When this bill reached the Senate the Treasury said it would not balance the Budget, that the contemplated revenue did not reach the amount they expected by virtue of business not getting better, and stated it would take $235,000,000 more to balance the Budget. This is why your House conferees labored under a tremendous handicap in reaching an agreement on the tax bill. The Senate had added certain items to raise the revenue to balance the Budget and your conferees could not go out and bring in new matters to levy taxes on. We had to accept a number of the items levied by the Senate that produced large revenues or your Budget could not be balanced, and we took what we believed was the lesser of two evils. Some of the amendments we would not have otherwise accepted, but we accepted them in the national crisis, the national emergency, to balance the Budget.

Mr. PARSONS. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. PARSONS. Does the revenue that is provided in this bill to balance the Budget provide for the collection of the $270,000,000 payment on European debts owing to us, plus the 10 per cent on account of last year's moratorium?

Mr. CRISP. I can say to my friend that as far as we are concerned, in bringing in this bill, we expected the foreign governments to pay the amount due us under their solemn, sacred, international agreements, and so far as I am concerned, I shall never vote to scale them down one cent or vote for a further moratorium.

Mr. PARSONS. I agree with the gentleman perfectly and will ask the gentleman to yield for one more brief question.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman be given five additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CRISP. I yield.

Mr. PARSONS. In case they do not meet the payments there will be a deficit of $276,000,000.

Mr. CRISP. I think the gentleman is correct, but I can not believe that the nations who have entered into a solemn international agreement would repudiate that agreement. The trouble is that the international bankers have held out to them the hope that it might be scaled down. We put in the moratorium a section notifying the world that this Congress was not going to scale down the debts, and therefore I am expecting them to pay them.

Mr. HAWLEY. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. HAWLEY. I want to say that I have given this resolution my careful attention, and I believe it to be sound legislation. It should have been in the original bill as passed by the House and the committee of conference. But, as the gentleman from Georgia has stated, it came up in such haste that we did not notice the error committed. It will save thirty to fifty million dollars to the Treasury, and I indorse all the gentleman from Georgia has said about it.

Mr. DOUGHTON. Will the gentleman yield?

Mr. CRISP. I will.

Mr. DOUGHTON. As I understand, information from the Treasury is that the Budget is not balanced.

Mr. CRISP. That was the statement in the paper yesterday, and that is all I know about it. I am in favor, if you have a deficit, of balancing the Budget by cutting expenditures and not by levying additional taxes.

Mr. DOUGHTON. That was the suggestion of the Treasury, but did they make any suggestion as to where the economies could be effected?

Mr. CRISP. No. I did not see any such statement.

Mr. DOUGHTON. I think it is rather unusual to make that suggestion—that the Budget is not balanced—without making some suggestion as to where the economies could be made.

Mr. CRISP. As I said, all I know about it is what I read in the paper.

Mr. MICHENER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. MICHENER. The gentleman has said that the President did not state where these economies could be effected. The President has said that he will endeavor to make additional economies if the Congress will give him, the President, the authority he has been seeking since Congress convened.

Mr. CRISP. I will say that I have not sought any personal advantage; I have endeavored to serve my country; I have supported the President, and I will support him in any effort to bring about economies to balance the Budget and save four or five hundred million dollars to the taxpayers and thus lighten their burdens.

Mr. MICHENER. I do not know whether the President can effect the economies, but I know that he has asked for the authority, and that if we give it that he is willing to try. I have gone along with the gentleman from Georgia, and it seems to me that we should give the President that authority. The gentleman from North Carolina [Mr. DOUGHTON] says that it is unusual for the President to say that the Budget is not balanced and not to advise how we can balance it. I say that we should give him the authority that he asks for.

Mr. CRISP. I am willing to go any length to balance the Budget without levying any more taxes. One billion one hundred and eighteen million dollars is a sufficient tax load for the people of this country now.

Mr. McGUGIN. Will the gentleman yield?

Mr. CRISP. I yield to the gentleman from Kansas.

Mr. McGUGIN. There is nothing new about the fact that the Budget is not balanced. Is not it true that as the bill passed the Senate it was distinctly understood that the Budget was not balanced by $280,000,000?

Mr. CRISP. No; as it passed the Senate and the conferees the Treasury Department said that the Budget was balanced.

Mr. BYRNS. Will the gentleman from Georgia yield to me?

Mr. CRISP. I yield to the gentleman from Tennessee.

Mr. BYRNS. I agree with what the gentleman from Georgia has said. This is not the time to raise more taxes; and if it is necessary to balance the Budget it ought to be done by reduction of expenditures. But even if you were considering raising additional taxes, does not the gentleman think it would be much better to wait until the President has come to a fixed determination in his own mind how much is necessary, because in the space of one month the President raised his figures $321,000,000?

The SPEAKER pro tempore. The time of the gentleman from Georgia has expired.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended five minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BYRNS. If the gentleman will further yield, I wish to add that the President seems to have abandoned his former nonpartisan view of this situation. In my judgment, the President could better have spent his time the other evening in calling in the Secretaries of the departments and the heads of the bureaus and demanding where they could cut the appropriations of their respective agencies than by calling in members of his own party and having a great discussion and then announcing to the country that we ought to reduce expenses another $150,000,000 to $200,000,000 without telling us where we could do it.

Mr. CRISP. Under the Constitution the duty rests with the House of Representatives to initiate legislation to pay the debts of the United States. That same sacred instrument places responsibility upon the Chief Executive to advise the Congress from time to time as to the state of the Union. I think before this House should consider levying any additional taxes the Executive should officially notify us to that effect and also point out some way whereby these taxes might be levied.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. McCORMACK. The first estimated deficit that was conveyed to the Ways and Means Committee was $920,000,000. Then the committee, upon its own initiative, requested a reexamination by the Secretary of the Treasury to determine if those figures should be revised and the deficit then was raised to $1,241,000,000. Later, when the bill went to the Senate, it was raised to around $1,460,000,000. Has the gentleman any information now as to what the latest estimated deficit for 1933 is?

Mr. CRISP. No. As I said before all I know about it is what I read in the newspaper.

Mr. McCORMACK. Does not the gentleman think that the executive department ought to officially advise the Congress what the estimated deficit is?

Mr. CRISP. I think it will have to be done before this House will consider the subject matter.

Mr. CHINDBLOM. Did not that figure of $920,000,000 represent the deficit for the year 1931?

Mr. VINSON of Kentucky. Oh, no; $903,000,000 was the deficit for the fiscal year 1931.

Mr. CHINDBLOM. Conditions have been growing constantly worse in the country. The possibility of obtaining revenue has been constantly diminishing. It is true the revenue bill which we passed imposes increased taxes on incomes, both low and high. It is very doubtful in these times, with diminishing incomes, and particularly with the practical elimination of large incomes, whether those high rates will bring in what has been claimed for them.

Mr. McCORMACK. I agree with some of the remarks made by my friend, and I am not making any criticism at

this time, but I think we ought to know definitely what the estimated deficit is at the present time for 1933 instead of being compelled to read the newspapers in the morning and hear of conferences being held. The Congress ought to receive definite information from the Executive Department as to what the estimated deficit for 1933 is. This is particularly so in view of recent statements appearing in the newspapers.

Mr. VINSON of Kentucky. Mr. Speaker, so that there can be no misunderstanding about the figures, $903,000,000 and $920,000,000; $903,000,000 is the deficit for the fiscal year 1931. We started hearings on the revenue bill on January 13, this year, and at that time the President estimated it would require $920,000,000 to balance the Budget for the fiscal year 1933. After we had been in session for about three weeks, on February 9 the Secretary of the Treasury came in with revised figures and said it was necessary to raise $1,241,000,000 to balance the Budget for the fiscal year 1933.

Mr. BACON. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. BACON. Did not the President's statement the other night perhaps have reference to the failure of the economy bill both in the Senate and the House?

Mr. CRISP. The way I read the statement, he said that there was a deficit which must be made up by additional taxes or economy. I am in favor of economies.

Mr. BACON. I agree with the gentleman.

Mr. CRISP. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the House joint resolution.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. CRISP, a motion to reconsider the vote by which the resolution was passed was laid on the table.

EXTENSION OF REMARKS

Mr. YON. Mr. Speaker, I ask unanimous consent to extend my remarks upon the bill passed to-day.

Mr. JOHNSON of Washington. Does the gentleman mean on the discharge motion?

Mr. YON. Yes.

Mr. JOHNSON of Washington. I object.

Mr. STAFFORD. We will discuss the bonus bill to-morrow.

Mr. YON. But I shall not be in the city to-morrow.

PHILIPPINE INDEPENDENCE

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on Philippine independence.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HARLAN. Mr. Speaker, after a third of a century of temporizing with this question of independence of the Philippines we can not be critical of the people of those islands if they have come to suspect that the late Senator Lodge, champion imperialist of the Spanish War days, expressed the true sentiment of our people when he said, as the treaty with Spain was being ratified by the Senate:

> We make no hypocritical pretense of being interested in the Filipinos solely for the good of others. While we regard these islands as a sacred trust, we regard the welfare of the United States first. We believe in trade expansion.

That was a frank, cheerless, comfortless statement hurled at a people who had, by force of arms, just been conquered by a powerful and independent nation—a nation builded upon the principles of "life, liberty, and the pursuit of happiness," and looked to by the oppressed of all lands as the harbor and refuge of those who had the will to be free, and the courage and determination to bear the responsibilities that attach to independence.

With the passing of the years, the bluntness and harshness of Senator Lodge's statement were softened by the pronouncements of our Presidents and official spokesmen, of the commissions, of the investigators, all of whom gave honeyed assurances that the Filipinos were entitled to freedom, should have it, and always led them to believe that the promised land of independence was just around the corner. They must be a patient people, these Filipinos. They have been fighting for independence since the sixteenth century, and let it not be forgotten that they had achieved this goal, had bottled up Spanish rule to the single city of Manila and had swept their islands clear of the foreigner two years before the American occupation, so that we need not pride ourselves that we are giving these people independence; we are only restoring to them what they once had, even though that period of liberty was brief and short-lived.

Throughout the years of our occupation of their islands, the far-away pastures of liberty and self-determination have ever been distant but always green and an objective to be attained by the Filipinos. They have heard and silenced every argument used to deny them freedom. The organic law of the islands is the Jones Act of 1916. Under that they have improved their cities, built schools, increased their literacy and developed agriculture and industry. They evince such an interest in self-government that in recent elections 80 to 95 per cent of the registered voters go to the polls. Nine hundred of their municipalities are being administered practically exclusively by their own people and of the more than 20,000 civil service employees on the islands, less than 500 of these are now Americans. And what is not to be overlooked in these times is the fact that they have a balanced budget and a government that has been self-supporting since its establishment.

There was no more severe critic of the islands than the late Leonard Wood, their one-time governor; but in fairness to them, he said in one report:

> They [the elections] were the most orderely ever held on the islands. It can be stated that throughout the archipelago there were no serious disturbances. All parties admit the elections were fairly and honestly conducted. The number of complaints have been strikingly small.

I submit this is a badge of good conduct which many an American State might envy.

Now, what do we require of these people before they are to be given their independence, and what pledge have we made that they shall have it? Regardless of the utterances and promises of this Government during the first 15 years of our occupation, we did in 1916 write into the preamble of the Jones Act the specific and sacred pledge that they should be free. This preamble in part says:

> It was never the intention of the people of the United States in the incipiency of the war with Spain to make it a war of conquest and aggrandizement, and * * * it has always been the purpose of the people of the United States to withdraw their sovereignty over the people of the Philippine Islands as soon as a stable government can be established.

I maintain that a stable government has been established. This very Jones law, under which the islands govern themselves to a very large extent, has been the proving ground of their ability to take their place among the free nations of the world, and we as a democracy can no longer deny them their inalienable right to freedom. How much longer must a people crying for liberty and entitled to it wait for this Government to say the word? Must they each and all become "rugged individualists," the cherished type of our Chief Executive? Or is this another "noble experiment" in democracy that has already run for 30 years and may run for 30 more unless we acknowledge that there is such a thing as international honesty and that we have a binding pledge to redeem?

As a foster mother we have guided the Filipinos through a generation the like of which has never been experienced. At close hand they have been enabled to observe how the American Republic functions in times of prosperity as well as in periods of Democratic "panics" and even Republican "depressions." They have had ample opportunity to observe our 10-year excursion into the abridgment of personal liberty—I mean prohibition—and they have had equal opportunity to weigh the results.

There across the Pacific they must stand with tongues in cheeks, nodding knowingly as they are tempted to come to

the conclusion that their dawning independence is not the result that we have pledged them freedom, but rather because of financial and economic conditions which now would indicate that for our own interests it might be well to let the islands go.

There was a day when we saw the Philippines as a treasure to be coveted and retained. Now we are not so sure. The cry is going up from agriculturists and capitalists that we free the islands and that high tariff walls be thrown up to protect American products because under the present arrangement there is free trade between us. These are factors, although many deny it, that are counting heavily in the apparent growing sentiment to give the islands liberty. Is it possible that these wards of ours shall eventually come to the conclusion that the way to Uncle Sam's heart is through his pocketbook?

While I should very much prefer not to consider the question of Philippine independence from a dollar and cents view at all, but purely from a motive of justice and national honor, nevertheless I do not believe that it can be denied that the friendships which this Nation will establish, not only among the Asiatic peoples but among the yellow, black, and brown races all over the globe, by this act of magnanimity will redound to the future generations of our people in commercial dealings a thousandfold greater in value than the retention of these islands themselves.

The example of a branch of the Anglo-Saxon race in the height of its power, freely releasing sovereignty over a foreign possession without any outside pressure whatsoever, but purely from a sense of justice and a desire to see every people who earnestly yearn for liberty and are willing to prepare themselves for it freed from alien domination, will unquestionably establish this Nation among the nations of the globe as one that is safe to trust and worthy of confidence.

Are we to have the only voice in saying when these people shall be free? Are not the people themselves to be considered? Can we completely and entirely thrust an occidental civilization on an oriental race? They have Christianity; that was one thing Spain gave to them and left with them, and they have assimilated American ideals and methods.

Let us admit that these people of another race have stood the test of time and that they are entitled to their freedom when and how they want it. Let us cast aside the economic and the military factors that enter into the question, and as for the latter it will be debatable long after we have left the islands whether we should or should not have retained them for military and naval purposes. To continue to deny these people their independence will be construed through the ages as an act of bad faith. Let us stand on our pledge and give them their freedom.

PROGRAM FOR THE AFTERNOON

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for five minutes on the afternoon's program.

The SPEAKER pro tempore. Is there objection?

Mr. MICHENER. Mr. Speaker, reserving the right to object, what is the afternoon program?

Mr. BLANTON. I want to address myself to some matters that are coming up in the afternoon program.

Mr. MICHENER. What is the afternoon program?

Mr. BLANTON. Some District bills that will come up this afternoon.

Mr. MICHENER. If the District Committee does not object, I shall not.

Mr. BACON. Does not the gentleman think that the gentlewoman from New Jersey ought to have an opportunity to present her bills?

Mr. BLANTON. I think she will do it with much more expedition if the gentleman will allow me to proceed for five minutes.

Mr. BACON. If the gentleman will promise to expedite the matter, I will withdraw any objection I have.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, on two former District days there was being considered a bill known as the Bowman bill, which is a bad bill in many particulars. Exercising our rights under our oaths, in the performance of our duty, my colleague, the gentleman from Texas [Mr. PATMAN], who is a member of that committee, and I pointed out certain provisions of that bill that ought not to become law and we showed it was a bad bill.

I offered to substitute for it a bill known as the Blaine bill, which has been carefully worked out and which has passed the Senate unanimously, and which when amended in two particulars, is a good bill. If that request had been granted, the Blaine bill would have been passed and it would have been signed by this time and would have been the law, but there was an attempt made to push the Bowman bill through. I blocked it, and it is blocked yet, and I will do everything within my power to continue to block it, for I do not believe it ever will pass the Congress.

Now, concerning that bill, I want to show you what the Washington Herald said about it editorially the next morning. It said:

Mr. BLANTON has rendered a service in preventing the passage of the Bowman bill for the regulation of the sale of securities in the District of Columbia. It is unfortunate that the District Committee did not substitute for the Bowman bill the Blaine bill, dealing with the subject, which has already unanimously passed the Senate. It is a real "blue sky" act, affording a far greater degree of protection to investors than the House bill. If the Blaine bill had been accepted, as it should have been, this legislation would have been awaiting the President's signature by this time. Mr. BLANTON blocked the Bowman bill.

That is an editorial from the Washington Herald. So you see it behooves the House and it behooves the country and even the people of the District, for Members to watch these bills and stop them when they ought not to pass.

I wish you might see the bunch of letters I have received from citizens of the District of Columbia approving my act in stopping the Bowman bill.

Mr. BOWMAN. Will the gentleman yield?

Mr. BLANTON. No. I am sorry I can not. I only have five minutes and I do not want to take up more time of the House. I am just going to read one letter that is typical of all of them, because this is a copy of a letter that was addressed to the chairman of the committee. It is written from 2333 Nebraska Avenue, Washington, D. C., May 23, 1932, and addressed to the chairman of the committee, Mrs. MARY T. NORTON, and it says:

While I regret the failure of some of the bills in yesterday's budget, yet I feel that their loss is more than compensated by the failure of the amazing securities bill. I have been wholly unable to see the merit in that bill. On the contrary, to my mind it sanctions the evil practices which are notorious here, and I believe elsewhere, since it is an era of mishandled securities, which makes them no securities. I sincerely hope the bill will never receive the sanction of Congress. It is too amazing that it could emerge from the committee.

I speak as a taxpayer and a long-time resident.

Very truly yours,

(Miss) MARY E. LAZENBY.

Now, as far as the group of bills closing streets and the two bills of my good friend the gentlemen from Kentucky, Judge GILBERT, are concerned, they ought to be passed, and passed hurriedly. They are good bills. As far as the Buzzards Point bill is concerned, it is a good bill, and it ought to pass. As far as the railway extension bill is concerned, it is a good bill, and it ought to pass. As far as the barber Sunday closing bill is concerned, which closes barber shops on Sundays, it is a good bill, and it ought to pass.

I stated frankly to the committee on former District days that if they would take up these good bills and pass them they could pass them without any trouble at all; but they should not have taken up a controversial matter like the Bowman measure, which we have blocked; and if that committee will drop that Bowman bill and ask unanimous consent to take up these good bills, they will not have a bit of trouble in the world; but if they seek to take up the Bowman bill, they will have just as much trouble as ever, because as long as I am a Member of the House I am going

to try to block that bill, and all other bad bills it reports here.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

Mr. BLACK. Mr. Speaker, I object.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to proceed for one minute.

Mr. BLACK. I object.

Mr. McGUGIN. I object.

EXTENSION OF TRACKS OF PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD CO. IN CONNECTION WITH BUZZARDS POINT

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 12115) to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes, and I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the lady from New Jersey?

Mr. BLANTON. Reserving the right to object—and I shall not—this is a bill which ought to pass, and is a good bill, and I shall not object.

There was no objection.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that an identical Senate bill, S. 4736, be substituted for the House bill.

The SPEAKER pro tempore. Is there objection to the request of the lady from New Jersey?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Philadelphia, Baltimore & Washington Railroad Co. is hereby authorized to establish a switch connection with the existing track siding leading from Second and I Streets SE. to and into the United States navy yard, at a point in said siding south of M Street SE.; thence running over and across the northwest corner of United States reservation 17 E, at present controlled and occupied by the United States Navy Department for navy yard and ordnance storage purposes; thence over, across, and through square 743 to First Street SE.; thence southward on First Street SE. to and thence along Potomac Avenue to the west line of Second Street SW., with all necessary switches, extensions, turnouts, and sidings and such other track extensions through and along One-half Street SW., One-half Street SE., and Second Street SW., south of Potomac Avenue and north of Potomac Avenue to P Street as may be or become necessary for the establishment of adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia.

SEC. 2. The Secretary of the Navy is hereby authorized to sell and transfer or to lease to the Philadelphia, Baltimore & Washington Railroad Co., its successors and/or assigns, upon such terms and for such amount as he may deem to be both just and reasonable, the existing railroad track connection with the United States navy yard as constructed and established under authority conferred by an act of Congress approved August 29, 1916, entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1917, and for other purposes": *Provided*, That the title to any right of way or property provided by the United States for the purposes of such construction and now occupied by said track connection shall remain in the United States: *And provided further*, That said track connection, in so far as the requirements of the United States Navy Yard may be affected, at all times shall be maintained and operated by said railroad company, its successors or assigns, to the satisfaction of the Secretary of the Navy.

SEC. 3. Said railroad company is hereby authorized to construct, maintain, and operate branch tracks, spurs, or sidings into any lot or square now or hereafter zoned for industrial or second commercial use abutting upon any street or avenue over and along which said railroad company is hereby specifically authorized to lay and operate tracks, and also to construct tracks to serve any wharf which may be established on the Anacostia River: *Provided*, That the construction of all such railroad tracks and appurtenant turnouts, branch tracks, and sidings, in all respects and things, shall be subject to the prior approval of the Commissioners of the District of Columbia after report by the National Capital Park and Planning Commission, such approval to be noted upon identical copies of a suitably prepared plat or chart, one copy to be kept on file in the office of the engineer commissioner of the District of Columbia and the other thereof to be kept on file in the office of the National Capital Park and Planning Commission.

SEC. 4. Subject always to the approval of the Commissioners of the District of Columbia, all such railroad tracks, turnouts, branch tracks, spurs, and sidings may be located and constructed in, upon, along, and through public grounds, space, and streets of the United States and/or of the District of Columbia as same are now or hereafter may be located and established: *Provided*, That except as herein expressly authorized no tracks, turnouts, branches, spurs, or sidings shall be constructed along or through South Capitol Street or First Street SW. in the north and south direction, at grade or otherwise, but each of said streets, with prior approval of said Commissioners of the District of Columbia, may be crossed to such extent as may be necessary for the establishment of adequate railroad facilities: *Provided further*, That no permit for the construction of tracks, turnouts, branches, spurs, or sidings shall be issued with respect to squares 600, 602, 604, 606, 608, 610, and 612, or any of said squares, until the particular square or squares for which a permit is sought shall have been zoned industrial: *And provided further*, That the plans for any building fronting on Canal Street from the Anacostia River to P Street SW. shall have the approval of the Fine Arts Commission as to height and design.

SEC. 5. Nothing herein contained shall be construed as limiting or abridging the authority of the Commissioners of the District of Columbia under the act of Congress approved March 3, 1927 (44 Stat. L. 1353), entitled "An act to provide for the elimination of grade crossings of steam railroads in the District of Columbia, and for other purposes."

SEC. 6. The Philadelphia, Baltimore & Washington Railroad Co., its successors or assigns, is hereby authorized to acquire any land or property other than public grounds, space, or streets of the United States or the District of Columbia necessary or expedient for right of way for said track extensions, turnouts, branch tracks, spurs, sidings, and connections by purchase or condemnation. In event that said company, its successors or assigns, shall be unable to acquire any piece or parcel of land necessary or expedient for any of the purposes indicated in this act, at a price deemed by it to be reasonable, then, and in such event the Philadelphia, Baltimore & Washington Railroad Co., its successors and assigns, is authorized to acquire the same by condemnation proceedings to be instituted in its own name by petition filed in the Supreme Court of the District of Columbia for the ascertainment of its value, in accordance with the provisions of sections 483 to 491, inclusive of Chapter XV of the act of Congress approved March 3, 1901, entitled "An act to establish a code of law for the District of Columbia," as amended by the act of Congress approved March 1, 1929, entitled "An act to amend Chapter XV of the Code of Law for the District of Columbia, and for other purposes" (45 Stat. L. 1437), so far as the same may be applicable.

SEC. 7. If and when the Commissioners of the District of Columbia shall decide to pave or repave any of the streets over or along which tracks are authorized to be constructed, the railroad company shall be required to bear the expense of the paving and/or repairs to pavements between the rails and on either side of the tracks for a distance of 2 feet.

SEC. 8. The authority to establish, construct, acquire, maintain, and operate the tracks, switch connections, extensions, turnouts, sidings, branches, spurs, and other facilities provided for in this act is given upon the following conditions, to wit: The said facilities shall be open to any and all freight traffic by rail whether originating within or without the District of Columbia either on the said the Philadelphia, Baltimore & Washington Railroad Co. or any other common carrier railroad, upon such just, reasonable, and nondiscriminatory rates, terms, and conditions as may be embraced in public tariffs, subject to the jurisdiction of the Interstate Commerce Coommission as provided for other rates under the provisions of the interstate commerce act: *Provided*, That no greater charge shall be made for deliveries to be made upon said facilities than is or are or may be made for delivery of like traffic consigned for delivery at any other delivery point on the Philadelphia, Baltimore & Washington Railroad Co. in the District of Columbia; special, free, or reduced rates or charges for deliveries of property consigned to the United States or any of its departments, bureaus, or subordinate branches or to or for use of the municipality of the District of Columbia not included: *And provided further*, That any common carrier by railroad now or hereafter authorized to operate in the District of Columbia shall, upon application to and approval by the Interstate Commerce Commission, be permitted to use jointly all such facilities as provided in this act on such terms and for such compensation as may be prescribed by the said Interstate Commerce Commission in accordance with the provisions of the interstate commerce act, as amended.

SEC. 9. The right to alter, amend, or repeal this act is hereby reserved without regard to any payments required or agreements established under its terms.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word.

My purpose in making the motion is to inquire whether the Senate bill has incorporated in it the amendments as found in section 4 of the House bill?

The statement has been made that the Senate bill is identical with the House bill.

Mr. BLACK. I compared the two bills the other day and found them identical.

Mr. STAFFORD. Does the Senate bill carry the amendments of the House bill? I refer to section 4.

Mr. BLACK. The two bills are the same.

Mr. STAFFORD. That being so, I withdraw my pro forma amendment.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill, H. R. 12115, was laid on the table.

CLOSING OF CERTAIN STREETS IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 12096) to authorize the closing of certain streets in the District of Columbia rendered useless or unnecessary, and for other purposes, and ask unanimous consent that it may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

Mr. BLANTON. Mr. Speaker, I shall not object because this is the Buzzard Point bill, which is a good bill.

There was no objection.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the Senate bill (S. 4689) may be substituted and considered in lieu of the House bill.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, may I inquire whether the Senate bill is identical with the House bill? Does it contain the committee amendments as reported?

Mrs. NORTON. I think the gentleman will find they are identical.

Mr. STAFFORD. Can any member of the committee give the assurance that it is identical so that we do not have to follow the reading closely?

Mrs. NORTON. Yes; the two bills are identical.

Mr. BLANTON. Mr. Speaker, referring to the inquiry of the gentleman from Wisconsin, the amendments in the House bill at the bottom of section 3 and at the bottom of section 4 by all means ought to be in the Senate bill, because they are safeguards.

Mr. STAFFORD. I shall follow the bill as it is read.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized to close, upon the recommendation of the National Capital Park and Planning Commission, that portion of U Street SW. lying between First Street and Half Street SW., as may be rendered useless or unnecessary by reason of the construction of an electric light and power plant on squares 665 and 667 adjoining said street: *Provided*, That the said Commissioners of the District of Columbia shall sell to the abutting property owners the land contained within the portion of said street to be closed, for cash, at a price not less than the assessed value of contiguous lots, and the money received therefrom paid into the Treasury of the United States to the credit of the District of Columbia, and that such lands shall thereafter be assessed on the books of the assessor of the District of Columbia the same in all respects as other private properties in the District.

SEC. 2. That the Commissioners of the District of Columbia are hereby further authorized to close, upon the recommendation of the National Capital Park and Planning Commission, that portion of Water Street between U and V Streets SW.; and said commissioners are hereby authorized to give title to the owners of square 667 abutting on Water Street that portion of Water Street so closed lying west of the direct southerly projection of the west line of Half Street as now existing north of U Street SW., upon notification from the Director of Public Buildings and Public Parks of the National Capital of the receipt from all claimants in absolute quitclaim deeds to the United States of all land in square east of 667, east of the direct southerly projection of the west line of Half Street, as now existing north of U Street SW., and such other land as may be acquired by the owners of square 667 in square east of south of 667, subject to the right of said owners to construct and operate any pipe lines and intake and discharge tunnels in or under the same to the Anacostia River, and provided that all of said lands deeded to private owners by the Commissioners of the District of Columbia under this section shall thereafter be assessed on the books of the assessor of the District of Columbia the same in all respects as other private properties in the District of Columbia.

SEC. 3. That the Commissioners of the District of Columbia be, and they are hereby, authorized to grant any and all permits for the construction and operation of any pipe lines and intake and discharge tunnels in or under the public streets, roads, and highways south of T Street SW. and east of Second Street SW. to the Anacostia River as may become necessary in the construction, installation, and operation of any electric lighting and power plant, provided the same will not interfere with the development of other property located within this area.

SEC. 4. That the Secretary of War be, and he is hereby, authorized to permit the construction and operation of any intake and discharge tunnels and/or other structures in the Anacostia River in so far as they affect navigable waters of the United States; and that the Director of Public Buildings and Public Parks of the National Capital is hereby authorized, in consideration of the above-mentioned quitclaims to the United States, to convey, on behalf of the United States, to the owners of square 667 that portion of square east of 667 lying west of the direct southerly projection of the west line of Half Street as now existing north of U Street SW.; and that said Director of Public Buildings and Public Parks of the National Capital is hereby authorized to permit the construction and operation of any pipe lines and intake and discharge tunnels, upon such terms and conditions as shall be fair and reasonable, under and on any lands owned or claimed by the Government of the United States lying in the above area and/or between the east line of Water Street, or other streets, and the Anacostia River. All areas conveyed by the United States to the owners of square 667 shall thereafter be assessed on the books of the assessor of the District of Columbia the same in all respect as other private properties in the District of Columbia.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word.

The report on this bill and on another bill providing for closing of streets do not contain the letter of recommendation by the District Commissioners. In one of these minor bills I noticed a report from the committee that did contain the letter of recommendation; but the bill as reported did not carry out, maybe inadvertently, the recommendations of the commissioners.

I think it is better practice to have the letter of the commissioners embodied in the report, so that Members scrutinizing the bill may be able to get at first hand the opinion of the commissioners without merely having the addendum at the end that the bill has the approval of the commissioners and of the National Capital Park and Planning Commission.

Mrs. NORTON. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mrs. NORTON. In the report I think the gentleman will find a letter from the commissioners signed by L. H. Reichelderfer, president of the Board of Commissioners.

Mr. STAFFORD. The report accompanying this bill (H. R. 12096) is Report No. 1393, which I have in my hand, and it does not contain any specific letter from the District commissioners. I am merely referring to the practice and stating that it is better to have the letter of the commissioners embodied in the report.

The pro forma amendment was withdrawn.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H. R. 12096) was laid on the table.

OPENING AND CLOSING OF ROADS WITHIN THE BOUNDARIES OF THE DISTRICT OF COLUMBIA WORKHOUSE AT OCCOQUAN, VA.

Mrs. NORTON. Mr. Speaker, I call up Senate bill 1768, to provide for the opening and closing of roads within the boundaries of the District of Columbia workhouse property at Occoquan, Fairfax County, Va., and I ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore (Mr. BANKHEAD). The lady from New Jersey calls up Senate bill 1768, and asks unanimous consent that the same may be considered in the House as in Committee of the Whole. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, I would like to have the bill reported in order to see what it is.

The SPEAKER pro tempore. The Clerk will report the bill by title.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the lady from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized to convey to the

State of Virginia, or to the county of Fairfax in said State, a strip of land 50 feet wide to be used as a public thoroughfare running southerly for a distance of approximately 1,700 feet from the Fairfax Courthouse Road to the Telegraph Road in Fairfax County, Va., as shown on map No. 1595, filed in the office of the surveyor of the District of Columbia: *Provided*, That the State of Virginia, or the county of Fairfax in said State, shall convey to the District of Columbia for private use as part of the workhouse property a portion of Telegraph Road running southwesterly for a distance of approximately 900 feet from the Fairfax Courthouse Road to the 50-foot strip herein authorized to be conveyed by the Commissioners of the District of Columbia, as shown on map No. 1595, filed in the office of the surveyor of the District of Columbia.

Mr. McGUGIN. Mr. Speaker, I move to strike out the last word. I want to take a few moments of the time of the House to refer to the matter of balancing the Budget. I do not think there is anything new in the President's statement that the Budget is not balanced.

Mr. BLANTON. Mr. Speaker, the gentleman from Kansas is going to start a controversial political question that may need answering. If there should be general debate during this District day he could do that in general debate, but it is not permissible under the 5-minute rule. I just want it understood that if the gentleman starts a political question here that needs answering it may be necessary to answer it.

Mr. McGUGIN. I did not suppose there was any subject that could be touched here on which the gentleman from Texas would not want to horn in.

Mr. BLANTON. I am here to horn in on every question of importance that comes up before the House.

Mr. McGUGIN. Everyone will agree with the gentleman in that statement.

The SPEAKER pro tempore. The gentleman from Kansas will proceed in order.

Mr. McGUGIN. I think it is quite clear and distinctly understood that the Budget was not balanced. I want to invite the attention of the House to the CONGRESSIONAL RECORD of May 31, page 12050, and particularly to a few questions and answers in the Senate about five minutes before the final roll call on the revenue bill.

Mr. COPELAND. Mr. President, I should like to ask the Senator from Utah how much revenue we have provided to-day by what we have done?

Mr. SMOOT. I believe it is $281,000,000.

Mr. COPELAND. What economies must we exercise, then, in order to fully balance the Budget?

Mr. SMOOT. Approximately $300,000,000.

With that question asked by the Senator from New York, and with that frank answer from the Senator from Utah, the chairman of the Finance Committee of the Senate, I think it was clearly understood that the Budget was not balanced and would not be balanced unless Congress effected $300,000,000 of savings. Therefore the President is not taking any unfair advantage of the Congress when he now calls the attention of the Congress and the country to the fact that this Congress has not yet had the courage to meet its constitutional duty to provide sufficient revenue to maintain this Government. Least of all, Congress need express no surprise to find that it has not yet performed its plain duty. Congress knew when it passed the revenue bill it had not balanced the Budget. Congress knew the Budget would not be balanced until Congress had the moral courage to reduce expenses $300,000,000. Congress must either reduce expenses $300,000,000 or levy more taxes, or leave the Government an insolvent institution to the extent of $300,000,000. [Applause.]

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

A similar House bill was laid on the table.

PHILIPPINE INDEPENDENCE

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LOZIER. Mr. Speaker, while the House has passed the Hare bill, granting independence to the Philippines, as yet the Senate has taken no action on the measure. But those who would have us retain the Philippines permanently, or for an indefinite period, are not idle. They are preaching the insidious doctrine of delay, and industriously endeavoring to marshal opinion both in and out of Congress against the enactment of any legislation at this session looking to the early independence of the Philippines.

In view of this cynical attitude, if not actually inspired at least sanctioned by the Hoover administration, the friends of Philippine independence must not be overconfident or indifferent to the widespread propaganda that seeks to discredit, delay, and ultimately defeat the fulfillment of our pledge to grant early and complete independence to these insular wards. I consider this one of the most important issues before the American people; and until a bill establishing the sovereignty of the Philippines has become law, I will not remain silent on the subject.

I regret that my views on the Philippine question do not meet with the approval of some of my colleagues and a few American publicists. It is not pleasant to differ from those whom we respect and hold in high esteem. But a great principle is at stake, and our final decision with reference to the Philippines will have a far-reaching effect. An important question of national policy is involved. We are standing at the forks of the road. We are being subjected to an acid test. Our Republic was founded on the principle that no nation has the right to hold another nation or people in political servitude. To this doctrine all Americans subscribe. Thirteen million Filipinos are making to us the same passionate appeal for political freedom that we made to Great Britain prior to the American Revolution.

Now, are we sincere when we proclaim our devotion to the principles and policies on which our free institutions are founded? Are we going to deny to the Filipino the same degree and kind of freedom we enjoy? Can we convincingly argue that self-government is a good thing for Americans but a bad thing for the Filipinos? In politics and statecraft it is a fundamental maxim to be consistent, and those who would have the United States Government indefinitely or permanently hold the Philippines are not bedecked with the rare and radiant jewels of consistency.

If we seek a just and permanent settlement of the Philippine problem, we must beware of the Janus politicians who have one face toward ultimate but long-delayed Filipino independence and another face toward imperialism and the permanent retention of the Philippines by the United States. Sometimes vice dons the robes of virtue, error wears the trappings of truth, and not infrequently despotism borrows the livery of freedom in order to accomplish their sinister purpose. Moreover, many of the most militant opponents of Philippine independence have financial or commercial axes to grind.

By denying self-government to the Philippines we will establish a dangerous precedent and sanction a policy which will brand us as apostates to the gospel of freedom, on which our Republic is founded. Once we depart from the faith of our fathers and discard the exalted principles and lofty ideals that have inspired and dominated our national life we thereby plant in our body politic a malignant germ that may perchance slumber for decades or generations, and then incubate a train of calamities that may make beggars, slaves, or savages of our posterity.

No one can with any degree of certainty forecast the changes the next century may make in the map of the world, or what governments, great and small, will survive the rust and ravages of the oncoming years. Some of the nations that now exert a potential influence in world affairs may bite the dust and be destroyed. Kingdoms may become republics, and republics be transformed into despotisms. Even our own National Union is not immune from the disintegrating forces that travel with time. The blighting and blistering curse of fascism, bolshevism, communism, and anarchy may palsy our Government, and a Lenin,

Stalin, Pilsudski, Primo de Rivera, or Mussolini may rule our people with an iron hand. And perchance—though God forbid—some future historian may record the melancholy fact that our once glorious Republic was overthrown by sedition, revolution, or foreign aggression, and that a lineal descendant of a Chicago gunman or racketeer established a despotism on the ruins of our free institutions, and by strong-arm methods installed himself in the White House as the autocrat of all the Americas.

While our people are now strong and mighty, the time may come in future generations when, beset by foes within and without, facing grave dangers and fearing destruction, we will cry out to the posterity of our present insular wards for help, and myriad millions of brown-skinned citizens of a puissant Filipino Republic, realizing our desperation and profoundly grateful to us for our benefactions to them in the past, will stretch their nimble hands across the sea to aid, succor, and sustain us in our national vicissitudes.

No, my colleagues; we can not afford to adopt a policy toward the Filipino that is not absolutely right, just, and in harmony with the professions and promises heretofore made. We must consider the future. Racial hatreds are easily engendered and difficult to uproot. Holding the Philippines permanently, or for an indefinite term of years, without an unequivocal assurance of ultimate independence at a definite time, will be productive of infinite harm, and will kindle in the hearts of the Filipinos the fierce flames of unquenchable hatred. No temporary advantages that might accrue to us by keeping the Philippines can outweigh the calamities that such a policy would bring on us or our posterity.

My countrymen, we must not indulge in any sharp practice in our dealings with our insular wards. It is beneath our dignity as a nation to overreach the Filipinos or drive a sharp bargain with them. Both self-respect and self-interest dictate that we keep faith with the 13,000,000 people, who, by the sudden shiftings of human events, passed under our guardianship. Let us deal with them unselfishly, generously, and justly, as becometh a mighty nation, conscious of its prowess but actuated by no base motive. By such a course we will win the approval of our national conscience, tremendously augment our power, and extend our influence as a self-respecting, right-thinking, right-acting nation. The rule of right is the only rule of action for nations as well as individuals. We will gain nothing and lose much by traveling any other path. As a nation we can easily be undone by the improper, unwise, unethical, and unjust use of our great wealth and power.

Claudius Cæsar, when he held Caractacus and his vassal lords chained to the wheels of his war chariot, spoke less contemptuously of the conquered Britons than the small, leather-lunged and empire-minded group of Americans speak of the Filipinos. They look upon the Philippines as a rich field for exploitation and see in the Filipino only an untamed and untutored denizen of an island jungle, whom they would have us believe is unappreciative of liberty and wholly unfit to exercise the functions of self-government.

In one breath the opposition to Philippine independence, with great eloquence, energy, and ingenuity, argue that the Filipinos are obviously incapable of self-government, and in the next breath they say independence is not a live issue, because the Filipinos are already enjoying almost unlimited self-government; that they now have the substance of self-government and are making all this fuss about its shadow. Those who are so vociferous in opposing self-government for the Philippines are remarkably proficient in the delicate arts of meek evasion and shuffling subterfuge.

Next to my obligations to my God and my two devoted sons comes my duty to my native land and its free institutions. My spirit is active and my inclinations are warm in the interests of my country. I would not knowingly do or say anything inimical to its interests, and I crave at all times the opportunity to do something that will strengthen its institutions and add luster to its hitherto unparalleled and untarnished accomplishments. To effectuate this purpose I will ever strive to keep your and my country from doing aught that is little, shortsighted, insincere, inconsistent, time-serving, or unethical. In our contact with the outside world, whether we touch elbows with a mighty nation or with a feeble folk, may my country never adopt questionable means to accomplish its purposes or augment its power or overstep the well-defined path of rectitude or be insensible to the high ideals and noble impulses on which it has already built enduring influence and deathless glory.

Cæsar lost his sword in the Battle of Gergovia. After the subjugation of Gaul, he saw the sword suspended in a Gaulish temple. "Let it stay there," he said; "it has been sanctified." The American and Filipino blood shed in the Philippines during the unhappy insurrection 30 years ago has united the two races and sanctified and cemented a friendship between their own peoples that must be maintained as long as time lasts and the seasons come and go. We have lost no swords in the Philippines that we wish to reclaim.

We do not, and must not, look upon these islands as a conquered province, or as spoils of war, or fruits of victory. By the fortunes of war they were unexpectedly thrown into our lap. We accepted them as trustees, intending and promising to hold them only until the Filipinos qualified for self-government. While not so expressed, we were in fact transfer agents or the conduit through which the sovereignty of the islands was to pass from Spain to the native inhabitants. It is now time to terminate this trust and restore these islands to their rightful owners.

The fears that the Filipinos will abuse and not appreciate their independence are born of misinformation. These apprehensions are not the fruits of reason and common sense, or consonant with human experience. Wrestling with the problems incident to self-government will sharpen the wit, mature the judgment, and strengthen the hands of the Filipinos. The time has come for action; for, after all, actions, not theories, blaze out national trails, establish the landmark of progress, and set in motion the slow but certain and resistless forces of destiny.

CLOSING OF QUINTANA PLACE

Mrs. NORTON. Mr. Speaker, I call up Senate bill 3911, to authorize the Commissioners of the District of Columbia to close Quintana Place, between Seventh Street and Seventh Place NW., and I ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. The lady from New Jersey calls up a bill, which the Clerk will report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the lady from New Jersey that the bill may be considered in the House as in Committee of the Whole?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, this is the bill to which I adverted a moment ago. The bill in its present form does not conform with the recommendation of the commissioners. The commissioners say they have no objection to the enactment of this bill if payment is made to the District for the cost of moving and relocating the water main. I have prepared an amendment which I think meets the recommendation of the commissioners, to be inserted after the word "authorized," in line 4. The amendment reads as follows:

On condition that the expense of moving and relocating the water main now existing be borne by the adjoining property owner and without other expense to the District of Columbia.

If that amendment is accepted, I have no objection to the consideration of the bill in the House as in Committee of the Whole.

Mrs. NORTON. Mr. Speaker, I accept the amendment.

The SPEAKER pro tempore. Is there objection to the request of the lady from New Jersey that the bill may be considered in the House as in Committee of the Whole?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized to close Quintana Place, between Seventh Street and Seventh Place NW., running through square 3160 in the District of Columbia, dedicated as a public highway by plat recorded December 23, 1925, and recorded in book No. 80, page 173, of the records of the surveyor of the

District of Columbia: *Provided*, That the title to the land lying within the area hereby closed shall revert to the proprietor of the adjoining blocks, the land in the said dedication never having been improved or used as a highway.

Mr. STAFFORD. Mr. Speaker, I offer an amendment. After the word "authorized" in line 4, page 1, insert the following:

On condition that the expense of moving and relocating the water main now existing be borne by the adjoining property owner and without other expense to the District of Columbia.

Mr. GREEN. Mr. Speaker, I make the point of order that the gentleman should reduce his amendment to writing.

Mr. STAFFORD. I do not take instructions from the gentleman from Florida. The amendment is in writing.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 1, line 4, after the word "authorized," insert "on condition that the expense of moving and relocating the water main now existing be borne by the adjoining property owner and without other expense to the District of Columbia."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

A similar House bill was laid on the table.

ALLEYS IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 3929) to authorize the Commissioners of the District of Columbia to close certain alleys and to set aside land owned by the District of Columbia for alley purposes, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

An act to authorize the Commissioners of the District of Columbia to close certain alleys and to set aside land owned by the District of Columbia for alley purposes

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby authorized to close the alley in square 2740, abutting lots 9 to 14, both inclusive, and extending east from the 16-foot alley in said square; to close the alleys in square 3268 extending south from Sheridan Street to the 20-foot alley running east and west through said square, and to close all that portion of the alley 10 feet wide in square 4541 abutting lots 803 and 804, and extending northerly from Rosedale Street to the 10-foot alley running east and west in said square, the District of Columbia being the owner of all the property abutting on said alleys herein authorized to be closed in said squares 2740, 3268, and 4541 and the said commissioners are further authorized to close any alleys or parts of alleys in the District of Columbia when, in their judgment, such alleys, or parts of alleys, are rendered useless and unnecessary by reason of the acquisition of abutting land for municipal purposes: *Provided*, That the District of Columbia, prior to the closing of any such alley or part of alley, has acquired title to all the land abutting on the alley or part of alley proposed to be closed: *Provided further*, That the title to the land comprised in the alleys or parts of alleys so closed shall revert to the District of Columbia: *And provided further*, That no property owner within the block where such alleys or parts of alleys are closed shall be deprived the right of access to his property by alleys or parts of alleys, unless adequate access to such property be substituted therefor.

SEC. 2. The Commissioners of the District of Columbia are hereby further authorized to set aside for alley purposes any land owned by the District of Columbia whenever it becomes necessary to provide additional area for alleys by reason of the closing of any alley or part of any alley: *Provided*, That in each case the area set aside for alley purposes shall not exceed the area of the alley or part of alley closed.

SEC. 3. The Commissioners of the District of Columbia shall cause public notice to be given, by advertisement in a newspaper of general circulation in the District of Columbia, of any order to be made by the said commissioners under the authority granted them by the provisions of this act: *Provided*, That such public notice shall be given not less than 30 days prior to the effective date of such order: *And provided further*, That if any interested property owner affected adversely by such order shall request a public hearing by the said commissioners, within 30 days prior to the effective date of the order, the said commissioners shall grant such hearing.

SEC. 4. That any and all necessary maps showing the action taken by the Commissioners of the District of Columbia under the provisions of this act shall be prepared by the surveyor of the District of Columbia, approved by the Commissioners of the District of Columbia, and ordered by said commissioners to be recorded in the office of the surveyor of the District of Columbia.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CLOSING OF CERTAIN STREETS AND ALLEYS IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 4106) to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

An act to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized to close R Street for its full width from the east boundary of parcel 224/27 to the west building line of Sixteenth Street; to close Fifteenth Street for its full width from the north line of R Street to the southeasterly building line of Fairlawn Avenue; to close part of Q Street abutting lot 23 in square 5598; to close all public alleys in square 5598, and to close the public alley 16 feet wide in square 5604 extending south from R Street to the south line of lots 101 and 802 in said square 5604, all in the southeast section of the District of Columbia, the ground within the lines of the parts of streets and alleys so closed to revert to the District of Columbia for use for school purposes: *Provided*, That the owners of all property abutting on the parts of streets and alleys so closed shall consent to such closing.

SEC. 2. That Q Street, located within the boundaries of parcel 224/7 and extending from the west line of Sixteenth Street to the southeasterly line of Fairlawn Avenue, and R Street, located within the boundaries of parcel 224/27, extending from the east building line of Fourteenth Street to the east boundary of said parcel 224/27, are hereby removed from the plan of the permanent system of highways for the District of Columbia.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word.

The proviso of section 1 is somewhat ambiguous. The closing of these streets and alleys for school purposes is contingent, as the proviso states, on the owners of all property abutting on the streets and alleys so closed consenting to such closing. The query arose in my mind as to the extent it was proposed to have the consent given. Is it intended that every person living on this R Street shall give consent before the closing of the street shall take place?

Mrs. NORTON. Certainly. They have been notified.

Mr. STAFFORD. I have not a map of the property intended to be condemned and yet the proviso is so broad it may extend to so many owners that it would be impossible to get the consent of all. I do not know whether it is the intention of the framers of the legislation to have it so extensive or not.

Mr. BLANTON. The consent has already been obtained.

Mr. STAFFORD. If that is the case, of course, there is no reason for my making further inquiry. I was only fearful it might be so extensive that it would not provide a working provision.

Mrs. NORTON. I may say to the gentleman that all of the owners have been notified and their consent has been secured.

The pro forma amendment was withdrawn.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

READJUSTMENT OF STREET LINES AND TRANSFER OF LAND FOR SCHOOL AND OTHER PURPOSES

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 11364) to provide for readjustment of street lines and the

transfer of land for school, park, and highway purposes, in the northeast section of the District of Columbia, and for other purposes, and ask unanimous consent that the Senate bill, S. 4396, may be substituted for the House bill, and the Senate bill considered in the House as in Committee of the Whole.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 4396

An act to provide for readjustment of street lines and the transfer of land for school, park, and highway purposes, in the northeast section of the District of Columbia, and for other purposes

Be it enacted, etc., That in order to provide for a readjustment of street lines and for the transfer of lands for school, park, and highway purposes in the territory lying south of Riggs Road between First Street and Rock Creek Church Road Northeast, the Commissioners of the District of Columbia be, and they are hereby, authorized to close the part of Ingraham Street and part of Riggs Road lying within the parcels designated B, C, and E, as shown on map numbered 1672 on file in the office of the surveyor of the District of Columbia, the title to the land comprised within said parcels designated B and E to revert to the District of Columbia for school purposes, and the title to the land comprised within said parcel designated C to be transferred to the Director of Public Buildings and Public Parks of the National Capital for park purposes. And the said commissioners are further authorized and directed to close that portion of First Street Northeast lying between the south line of Riggs Road and the north line of Ingraham Street, and to transfer title to the portion of First Street so closed to the Director of Public Buildings and Public Parks of the National Capital for park purposes.

SEC. 2. That the Director of Public Buildings and Public Parks of the National Capital is hereby authorized and directed to transfer to the Commissioners of the District of Columbia all of the land comprised within the parcels designated A and F, as shown on said map numbered 1672, the title to the land comprised within said parcel designated A to revert to the District of Columbia for school purposes, and the title to the land comprised within said parcel designated F to revert to the District of Columbia for highway purposes.

SEC. 3. The land comprised within the parcel designated D as shown on said map numbered 1672 is hereby authorized and directed to be abandoned as school property, and the said commissioners shall transfer said parcel designated D to the Director of Public Buildings and Public Parks of the National Capital for park purposes.

SEC. 4. The surveyor of the District of Columbia is hereby authorized to prepare the necessary plat or plats showing all parcels of land to be transferred, and portions of streets to be closed and transferred, in accordance with the provisions of this act, with a certificate affixed thereon to be signed by the authorized officials representing the Government agencies designated, after which said plat or plats shall be recorded upon the order of the Commissioners of the District of Columbia in the office of the surveyor of the District of Columbia; and said plat or plats, when duly recorded in said office of the surveyor of the District of Columbia, shall constitute a legal closing of streets and transfer of property for the purposes as set forth in the provisions of this act.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill, H. R. 11364, was laid on the table.

CLOSING BARBER SHOPS ONE DAY IN SEVEN

Mrs. NORTON. Mr. Speaker, I call up the bill H. R. 8290, providing for the closing of barber shops on Sunday in the District of Columbia, and I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the bill, S. 4023, an identical Senate bill, be substituted for the House bill.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, I wish to inquire whether the Senate bill conforms to the original House bill?

Mr. PALMISANO. I may say that the committee adopted the Senate bill and recommended the Senate bill.

Mr. STAFFORD. Yes; but I asked whether the Senate bill is identical with the House bill. Do I understand that the committee amendment in the House bill is in the Senate bill?

Mr. PALMISANO. Yes.

Mr. STAFFORD. Then I object.

Mrs. NORTON. Mr. Speaker, I withdraw the bill temporarily.

INCORPORATION OF CREDIT UNIONS IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill S. 1153, to provide for the incorporation of credit unions within the District of Columbia, and I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk began the reading of the bill, as follows:

Be it enacted etc.—

SHORT TITLE

SECTION 1. This act may be cited as the "District of Columbia credit unions act."

DEFINITION

SEC. 2. A credit union is hereby defined to be a cooperative society organized for the purpose of promoting thrift among its members and creating a source of credit for them for provident purposes.

ORGANIZATION CERTIFICATE

SEC. 3. Any seven or more persons, who are actual residents of, or do business or are employed within, the District of Columbia, and who desire to form a credit union, shall subscribe before some officer in the District competent to take the acknowledgment of deeds, an organization certificate which shall specifically state—

First. The name of the corporation, which shall include the words "credit union" and "District of Columbia."

Second. The names and addresses of the subscribers to the certificate and the number of shares subscribed by each.

Third. The par value of the shares of the credit union, which shall not exceed $10 each.

Fourth. The proposed field of membership, specified in such detail as the Commissioners of the District of Columbia may require.

Fifth. The term of the credit union's existence, which may be perpetual.

POWER OF COMMISSIONERS OF THE DISTRICT

SEC. 4. The organization certificate shall be presented to the Commissioners of the District of Columbia, who may, in their discretion, approve the certificate. The said commissioners are hereby authorized to refer any such proposed certificate to the Comptroller of the Currency, who shall, within a reasonable time, submit a report to the said commissioners with respect (1) to the conformity of the certificate to the provisions of this act, (2) the general character and fitness of the subscribers, and (3) the advisability of establishing a credit union in the proposed field of membership.

RECORDING CERTIFICATE

SEC. 5. The certificate, if approved by the Commissioners of the District of Columbia, shall be filed for record in the office of the recorder of deeds for the District of Columbia, and shall be recorded by him. At such time as the approved certificate is so filed, the subscribers and their successors shall thereupon become a body corporate, and as such shall, subject to the limitations of section 8 (relating to approval of by-laws), be vested with all the powers and charged with all the liabilities conferred and imposed by this act upon corporations organized thereunder as credit unions: *Provided*, That the last paragraph of section 552 of the Code of Law for the District of Columbia shall have no application to credit unions.

SUPERVISION BY COMPTROLLER OF THE CURRENCY

SEC. 6. The provisions of sections 713 and 714 of the Code of Law for the District of Columbia, as now or hereafter amended (relating to supervision by the Comptroller of the Currency of banking institutions in the District of Columbia), shall apply to credit unions, except that the Comptroller of the Currency may relieve credit unions from compliance with any such requirements to such extent and in such manner as he deems will not prejudice the proper conduct of the affairs of such credit unions: *Provided, however*, That the publication of reports named in section 713 shall not be required of credit unions having assets of less than $100,000 and fees incident to making the examinations specified in section 714 shall not exceed a basic fee of $5 and 3 cents per $1,000 of assets per annum: *Provided, however*, That it shall be unlawful for any such credit union to transact business in the District of Columbia without procuring a license from the District of Columbia; and all such credit unions shall pay a license tax of $15 per annum to the District of Columbia. No license shall be granted for a period longer than one year: *Provided, however*, That the Commissioners of the District of Columbia may suspend or revoke a license upon proof of the bankruptcy or

insolvency of any such credit union or upon conviction of a violation of any provision of this act or of any law or regulation of the District of Columbia or of the United States.

POWERS

SEC. 7. A credit union shall have succession in its corporate name during its existence and shall have power—

First. To make contracts.

Second. To sue and be sued in its corporate name.

Third. To adopt and use a common seal and alter the same at pleasure.

Fourth. To purchase, hold, and dispose of property necessary to enable the corporation to carry on its operations.

Fifth. To make loans to its members for provident purposes upon such terms and conditions as the by-laws provide and as the credit committee may approve at rates of interest not exceeding 1 per cent per month on unpaid balances, inclusive of all charges incident to the making of the loan: *Provided*, That no loan to a director, officer, or member of a committee shall exceed the amount of his holdings in the company in shares nor shall any such director, officer, or member indorse for borrowers. A borrower may prior to maturity repay his loan in whole or in part on any business day.

Sixth. To receive of its members payment on shares.

Seventh. To invest in the paid-up shares of building and loan associations and of other credit unions to an extent not to exceed 25 per cent of its capital, and in any investment legal for savings banks or for trust funds in the District of Columbia.

Eighth. To make deposits in banks and trust companies in the District of Columbia under the supervision of the Comptroller of the Currency.

Ninth. To borrow in an aggregate outstanding amount not exceeding 40 per cent of its paid-in and unimpaired capital.

Tenth. To fine members for failure to meet promptly their obligations to such corporation.

Eleventh. To impress a lien upon the shares and dividends of any member to the extent of any loan made to him and any dues or fines payable to him.

BY-LAWS

SEC. 8 (a) The incorporators shall subscribe, acknowledge, and submit to the Commissioners of the District of Columbia proposed by-laws, and no credit union shall receive payments on account of shares or make any loans until such proposed by-laws have been approved by the commissioners as being in conformity with the provisions of this act.

Mr. BLANTON (interrupting the reading). Mr. Speaker, I make the point of order that this is a very controversial bill, one that may affect the Treasury. I was in hopes the committee would call up bills only that were noncontroversial. There are a lot of good bills on the calendar, and this is going to take a long time, and I hope the chairman of the committee will withdraw this bill.

Mr. O'CONNOR. Mr. Speaker, that is not a point of order.

Mr. BLANTON. All right. I make the point of order that there is no quorum present.

The SPEAKER pro tempore. The gentleman makes the point that no quorum is present. The Chair will count. [After counting.] One hundred and thirty-five Members present—not a quorum.

Mr. COOPER of Tennessee. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed, the Sergeant at Arms instructed to notify absent Members, the Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 96]

Abernethy	Douglas, Ariz.	Lankford, Va.	Pettengill
Aldrich	Douglass, Mass.	Larrabee	Pratt, Ruth
Allgood	Drane	Lea	Purnell
Bacharach	Erk	Leavitt	Reid, Ill.
Baldrige	Estep	Lewis	Rogers, N. H.
Beck	Evans, Mont.	Lovette	Schafer
Boehne	Fernandez	McDuffie	Smith, Idaho
Boland	Flannagan	McFadden	Smith, W. Va.
Boylan	Freeman	McGugin	Snell
Brand, Ga.	Goodwin	McLeod	Stokes
Brand, Ohio	Haines	McMillan	Swick
Britten	Hall, N. Dak.	Maas	Tilson
Cavicchia	Hastings	Magrady	Timberlake
Chase	Haugen	Manlove	Tucker
Chiperfield	Hopkins	Martin, Oreg.	Underhill
Clague	Horner	May	Watson
Condon	Hull, William E.	Montague	West
Cooper, Ohio	Igoe	Mouser	Withrow
Crisp	Jacobsen	Murphy	Wolfenden
Crowe	James	Nelson, Mo.	Wood, Ind.
Crump	Johnson, S. Dak.	Nelson, Wis.	Woodrum
Curry	Johnson, Wash.	Oliver, N. Y.	Wyant
Dallinger	Kading	Overton	Yates
De Priest	Kahn	Owen	
Disney	Ketcham	Patterson	

The SPEAKER pro tempore (Mr. BANKHEAD). On this call 331 Members have answered to their names, a quorum.

Mr. COOPER of Tennessee. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

The SPEAKER pro tempore. The Clerk will continue with the reading of the bill for amendment.

The Clerk read as follows:

BY-LAWS

SEC. 8 (a) The incorporators shall subscribe, acknowledge, and submit to the Commissioners of the District of Columbia proposed by-laws, and no credit union shall receive payments on account of shares or make any loans until such proposed by-laws have been approved by the commissioners as being in conformity with the provisions of this act.

(b) The by-laws shall prescribe the purposes for which the corporation is formed, the qualifications for membership, the date of the annual meeting, the manner of conducting meetings, the methods by which members shall be notified of meetings and the number of members which shall constitute a quorum, the number of directors and the compensation and duties of officers, the number of members of the credit committee, the fines, if any, to be charged for failure of members to meet promptly obligations to the corporation, the amount of the entrance fee, if any, to be paid, and such other regulations as are deemed necessary.

(c) Amendments of the by-laws may be adopted by a three-fourths vote of the members present at any members' meeting, but the amendments shall not take effect until approved by the Commissioners of the District of Columbia as being duly adopted and in conformity with the provisions of this act. The meeting shall be duly called for the purpose and the proposed amendments shall be set forth in the call.

Mr. BLANTON. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Beginning on page 6, line 10, strike out all of section 8.

Mr. BLANTON. Mr. Speaker, this is a bill that ought not to pass. With all due respect to my good friend the gentleman from Massachusetts [Mr. CONNERY], who is an able legislator and a splendid good fellow, he has drawn the bill with but one view in mind, and that is to try to aid some people without thinking about the burden he is placing upon the Government.

We have been told that we lack now, after taxing the people in every way possible, $300,000,000 of balancing the Budget. Yet by this bill you are going to add more burdens to the Government. You are placing upon the Comptroller of the Currency another job, another obligation, requiring him to increase his personnel to supervise these corporations, and putting the taxpayers of the country to more expense. Do you want to do that?

One of the best speeches I ever heard made on this floor was a 5-minute speech made by the great Jim Mann, of Illinois. He said he was never going to vote to incorporate another Federal charter for private business. I heard a similar, splendid speech, made by Uncle Joe Cannon, and another one by the great Martin Madden. They converted me upon that question. I shall never vote to create another Federal charter for private business, and to show you how they appreciate this, to show you how they expect to commercialize it, I read from the last page of the bill, as follows:

It shall be unlawful for any individual, partnership, association, or corporation, except corporations organized in accordance with this act, to transact business in the District of Columbia under any name or title containing the words "credit union," or to transact business at any place in the United States under any name or title containing the words "credit union" and "District of Columbia" or "Federal" or "United States" or other words indicating that the business is transacted pursuant to authority of any act of Congress.

In other words, you are giving to the corporation created under this special charter the exclusive right to use the word "Federal" and the words "United States" in every part of the United States. Are you willing to do that? Are you going to vote for a bill of that kind? I am not. I am not going to give special privileges to a corporation in the District to the detriment of every individual, business, and corporation in every other part of the United States.

I call attention to another provision in the bill, which provides for supervision by the Comptroller of the Currency. This is a private corporation, organized for special benefit and profit. Its directors can profit by this concern. You are directing and authorizing them to lend money to the Government workers at 12 per cent per annum interest. Talk about loan sharks. They can charge the Government worker 1 per cent a month, and it is all to be supervised by the Comptroller of the Currency. I ask you gentlemen what interest your people at home have in putting this additional burden upon the Comptroller of the Currency and this additional burden on the taxpayers of the United States.

Mr. THATCHER. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. THATCHER. Is there any provision for fees to be paid by these corporations to the Comptroller of the United States or to the United States?

Mr. BLANTON. Fifteen dollars they pay the District of Columbia and that is all and they do not pay the Comptroller of the Currency anything and they do not pay anything to the Government of the United States. There is one man here who knows how much it is going to cost, and that is the chairman of the Committee on Appropriations. He knows that when the Comptroller of the Currency has to supervise corporations of that sort, it costs money, and the first thing the Comptroller of the Currency will do will be to come to our committee and ask us to give him more personnel to do this supervising. I am going to vote not to do it. I am going to be one who is standing by our friend from Tennessee, Mr. BYRNS, in trying to reduce expenses, and not in trying to increase expenses.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Not now. I thought this important enough to make a point of no quorum, and get you here, and not pass a bill of this kind by unanimous consent. Why should we issue a Federal charter to these commercial organizations? If the committee would withdraw this bill they might pass a lot of good bills in the time they will take to pass this one. I know I can not stop the bill, but I am doing my duty by calling your attention to it. If you let this Federal charter be created by your vote, it is not my responsibility. I have done my duty by calling attention to it. I have done my full duty to the country when I have told you what is in this bill, that you are creating another private corporation, many of them, to be supervised by the Comptroller of the Currency, at the expense of the people, giving them an exclusive right, to the detriment of the rest of the people of the United States. That is all I have to say about it.

Mr. CONNERY. Mr. Speaker, I rise in opposition to the amendment.

I dislike to differ with my distinguished colleague, the gentleman from Texas [Mr. BLANTON], but the sole purpose of this bill is to do away with the loan sharks in the District of Columbia and allow Government employees and other residents of the District to borrow money at a reasonable rate.

In the District of Columbia to-day the loan sharks are charging up to 30, 35, and 36 per cent. There are credit unions now in 34 States in the United States. During the depression, when we had 4,000 bank failures in the country, not one single credit union has failed in those 34 States.

This is a poor man's bill. This is a bill which allows people who have confidence in one another to get together and form a credit union. It can be done in the District of Columbia by Government employees and other residents. They buy shares in their own corporation. Then they borrow money when they need it; if they want to borrow $300 or $200 to make a payment on their home, to pay interest, to educate their children, or to start a little home of their own, they may do so; and they are borrowing from their own friends and acquaintances on the faith and credit which those friends and neighbors have in them. That is the sole purpose of this bill.

The provision about coming under the Comptroller of the Currency is along the lines followed in the States. We do not want a credit union that is not regulated by the Government. They are regulated in all the 34 States; the bank examiners go out and examine their books, just as they do the banks, and see to it that the credit union is in a good financial situation. If it is, they are O. K.

The proof of the pudding is in the eating. Thirty-four States in the Union have these credit unions. Not one of them failed in all of this depression, and it will readily be seen that it is a poor man's proposition.

Mr. Edward A. Filene, a big department store owner in Boston, who is a philanthropist and friend of the people, decided that a sensible, sane way to help his less fortunate neighbors would be to help them help themselves. He has put a great deal of money into helping form these credit unions to develop thrift, to help people save their own money. Many church organizations have these little credit unions all over the country to help the people in their own parishes. The parishes form them. The East Lynn Post of the American Legion in my own home city has a credit union and loans to its own members; it helps them to buy homes and helps them to pay the interest on the mortgage. That is all this bill provides. I say it is a poor man's bill for the Government workers of the District of Columbia and the people of the District of Columbia. It will prevent loan sharks from plundering the poor and unfortunate, and I hope the bill will pass.

The SPEAKER pro tempore (Mr. RAINEY). The question is on agreeing to the amendment offered by the gentleman from Texas to strike out the section.

Mr. BLANTON. Mr. Speaker, that was a pro forma amendment, and I ask unanimous consent to withdraw it.

Mr. GOSS. Mr. Speaker, I object.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Texas to strike out the section.

The amendment was rejected.

The Clerk read as follows:

MEMBERSHIP

SEC. 9. Credit-union membership shall consist of the incorporators and such other persons or organizations as may be elected to membership and subscribe to at least one share, pay the initial installment thereon, and the entrance fee, if any; except that credit-union membership shall be limited to groups the members of which are actual residents of or do business or are employed within the District of Columbia, and either have a common bond of occupation or association or reside within a well-defined neighborhood or community.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word.

It has been suggested that we should, as in building and loan associations, place a limit on the number of shares that may be held by any one individual in these beneficiary associations. This bill, as I read it, will enable more than one credit union to be formed in the District of Columbia. It is perfectly safeguarded also in that the field of membership is limited to that prescribed by the Commissioners of the District of Columbia. There is nothing in the provisions of the bill whereby the provisions of this beneficent enactment can be abused. It can only pertain to establishing credit unions in the District of Columbia. However, I think we should place some limit of amount on the number of shares that may be held by any one individual. I would like to know from the gentlewoman from New Jersey or the gentleman from Massachusetts, who, I believe, introduced a companion bill in the House, whether they have any objection to an amendment providing that no more than 200 shares may be held by any one person.

Mr. CONNERY. I would have no objection. That is what we have in Massachusetts.

Mr. STAFFORD. We do that with building and loan associations. We do not want this to be a money-making affair. In every instance called to my attention these credit unions have been successful. As the gentleman from Massachusetts says, it is a sincere attempt to stop the loan-shark evil in the District of Columbia. That evil is practiced in

the District of Columbia worse than in any other city of like size.

I withdraw the pro forma amendment, Mr. Speaker, and will offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: On page 7, line 15, insert after the word "share," the following: "But not more than 200 shares by any one individual."

Mrs. NORTON. Mr. Speaker, the committee will accept the amendment.

The amendment was agreed to.

The Clerk read as follows:

MEMBERS' MEETINGS

SEC. 10. The fiscal year of all credit unions shall end December 31. The annual meeting of the corporation shall be held at such time during the month of January and at such place as the by-laws shall prescribe. Special meetings may be held in the manner indicated in the by-laws. No member shall be entitled to vote by proxy, but a member other than a natural person may vote through an agent delegated for the purpose. No member shall, irrespective of the number of shares held by him, have more than one vote; and, after a credit union has been incorporated one year, no member thereof shall be entitled to vote until he has been a member for more than three months. All offices of a credit union shall be in the District of Columbia.

MANAGEMENT

SEC. 11. (a) GENERAL.—The business affairs of a credit union shall be managed by a board of not less than five directors, a credit committee of not less than three members, and a supervisory committee of three members, to be elected at the annual meeting, and to hold office for such terms, respectively, as the by-laws may provide and until successors qualify; except that prior to the first annual meeting all the business affairs of a credit union shall be managed by the subscribers to the certificate of incorporation. A record of the names and addresses of the members of the board and committees and the officers shall be filed with the Commissioners of the District of Columbia within 10 days of their election. No member of the board or of either committee shall, as such, be compensated: *Provided*, That no person shall be elected to the board or to either committee unless he be duly elected to membership as provided in section 9 of this act.

(b) OFFICERS.—At their first meeting after the annual meeting the directors shall elect from their own number a president, a vice president, a clerk, and a treasurer, who shall be the executive officers of the corporation. The offices of clerk and treasurer may be held by the same person. The duties of the officers shall be as determined in the by-laws, except that the treasurer shall be the general manager of the corporation.

(c) DIRECTORS.—The board of directors shall have the general direction of the affairs of the corporation. They shall act upon application for membership; fix the amount of the surety bond required of any officer having custody of funds; recommend declaration of dividends; determine interest rates on loans: *Provided, however*, That the interest rate on loans shall not be in excess of the maximum amount fixed by the provisions of this act; fill vacancies in the board and in the credit committee until successors to be elected at the next annual meeting have qualified; have charge of investments other than loans to members; determine the maximum loans other than loans to members; determine the maximum individual share holdings and the maximum individual loan which can be made with and without security, except that no loan in excess of $50 shall be made without adequate security; and transmit to the members recommended amendments to the by-laws. For the purposes of this subdivision an assignment of shares or the indorsement of a note shall be deemed security.

(d) CREDIT COMMITTEE.—The credit committee shall hold meetings, of which due notice shall be given to its members, to consider applications for loans to members of the corporation, and no loan shall be made unless all members of the committee who are present when the application is considered and a majority of all the committee approve the loan. Applications for loans shall be on forms prepared by such committee, which shall set forth the purpose for which the loan is desired, the security, if any, and such other data as may be required.

(e) SUPERVISORY COMMITTEE.—The supervisory committee shall make an examination of the affairs of the credit union at least quarterly, including an audit of its books; shall make an annual audit and report to be submitted at the annual meeting of the corporation; by a unanimous vote may suspend any officer of the corporation, or any member of the credit committee or of the board of directors until the next members' meeting, at which time the suspension shall be acted on by the members; and, by a majority vote, may call a meeting of the shareholders to consider any violation of this subchapter or of the by-laws, or any practice of the corporation deemed by the committee to be unsafe or unauthorized. The said committee shall fill vacancies in its membership until successors to be elected at the next annual meeting have qualified: *Provided, however*, That before the treasurer shall enter upon his duties he shall give bond with good and sufficient security, in an amount to be determined by the board of directors, conditioned upon the faithful performance of his trust.

RESERVES

SEC. 12. All entrance fees and fines provided by the by-laws and, before the declaration of any dividend therefrom, 20 per centum of the net earnings of each year, shall be set aside as a reserve fund against bad loans, which fund shall be kept liquid and intact and not distributed except in case of liquidation.

DIVIDENDS

SEC. 13. At the annual meeting a dividend may be declared from net earnings on recommendation of the board, which dividend shall be paid on all paid-up shares outstanding at the end of the preceding fiscal year. Shares which become fully paid up during such year shall be entitled to a proportional part of said dividend calculated from the first day of the month following such payment in full.

EXPULSION AND WITHDRAWAL

SEC. 14. A member may be expelled by a two-thirds vote of the members of the corporation present at a special meeting called for such purpose, but only after an opportunity has been given him to be heard. The credit union may require 60 days' notice of intention to withdraw shares. Expulsion or withdrawal shall not operate to relieve a member from any remaining liability to the credit union. All amounts paid in on shares or deposited by expelled or withdrawing members prior to their expulsion or withdrawal shall be paid to them in the order of their withdrawal or expulsion, but only as funds become available and after deducting any amounts due from such members to the credit union.

MINORS

SEC. 15. Shares may be issued and deposits received in the name of a minor or in trust in such manner as the by-laws may provide. The name of the beneficiary shall be disclosed to the credit union.

TAXATION

SEC. 16. Credit unions, but not the members thereof, shall be exempt from Federal and District of Columbia taxation except taxes upon real property.

RESTRICTION ON USE OF WORDS "CREDIT UNION"

SEC. 17. It shall be unlawful for any individual, partnership, association, or corporation, except corporations organized in accordance with this act, to transact business in the District under any name or title containing the words "credit union," or to transact business at any place in the United States under any name or title containing the words "credit union" and "District of Columbia" or "Federal" or "United States" or other words indicating that the business is transacted pursuant to authority of any act of Congress. Any individual, partnership, association, or corporation violating this section shall upon conviction thereof be subject to a fine not in excess of $100 for each day during which the violation continues.

Mr. BLANTON. Mr. Speaker, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 13, line 3, after the word "union," strike out the remainder of line 3, all of lines 4 and 5, and up to and including the word "States," in line 6.

Mr. LAGUARDIA. Mr. Speaker, I rise in opposition to the amendment.

If we strike out the language suggested by the gentleman from Texas it would do exactly what he seeks to avoid.

If we strike out this language it would then be permissible for a corporation not organized, not under supervision, to use the words "credit union" or "Federal" or "United States."

The purpose of this is to limit the use of the words "credit union" to only such organizations as are organized in accordance with the provisions of this act and under the supervision of the Comptroller of the Currency.

Now, if you do not do that, organizations not under such control, not under such limitations, loan sharks would be able to use the words "credit union" and take advantage of the name without any of its responsibility.

Now, as to use of the words "United States" and "Federal" in connection with an organization—the name must first be approved by the Comptroller of the Currency—and I am sure the Comptroller of the Currency is not going to permit any group to call itself "United States Credit Union." But if it is "the Savings Credit Union, organized under Federal law," or "organized under the law of the United States," it must be so organized. Otherwise, it may not use that designation.

So, although the gentleman from Texas is a very careful legislator, in this instance, I believe, his theory will not be carried out if the words are stricken from the bill.

Mr. BLANTON. The present law keeps them from using those names.

Mr. STAFFORD. They should not.

Mr. TABER. They should not; that is right.

Mr. BLANTON. People elsewhere should have equal rights. What has the District of Columbia Credit Union got to do with the rest of the United States? Why should there be a provision in the bill that no other company could use the words "credit union" in connection with the words "Federal" or "United States" without being guilty of an offense and subject to a fine of $100?

Mr. STAFFORD. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. STAFFORD. The gentleman is quite aware that many corporations use the word "National" or "Federal" to give the public the impression that they have some connection with the Federal Government or are incorporated by act of Congress. They should not be privileged to use those names.

The purpose of the amendment is to meet that evil.

Mr. BLANTON. The gentleman from Wisconsin knows if we carry the language contained in the bill, there may be 500 different corporations incorporate under this act, and every one of them have a Federal charter, but they are all here in the District of Columbia. Because they are incorporated under this act they can use the word "Federal" or the words "United States" or the words "credit union" in connection with those two words, but none of the others anywhere else may do so.

Mr. STAFFORD. But they have to be subject to the examination of the Comptroller of the Currency.

Mr. BLANTON. In what way are the rest of the people of the United States interested in them? In no way.

Mr. TABER. And, if the gentleman will yield, they must have permission to file their certificate of incorporation.

Mr. BLANTON. They get that from the Commissioners of the District of Columbia, and from nobody else.

Mr. TABER. Certainly; that is right.

Mr. BLANTON. Let me say, also, that the Commissioners of the District of Columbia are concerned with an area only 10 miles square, and not with 48 States of the Union.

I have done my duty by calling the matter to the attention of the House.

Mr. Speaker, I want to call attention to the fact that unless this language is stricken out, if there is a credit union in every town in every Member's district, where it is called "credit union," it can not operate hereafter without some question being raised under this law and without being guilty of an offense, and being subject to a fine of $100 a day for every day it operates under the name of "credit union." Do the Members want that provision to remain in the bill? Hereafter, no company or organization will be permitted to have the word "Federal" connected with it, without being guilty of an offense and paying $100 a day.

Mr. TABER. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. TABER. That is, provided they use the words "credit union" and "District of Columbia" together?

Mr. BLANTON. No.

Mr. TABER. Or use the words "credit union" and "Federal" together, or "credit union" and "United States" together.

Mr. BLANTON. Oh, no.

Mr. TABER. That is what it states.

Mr. BLANTON. The bill states "or 'Federal' or 'United States.'"

Mr. TABER. Certainly the bill does, but the organization has to use the words "credit union" and one of those three words in order to constitute a violation. That is what the language of the bill states.

Mr. BLANTON. Suppose the name of an organization contains the words "credit union" and the word "Federal."

Mr. TABER. It should not unless the organization has a permit from Congress. We can amend this if we have to, or if there is any occasion for it.

Mr. BLANTON. There could be no credit unions anywhere in the United States calling themselves Federal credit unions, after we pass this bill, except here in Washington, D. C.

Mr. LAGUARDIA. There is no law on credit unions at this time.

Mr. BLANTON. The present law prohibits a corporation from using as part of its name the word "Federal" or "United States."

Mr. LAGUARDIA. I beg the gentleman's pardon. The biggest crash we had in New York City was that of the United States Bank, and it took over 48 hours to make the people of Europe understand that it was not the bank of the United States Government.

Mr. O'CONNOR. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. O'CONNOR. Can the gentleman tell us just what effect the law would have on States in that respect, either with their doing business or using names?

Mr. LAGUARDIA. We have that matter now before the Committee on the Judiciary.

I may say that in New York State we have credit unions, and the use of the name "credit union" is limited to such organizations as are under supervision. The words "savings bank" can not be used in the same sense. The words "national bank" can not be used. So, the language here limiting the use to such organizations as are organized and under supervision is carrying out similar language of other measures on the same subject.

Mr. TABER. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. TABER. On page 2, lines 2 and 3, the operations of this corporation are absolutely limited to the District of Columbia.

Mr. LAGUARDIA. And unless we have this language a fake company could advertise all over the country and hold itself out as being under this supervision and organized under authority of this act. This measure is for the very protection which I am sure the gentleman from Texas has in mind.

Mr. COCHRAN of Missouri. Mr. Speaker, I rise in favor of the amendment in order to get some information. I would like to ask some member of the committee whether this corporation is going to be permitted to use the words "United States or Federal Credit Union," under the terms of section 17.

Mr. BLANTON. It could do it under this bill.

Mr. COCHRAN of Missouri. It seems to me that under the section 17, as worded, the corporation could use the name, "United States Credit Union."

Mr. CONNERY. They could not do that without the approval of the Comptroller of the Currency. They would have to have the approval of the Comptroller of the Currency to do that.

Mr. COCHRAN of Missouri. Suppose he approved it? We should prevent it and not leave it to the discretion of a Government official.

Mr. CONNERY. He would not approve it.

Mr. BLANTON. How does the gentleman know?

Mr. COCHRAN of Missouri. The gentleman from Massachusetts will recall that we had a bank or trust company called the United States Bank or Trust Co., I do not remember which, in the District of Columbia. I had a small deposit in the United States Bank or Trust Co., and one day there was a run on this institution of the District of Columbia. There were several thousand people outside the bank, many having Christmas savings accounts. It so happened that the Comptroller of the Currency, John Skelton Williams, in some way arranged for the Munsey Trust Co. to take over that institution and nobody lost any money. But it went out all over the United States that the United States Bank or Trust Co., in Washington, D. C., had closed its doors, and you can imagine the effect that had upon the people of this country. A statement to the effect that the United States Bank or Trust Co., of Washington, D. C., had closed its doors did not sound good to depositors,

many not aware the Government had no connection with its management. There was a nation-wide demand to prohibit the use of the words "United States" in connection with any kind of a financial institution. I am in favor of this bill, but I am not in favor of it if this corporation can use the words "United States."

Mr. CONNERY. I do not think the gentleman need have any fear about that because, first of all, it comes under the Comptroller of the Currency, who will have the say on that; and, secondly, because no credit union in the United States has failed during all this depression.

Mr. BLANTON. If the gentleman will permit, the language expressly provides that it shall be unlawful for anybody else to do it except corporations incorporated under this act. It permits them, by express authorization, to use the words "United States."

Mr. CONNERY. But it comes under the Comptroller of the Currency, and the gentleman need have no bother about that. It will not be the United States Credit Union, but it will be the Department of Commerce Credit Union or the Bureau of Printing and Engraving Credit Union, like it is in other places.

Mr. BLANTON. If the gentleman will permit, it is not the Comptroller of the Currency who has anything to do with the name. It is the District Commissioners. When they file their certificates with the District Commissioners they are the ones who pass upon it and not the Comptroller of the Currency. He has nothing to do with the name.

Mr. PALMISANO. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes; if I still have the floor. Others are using all my time and, I might add, without my permission.

Mr. PALMISANO. I might state that if the comptroller happens to permit the use of the name "United States," under section 18 this Congress can change any name or any charter or certificate of incorporation. The Congress would have the right to do that in the event he would permit it.

Mr. COCHRAN of Missouri. I would like to ask the gentleman [Mr. PALMISANO], who was the chairman of the subcommittee that handled the bill, what objection he would have to striking out the words, starting in line 5, that would permit the use of the words "United States" or "Federal"?

Mr. O'CONNOR. I was going to propose such an amendment. Mr. Speaker, I offer a substitute for the amendment offered by the gentleman from Texas.

Mr. COCHRAN of Missouri. What right, if I may be permitted to ask, has the gentleman from New York to take me off the floor?

Mr. O'CONNOR. I thought the gentleman had concluded.

Mr. COCHRAN of Missouri. I was going to offer such an amendment, but I yield to my friend the gentleman from New York [Mr. O'CONNOR] for that purpose. I am pleased to note the gentleman takes the same view as I do, and I hope the distinguished lady from New Jersey [Mrs. NORTON], who so ably handles the District of Columbia Committee, will give her approval, for I am confident it will mean its adoption and will remove a most objectionable feature of the bill as well as hasten its passage.

Mr. O'CONNOR. Mr. Speaker, I offer a substitute for the amendment offered by the gentleman from Texas. In line 5, beginning with the word "or," strike out the word "or" and the words in line 6 ending with "United States."

Mr. BLANTON. Mr. Speaker, I accept that amendment and ask unanimous consent to withdraw my amendment.

The SPEAKER pro tempore. Without objection, the amendment offered by the gentleman from Texas will be withdrawn.

There was no objection.

The SPEAKER pro tempore. The Clerk will report the amendment offered by the gentleman from New York.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 13, beginning in line 5, with the word "or," strike out the language "or 'Federal' or 'United States.'"

The amendment was agreed to.

The Clerk read as follows:

SEC. 18. Congress reserves the right to alter, amend, or repeal this act or any part thereof, or any charter or certificate of incorporation issued pursuant to the provisions of this act.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 429. Joint resolution to amend section 625 (a) of the revenue act of 1932.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1155. An act to establish a board of indeterminate sentence and parole for the District of Columbia and to determine its functions, and for other purposes; and

S. 3400. An act to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia."

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 8754. An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 11361) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1933, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BINGHAM, Mr. NYE, Mr. CAPPER, Mr. GLASS, and Mr. KENDRICK to be the conferees on the part of the Senate.

LICENSE FEES

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 11638) to amend section 7 of an act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, and for other purposes, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

Mr. BLANTON. Mr. Speaker, reserving the right to objest, before the bill is considered in the House, I would like the author of the bill to make a short statement as to the reasons for it. Is this the bill that was passed in the last Congress?

Mr. GILBERT. No; this is a bill that provides for a new license law for the District of Columbia. The present license law is 30 years old, and a great many businesses have sprung up in that time.

Mr. BLANTON. Is the gentleman the author of the bill?

Mr. GILBERT. The gentleman from Vermont [Mr. GIBSON] is the author of the bill. I am chairman of the subcommittee that held hearings on the bill.

Mr. BLANTON. I withdraw my reservation of objection.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, can the gentleman give some reason why the theater tax should be reduced from $100 to $50 as proposed and the motion-picture-theater tax reduced to $30? Some of these recommendations are rather appealing, while others seem to be not so favorable to the taxpayers of the District.

Mr. GILBERT. I will say to the gentleman from Wisconsin that no Member of Congress can possibly know the relative merits of all these propositions, with respect to the city of Washington. These were worked out by a commit-

tee that worked for six months or more. The committee was composed of the superintendent of licenses, Mr. Wade H. Coombs, an assistant of the corporation counsel's office, and a former corporation counsel. It was based, in the main, upon the inspection required and the expense of controlling these businesses. After they made this recommendation and the gentleman from Vermont [Mr. GIBSON] introduced the bill, I held hearings on it.

I will frankly admit I am not qualified to pass on the relative amounts that should be paid by all these numerous businesses, but I gave notice to everybody affected by this proposed license bill that if they had any objection to it we would hold hearings. Quite a few gathered and we heard complaints. If there is any complaint about this particular item, none was made, and the parties had knowledge of it.

Mr. STAFFORD. They would not make any objection to a reduction of the fee, of course. I am raising the question whether it is fair to the taxpayers of the District to have these fees reduced.

Mr. HOLMES. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. HOLMES. With reference particularly to theater inspection and the theater license, there was a time when they had to make numerous inspections. These inspections have now been reduced to practically four a year, whereas they formerly had to make 10 or 12 or 14. These amounts are based on actual inspections, the time required to make the inspections, and also takes into consideration the number of inspections per year in reference to all the various items recommended in the bill.

Mr. GILBERT. I thank the gentleman for his contribution.

Mr. STAFFORD. I shall not delay consideration of the bill any further. It is quite a lengthy bill and I have gone over it somewhat carefully. Although there are some items I did not think were quite equitable, I withdraw any objection to the present consideration of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentlewomen from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 7 of an act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, be, and the same is hereby, amended to read as follows:

"SEC. 7. No person shall engage in or carry on any business, trade, profession, or calling in the District of Columbia for which a license fee or tax is imposed by the terms of this section without having first obtained a license so to do. Applications for licenses shall be made to the Commissioners of the District of Columbia or their designated agent in accordance with the provisions of the act of Congress approved March 3, 1917, and no license shall be granted until payment for the same shall have been made. Every license shall specify by name the person, firm, or corporation to which it shall be issued, the business, trade, profession, or calling for which it is granted, and the location at which such business, trade, profession, or calling is to be carried on. Licenses granted under the terms of this section may be assigned or transferred on application upon the conditions applicable to granting the original licenses, and the Commissioners of the District of Columbia or their designated agent shall issue a certificate of such assignment or transfer upon the payment to the District of Columbia of a fee of $1 therefor. All licenses and transfers issued or granted shall be signed by the Commissioners of the District of Columbia or their designated agent and impressed with a seal to be adopted by the Commissioners of the District of Columbia.

"PAR. 2. No license shall be issued to any person to conduct any business for which a license is required in any building mentioned in the act entitled 'An act to require the erection of fire escapes in certain buildings in the District of Columbia, and for other purposes,' approved March 19, 1906, as amended by the act approved March 2, 1907, until such building has been provided and equipped with a sufficient number of fire escapes and other appliances required by said acts; and no license shall be issued under the provisions of this section relating to hotels, apartment houses, lodging houses, theaters, public halls, public amusement parks, or buildings in which moving pictures are displayed for profit or gain, until the inspector of buildings, the chief officer of the fire department, and the electrical engineer have certified in writing to the Commissioners of the District of Columbia or their designated agent that the applicant for license has complied with the laws enacted and the regulations made and promulgated for the protection of life and property.

"PAR. 3. Any license issued by the Commissioners of the District of Columbia or their designated agent to the proprietor of a theater or other public place of amusement may be terminated by the commissioners whenever it shall appear to them that after due notice the person holding such license shall have failed to comply with such regulations as may be prescribed by the commissioners for the public decency.

"PAR. 4. When more than one business, trade, profession, or calling for which a license is herein prescribed shall be carried on by the same person, the license fee or tax shall be paid for each such business, trade, profession, or calling, except where otherwise specifically provided herein: *Provided*, That licenses issued under any of the provisions of this section shall be good only for the location designated thereon, except in the case of licenses issued hereunder for businesses and callings which in their nature are carried on at large and not at a fixed place of business, and no license shall be issued for more than one place of business, profession, or calling, without the payment of a separate fee or tax for each: *Provided further*, That no person holding a license under the terms of this section shall willfully suffer or allow any other person chargeable with a separate license to operate under his license.

"PAR. 5. All licenses issued shall date from the 1st day of November in each year and expire on the 31st day of October following, except as hereinafter provided. Licenses issued at any time after the beginning of the license year shall date from the first day of the month in which the license was issued and end on the last day of the license year above prescribed, and payment shall be made of the proportionate amount of the annual license fee or tax: *Provided*, That where the license fee is $5 or less the fee shall not be prorated: *And provided further*, That no fee or tax shall be prorated to an amount less than $5.

"PAR. 6. All licenses granted under the terms of this section must be conspicuously posted on the premises of the licensee and said licenses shall be accessible at all times for inspection by the police or other officers duly authorized to make such inspections. Licensees having no located place of business shall exhibit their licenses when requested to do so by any of the officers above named.

"PAR. 7. For the purposes of this section the word 'person' shall signify and include firms, corporations, companies, associations, executors, administrators, guardians, or trustees; the word 'agent' shall signify and include every person acting for another; the word 'merchandise' shall signify and include every article of commerce whether sold in bulk or otherwise; the word 'dealers' shall signify and include every person engaged in selling or offering for sale any description of merchandise or property. Words of one number shall signify and include words of both numbers, respectively, and words of one gender shall signify and include words of every gender, respectively: *Provided*, That nothing in this section shall be interpreted as repealing any specific act of Congress or any of the police or building regulations of the District of Columbia regarding the establishment or conduct of the businesses, trades, professions, or callings herein named, and not inconsistent with the provisions of this section.

"PAR. 8. Apothecaries or druggists shall pay a license fee of $12 per annum. Every person who sells patent medicines, or manufactures, compounds, sells, or dispenses medicines by prescription or otherwise from a located place of business shall be regarded as an apothecary or druggist.

"PAR. 9. Auctioneers shall pay a license fee of $5 per annum. No license shall issue hereunder without the approval of the major and superintendent of police. If any licensed auctioneer, his agent or employee, shall convert to his own use in the District of Columbia any goods, wares, merchandise, or personal property of any description, or the proceeds of the same, and shall fail to pay over the avails or proceeds from the sale thereof, less his proper charges, within five days after receiving the money or its equivalent from the purchaser or purchasers of said goods, wares, merchandise, or personal property of any description, and after demand made therefor by the person entitled to receive the same, or his or her duly authorized agent, he shall be deemed guilty of a misdemeanor, and upon information and conviction in the police court of the District of Columbia shall be fined not more than $1,000 or be imprisoned not exceeding six months, or both, in the discretion of the court. Nothing herein contained shall be construed to repeal or alter the provisions of the act entitled 'An act to prevent fraud at public auctions in the District of Columbia,' approved September 8, 1916.

"PAR. 10. Owners or managers of barber shops, beauty parlors, beauty salons, vanity shops, or shingle shops, by whatsoever name called, where hair cutting, hairdressing, hair dyeing, manicuring, and kindred acts are practiced shall pay a license fee of $5 per annum.

"PAR. 11. Owners or managers of massage establishments and Turkish, Russian, or medicated baths shall pay a license fee of $5 per annum. No license shall be issued under this paragraph without the approval of the major and superintendent of police. It shall be unlawful for any female to give or administer massage treatment or any bath to any person of the male sex, or for any person of the male sex to give or administer massage treatment or any bath to any person of the female sex, in any establishment licensed under this paragraph. Any person violating the provisions of this paragraph shall, upon conviction, be punished as hereinafter provided; and, in addition to such penalty, it shall be the duty of the Commissioners of the District of Columbia to revoke the license of the owner or manager of the establishment wherein the provisions of this paragraph shall have been violated.

"PAR. 12. Owners or managers of establishments where public baths are supplied to transients shall pay a license fee of $5 per annum.

"PAR. 13. Owners or managers of establishments where moving-picture films are kept or stored shall pay a license fee of $125 per annum. No license shall be issued hereunder without the approval of the fire marshal of the District of Columbia.

"PAR. 14. (a) Owners or managers of establishments where gasoline or oils of like grade are sold shall pay a license fee of $3 per annum for each pump used in dispensing said gasoline or oils.

"(b) Owners or managers of establishments where kerosene or oils of like grade are stored or are kept for sale shall pay a license fee of $5 per annum.

"(c) Owners or managers of establishments where explosives of any kind are stored or are kept for sale shall pay a license fee of $5 per annum.

"(d) No license shall be issued under this paragraph without the approval of the fire marshal of the District of Columbia.

"PAR. 15. Owners or managers of establishments where pyroxylin is kept or stored for painting or spraying shall pay a license fee of $5 per annum. No license shall issue hereunder without the approval of the fire marshal of the District of Columbia.

"PAR. 16. Owners or proprietors of abattoirs or slaughterhouses, by whatsoever name called, shall pay a license fee of $100 per annum. No license shall issue hereunder except with the approval of the health officer of the District of Columbia and a compliance with existing laws concerning location.

"PAR. 17. (a) Owners or managers of laundries operated other than by hand power shall pay a license fee of $18 per annum.

"(b) Owners or managers of laundries operated by hand power shall pay a license fee of $5 per annum.

"(c) Owners or managers of dry cleaning or dyeing establishments shall pay a license fee of $5 per annum.

"PAR. 18. (a) Persons engaged in the business of manufacturing or renovating mattresses shall pay a license fee of $75 per annum.

"(b) Owners or managers of establishments where mattresses are stored, sold, or kept for sale, shall pay a license fee of $10 per annum.

"(c) Within the meaning of this paragraph, 'mattress' shall be deemed to include 'any quilt, comfort, pad, pillow, cushion, or bag stuffed with hair, down, feathers, wool, cotton, excelsior, jute, or any other soft material and designed for use for sleeping or reclining purposes.'

"PAR. 19. Proprietors of slot weighing machines, or slot machines used for dispensing foodstuffs or refreshments of any kind, shall pay a license fee of $2 per annum for each such machine.

"PAR. 20. (a) Owners or managers of theaters having a stage and movable scenery, used for the purpose of acting, performing, or playing in any play, farce, interlude, opera, or other theatrical or dramatic performance, or any scene, section, or portion of any play, farce, burlesque, or drama of any description, for profit or gain, shall pay a license fee of $50 per annum.

"(b) Owners or managers of theaters in which moving pictures are displayed, for profit or gain, shall pay a license fee of $30 per annum.

"(c) Owners or managers of buildings in which skating rinks, fairs, carnivals, balls, dances, exhibitions, lectures, or entertainments of any discription are conducted, for profit or gain, shall pay a license fee of $8 per annum: *Provided*, That for entertainments, concerts, or performances of any kind where the proceeds are intended for church or charitable purposes, and where no rental is charged, no license shall be required.

"PAR. 21. Owners or managers of establishments where bowling alleys, billiard or pool tables, or, any table, alley, or board upon which legitimate games are played, shall, when they are operated or conducted for public use, or for profit or gain, pay a license tax of $12 per annum for each such alley, board, or table. No license shall issue hereunder without the approval of the major and superintendent of police: *Provided*, That in case of refusal of said major and superintendent to approve said license, or upon written protest of a majority or more of the property owners or residents of the block in which it is proposed to grant such license, an appeal may be taken to the Commissioners of the District of Columbia, whose decision shall be final. All establishments licensed hereunder shall be closed during the entire 24 hours of each and every Sunday and between the hours of 1 o'clock a. m., and 8 o'clock a. m., on the secular days of the week.

"PAR. 22. Owners or managers of shooting galleries shall pay a license fee of $10 per annum. No shooting gallery shall be licensed until the inspector of buildings for the District of Columbia shall furnish a certificate that suitable precautions have been taken for the public safety by the erection of suitable shields and such appliances as, in his judgment, may be necessary. Before such license shall be issued the proprietor shall furnish to the Commissioners of the District of Columbia or their designated agent the written consent of a majority of the occupants and residents on the same side of the square or block in which the proposed gallery is to be located and also on the confronting side of the square fronting opposite to the same. The major and superintendent of police is hereby authorized to prescribe the caliber of firearms and kind of cartridges to be used in such licensed places.

"PAR. 23. (a) Owners or managers of grounds used for baseball, football, or other athletic exhibitions to which an admission fee is charged, directly or indirectly, shall pay a license fee of $5 per annum.

"(b) Owners or managers of grounds used for amusement parks, to which an admission is charged, directly or indirectly, other than those used for athletic exhibitions, shall pay a license fee of $65 per annum. Annual licenses issued under this paragraph shall date from April 1 in each year.

"PAR. 24. Owners or managers of swimming pools, indoor or outdoor, shall pay a license fee of $15 per annum.

"PAR. 25. Owners or managers of any circus shall pay a license tax of $200 per day.

"PAR. 26. Owners or managers of carnivals or fairs, by whatsoever name called, conducted for profit or gain, and not held in any building or structure license under this section, shall pay a license fee of $35 per day.

"PAR. 27. (a) Commission merchants dealing in food or food products shall pay a license fee of $5 per annum.

"(b) Owners or managers of bakeries, bottling establishments, candy-manufacturing establishments, grocery stores, ice cream-manufacturing establishments, meat shops, and market stands handling food or food products shall pay a license fee of $5 per annum: *Provided*, That if any licensee hereunder shall conduct upon the same premises more than one of the callings herein listed, no additional fee shall be required.

"(c) Owners or managers of delicatessens, ice-cream parlors, restaurants, soda fountains, or soft-drink establishments shall pay a license fee of $15 per annum: *Provided*, That if any licensee hereunder shall conduct upon the same premises more than one of the callings herein listed, or listed in the preceding paragraph, no additional fee shall be required. Within the meaning of this subparagraph a restaurant shall be any place where food or refreshments are served to transient customers to be eaten on the premises where sold.

"(d) Wholesale dealers in fish or other marine products shall pay a license fee of $30 per annum.

"(e) Owners or managers of dairies shall pay a license fee of $160 per annum.

"(f) All dealers in food or food products not listed herein, or elsewhere in this section, shall pay a license fee of $5 per annum.

"PAR. 28. Owners or managers of hotels shall pay a license fee of $18 per annum. Every place where food and lodging are provided for transient guests shall be regarded as a hotel.

"PAR. 29. Owners or managers of apartment houses shall pay a license fee of $15 per annum: *Provided*, That where the owner or manager maintains a restaurant on said premises the license fee shall be $18 per annum: *Provided further*, That if a restaurant is conducted on the premises by other than the owner or manager of the apartment house, the proprietor of such restaurant shall be liable for a separate restaurant license. Within the meaning of this paragraph an apartment house shall be a building in which the rooms are occupied in suites by three or more families.

"PAR. 30. Owners or managers of lodging houses shall pay a license fee of $15 per annum. Within the meaning of this paragraph a lodging house shall be a building in which sleeping quarters are provided to accommodate 10 or more transients.

"PAR. 31. (a) Every passenger vehicle for hire licensed under this paragraph shall be considered a public vehicle.

"(b) Any person, partnership, association, trust, or corporation operating or proposing to operate any vehicle or vehicles not confined to rails or tracks for the transportation of passengers for hire over all or any portion of any defined route or routes in the District of Columbia, except when such vehicle or vehicles are to be operated solely for sight-seeing purposes, shall, on or before the 1st day of October in each year, or before commencing such operation, submit to the Public Utilities Commission of the District of Columbia, in triplicate, an application for license, stating therein the name of such person, partnership, association, or corporation, the number and kind of each type of vehicle to be used in such operation, the schedule or schedules and the total number of vehicle-miles to be operated with such vehicles within the District of Columbia during the 12-month period beginning with the 1st day of November in the same year. The Public Utilities Commission shall thereupon verify and approve, or return to the applicant for correction and resubmission, each such statement, and when approved, forward one copy thereof to the Commissioners of the District of Columbia or their designated agents and return one copy to the applicant. Upon receipt of the approved copy, and prior to the 1st day of November in the same year, or before commencing such operation, each such applicant shall pay to the collector of taxes, in lieu of any other franchise, personal or license tax, in connection with such operation, the sum of eight-tenths of 1 cent for each vehicle-mile proposed to be operated in the District of Columbia in accordance with the application as approved. Upon presentation of the receipt for such payment, the Commissioners of the District of Columbia or their designated agent shall issue a license authorizing the applicant to carry on the operations embodied in the approved application. No increase of operations shall be commenced or continued unless and until an application similar to the original and covering such increase in operation shall have been approved and forwarded in the same manner and the corresponding additional payment made and license issued. No license shall be issued under the terms of this subparagraph without the approval of the Public Utilities Commission of the District of Columbia.

"(c) Owners of passenger vehicles for hire having a seating capacity of eight passengers or more, in addition to the driver or operator, other than those licensed in the preceding subparagraph, shall pay a license tax of $100 per annum for each vehicle used.

No such vehicle shall be operated unless there shall be conspicuously displayed therein a license issued under the terms of this subparagraph.

"(d) Owners of passenger vehicles for hire, whether operated from a private establishment or from public space, other than those licensed in the two preceding subparagraphs, shall pay a license tax of $25 per annum for each such vehicle used in the conduct of their business. Licenses issued under this subparagraph shall date from July 1 in each year. There shall be carried on each such vehicle a number corresponding to the number of the license issued therefor, in such place and of such character and dimensions as may be prescribed by the Public Utilities Commission of the District of Columbia. Said commission is hereby authorized to establish stands upon the public space, adjacent to hotels, or otherwise, for occupancy by said vehicles, and is further authorized to make and enforce all such reasonable and usual police regulations as they may deem necessary for the proper conduct and control of all such vehicles, subject to the approval of the joint board created by section 6 (e) of the act entitled 'An act to amend the acts approved March 3, 1925, and July 3, 1926, known as the District of Columbia traffic acts, and so forth,' approved February 27, 1931.

"(e) No person shall engage in driving or operating any vehicle licensed under the terms of subparagraphs (c) and (d) hereof without having procured from the Commissioners of the District of Columbia or their designated agent a license and a badge numbered to correspond with the number of said license, neither of which shall be issued except upon evidence satisfactory to the director of motor vehicles under the direction of the Commissioners of the District of Columbia that the applicant is a person of good moral character and is qualified to operate such vehicle, and upon payment of an annual license fee of $5. Such license shall be displayed within the vehicle and such badge prominently worn upon the driver's breast at all times while engaged in driving any vehicle licensed under the terms of subparagraphs (c) and (d). Application for such license shall be made in such form as shall be prescribed to the Commissioners of the District of Columbia or their designated agent. Each annual license issued under the provisions of this subparagraph shall be numbered, and there shall be kept in the Department of Vehicles and Traffic a record containing the name of each person so licensed, his annual license number, and all matters affecting his qualifications to be licensed hereunder. No license issued under the provisions of this subparagraph shall be assigned or transferred.

"(f) All vehicles licensed under this paragraph shall bear such identification tags as the Commissioners of the District of Columbia may from time to time direct; and nothing herein contained shall exempt such vehicles from compliance with the traffic and motor-vehicle regulations of the District of Columbia, nor shall it deprive the Public Utilities Commission of the District of Columbia from assuming control over such vehicles, under such regulations as the Public Utilities Commission may from time to time adopt and promulgate: *Provided,* That nothing contained in this section shall be construed so as to diminish the powers conferred on the Commissioners of the District of Columbia under the provisions of the act entitled 'An act to amend the acts approved March 3, 1925, and July 3, 1926, known as the District of Columbia traffic acts, and so forth,' nor to diminish the powers conferred on the Public Utilities Commission of the District of Columbia by said act and by the act approved March 4, 1913, creating the Public Utilities Commission as amended.

"PAR. 32. The owners or managers of establishments where automobiles or other motor vehicles are kept for rent or lease without a driver shall pay a license fee of $5 per annum for each such establishment: *Provided,* That nothing in this paragraph shall be so construed as to exempt such owners or managers from paying additional license taxes required by this section.

"PAR. 33. Owners of vehicles for hire, used in hauling goods, wares, or merchandise, and operating from public space, shall pay a license tax of $25 per annum for each vehicle. Stands for such vehicles upon public space may be established in the manner provided in section 6 (e) of the act entitled 'An act to amend the acts approved March 3, 1925, and July 3, 1926, known as the District of Columbia traffic acts, and so forth.'

"PAR. 34. Owners or managers of establishments where motor vehicles of any description are washed, cleaned, greased, oiled, or repaired, for profit or gain, shall pay a license fee of $5 per annum.

"PAR. 35. Owners or managers of livery stables shall pay a license fee of $5 per annum: *Provided,* That nothing in this paragraph shall be so construed as to exempt such owners or managers from paying additional license taxes required by this section.

"PAR. 37. No person shall sell any article of merchandise, or anything whatever, excepting newspapers sold at large and not from a fixed location, upon the public streets, or from public space in the District of Columbia, without a license first having been obtained under this paragraph. Persons so licensed shall be considered as venders, whether selling from a fixed location, on foot from house to house, or from a vehicle of any description, and shall pay a license tax of $12 per annum. Every vender so licensed shall be furnished with a badge corresponding to the number of his license, which badge shall be worn conspicuously whenever transacting business, and where sales are made from a vehicle such vender shall be provided with a metal plate containing a number similar to the number of his license, which plate shall be conspicuously attached to the vehicle at all times when such vender is transacting business: *Provided,* That no license shall be required of any person bringing to and selling at the several markets produce of his own raising: *And provided further,* That raisers of produce shall not be exempt from the license tax imposed unless they sell such produce at the several markets or by the wholesale in cart, wagon, or carload lots. The Commissioners of the District of Columbia are hereby authorized and empowered to make, modify, and enforce necessary regulations governing the conduct upon the public streets and public spaces of venders licensed hereunder, including the power to locate the places where licensed venders on the public streets and public spaces shall stand, and to change them as often as the public interests require.

"PAR. 38. Solicitors shall pay a license fee of $5 per annum. Any person who goes from house to house, or place to place, within the District of Columbia, selling or taking orders for, or offering to sell or take orders for goods, wares, merchandise, or any article or thing of value for future delivery, or for services to be performed in the future or for the making, manufacturing, or repairing of any article or thing whatsoever for future delivery, and requiring or accepting a deposit for such future delivery or service, shall be deemed to be a 'solicitor,' within the meaning of this paragraph: *Provided, however,* That this definition shall not apply to persons selling goods, wares, merchandise, or any article or thing of value for resale to retailers in that commodity. Any person desiring a solicitor's license shall make application to the Commissioners of the District of Columbia or their designated agent on forms to be provided for that purpose, stating the name of the applicant, the name and address of the person whom he represents, the class and kind of goods offered for sale or the kind of service to be performed. Such application shall be accompanied by a bond in the penal sum of $500, running to the District of Columbia, conditioned upon the making of final delivery of the goods ordered, or services to be performed, in accordance with the terms of such order, or failing therein, that the advance payment on such order be refunded. Any person aggrieved by the action of any such solicitor shall have the right of action on the bond for the recovery of money, or damages, or both. All orders taken by licensed solicitors shall be in writing in duplicate, stating the terms thereof and the amount paid in advance, and one copy shall be given to the purchaser.

"PAR. 39. No person shall, for hire, guide or escort any person through or about the District of Columbia, or any part thereof, unless he shall have first secured a license so to do. The fee for each such license shall be $5 per annum. No license shall be issued hereunder without the approval of the major and superintendent of police. The Commissioners of the District of Columbia are hereby authorized and empowered to make reasonable regulations for the government and conduct of persons licensed hereunder, including the power to require said persons to wear a badge while engaged in their calling.

"PAR. 40. Dealers in secondhand personal property shall pay a license tax of $50 per annum. Every person engaged in the business of buying, selling, trading, exchanging, or dealing in secondhand personal property of any description shall be regarded as a secondhand dealer. Hereafter, when any piping or other household fixtures or secondhand goods of any description whatever have been stolen and sold to a dealer in junk, or secondhand dealer, in the District of Columbia, under such circumstances that the Commissioners of the District of Columbia, after hearing granted, are satisfied that said dealer should have had reasonable ground to believe, or could have ascertained by reasonable inquiry or investigation, that the goods were stolen, and that the dealer did not make reasonable inquiry or investigation as to the title of the seller before making the purchase, the commissioners are authorized and directed to revoke the license of said dealer; and this action shall not be a bar to criminal prosecution for receiving stolen goods.

"PAR. 41. Dealers in dangerous or deadly weapons shall pay a license tax of $50 per annum. No license shall issue hereunder without the approval of the major and superintendent of police, and the Commissioners of the District of Columbia are hereby authorized and empowered to make and promulgate regulations for the conduct of the business of persons licensed hereunder, including the power to require a record to be kept of all sales of deadly or dangerous weapons, to prescribe a form therefor, and to require reports of all such sales to the major and superintendent of police at such time as the commissioners may deem advisable.

"PAR. 42. (a) Private detectives, or detective agencies, by whatsoever name called, shall pay a license tax of $100 per annum: *Provided,* That no license shall be issued under this paragraph without the approval of the major and superintendent of police.

"(b) For the purpose of this paragraph, the term 'detective' or 'detective agency' shall mean and include any person, firm, or corporation engaged in the business of, or advertising, or representing himself, or itself, as being engaged in the business of detecting, discovering, or revealing crime or criminals, or securing information for evidence relating thereto, or discovering or revealing the identity, whereabouts, character, or actions of any person or persons, thing, or things.

"(c) It shall be unlawful for any person to engage in the business of detective, or operate, manage, or conduct a detective agency, for profit or gain, or to advertise or represent his business to be that of a detective, or that of conducting, managing, or operating a detective agency, without first obtaining a license so to do.

"(d) The Commissioners of the District of Columbia are hereby authorized and empowered to make such reasonable regulations as they deem advisable for the government and conduct of the business of private detectives licensed hereunder, and are further au-

thorized and empowered to revoke the license of a private detective when in their judgment such is deemed advisable in the public interest.

"(e) All laws which govern the Metropolitan police force of the District of Columbia in the matters of persons, property, or money shall be applicable to all private detectives licensed hereunder, and such detectives shall make like returns and dispositions of such matters as is required by existing law and the rules of the Commissioners of the District of Columbia governing the Metropolitan police department.

"PAR. 43. It shall be unlawful for any person to open, keep, operate, maintain, or carry on any private employment agency without first having obtained a license from the District of Columbia so to do. The fee for such license shall be $100 per annum. Any license may be denied, revoked, or suspended for cause by the said commissioners: *Provided,* That any person whose license shall be denied, revoked, or suspended by the commissioners may, within 30 days after such denial, revocation, or suspension, apply to any justice of the Court of Appeals of the District of Columbia for a writ of error to review such action. Such application shall not operate as a stay of any order issued in connection with such denial, revocation, or suspension.

"(a) The term 'private employment agency' means any business, enterprise, or undertaking that procures, offers to procure, promises to procure, attempts to procure, or aids in procuring, either directly or indirectly, help or employment for another, for any fee, remuneration, profit, or any consideration whatsoever, promises, paid, or received therefor, either directly or indirectly. It shall also include domestic, commercial, clerical, executive, professional, and general employment bureaus, and shall apply to theatrical employment agencies and nurses' registry conducted for profit or gain.

"(a-1) The term 'nurses' registry' means and includes the business of conducting an agency, bureau, office, or other place for the purpose of procuring, offering to procure, promising to procure, attempting to procure, or aiding in procuring employment or engagements for nurses of any kind.

"(a-2) The term 'theatrical employment agency' includes the business of conducting any agency, bureau, office, or other place providing engagements for circus, vaudeville, theatrical, and other entertainments or exhibitions or performances, or of giving information as to where such engagements may be procured or provided, but does not include the business of managing the artists or the attraction constituting such performances, where such business only incidentally involves the seeking of employment therefor.

"(a-3) The term 'applicant for employment' means any person seeking work, employment, or engagement of any character.

"(a-4) The term 'applicant for help' means any person seeking help, employees, or performers.

"The singular shall include the plural and the masculine the feminine.

"BOND

"PAR. 43b. No license shall become effective hereunder until bond in due form in the penal sum of $1,000, with two or more sureties or duly authorized surety company to be approved by the commissioners, shall have been deposited with the commissioners. The bond shall be payable to the District of Columbia and shall be conditioned that the person applying for the license will comply with this act and shall pay all damages occasioned to any person by reason of any misstatement, misrepresentation, fraud, or deceit, or any unlawful act or omission of any licensed person, made, committed, or omitted in the business conducted under such license, or caused by any other violation of this act in carrying on the business for which such license is granted. One or more recoveries upon such bond shall not vitiate the same, but it shall remain in full force and effect: *Provided, however,* That the aggregate amount of all such recoveries shall not exceed the full amount of the bond. Upon the commencement of any action or actions against the surety upon any such bond for a sum or sums aggregating or exceeding the amount of such bond the commissioners may require a new and additional bond in like amount as the original one, which shall be filed with the commissioners within 30 days of the demand therefor. Failure to file such bond within the prescribed time shall constitute cause for the revocation of the license therefor issued. Any suit or action against the surety on any bond required by the provisions of this section shall be commenced within one year from the accruing of the cause of action thereon.

"If at any time, in the opinion of the commissioners, the sureties, or any of them, shall become irresponsible, the person holding such license shall, upon notice from the commissioners, give a new bond, and the failure to give a new bond within 10 days after such notice, in the discretion of the commissioners, shall operate as a revocation of such license.

"The commissioners shall furnish to anyone applying therefor a certified copy of any such bond filed in their office upon the payment of a fee of $1, and such certified copy shall be prima facie evidence in any court that such bond was duly executed and delivered by the person or corporation whose name appears therein.

"REGISTERS

"PAR. 43c. It shall be the duty of every licensee to keep a register, approved by the commissioners, in which shall be entered, in the English language, the date of the application for employment, the name and address of the applicant to whom employment is promised or offered, the amount of the fee received, and, whenever possible, the names and addresses of former employers or persons to whom such applicant is known. Such licensee shall also enter in a separate register, approved by the commissioners, in the English language, the name and address of every applicant accepted for help, the date of such application, kind of help requested, the names of the persons sent, with the designation of the one employed, and the amount of the fee received. The aforesaid registers of applicants for employment and help shall be open during office hours to inspection by the said commissioners. No such licensee shall make any false entry in such registers. It shall be the duty of every licensee, whenever possible, to communicate orally or in writing with at least one of the persons mentioned as references for every applicant for work in private families or employed in a fiduciary capacity, and the result of such investigation shall be kept on file in such agency: *Provided,* That if the applicant for help voluntarily waives in writing such investigation of references by the licensee, failure on the part of the licensee to make such investigation shall not be deemed a violation of this section.

"RECEIPTS

"PAR 43d. It shall be the duty of such licensee to give to every applicant for employment from whom a fee shall be received a receipt in which shall be stated the name of said applicant, the date and amount of the fee, and the purpose for which it was paid, and to every applicant for help a receipt stating the name and address of said applicant, the date and amount of the fee, and the kind of help to be provided. Every receipt given by such licensee shall bear the name and address of such licensee printed in large type thereon. Every receipt shall have printed on the back thereof a copy of section 4 of the act in the English language.

"PAR. 43e. No private employment agency licensed hereunder shall be located in rooms used for living purposes, or in rooms where boarders or lodgers are kept, or where meals are served or persons sleep, or in any building or on premises wherein rooms are located and used for living purposes, or wherein boarders or lodgers are kept, or where meals are served, or persons sleep, or in any building wherein such rooms are located; nor shall any such private employment agency be located in any such building where the entrance thereto is not separate and apart from the entrance to the building proper, or where there is any entrance into the building proper from said private employment agency: *Provided,* That no one shall be precluded from keeping an employment agency in an office building by reason of there being a café or restaurant in another part of said building.

"APPLICATION OF MINOR

"PAR. 43f. No licensee shall accept any application for employment made by or on behalf of any child, or shall place or assist in placing any such child in any employment whatever in violation of any compulsory education or child labor laws.

"INSPECTION

"PAR. 43g. All registers, books, records, and other papers required to be kept pursuant to this article in any private employment agency shall be open at all reasonable hours to the inspection of the commissioners, and every licensee shall post in a conspicuous place in such agency the license certificate.

"FALSE INFORMATION

"PAR. 43h. No licensee conducting any private employment agency shall publish or cause to be published any false or fraudulent or misleading information, representation, notice, or advertisement, nor shall he give any false information, or make any false promise or false representation concerning an engagement or employment to any applicant who shall register or apply for an engagement or employment or help.

"EXCEPTIONS

"PAR. 43i. This act shall not apply to employment bureaus conducted by registered medical institutions, duly incorporated hospitals, or duly incorporated alumni associations of registered nurses, or to any bureau maintained by persons for the purpose of securing help or employees where no fee is charged.

"PAR. 44. Mediums, clairvoyants, soothsayers, fortune tellers, palmists, or phrenologists, by whatsoever name called, conducting business for profit or gain, directly or indirectly, shall pay a license tax of $250 per annum. No license shall be issued hereunder without the approval of the major and superintendent of police, nor shall any license be issued hereunder to any person not an actual resident of the District of Columbia for two years next preceding his date of application: *Provided,* That no license shall be required of persons pretending to tell fortunes or practice palmistry, phrenology, or any of the callings herein listed, in a regular licensed theater, or as a part of any play, exhibition, fair, or show presented or offered in aid of any benevolent, charitable, or educational purpose.

"PAR. 45. No person shall set up, operate, or conduct any business or device by or in which any person, animal, or living object shall act or be exposed as a target for any ball, projectile, missile, or thing thrown or projected for or in consideration of profit or gain, directly or indirectly.

"PAR. 46. The Commissioners of the District of Columbia are hereby authorized and empowered, when in their discretion such is deemed advisable, to require a license of other businesses or callings not listed herein and which, in their judgment, require inspection, supervision, or regulation by any municipal agency or agencies and to fix the license fee therefor in such amount as, in their judgment, will be commensurate with the cost to the Dis-

trict of Columbia of such inspection, supervision, or regulation, and are further authorized and empowered in their discretion to modify any of the provisions of this section so far as eliminating therefrom any business or calling herein required to be licensed, or to raise or lower the amount of the license fee provided herein, as the cost of inspection, supervision, or regulation is raised or lowered.

"PAR. 47. The commissioners are further authorized and empowered to make any regulations that may be necessary in furtherance of the purpose of this section and to revoke any license issued hereunder when, in their judgment, such is deemed desirable in the interest of public decency or the protection of lives, limbs, health, comfort, and quiet of the citizens of the District of Columbia, or for any other reason they may deem sufficient.

"PAR. 48. Prosecutions for violations of any of the provisions of this section, or of any paragraph added hereto from time to time by the Commissioners of the District of Columbia, or of any regulation made by the commissioners under authority of this section, shall be on information in the police court of the District of Columbia by the corporation counsel of the District of Columbia or any of his assistants.

"PAR. 49. Any person violating any of the provisions of this section, or additions thereto made from time to time by the Commissioners of the District of Columbia, where no specific penalty is fixed, or the violation of any regulation made by the commissioners under the authority of this section, shall upon conviction be fined not more than $300 or imprisoned for not more than 90 days.

"PAR. 50. Any violation of any provision of law or regulation issued hereunder which is repealed by this section and any liability arising under such provisions or regualtions may, if the violation occurred or the liability arose prior to such repeal, be prosecuted to the same extent as if this section had not been enacted.

"PAR. 51. If any provision of this section is declared unconstitutional, or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the section and the applicability of such provision to other persons and circumstances shall not be affected thereby.

"PAR. 52. The Commissioners of the District of Columbia are hereby authorized to refund any license fee or tax, or portion thereof, erroneously paid or collected under this section."

The Clerk read the following committee amendments:

On page 8, line 6, strike out "$125" and insert "$65."

On page 12, lines 22 and 23, strike out all of paragraph 25 and insert:

"PAR. 25. Proprietors or owners of any circus transported by railroad into the District of Columbia shall pay a license tax of $3 per day for each carload of circus equipment, and proprietors or owners of any circus transported by wagons or motor trucks into the District of Columbia shall pay a license tax of $2 per day for each motor-truck load or wagonload of circus equipment, but not to exceed $250 per day."

On page 15, line 14, insert after the comma following the word "association" the word "trust."

On page 20, line 16, strike out "37" and insert "36."

On page 21, line 20, strike out "38" and insert "37."

On page 23, line 3, strike out "39" and insert "38."

On page 23, line 6, strike out "$5" and insert "$10."

On page 23, line 10, insert after the word "for" the words "the examination of all applicants for such licenses and for."

On page 23, line 14, strike out "40" and insert "39."

The committee amendments were agreed to.

The Clerk read the next committee amendment, as follows:

On page 23, line 14, after the word "property," insert the following:

"Including the return or other unused portion of any ticket, order, or token purporting to evidence the right of the holder or possessor thereof to be transported by any railroad or other common carrier, however operated, from one State or Territory of the United States or from the District of Columbia to any other State or Territory of the United States or to the District of Columbia."

Mr. STAFFORD. Mr. Speaker, I ask recognition in opposition to this committee amendment.

Is the language in the amendment now under consideration to be considered as recognizing the old practice of ticket scalpers purchasing the unused portion of railroad tickets? The language of the bill would be, "dealers in second-hand personal property, including the return or other unused portion of any ticket, order, or token purporting to evidence the right of the holder or possessor thereof to be transported by any railroad or other common carrier, however operated, from one State or Territory of the United States, or from the District of Columbia, to any other State or Territory of the United States or to the District of Columbia."

I take it this language is broad enough to recognize the practice that has been banned by all legislatures of forbidding the practice of selling the unused portion of railroad tickets.

Mr. GILBERT. It recognizes that this is being done; and where it is being done, there is a license put upon it. Of course we can not by this legislation validify an invalid contract. This would not force the railroads to accept anything of this kind, but it would put a tax on such operations.

Mr. STAFFORD. If there is one policy that has been recognized as good, sound business in railway and other character of transportation, it is that brokers or other individuals should not be permitted to traffic in the unused portions of carrier transportation.

I remember, as older Members remember, that 40 or 50 years ago the prevailing practice was to sell the unused portion of round-trip tickets. Now the practice is for persons who do not use the whole ticket to send the unused portion to the railroad company and receive a refund, less the 1-fare rate.

I do not think the House should adopt this amendment—even squint at recognizing the old policy that has been condemned for many years.

If the committee will permit a personal reference, it was my privilege back in the eighties to hear a lecture by the first chairman of the Interstate Commerce Commission, Thomas M. Cooley, a professor of law in the University of Michigan, deprecating the practice of selling the unused portion of a railroad ticket. I recall in the early days in Chicago, and in my own city, there were ticket scalpers indulging in that practice. I think the amendment should be rejected for the reasons I have given.

Mr. GILBERT. Mr. Speaker, I will say to the gentleman from Wisconsin and the House that, as will appear in the hearings on this bill, this amendment was put in at the request of the carriers themselves. The railroads themselves asked that this amendment be inserted. It was their contention, and I suppose a sound one, that licensing this practice, or at least putting a license fee upon it, would not compel them to change their outlawry of the practice but simply recognize that as the evil exists it could be better handled that way. Personally, I have no opinion about the matter, but I wanted to inform the gentleman that the amendment was inserted at the request of the railroad people.

Mr. HARLAN. Is it not true that this provision of law adds a condition or penalty for violation of the law which would take a complicated prosecution to convict? This is simply an enabling arm given to the law to get at these people who are now doing an illegal business.

Mr. GILBERT. That is the purpose of the amendment, to help abolish the practice which the gentleman complains of.

Mr. BLANTON. Mr. Speaker, I move to strike out the last word. I will state to the gentleman from Wisconsin that this law gives the railroad companies a chance properly to check up every firm and individual engaged in this scalping business. Without this provision there could be many persons who would engage in the business without any check-up on them at all.

While I have the floor I want to say that in the District of Columbia barbers are the only persons who have to work seven days every week.

A MEMBER. Besides Congressmen.

Mr. BLANTON. Yes, besides ourselves; but I am talking about citizens here. There is no other class of citizens left in Washington D. C. who have to work seven days a week.

The reason the bill was drawn in the way it is was to meet the objections of the Seventh Day Adventists and other organizations that consider some other day besides Sunday the Sabbath. They wanted to fix it so as to get around their objections.

There is not another city in the United States where barbers have to work Sunday.

Mr. STAFFORD. And I want it to provide that they shall not work on Sunday.

Mr. BLANTON. If the gentleman will withdraw his objection and let the bill go through, they will not have to work on the Sabbath.

Mr. LAGUARDIA. It worked out that way in New York.

Mr. BLANTON. You can not get any other kind of a bill through here.

Mr. STAFFORD. Why not?

Mr. BLANTON. You can not get it out of the committee. We have been trying to close barber shops here on Sunday for many years, but the Seventh-day Adventists and these other organizations that are against the observance of the Sabbath, or setting aside Sunday, they will come in and fight you every time, and you will never get that kind of a bill through. You are going to keep the barbers working seven days a week.

Mr. STAFFORD. Oh, there are only a few scab shops that work on Sunday.

Mr. BLANTON. Oh, no; they are working all over this city right now on Sunday, and they work seven days a week, and the gentleman by his objection is making these men work seven days a week in the city of Washington.

Mr. STAFFORD. I am not. I want them to be given the Sabbath day. I have no objection to the House bill forbidding barbering on the Sabbath.

Mr. LAGUARDIA. Oh, let us have the bill before the House for a vote anyway.

Mr. STAFFORD. We have a very important amendment here under consideration which has no relevancy to the Sabbath at all.

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER pro tempore. The Clerk will report the remaining committee amendments.

The following committee amendments were severally reported and severally agreed to:

Page 24, line 7, after the word "description," insert "including the return or unused portion of any such ticket, order, or token."

Page 31, line 24, strike out the word and figure "Section 4" and insert "paragraph 42h."

Page 34, line 10, after the word "purpose," insert a colon and the following:

"*And provided further*, That no license shall be required of any ordained priest or minister or accredited representative of any such priest or minister the fees for whose ministrations are not the private property of such ordained priest, minister, or accredited representative of such priest or minister."

Page 36, line 7, after the word "days," insert a new sentence, as follows:

"Any person failing to file any information required by this section, or by any regulation of the Commissioners of the District of Columbia made under the provisions hereof, or who in filing any such information makes any false or misleading statement, shall upon conviction be fined not more than $300 or imprisoned for not more than 90 days."

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word. I invite the attention of the gentleman reporting the bill to the provision in paragraph 42b, prescribing the amount of the bond of all these persons to be licensed in the sum of $1,000. The bill as I read it grants to the commissioners the right to change the fees whenever they determine conditions warrant a change. Does not the gentleman think that this is a heavy penalty for an apothecary, who is obliged to pay only a small tax, or a beauty-parlor operator, or some of these minor licensees? Is not $1,000 a rather heavy bond? If that is the opinion of the gentleman, I am wondering, in view of the broad powers vested in the commissioners, whether they should not have the right to lower the amount of the bond that shall be given so as to enable them to determine the size of the bond below $1,000 in the case of these minor businesses, businesses like hand laundries and dry-cleaning establishments?

Mr. GILBERT. I agree with the gentleman. I think it is a little too high.

Mr. STAFFORD. Would the gentleman and other members of the committee have any objection to inserting, after the sum "$1,000," in line 20, page 28, the words "or such lesser amount as the commissioners may determine"?

Mrs. NORTON. I shall be glad to accept that amendment.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 28, line 20, after the figures "$1,000," insert "or such lesser amount as the commissioners may determine."

The amendment was agreed to.

Mr. EATON of Colorado. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. EATON of Colorado: Page 17, line 20, before the word "and," insert "subject, however, to use for parking of automobiles engaged in official use."

Mr. EATON of Colorado. Mr. Speaker, there is another bill pending (S. 4123) which refers to the District of Columbia traffic act and seeks to amend it, and refers to all places in the city for the purpose of parking automobiles for official use of Representatives and Senators only on official business. If this bill should become a law, it would in effect be repealing the 1931 statute in so far as the power of the director of vehicles of the District of Columbia is involved. I say that with due respect to those who have prepared this bill, and from personal experience with police department officials in the city of Washington. The attitude of the Washington police is that they have absolute control of the curbs. Their attitude is that they entirely disregard this metal tag or the tag mentioned in the 1931 law. Their attitude is that instead of having a metal tag they will require Representatives and Senators to carry paper tags or cards. All of this is covered by correspondence I had with the department concerning difficulties different Representatives have been in with the police department here, and I beg of you to put in a provision right here that they can not so handle their traffic rules in the city of Washington so that policemen and sergeants and captains can say "Notwithstanding what you have passed in Congress, you can not park in this taxi stand; you can not park in this vicinity right here."

Mr. BLANTON. Will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. BLANTON. There is nothing in this bill that affects in any way the present rights of Members of Congress, both the House and Senate, to park their cars when on official duty, and the District Commissioners will not interfere with that right. They understand that that right is inviolate, and they are not going to try to interfere with it.

Mr. EATON of Colorado. The correspondence I have here indicates that they do not understand it is inviolate.

Mr. BLANTON. They will not bother the gentleman's car unless he allows them to. If he does not allow them to do it, they will not do it.

Mr. EATON of Colorado. I have not allowed them to do it, but I have had difficulties myself, and I have had to listen to the difficulties of other Members of Congress. I think the proper thing for the Congress to do is to state in unmistakable language that within the powers of the director of vehicles and traffic he shall not designate taxi stands or other restricted districts in the city, so that the cars of Senators and Representatives shall be prohibited from parking in those districts while on official business. The language which I have submitted by this amendment I think covers the situation.

Mr. STAFFORD. Will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. STAFFORD. Does the gentleman propose to allow cars of a privileged class to preempt the space that should be allotted to cars for the public? Shall Representatives and Senators attending theaters preempt this space?

Mr. EATON of Colorado. Oh, no; only on official use.

Mr. STAFFORD. Oh, the cars of Senators and Representatives are always on official use.

Mr. BLANTON. The gentleman from Wisconsin is like myself—he never goes to the theater.

Mr. STAFFORD. I go to the theaters, but I do not use an automobile like the gentleman from Texas does. I observe and see things which the gentleman does not. [Laughter.]

Mr. EATON of Colorado. Within the last 24 hours and within 800 feet of where I sit there is a tag marked "taxi

stand" over by the House Office Building, and I had the experience of being ordered out of that place by a taxi driver. His words were peremptory. It is true I did not move my car from there and it is true I was on official business, but there should not be any incentive in the law or regulations made thereunder to the director of vehicles of this city or to a taxi driver to interfere with a Member when he is on official business. I suggest this is the place in the statute where the director of vehicles will get his instructions from Congress.

The SPEAKER pro tempore. The time of the gentleman from Colorado has expired.

Mr. BLANTON. I ask unanimous consent that the gentleman's time be extended two additional minutes.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. BLANTON. Will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. BLANTON. It is just such observations that are made once in a while by the gentleman and by the gentleman from Wisconsin that cause this trouble. As far as the law is concerned, it is mandatory right now on the District officials not to interfere with official cars on official business and they will not interfere unless there is something placed in the RECORD that make them believe they have that right. Notwithstanding what the gentleman has said, I maintain they do not have any such right under the present law, and they will not bother the gentleman's car unless he allows them to do it.

Mr. EATON of Colorado. The present law is as the gentleman from Texas says. We are about to enact another law which supersedes it. It gives the director of vehicles greater powers or new powers, or restates his powers, and he will not pay any attention to the present-existing law after this bill becomes law. I am attempting to make this clear so as to show here what is the law regarding the use of parking automobiles when on official duty. The proposed amendment recognizes existing law and there will be no dispute if the suggested amendment is in the bill.

Mr. BLANTON. It is not necessary, and the issue is beclouded by attempting to put something in here, because they will not bother the gentleman in any event.

Mr. LAGUARDIA. The Sergeant at Arms or the Doorkeeper or somebody sent me tags, but he did not send an automobile with them. What about that? [Laughter.]

Mr. EATON of Colorado. They gave the gentleman a paper tag instead of a metal tag. That is all he gets.

Mr. GILBERT. Mr. Speaker, I rise in opposition to the amendment offered by the gentleman from Colorado.

The law permits Congressmen and Senators and certain officials to have this privilege before public buildings and it should not be extended to that space not before public buildings, before hotels and places of that kind, especially set aside for taxicabs. A Congressman has no business, in my opinion, running his car in on a limited space before a hotel, which is set aside for a taxicab, any more than anyone else.

Mr. EATON of Colorado. Will the gentleman yield right there?

Mr. GILBERT. I yield.

Mr. EATON of Colorado. Let me direct the gentleman's attention to the corner of Fourteenth Street and Pennsylvania Avenue. On Fourteenth Street is the Department of Public Roads. Has the gentleman ever gone to that department to attend to any business?

Mr. GILBERT. Yes; I have been there.

Mr. EATON of Colorado. Where did the gentleman park his automobile?

Mr. GILBERT. I do not remember now.

Mr. EATON of Colorado. The gentleman probably hired a taxicab instead of taking his own automobile, but the only place to park is in the taxicab space, and there are other offices of this Government in places just like that. I am trying to take care of that situation. Did the gentleman ever attempt to go to the Department of Justice and find a place to park? The only parking space there and at the Veterans' Administration is in a space reserved for taxicabs, and that is all.

Mr. GILBERT. In the opinion of the committee it would be unwise to take away from the commissioners the right to regulate and set aside taxicab stands or to limit their full control over them. Otherwise there will be confusion in the general traffic situation, and there will be embarrassment by taxicab drivers, so that they can not be controlled, because they will say that Members of Congress are parking their cars there and so on.

Mr. BLANTON. Will the gentleman yield?

Mr. GILBERT. I yield.

Mr. BLANTON. This bill does not in any way interfere with the right of Members parking their cars on official business and does not interfere with the present law at all.

Mr. GILBERT. No; the present law is not interfered with at all.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Colorado [Mr. EATON].

The question was taken; and on a division (demanded by Mr. EATON of Colorado), there were—ayes 2, and noes 15.

So the amendment was rejected.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

AMENDING DISTRICT OF COLUMBIA CODE

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 9557) to amend certain sections of the code of law for the District of Columbia, approved March 3, 1901, as amended, relating to descent and distribution.

The Clerk read the title of the bill.

Mr. BLANTON. Mr. Speaker, the House passed this bill by practically unanimous consent in the last Congress, and I ask unanimous consent that it be considered, read, engrossed, and passed.

The SPEAKER pro tempore. This bill is on the House Calendar. The bill should be read. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 380 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, as amended (D. C. Code, title 29, sec. 288), is amended to read as follows:

"SEC. 380. If there be no child or descendant, the whole shall go to the father and mother in equal shares, or to the survivor of them."

SEC. 2. Section 384 of such act, as amended (D. C. Code, title 29, sec. 292), is amended to read as follows:

"SEC. 384. If there be no collaterals, the grandfathers and grandmothers, or such of them as survive, shall take alike."

SEC. 3. Section 940 of such act, as amended (D. C. Code, title 25, sec. 231), is amended to read as follows:

"SEC. 940. Course of descents generally: On the death of any person seized of an estate in fee simple in lands, tenements, or hereditaments in the District of Columbia, and intestate thereof, the same shall descend in fee simple to such person's kindred in the following order, namely:

"First. To his child or children and their descendants.

"Second. If there be no child or descendant of a child, then equally to the father and mother of the intestate, or the whole to the sole surviving parent.

"Third. If there be no father or mother, then to the brothers and sisters of the intestate and their descendants.

"Fourth. If there be no brother or sister or descendant from a brother or sister, then the whole shall go to the widow or widower of the intestate.

"Fifth. If none such, then one moiety of the estate shall go to the paternal, the other to the maternal, kindred of the intestate in the following order:

"Sixth. First to the grandfather and grandmother equally, but if one be dead the entire moiety to the sole surviving grandparent.

"Seventh. If none, then to the uncles and aunts of the intestate, and their descendants.

"Eighth. If none such, then to the great grandfathers and great grandmothers, in the same manner prescribed for grandfather and grandmother in subdivision 6.

"Ninth. If none, then to the brothers and sisters of the grandfathers and grandmothers, and their descendants.

"Tenth. And so on in other cases, without end, passing to the nearest lineal ancestors and the descendants of such ancestors.

"Eleventh. If there be no paternal kindred, the whole shall go to the maternal kindred; and if there be no maternal kindred,

the whole shall go to the paternal kindred. If there be neither maternal nor paternal kindred, the whole shall go to the kindred of the husband or wife of the intestate in the like course as if such husband or wife had died entitled to the estate; and if the intestate has had more husbands or wives than one, and all have died before such intestate, then the estate shall be equally divided among the kindred of the several husbands or wives in equal degree equally."

SEC. 4. Section 941 of such act, as amended (D. C. Code, title 25, sec. 232), is amended to read as follows:

"SEC. 941. When a person dies intestate and without issue, having real estate of inheritance, the gift of either of his parents, such parent, if living, shall inherit the whole of such estate."

SEC. 5. Section 942 of such act, as amended (D. C. Code, title 25, sec. 233), is amended to read as follows:

"SEC. 942. If an infant dies without issue, having the title to real estate derived by gift, devise, or descent from one of his parents, the whole shall descend to that parent and his or her kindred as hereinbefore directed, if there is any; and if none, then in like manner to the other parent and his or her kindred; but the kindred of one shall not be so excluded by the kindred of the other parent, if the latter is more remote than the grandfather, grandmother, uncles, and aunts of the intestate and their descendants."

SEC. 6. Sections 943 to 951, inclusive, of such act, as amended (D. C. Code, title 25, secs. 234 to 242, inclusive), are hereby repealed.

SEC. 7. Section 954 of such act, as amended (D. C. Code, title 25, sec. 245), is amended to read as follows:

"SEC. 954. Collaterals of the half blood shall inherit only half as much as those of the whole blood, or as ascending kindred, when they take with either."

SEC. 8. Section 955 of such act, as amended (D. C. Code, title 25, sec. 246), is amended to read as follows:

"SEC. 955. Whenever those entitled to share in the estate in fee simple in lands, tenements, or hereditaments in the District of Columbia, of an intestate, are all in the same degree of kindred to the intestate, they shall take per capita or by persons; and, where a part of them are dead and a part living, the issue of those dead shall take per stirpes or by stocks the shares of their deceased parents."

Mr. GILBERT. Mr. Speaker, I move to strike out the last word.

I do not think a bill of this importance should be passed without a few words of explanation.

The law of descent and distribution in the District of Columbia is copied after the old Maryland Code of 1786. This House has frequently attempted to correct the inequalities growing out of that old system of distribution. As pointed out by Mr. BLANTON, the House has before passed this bill, but for some reason it has never become a law, and in the District of Columbia preference in distribution is still given to females over males.

Did you know that in this enlightened country, and in its Capital, the father inherits to the exclusion of the mother? A few years ago a young man was killed by the street cars. His estate received a verdict of some considerable amount of money. The father and mother had been separated for years and the husband had abandoned the wife and the children. The wife was compelled to rear and educate the children. When the boy was killed and a verdict rendered to his estate, the father had the nerve and audacity to come into the courts and take the whole of that estate and was permitted to do so under the laws of the District.

Under the present laws of the District of Columbia brothers and sisters inherit before fathers and mothers. It is the opinion of lawmakers almost everywhere, I take it, that mothers and fathers should inherit in preference to brothers and sisters, because brothers and sisters will eventually get it anyhow, and fathers and mothers perhaps past the years of productivity are in more need as a rule than brothers and sisters.

While I will not attempt to annoy the House by going into these details, this is an effort on my part, after many years of work in examining the laws of many States, to bring the law of descent and distribution of the District of Columbia up to what humanity considers modern standards.

Of course, a lawyer recognizes the delicacy of legislation of this kind, and I want to assure the House that there is nothing in the bill that is original on my part. It is simply a copy of the laws of my own State which I found, after examining the laws of 42 States in the Union, to be a splendid composite of the present thought on matters of descent and distribution. I have not invaded any new field; and there will be no questions arising under this law that have not been settled by the courts time and time again. This law has been in operation in my State for more than 75 years and has given splendid satisfaction.

I felt this explanation was due the House. [Applause.]

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. BLANTON. Mr. Speaker, I make a point of no quorum.

Mr. Speaker, I understand the only other bill to be taken up is the traffic bill. I withdraw the point of no quorum temporarily.

Mrs. NORTON. Mr. Speaker, I call up the bill S. 4123, to amend the District of Columbia traffic acts, as amended, and ask that the bill be considered in the House as in Committee of the Whole.

Mr. STAFFORD. I hope the gentlewoman from New Jersey will withdraw this bill.

Mr. BLANTON. Mr. Speaker, I make the point of no quorum.

The SPEAKER pro tempore. Will the gentleman from Texas withhold the point for a moment?

Mr. BLANTON. I withhold it.

ORDER OF BUSINESS

Mr. BANKHEAD. Mr. Speaker, before any further steps are taken, I desire to make a brief announcement. Under the special order for to-morrow we will have under consideration the bonus bill. Four hours of general debate are provided and it is probable a number of amendments will be offered. It is considered imperative, in view of our legislative program, to finish that bill before we adjourn to-morrow night, and it shall be the purpose of the management on this side to try to hold the House in session until the final disposition of that bill. I make this announcement in order that Members may make their arrangements accordingly. We meet at 11 o'clock to-morrow in accordance with the unanimous-consent request made earlier in the day.

WILLIAM C. REDFIELD

Mr. CELLER. Mr. Speaker, it is with genuine sorrow that I announce the demise of William C. Redfield, former Member of this House and Secretary of Commerce in the Wilson Cabinet.

He has gone through the valley of the shadow to that undiscovered country from whose bourne no traveler returns.

Death found him a shining mark, cynosure of all eyes, honored and revered throughout the country as a conscientious public servant of fine attainments and rare ability. A rugged honesty weaved its way through all his words and deeds.

Orator, author, banker, manufacturer, statesman, he achieved distinction in many fields of endeavor. He has indeed left his "footprints on the sands of time." He was recipient of tokens and tributes of respect and distinction at home and abroad.

A kindly gentleman of broadest charity, in the words of Micah, he "loved mercy, did justice, and walked humbly before his God."

LEAVE OF ABSENCE

By unanimous request, leave of absence was granted to Mr. CLAGUE, for two days, on account of important business.

ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker pro tempore:

H. J. Res. 429. Joint resolution to amend section 625 (a) of the revenue act of 1932.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER pro tempore announced his signature to an enrolled joint resolution of the Senate of the following title:

S. J. Res. 97. Joint resolution extending for one year the time within which the American claimants may make appli-

cation for payment, under the settlement of war claims act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 11337. An act authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site.

EXTENSION OF REMARKS

PUBLIC WORKS AND UNEMPLOYMENT-RELIEF LEGISLATION

Mr. FISH. Mr. Speaker, the biggest and most important issue in the United States to-day is that of unemployment. There are over 8,000,000 of American wage earners who are unemployed, millions more on part time, and many millions who have had their wages reduced from 10 to 50 per cent. The Congress of the United States, both Republicans and Democrats, have been deaf, dumb, and blind to the unemployment situation and have done practically nothing to relieve human misery which stalks throughout the Nation. All that Congress has done up to date has been to donate 40,000,000 bushels of wheat to partially relieve hunger and undernourishment.

The American wage earners are not asking for charity or doles. What they want is an opportunity to work and enjoy the fruits of their labor in decent wages. The appalling unemployment situation constitutes the most distressing economic condition that has ever confronted the American people. It is all very well to balance the Budget, but to people who are unemployed and starving the balancing of the Budget does not mean a great deal or afford them any immediate relief. Soviet Russia, with $200,000,000 or less in gold, has been able to set up an enormous public-works program, but we hesitate to spend a dollar or even to plan in advance for an emergency building program. The policy of the Nation should be to spend millions or billions, if necessary, on needed public works in this emergency but not one cent for doles.

We are still the richest nation in the world, and yet we hesitate to approve a $2,000,000,000 bond issue to relieve unemployment. Private and municipal relief is almost exhausted and Congress should not adjourn without presenting a constructive economic program for a 2-year public-works program, backed by a limited bond issue. If we could raise $25,000,000,000 through bond issues in 18 months to help win the World War, we can certainly raise $2,000,000,000 at the present time for purposes of peace and in behalf of our own unemployed.

I favor an emergency relief bond issue of $2,000,000,000, to be paid for by a 1 per cent general manufacturers' sales tax, which would bring in $200,000,000 annually, and I believe the American people would be glad to make the sacrifice in this national emergency for the following purposes:

One billion to go to the Reconstruction Finance Corporation for loans for productive purposes, $300,000,000 for loans to States and municipalities that are in actual need of funds, $500,000,000 for needed public works, roads, rivers and harbors improvements, public buildings, and so forth, and $200,000,000 for direct relief purposes, such as food and clothing for destitute Americans.

I believe that conservative business men and the American Federation of Labor would be willing to join forces in urging such a relief program, and I am convinced that the American public would give its immediate and whole-hearted support. It is utterly absurd to contend that a $2,000,000,000 bond issue would undermine the finances of the United States. I am unwilling to admit that the American people have been whipped by the depression and are so completely beaten financially that they can not raise $2,000,000,000 by a bond issue to help solve the most vital issue in the country—that of helping to provide jobs for the unemployed—and in case of failure of private charity and State and municipal aid to furnish food and clothing to the needy.

The Federal Government can not permit a single American wage earner or his family to starve when there is an abundance of foodstuffs in the land, or to freeze next winter when there is ample clothing and fuel.

I opposed the Garner bill, because it was hastily drawn up and provided for innumerable small post offices which were not needed and caused the whole bill to reek with political pork. Unemployment relief should be a nonpartisan issue and should be worked out on a carefully considered program covering a period of at least two years for needed public works and providing for human relief, if necessary.

I deplore the fact that the Congress did not take up this issue many months ago, in a nonpartisan spirit, for the purpose of adopting a national program of needed public works in this emergency. As it is, the Garner bill was framed almost overnight a few weeks ago and contains no well-considered economic plan or program beyond a few old rivers and harbors projects and a lot of useless post offices which would simply increase the already large annual deficit of the Post Office Department. It is a monstrosity of inefficiency, waste, extravagance, and political pork.

I am convinced that a careful study made on a nonpartisan basis could have provided a worth-while constructive program of public works, which would have taken care of at least a million unemployed and been productive, useful, and advantageous to the country.

I trust that the Senate will provide ample appropriations to take care of all the post offices with gross receipts of over $20,000 that have already been authorized by law. I believe that there are a large number of the Republican Members of the House who would be glad of an opportunity to vote for a limited bond issue to take care of such a building program and for all essential public works.

The doctrine has always been understood and taught that in times of depression the Government should authorize large constructive building programs, and that in time of prosperity private industry would provide work throughout the country.

It would be a sheer act of cowardice and an admission by the Congress that it has not the ability or the competency to relieve the unemployment situation if it adjourns without passing a constructive public-works program.

THE COST OF MANUFACTURING SULPHATE OF AMMONIA IN NEW YORK STATE

Mr. MEAD. Mr. Speaker, the cost of making sulphate of ammonia is $32 a ton and actual out-of-pocket cost approximately $20 a ton, when no value whatsoever is placed on the 500 pounds of ammonia which go to make up a ton of sulphate of ammonia. The costs at our plants are among the lowest in the country, due to a modern plant and a favorable market for raw materials. The net return from sulphate for the fertilizer year 1931–32 is approximately one-third of the pre-war price, and the return to the producer is less than the value of the labor and materials that go into the product.

Until July, 1931, the decline in the price of sulphate since the war was largely due to competition with synthetic nitrogen-fixing plants. This is fair and to be expected, but the American producer is protesting against the dumping of the products of government-subsidized European plants that has taken place since July, 1931, at prices from $3 to $16 per ton below the sales price in the country of origin. Our plants have not asked for a duty but have only asked the Treasury Department to put into effect the already existing antidumping law.

Most foreign governments, the latest one of which is Japan, have absolutely closed their doors to the importation of nitrogen products of all kinds, either by high tariff, license, or embargo, and in one way or another subsidized plants for the production of nitrogen which can be used for fertilizers in time of peace and for the production of munitions in time of war. The United States is the only large free country for nitrogen products left in the world. Japan, which until lately was one of the largest importers of sulphate in the world, is now exporting sulphate to our west coast at prices materially under their home prices.

United States to-day has facilities for the production of nitrogen which insure cheap nitrogen fertilizers in time of peace and ample protection in time of war. It does not seem wise that these facilities should be sacrificed to provide Japan and European countries with an outlet for their surplus material from plants which are part of their national war system.

The prices of nitrogen fertilizers to-day are much less than the cost of production would be at Muscle Shoals, if this plant were in operation.

Following the Treasury hearing of Monday, April 11, there were some statements made on the floor of the House and in the Senate that were erroneous and not based on the facts. On Thursday, April 14, Mr. FULMER made a statement, recorded on page 8267 of the CONGRESSIONAL RECORD, which is erroneous, according to our plant figures. On April 23 Mr. MCSWAIN, of South Carolina, made a statement on the floor of the House, recorded on page 8804 of the CONGRESSIONAL RECORD, that sulphate of ammonia could be produced as a by-product for from $10 to $12 a ton, and that steel companies who produced it are trying to make the farmers pay $30 a ton for it. Actual facts, as I have them, are that the acid alone, which goes into a ton of sulphate of ammonia, costs the producers of sulphate more than the figures mentioned.

As the Representative of a State which is a large producer of sulphate of ammonia, most of which is shipped to the South and nets the manufacturer in the State of New York, after a freight of from $5 to $6 a ton is paid, very much less than the cost of production, I believe I should inform the House of the facts as it applies to the production of sulphate in my city.

These statistics are taken from the United States Department of Labor: While prices of farm products have declined during the year of 1931 to January, 1932, from 64.8 per cent of 1926 prices to 52.8 per cent, and fertilizer materials in general have declined from 76.8 per cent of 1926 prices to 69.9 per cent, sulphate of ammonia in New York State has declined from 55 per cent of 1926 prices to 40.9 per cent.

FAIR PLAY FOR POSTAL EMPLOYEES

Mr. COCHRAN of Missouri. Mr. Speaker, I have consistently opposed discrimination in connection with the proposed salary cuts for Government employees. I contend that if you are to reduce salaries either by a direct cut or a furlough plan, then apply the same treatment to all and stop.

Now, for instance, the postal employees are not only affected by the straight cut but they also lose other allowances which means money, and instead of reducing their pay once the bill provides for several reductions.

The furlough plan eliminates the rural carrier, but he suffers a reduction by the elimination of five-eighths of his equipment allowance. The rural carrier must provide an automobile or a horse and buggy, or sometimes both. What happens to the rural carrier compared with the Government employee, say, in Washington?

I submit a table which gives you an idea. The conferees should give this matter some attention, because if they do not you will find this class of Government employees discriminated against.

The table follows:

Table showing how furlough discriminates against rural carrier

Length of route (miles)	Salary	Net equipment allowance	Five-eighths deduction	Furlough applied to others	Net loss to rural carrier
16	$1,260.00	$186.24	$116.40	$105.00	$11.40
18	1,440.00	209.52	130.85	120.00	10.85
20	1,620.00	232.80	145.50	135.00	10.50
22	1,728.00	256.08	160.05	144.00	16.05
24	1,800.00	279.36	174.60	150.00	24.60
25	1,830.00	291.00	181.87	152.50	29.37
26	1,860.00	305.64	189.15	155.00	24.15
27	1,890.00	314.28	196.42	157.50	28.92
28	1,920.00	325.92	203.70	160.00	43.70
29	1,950.00	337.56	210.97	162.50	48.47
30	1,980.00	349.20	218.25	165.00	53.25

Table showing how furlough discriminates against rural carrier—Continued

Length of route (miles)	Salary	Net equipment allowance	Five-eighths deduction	Furlough applied to others	Net loss to rural carrier
31	$2,010.00	$360.84	$225.52	$167.50	$58.02
32	2,040.00	372.40	232.80	170.00	62.80
33	2,070.00	384.12	240.07	172.50	67.57
34	2,100.00	395.76	247.35	175.00	72.35
35	2,130.00	407.40	254.63	177.50	77.13
36	2,160.00	419.04	261.90	180.00	81.90
37	2,190.00	430.69	269.18	182.50	86.68
38	2,220.00	442.32	276.45	185.00	91.45
39	2,250.00	453.96	283.73	187.50	96.23
40	2,280.00	465.60	291.00	190.00	101.00
41	2,310.00	477.24	298.28	192.50	105.71
42	2,340.00	488.86	305.55	195.00	110.55
43	2,370.00	500.52	312.83	197.50	115.33
44	2,400.00	512.16	320.10	200.00	120.10
45	2,430.00	523.80	327.38	202.50	124.88
46	2,460.00	535.44	334.65	205.00	129.65
47	2,490.00	547.08	341.93	207.50	134.43
48	2,520.00	588.72	349.20	210.00	139.20
49	2,550.00	570.36	356.48	212.50	143.98
50	2,580.00	582.00	363.75	215.00	148.75
51	2,610.00	593.64	371.03	217.50	153.53
52	2,640.00	605.28	378.30	220.00	158.30
53	2,670.00	616.92	385.58	222.20	163.08
54	2,700.00	628.56	392.85	225.00	167.85
55	2,730.00	640.20	400.13	227.50	172.63
56	2,760.00	651.84	407.40	230.00	177.40
57	2,790.00	663.48	414.68	232.50	181.18
58	2,820.00	675.12	421.95	235.00	186.95
59	2,850.00	686.76	427.23	237.50	192.73
60	2,880.00	698.40	436.50	240.00	196.50
61	2,910.00	710.04	443.78	242.50	201.28
62	2,940.00	721.68	451.08	245.00	206.05
63	2,970.00	733.32	458.33	247.50	210.83
64	3,000.00	744.96	465.60	250.00	215.60
65	3,030.00	756.60	472.88	252.50	220.38
66	3,060.00	768.24	480.15	255.00	225.15
67	3,090.00	779.88	487.43	257.50	229.93
68	3,120.00	791.52	494.70	260.00	234.70
69	3,150.00	803.16	501.98	262.50	239.48
70	3,180.00	814.80	508.25	265.00	243.25

Mr. Speaker, if seven-sixteenths is withheld from the present equipment allowance of rural carriers, instead of five-eighths, as proposed, the above discrimination will be relieved.

Mr. Speaker, the above table shows the rural carrier who gets $3,180 and an allowance of $814.80 suffering a reduction of $508 when you deprive him of five-eighths of his allowance. His total salary and allowance from the Government for covering a route 70 miles in length is $3,994.80. The Government official who receives $10,000 a year suffers a reduction under the furlough plan of $833.33. Is such a plan fair to the rural carrier? There is going to be a reduction in the amount now received by all Government employees where the salary is over $1,200 if either the Senate or House conferees' plan is agreed to. If all are treated alike, there will be less complaint. Do not pick out the postal employees and reduce their annual income more than you do the Government employee who works in the Treasury, Department of Commerce, or any other Government agency. All the postal employees are asking is fair play. Strike out the features of the bill that discriminate against these faithful employees. I feel they are entitled to fair play; that is all they ask.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 52 minutes p. m.) the House, under its previous order, adjourned until to-morrow, Tuesday, June 14, 1932, at 11 o'clock a. m.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Tuesday, June 14, 1932, as reported to the floor leader by clerks of the several committees:

RULES

(10.30 a. m.)

Bill to amend Federal farm act.

FOREIGN AFFAIRS

(10.30 a. m.)

Claim bills.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PALMISANO: Committee on the District of Columbia. H. R. 8911. A bill to incorporate the Big Brother and Big Sister Federation, and for other purposes; without amendment (Rept. No. 1613). Referred to the House Calendar.

Mr. CRISP: Committee on Ways and Means. House Joint Resolution 429. A joint resolution to amend section 625 (a) of the revenue act of 1932; without amendment (Rept. No. 1615). Referred to the Committee of the Whole House on the state of the Union.

Mr. DAVIS: Committee on Merchant Marine, Radio, and Fisheries. H. R. 10329. A bill to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and to provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes," as applied to the Virgin Islands of the United States; with amendment (Rept. No. 1616). Referred to the Committee of the Whole House on the state of the Union.

Mr. ARENTZ: Committee on the Public Lands. H. R. 12126. A bill to add certain lands to the Gunnison National Forest, Colo.; with amendment (Rept. No. 1617). Referred to the Committee of the Whole House on the state of the Union.

Mr. LOOFBOUROW: Committee on Indian Affairs. H. R. 5846. A bill authorizing the District Court of the United States for the Eastern District of Oklahoma to hear and determine certain claims of the Seminole Nation or Tribe of Indians; with amendment (Rept. No. 1618). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Government Printing Office (Rept. No. 1619). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SCHAFER: Committee on Claims. H. R. 2184. A bill for the relief of John Kelley; with amendment (Rept. No. 1614). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 8617) granting a pension to Ruth A. Martin, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. NORTON: A bill (H. R. 12617) to amend the Federal Farm Board act, approved June 15, 1929; to the Committee on Agriculture.

By Mr. SIROVICH: A bill (H. R. 12618) directing that copies of certain patent specifications and drawings be supplied to the New York Public Library, Astor, Lenox, and Tilden Foundations, of New York City, at the regular annual rate; to the Committee on Patents.

By Mr. BRITTEN: Joint resolution (H. J. Res. 431) to correct the existing abuse of the interstate commerce laws by persons not entitled to travel on free passes; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND: A bill (H. R. 12619) granting a pension to William Turner; to the Committee on Pensions.

By Mr. CANFIELD: A bill (H. R. 12620) granting a pension to Adda Wilson; to the Committee on Invalid Pensions.

By Mr. FINLEY: A bill (H. R. 12621) granting an increase of pension to Charity Wilson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12622) granting a pension to Neoma Brooks; to the Committee on Pensions.

By Mr. JAMES: A bill (H. R. 12623) to provide for the patenting of certain land in the State of Michigan to Walter S. Prickett, of Sidnaw, Mich.; to the Committee on the Public Lands.

By Mr. KLEBERG: A bill (H. R. 12624) for the relief of Frederick Edward Evers; to the Committee on Naval Affairs.

By Mr. LEHLBACH: A bill (H. R. 12625) granting a pension to Annie E. Hull; to the Committee on Invalid Pensions.

By Mr. LOVETTE: A bill (H. R. 12626) granting a pension to Oscar D. Blevens; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8267. By Mr. BACON: Petition of Fifth Avenue Association of New York, favoring modification of Volstead Act; to the Committee on the Judiciary.

8268. Also, petition of the Fifth Avenue Association of New York, favoring retrenchment in Government costs, veterans' expenditures, and to give the President authority to effect further economies; to the Committee on Economy.

8269. Also, petition of sundry citizens of Long Island, favoring payment of balance of adjusted compensation; to the Committee on Ways and Means.

8270. By Mr. CULLEN: Petition of Intercoastal Lumber Shippers' Association, opposing Senate bill 4491 because, in the opinion of the members, the bill as now drawn will not accomplish the purposes for which intended, and therefore the bill should receive further study before enactment; to the Committee on Interstate and Foreign Commerce.

8271. By Mr. CURRY: Petition of Tracy Post, No. 1971, Veterans of Foreign Wars, indorsing Senate bill 4646 and House bill 9891; to the Committee on Interstate and Foreign Commerce.

8272. By Mr. JOHNSON of Texas: Petition of Hon. W. G. Gillis, Cameron, Tex., favoring House bill 12280; to the Committee on Banking and Currency.

8273. Also, telegram of Calvert Savings and Building Loan Association, Percy T. Norton, president, of Calvert, Tex., favoring House bill 12280; to the Committee on Banking and Currency.

8274. Also, telegram from H. M. Hefley, secretary Cameron Building and Loan Association, Cameron, Tex., favoring House bill 12280; to the Committee on Banking and Currency.

8275. By Mr. KELLER: Petition of Local Union No. 4320, United Mine Workers of America, Crab Orchard, Ill., asking passage of the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

8276. Also, petition of the City Council of Carbondale, Ill., urging the passage of the $5,000,000,000 prosperity loan; to the Committee on Ways and Means.

8277. Also, petition of the City Council of Marion, Ill., urging Federal loans to States and cities for public-works construction in aid of unemployment conditions; to the Committee on Ways and Means.

8278. By Mr. LINDSAY: Petition of Intercoastal Lumber Shippers Association, New York City, opposing Senate bill 4491; to the Committee on Interstate and Foreign Commerce.

8279. Also, petition of Albert E. Seibert, attorney, New York City, urging support of Senate bill 4726 and House bill 12246, the migratory wild fowl stamp tax; to the Committee on Agriculture.

8280. By Mr. MEAD: Petition of the National Association of Retail Meat Dealers (Inc.), relative to important matters of legislation; to the Committee on Ways and Means.

8281. Also, petition of Western New York Federation of Women's Clubs, favoring the Brookhart bill; to the Committee on Foreign Affairs.

8282. By Mr. MILLIGAN: Petition of citizens of DeKalb County, Mo., urging the passage of the Frazier bill, Wheeler bill, and the Swank-Thomas bill at the present session of Congress; to the Committee on Agriculture.

8283. By Mr. ROGERS: Petition of the mayor and board of aldermen of the city of Manchester, N. H., urging the immediate payment in cash of the World War adjusted-compensation certificates; to the Committee on Ways and Means.

8284. By Mr. RUDD: Petition of Intercoastal Lumber Shippers Association, New York City, opposing the passage of Senate bill 4491; to the Committee on Interstate and Foreign Commerce.

8285. By Mr. SPARKS: Petition signed by Ralph Owens and A. L. Marshall, of Collyer, and 12 other farmers of Trego County, Kans., favoring the repeal of the agricultural marketing act; to the Committee on Agriculture.

SENATE

TUESDAY, JUNE 14, 1932

(Legislative day of Monday, June 13, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed the bill (S. 1153) to provide for the incorporation of credit unions within the District of Columbia, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the bill (S. 3911) to authorize the Commissioners of the District of Columbia to close Quintana Place, between Seventh Street and Seventh Place NW., with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 9557. An act to amend certain sections of the Code of Law for the District of Columbia, approved March 3, 1901, as amended, relating to descent and distribution; and

H. R. 11638. An act to amend section 7 of an act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, and for other purposes.

CALL OF THE ROLL

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Cutting	Jones	Reed
Bailey	Dale	Kean	Robinson, Ark.
Bankhead	Davis	Kendrick	Robinson, Ind.
Barbour	Dill	Keyes	Sheppard
Barkley	Fletcher	King	Thomas, Okla.
Blaine	Frazier	La Follette	Townsend
Borah	George	Logan	Trammell
Bratton	Glenn	McGill	Tydings
Bulow	Gore	McKellar	Vandenberg
Byrnes	Hale	McNary	Wagner
Capper	Harrison	Metcalf	Walsh, Mass.
Caraway	Hawes	Moses	Walsh, Mont.
Cohen	Hayden	Neely	Wheeler
Connally	Hebert	Norris	White
Coolidge	Howell	Nye	
Copeland	Hull	Patterson	
Costigan	Johnson	Pittman	

Mr. McNARY. I desire to announce that the following-named Senators are detained in a meeting of the Committee on Banking and Currency: Mr. NORBECK, Mr. WATSON, Mr. COUZENS, Mr. GOLDSBOROUGH, Mr. STEIWER, Mr. WALCOTT, Mr. BROOKHART, Mr. CAREY, Mr. GLASS, and Mr. WAGNER.

The VICE PRESIDENT. Sixty-five Senators have answered to their names. A quorum is present.

THE APPROPRIATION "GENERAL AND SPECIAL CLAIMS COMMISSIONS, UNITED STATES AND MEXICO, 1932" (S. DOC. NO. 106)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision pertaining to an existing appropriation for the Department of State, for the General and Special Claims Commissions, United States and Mexico, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PROVISION PERTAINING TO AN APPROPRIATION UNDER THE TREASURY DEPARTMENT (S. DOC. NO. 107)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision pertaining to an existing appropriation for the Treasury Department, Office of the Supervising Architect, general expenses of public buildings, 1932, etc., which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

UNEXPENDED BALANCES OF APPROPRIATIONS FOR THE MARINE CORPS, 1932 (S. DOC. NO. 108)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision pertaining to the appropriations "Pay, Marine Corps, 1932," and "General Expenses, Marine Corps, 1932," affecting existing appropriations to provide that $125,000 of the unexpended balances of appropriations for the Marine Corps for the fiscal year 1932 shall remain available until June 30, 1933, for the purpose of meeting additional obligations for pay and allowances of officers and enlisted men of the United States Marine Corps incident to their detail for duty in connection with the national election to be held in the Republic of Nicaragua in November, 1932, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a paper in the nature of a petition from Henry W. Diggs, of Baltimore, Md., praying for the passage of remedial legislation affecting the working conditions of substitute postal employees, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a telegram in the nature of a memorial from W. A. Rankin, Kansas City, Mo., remonstrating against the passage of legislation providing for the immediate cash payment of veterans' compensation certificates (bonus), which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the council of the city of Macomb, Ill., favoring the passage of legislation authorizing a bond issue of not to exceed $5,000,000,000 to assist municipalities in financing public-improvement projects, so as to aid employment, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Southern California Sector, Society of the First Division, American Expeditionary Forces, Los Angeles, Calif., favoring the passage of legislation authorizing a $5,000,000,000 bond issue to inaugurate a program of public improvements so as to relieve the unemployment situation, which was ordered to lie on the table.

He also laid before the Senate telegrams in the nature of memorials from Charles Weisberg, secretary Organization Branch, No. 170, International Workers Order, of Chelsea; Wolf Viner, secretary Branch No. 28, International Workers Order, of Roxbury; W. Z. Caspar, Secretary Boston district, International Workers Order; M. Gelman, secretary Organ-

ization Central Committee Jewish Children Schools, of Boston, and Rema LaPouse, for National Student League (Boston district), representing students in 10 Massachusetts colleges, all of Boston, in the State of Massachusetts; P. Panchyshyn, secretary, L. Vorona, chairman, Ukrainian Labor Club (Inc.), and the United Ukrainian Toilers Organizations, by Kniazewich, secretary, both of New York City, N. Y., remonstrating against the passage of the so-called Dies bill, being the bill H. R. 12044 to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

Mr. GLENN presented papers in the nature of petitions from officers and directors of building and loan associations and sundry citizens, all in the State of Illinois, praying for the passage of the legislation known as the Watson-Luce home loan bank bill, which were referred to the Committee on Banking and Currency.

Mr. COPELAND presented a petition of sundry citizens of Port Jervis, Orange County, N. Y., praying for the passage in the Senate of a companion measure of the so-called Patman bill in the House of Representatives, providing for the immediate cash payment of adjusted-service certificates (bonus) of the World War veterans, which was referred to the Committee on Finance.

Mr. REED presented a resolution adopted by the Philadelphia County Council of the American Legion of Pennsylvania, favoring the calling of conventions of the people, to be held in the several States, for the purpose of deciding in the name of the people the question of the repeal of the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

Mr. ASHURST presented a telegram in the nature of a memorial from the Brunswig Drug Co., of Tucson, Ariz., remonstrating against the passage of legislation providing for the immediate cash payment of veterans' adjusted-compensation certificates (bonus), which was referred to the Committee on Finance.

He also presented a telegram in the nature of a memorial from James A. McGuire, of Tucson, Ariz., remonstrating against the passage of legislation adversely affecting the status of disabled emergency officers, which was referred to the Committee on Military Affairs.

He also presented telegrams in the nature of petitions from J. D. Halstead Lumber Co., by Albert A. Hayes, receiver, Halloran Bennett Lumber Co., O'Malley Lumber Co., Foxworth-McCalla Lumber Co., and Halstead Lumber Co., all of Phoenix, Ariz., praying for the passage of legislation providing a system of Federal home-loan banks, which were referred to the Committee on Banking and Currency.

AMENDMENT OF AGRICULTURAL MARKETING ACT—MEMORIALS

Mr. ROBINSON of Arkansas. Mr. President, I present a number of telegrams having relation to the bill now under consideration by the Senate. I ask that they may be noted in the RECORD and lie on the table.

The telegrams in the nature of memorials remonstrating against the passage of the bill (S. 4536) to amend the agricultural marketing act approved June 15, 1929, and other similar measures, presented by Mr. ROBINSON of Arkansas and ordered to lie on the table, are from J. R. Alexander, of Scott, and Mark Valentine, C. N. Alexander, and Harold A. Young, of Little Rock, all in the State of Arkansas.

IMPORTS OF FOREIGN STEEL

Mr. DAVIS. Mr. President, I desire to bring to the attention of this Congress the seriousness of the importation of steel products made in foreign countries and which in the last year deprived 237,130 American steel workers of one week's full-time employment.

The full details of this matter are contained in the following communication from the Bittenbender Co., of Scranton, Pa., which I desire to have inserted in the RECORD.

There being no objection, the communication was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

SCRANTON, PA., *June 11, 1932.*

Senator JAMES J. DAVIS,
Washington, D. C.

HONORABLE SIR: You are no doubt familiar with the fact the Scranton School District have just awarded a contract for the construction of the new junior high school in West Scranton.

As distributors of iron and steel products, we, of course, were interested in the sale of the required steel bars among which are a number to be used as reinforcing in the plastering job. S. & W. Crunden, plastering contractors in our city, hope to get this job, in which event they would like to place the steel order with us or some other local distributor. However, they have had competitive figures from a Philadelphia distributor, which figures were so far below our cost we could not understand how that could be possible so the matter was taken up with the Jones & Laughlin Steel Co., our source of supply. Upon doing so we learned, much to our disgust, that the lower prices quoted S. & W. Crunden covered foreign steel, which material Mr. Crunden will have to figure on for the simple reason that those against whom he is competing will undoubtedly do so.

We are informed by the Jones & Laughlin Steel Co. that the very lowest price they can consider—which price under present conditions is undoubtedly below actual cost—is $2.89 per hundredweight f. o. b. Scranton. This price of $2.89 per hundredweight is the equivalent of $11.56 per thousand feet of material. The price quoted S. & W. Crunden on the foreign steel is $7.50 per thousand feet, so you can readily see how impossible it is for American manufacturers to meet this competition.

Knowing the local authorities would, if it were possible, prevent the use of this foreign steel in the construction of the new school, the writer has taken the matter up with them; but, of course, there is nothing they can do about it, inasmuch as its use is not excluded in the original plans and specifications that the general contractor had in figuring the job.

We are bringing this to your attention in detail, urging your support of the Hawley bill, H. R. 8688, when it is brought before the Senate.

We are informed by the American Steel Warehouse Association, of Philadelphia, that it is estimated approximately 237,130 men lost a week's work in 1931 due to the importation of all grades of steel. Statistics show that in 1931, 369,923 net tons of all classes of steel were imported, causing a loss to our steel industry, with corresponding loss to thousands of workers who mine the ore, the coal operators and their employees, the loss of tonnage of railroads on the raw materials and coal, all of which aggravated the unemployment situation.

We know this will receive your careful consideration, and thanking you, we are,

Yours very truly,

THE BITTENBENDER CO.,
C. S. SEAMANS, *Sales Manager.*

BACK TO THE FARM

Mr. FLETCHER. Mr. President, I have in my hand a communication signed by Maj. G. M. Randall, M. D., of Daytona Beach, Fla., relative to the "back to the farm" movement, which was published in a recent issue of Truth and Justice, of Jacksonville, Fla., which presents some views worthy of consideration. I ask unanimous consent to have the communication printed in the RECORD and referred to the Committee on Agriculture and Forestry.

There being no objection, the communication was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

[From the Truth and Justice, June 10, 1932]

BACK TO THE FARM

Georgia, Florida, and Alabama are one great rich empire. Alabama is the great beautiful park, capable of supporting with ease and luxury as many people to the square mile as is Massachusetts or Connecticut, which have about 630 people to the square mile. Florida has about 30 people to the square mile; Georgia and Alabama, about 40 to the square mile. Georgia and Alabama could assimilate and support all of the 8,000,000 unemployed people. Florida alone could do this with ease. In neither of these States could a man, woman, or child freeze or starve.

It is a reproach on the intelligence of the Nation that we do not do for our deserving people what other countries do for their people who need encouragement and assistance. Nothing is gained to the individual or the Nation by a dole or anything that resembles a dole. Many projects suggested are little better than a dole. Railroads, canals, and post offices are necessary. Highways and schools are factors of civilization. But before we have all of these things we must have need for them and ability to support them. We need sustenance before we need luxuries. Before bank accounts come food, shelter, and the comforts of home.

Now, what's to do? Let the counties, States, and the Federal Government get together, combine forces, cooperate, and populate these misused acres, these unusual acres.

We have State departments of agriculture with county agents to assist and advise the new farmers. We have the United States Department of Agriculture, which expends more money than any other department of the United States Government, and expends it well.

There are thousands of deserted farms and farm buildings that could be rehabilitated to individual, State, and National advantage. There is not a railroad running north and south that would decline to assist in the transportation of honest homeseekers to places in the South.

Winter is coming. Why not take time by the forelock instead of by the horns? Get about a million of these people down here building shacks and log cabins, repairing old houses, getting

ready for 1933 crops. Conduct the thing along military lines. They have to be assisted. Why not assist them to assist themselves later? This is not the last year they are going to need to make a living.

All of this talk about an excess of agricultural products is bunk. The fault is merchandizing and transportation. We are not advising farmers to try raising a money crop the first year. It is a grub stake that interests him just now. After his family is fed and have a roof over their heads he can talk about a money crop and bank account, but until our banking system is properly diagnosed and treated, the farmer is better off with a full corn crib and a few hogs than he is with a few hundred dollars in the bank. There ought to be less talk about cash and more about hogs and hominy.

G. M. RANDALL, M. D.,
Major Medical Corps, United States Army (retired).

DAYTONA BEACH, FLA., *May 20, 1932.*

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H. R. 9058) to authorize the Secretary of War to accept on behalf of the United States a tract or parcel of land for park purposes, to the Chickamauga-Chattanooga National Military Park, reported it without amendment and submitted a report (No. 827) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 4065) authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages, reported it with amendments and submitted a report (No. 828) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. REED, from the Committee on Military Affairs, reported favorably the nomination of Brig. Gen. Daniel Wray De Prez, Indiana National Guard, to be brigadier general, reserve, from June 10, 1932; and also sundry nominations of officers in the Regular Army.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably several nominations of postmasters.

The VICE PRESIDENT. The nominations will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KEYES (for Mr. SWANSON):

A bill (S. 4881) for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay; to the Committee on Claims.

By Mr. WALCOTT:

A bill (S. 4882) granting a pension to Sadie Bromberg (with accompanying papers); to the Committee on Pensions.

REIMBURSEMENT OF LOSSES OF COOPERATIVE MARKETING ASSOCIATIONS

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to introduce a bill, and I request that it may be printed in the RECORD and appropriately referred.

There being no objection, the bill (S. 4883) directing the Federal Farm Board to assume certain losses of cooperative marketing associations, and to prevent further sales during 1932 of wheat and cotton under the control of said board, was read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That if any cooperative marketing association has incurred losses as a result of activities in which it was required to engage by the terms of any contract by which it received a loan from the Federal Farm Board, the board is authorized and directed to reimburse such association for such losses. So far as possible, such reimbursement shall be by cancellation of outstanding obligations or any part thereof of such association to the board; but if such losses exceed the amount of such obligations, reimbursement as to the remainder shall be by payment out of the revolving fund created by the agricultural marketing act.

SEC. 2. The Federal Farm Board shall take such steps as are necessary to prevent the selling of any wheat or cotton by any stabilization corporation during the remainder of the calendar year 1932. There are hereby authorized to be appropriated, from time to time, such sums as may be necessary to reimburse such corporations for expenses resulting from carrying out the provisions of this section.

PUBLIC-WORKS PROGRAM—AMENDMENT

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which was referred to the Committee on Banking and Currency and ordered to be printed.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred to the Committee on the District of Columbia:

H. R. 9557. An act to amend certain sections of the Code of Law for the District of Columbia, approved March 3, 1901, as amended, relating to descent and distribution; and

H. R. 11638. An act to amend section 7 of an act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, and for other purposes.

INCORPORATION OF DISABLED AMERICAN VETERANS OF WORLD WAR

Mr. WALSH of Montana. Mr. President, on yesterday I reported from the Committee on the Judiciary a bill (H. R. 4738) to incorporate Disabled American Veterans of the World War. This organization of most deserving citizens, who have suffered in the cause of their country, is to have its national convention at San Diego during the following week. The officers of the organization are just leaving to take part in that convention. Under these circumstances I feel moved to ask unanimous consent for the immediate consideration of the bill.

The VICE PRESIDENT. Is there objection?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the following persons, to wit, Robert S. Marx, of Ohio; William J. Donovan, of New York; H. G. Lightner, of Kentucky; A. B. Powell, of Alabama; Glenn E. Miner, of Arizona; George H. H. Pratt, of Arkansas; Volney P. Mooney, jr., of California; A. E. Sherlock, of Colorado; Peter Nugent, of Connecticut; Miles H. Draper, of Florida; William E. Tate, of Georgia; Jesse J. McQueen, of Idaho; Herman H. Weimer, of Illinois; S. G. Smelser, of Indiana; Henry J. Bitters, of Iowa; E. C. Moore, of Kansas; L. C. Mayeux, of Louisiana; F. J. McCarthy, of Maine; George W. Golden, of Maryland; J. W. McQueen, of Missouri; Leon C. Waite, of Massachusetts; L. E. Sharp, of Michigan; George E. Leach, of Minnesota; Quintus E. Camp, of Mississippi; John W. Mahan, of Montana; Leonard D. Densmore, of Nebraska; I. A. Lougaris, of Nevada; E. P. Badger, of New Hampshire; W. J. Dodd, of New Jersey; Carl F. Whittaker, of New Mexico; Malcolm Smith, of North Carolina; H. J. Muehlenbein, of North Dakota; Fletcher Riley, of Oklahoma; Lile Dailey, of Oregon; J. J. O'Leary, of Pennsylvania; Arthur Cole, of Rhode Island; G. G. Blackman, of South Carolina; Albert Haugse, of South Dakota; Reuben D. Hays, of Tennessee; M. A. Harlan, of Texas; Gaylen S. Young, of Utah; Malvern S. Ellis, of Vermont; George D. Simmons, of Virginia; Miles Price, of Washington; W. J. O'Neil, of West Virginia; Rev. G. Stearns, of Wisconsin; and such persons as may be chosen who are members of the Disabled American Veterans of the World War, and their successors, are hereby created and declared to be a body corporate. The name of this corporation shall be the "Disabled American Veterans of the World War."

SEC. 2. That said persons named in section 1, and such other persons as may be selected from among the membership of the Disabled American Veterans of the World War, an unincorporated patriotic society of the wounded and disabled soldiers, sailors, and marines of the Great War of 1917–18, are hereby authorized to meet to complete the organization of said corporation by the selection of officers, the adoption of a constitution and by-laws, and to do all other things necessary to carry into effect the provisions of this act, at which meeting any person duly accredited as a delegate from any local or State organizations of the existing unincorporated organization known as the Disabled American Veterans of the World War shall be permitted to participate in the proceedings thereof.

SEC. 3. That the purposes of this corporation shall be:

To uphold and maintain the Constitution and the laws of the United States; to realize the true American ideals and aims for which those eligible to membership fought; to advance the interests and work for the betterment of all wounded, injured, and disabled veterans of the World War; to cooperate with the United States Veterans' Administration and all other public and private agencies devoted to the cause of improving and advancing the condition, health, and interests of wounded, injured, or disabled veterans of the World War; to stimulate a feeling of mutual devotion, helpfulness, and comradeship among all wounded, injured, or disabled veterans of the World War; and to encourage in all

people that spirit of understanding which will guard against future wars.

SEC. 4. That the corporation created by this act shall have the following powers: To have perpetual succession with power to sue and be sued in courts of law and equity; to receive, hold, own, use, and dispose of such real estate and personal property as shall be necessary for its corporate purposes; to adopt a corporate seal and alter the same at pleasure; to adopt a constitution, by-laws, and regulations to carry out its purposes, not inconsistent with the laws of the United States or any State; to use in carrying out the purposes of the corporation such emblems and badges as it may adopt; to establish and maintain offices for the conduct of its business; to establish State and Territorial organizations and local chapter or post organizations; to publish a newspaper or other publications devoted to the purposes of the corporation; and generally to do any and all such acts and things as may be necessary and proper in carrying into effect the purposes of the corporation.

SEC. 5. That no person shall be a member of this corporation unless he—

Any man or woman who was wounded, gassed, injured, or disabled in line of duty while in the service of either the military or naval forces of the United States between the dates of April 6, 1917, and July 2, 1921, and who was in the service between the dates of April 6, 1917, and November 11, 1918, and who received an honorable discharge, is eligible for membership in the Disabled American Veterans. Others who were disabled while serving with any of the armed forces of the nations associated with the United States during the World War and who are now American citizens and were honorably discharged are also eligible. There are no honorary members.

SEC. 6. That the organization shall be nonpolitical, nonsectarian, as an organization shall not promote the candidacy of any persons seeking public office.

SEC. 7. That said corporation may acquire any or all of the assets of the existing unincorporated national organization known as the Disabled American Veterans of the World War, upon discharging or satisfactorily providing for the payment and discharge of all its liabilities.

SEC. 8. That said corporation and its State and local subdivisions shall have the sole and exclusive right to have and to use in carrying out its purposes the name the "Disabled Veterans of the World War."

SEC. 9. That the said corporation shall, on or before the 1st day of January in each year, make and transmit to the Congress a report of its proceedings for the preceding calendar year, including a full and complete report of its receipts and expenditures: *Provided, however,* That said report shall not be printed as a public document.

SEC. 10. That as a condition precedent to the exercise of any power or privilege herein granted or conferred the Disabled American Veterans of the World War shall file in the office of the secretary of each State in which posts, chapters, or subdivisions thereof may be organized the name and post-office address of an authorized agent in such State upon whom legal process or demands against the Disabled American Veterans of the World War may be served.

SEC. 11. That the right to repeal, alter, or amend this act at any time is hereby expressly reserved.

PHILIPPINE INDEPENDENCE—ADDRESS BY MRS. OSIAS

Mr. HAWES. Mr. President, as in America, the Philippine women are taking an interest in securing freedom for their islands.

The Filipino women occupy an unusually high place in their nation. All historians testify to this. They usually keep the bank account and the savings. They are the financial managers. Their chief passion is education of their children. They will make any sacrifice to send them to school.

One of these very intelligent and patriotic women is the wife of the industrious, scholarly Commissioner from the Philippines.

I ask unanimous consent to insert the address of Mrs. Ildefonsa C. Osias before the Woman's National Party, June 1, 1932, Washington, D. C., in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE FILIPINO WOMAN AND PHILIPPINE POLITICS

I am glad to be with you once again. Last time I was asked to speak before this organization, I attempted to picture to you the general condition of the people of the Philippine Islands and the status of women in society. This time I was asked specifically to speak for a few minutes on the Filipino Woman and Philippine Politics.

Before speaking directly upon the topic, I believe it is necessary to impress upon you that the Filipino woman occupies a high place in our social organization. I believe that it will be generally admitted that the Filipino woman exerts her greatest influence in the institution where she is the queen, namely, the home. She is essentially a family person. Her most important mission is done in her capacity as a home lover and home maker. I think you will find the testimonies of writers to be unanimous in according her great importance within the family as she has control of the family purse.

Let me quote a typical observation from a man who, from long contact and study, is qualified to speak of social conditions in the islands. Former Governor General Forbes in his book, the Philippine Islands (Vol. I, p. 17), says:

"The Christian Filipino woman holds a very different position in the family from that given to her sisters in India or in most oriental countries. She is usually the business manager of the household, keeps the keys, does the providing, receives all cash earned by any member of the family, including the proceeds from the farm produce, and supervises the expenditure. It is she who makes the budget. A man who fails to turn in his receipts for his wife's direction somewhat injures his standing in the community."

Filipino women have shouldered their full share in the life of our people. This is true not only in time of peace but even in war. At present Filipino women are not only active in family affairs but in business affairs. In agriculture, as well as in commerce, they are actively engaged.

Furthermore, they are active in the professions. They are each year increasing in numbers in the professions of teaching, nursing, pharmacy, medicine, and law. Their number is destined to grow rapidly because one of the most significant signs of progress in the Philippines in recent years has been the increasing proportion of girls and young women in the secondary schools, colleges, and universities in the Philippines.

Now, you ask me, "Do you have woman suffrage?" My answer is "No." But this does not mean that the Filipino women have no part or influence in public affairs or in governmental or in political affairs. Will my American sisters admit that they had no influence in the affairs of this Nation before they had suffrage? I am sure they were as important in the early life of the people and Government of this country as they have been since they were by law entitled to vote. In fact, I have been told by some of my woman friends that mere suffrage has not brought about such a radical change as the women had expected. I have also been informed, although I do not vouch for its accuracy, that some women are not as much interested in politics after they secured the right to vote as they were while they were fighting for the right of suffrage.

Now, I do not want you to misunderstand me. I am personally in favor of woman suffrage. I have worked for it and will continue to work for it. You should, however, know certain facts which have a bearing upon the existing situation.

Under the present government, not even our men had the right to vote for insular or national officials until Congress passed a law establishing the Philippine Assembly. This assembly was the lower house in our lawmaking body inaugurated in 1907. We were not given a senate and the house of representatives until Congress passed a law authorizing the creation of the Philippine Legislature in 1916. And I assure you that in the elections held in the Philippines, we, the Filipino women, have had a greater part than the outside world will ever know and, I may add, more than the candidates who won or were defeated will ever admit.

You who are familiar with the long struggle extending over a period of so many years before the American women enjoyed the right of suffrage will readily understand that, in reality, we have scarcely begun in our fight in the Philippines.

I should also inform you that the law governing the management of our government to-day was the act of Congress passed in 1916. This law, among other things, prescribed the qualifications of voters and candidates. These qualifications were limited to men, and women were excluded.

These are the qualifications prescribed by the act of your Congress:

"Every male person," please note that—"every male person who is not a citizen or subject of a foreign power, 21 years of age or over (except insane and feeble-minded persons and those convicted in a court of competent jurisdiction of an infamous offense since the 13th day of August, 1898), who shall have been a resident of the Philippines for one year and of the municipality in which he shall offer to vote for six months next preceding the day of voting, and who is comprised within one of the following classes:

"(a) Those who under existing law are legal voters and have exercised the right of suffrage.

"(b) Those who own real property to the value of 500 pesos, or who annually pay 30 pesos or more of the established taxes.

"(c) Those who are able to read and write either Spanish, English, or a native language." (Philippine autonomy act—act of Congress of August 29, 1916; Public, No. 240, 64th Cong., sec. 15.)

The amendment to the Constitution regarding woman suffrage has not been made applicable to the Philippines.

From these it is clear why things are as they are in the Philippines.

It should be stated that there is general interest in elections in the islands. I think it is at least in part due to the work and influence of women. At each general election which was so far held, from 85 per cent to 92 per cent of the Philippine voters who can vote actually vote. I understand this is much higher than the proportion voting in the United States.

You might also be interested to know that several employers and officials in the government are women; that there are women in charge of some of the larger and important schools and colleges;

that there are women in various boards of governmental and private bodies and organizations; and that they have a controlling voice in various organizations undertaking works of mercy, of charity, of uplift, and of reform.

Let me impress upon my friends here who are in sympathy with the desires of the Filipino women for suffrage that militant efforts are not welcomed by the men in the islands and are contrary to the nature of our women. It is not in accord with our national custom. We can best achieve political concessions and other reforms by quiet work and dignified methods.

We, the women of the islands, are whole-heartedly identified with our brothers in the belief that more important than reforms of a purely local or domestic character is the independence of the entire Philippines. We are not discouraged by any means and we are desirous to help concentrate our chief efforts toward securing the passage of a bill that would grant our independence as soon as possible.

As the members of the Woman's National Party doubtless know, the House of Representatives recently passed an independence bill by a very large majority, 306 for and 47 against, to be exact. It is now pending in the Senate, and the hope of all Filipinos, men and women alike, is that action will be taken on an independence measure without delay.

If the members of this organization and the Americans in general wish to help the Filipino people and at the same time serve the United States, they should exert their influence to have an independence bill become a law. Speaking directly to those who are interested that the Filipino women should have suffrage, let me say that this is the great opportunity. We shall then be able to work during the consideration of the constitution for the Philippine Commonwealth for a provision that will secure for the women of the islands the right of suffrage, effective with the date when independence will be granted. The delay of the grant of Philippine independence is responsible in a great measure for the uncertainty in all phases of our national life. Its early grant will hasten development in our country. It will release much time and effort and energy now given to our fight for an independent national existence for the purpose of effecting reforms in our domestic life, including woman suffrage. It will greatly stimulate our women to take greater interest in Philippine politics.

PHILIPPINE INDEPENDENCE—ADDRESS BY MAURO BARADI

Mr. HAWES. Mr. President, both the House committee and the Senate committee earnestly requested the names of any Filipinos who are opposing independence. I believe only seven were given in both hearings.

The unanimity of the Filipino people in demanding their independence is testified to by all of the modern writers and historians. It is a thing they place above every other consideration.

I ask unanimous consent to insert in the RECORD an address by Mauro Baradi, president of the Filipino Club (Inc.) and the Philippine Columbians, before the Filipino Club of Washington, showing how clearly the Filipinos understand the subject and how earnestly and intelligently they make their appeals for freedom.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

A PROMISE UNFULFILLED

Just after the Spanish-American War in 1898, when the United States took possession of the Philippine Islands, it was said that President McKinley at first did not know what to do with the archipelago. He spent days and nights trying to decide what course to follow.

AMERICA'S PHILIPPINE POLICY

In the meantime some American newspapers were advocating annexation, others indefinite retention, and still others turning over the territory to the Filipinos themselves. Public opinion was divided. Finally, after meditation and prayer, the President reached a decision.

Later he made a formal declaration announcing America's policy toward the Philippines in these solemn words:

"The Philippines are ours not to exploit but to develop, to civilize, to educate, to train in the science of self-government. This is the path of duty which we must follow or be recreant to a mighty trust committed to us."

This stand has been followed by every succeeding President regardless of party affiliation—Roosevelt, Taft, Wilson, Harding, Coolidge, and Hoover. Frequently it has been referred to with approval in the planks of the major political parties.

A SACRED PLEDGE

To make the pronouncement absolutely official, the people and Government of the United States of America, of their own accord, passed the Jones law—act of Congress of August 29, 1916—which, in unmistakable terms, states that—

"* * * It was never the intention of the people of the United States in the incipiency of the war with Spain to make it a war of conquest or for territorial aggrandizement; and

"* * * It is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein * * *."

Pursuant to this pledge, the Filipinos were given an opportunity to run their own government and conduct their own affairs. In all modesty it must be said that not only did they make commendable progress but were successful. So much so that President Wilson, in his message to Congress on December 7, 1920, said:

"Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of the Congress in their behalf, and have thus fulfilled the condition set by the Congress as precedent to a consideration of granting independence to the islands. I respectfully submit that this condition precedent having been fulfilled, it is now our liberty and our duty to keep our promise to the people of those islands by granting them the independence which they so honorably covet."

A GOD-GIVEN RIGHT

Year after year the Filipinos have sent and are still sending their duly authorized spokesmen to the United States to voice the unanimous desire of their people for independence. Impartial observers have expressed the conviction that they "found no people in the world so unitedly, so passionately, so insistently desiring independence as the Filipinos." This desire is not new. It dates back to the days prior to the time when the first European set foot on Philippine soil in 1521. That year Magellan, the first circumnavigator of the world, lost his life in an attempt to impose a tribute upon the inhabitants of the archipelago and to subdue them. Spain's rule in the islands, covering a period of about 375 years, was marked by revolution after revolution on the part of the people for freedom. And when America appeared on the scene the Filipinos were led to believe that they were going to have their God-given right to be free and independent.

FILIPINOS ENCOURAGED

American soldiers were looked upon as defenders from tyranny and abuse: the missionaries were hailed as bearers of the gospel of truth, Christianity, and brotherhood; American officials, teachers, business men, and travelers—these gave the impression of the Americans being bearers of "the richest blessings of a liberating rather than a conquering nation."

Filipino children, who have a proverbial passion for education, were taught English as the language of enlightenment, democracy, and progress; they studied the works of great American authors, learned the writings of American statesmen, and were told to revere American heroes and liberators. The Filipinos observe American holidays. On July 4 of each year they join the citizens of this Republic in programs, parades, and other forms of celebration, where the Declaration of Independence is read and speeches on liberty, freedom, equality, and independence are delivered.

In view of these facts, could anyone doubt the sincerity of the Filipinos' aspiration for independence? To them freedom is sacred; it is more precious than the world's riches. No people can really be happy unless they are absolutely free.

INDEPENDENCE OVERDUE

More than a decade has now elapsed since President Wilson recommended to Congress the redemption of America's solemn pledge. Right now Filipino leaders are knocking at the very doors of Congress that that great body may hear their oft-repeated pleas. These leaders appeared before appropriate committees in the American Senate and House of Representatives and brought out facts and figures proving that the Philippines are ready to assume the responsibilities of a sovereign state. Politically, the Filipinos are capable, socially and culturally they can be favorably compared with most of the independent nations of the world; economically, they are progressing, and, if independent, they will survive. They are a liberty-loving, law-abiding, and peaceful people, friendly with their neighbors.

CONGRESS AGAIN SPEAKS

What better proof can the Filipinos offer in support of their age-long objective than to cite the conclusions found by the United States Senate Committee on Territories and Insular Affairs and the House Committee on Insular Affairs?

After extensive hearings on the Philippine bills granting freedom, the Senate committee favorably reported an independence bill—S. 3377—commonly known as the Hawes-Cutting bill. On March 1, 1932, the committee concluded that—

"Every condition precedent that we have imposed upon them has been fulfilled. They now have a stable government. We can no longer postpone a definite solution of the question of independence without serious injustice. The Filipino people unitedly are respectfully, but with insistence, urging their independence. Further delay will not be understood by them and can not be justified by us."

For its part, the House committee reported on March 15, 1932, as follows:

"Our purpose in the Philippines has been accomplished. The unity of the people there is a fact. Their readiness and their eagerness for self-government have been abundantly demonstrated. Their financial capacity to support their government is beyond question. They have a balanced budget, a stable currency, a sound and efficient administration of justice, a successful system of public instruction. They have sanitation, communications, and all other services which are indispensable to progressive and orderly government. They maintain law and order through their own instrumentalities and assure protection to their own citizens and the nationals of other countries. Their educational and economic standards are higher than those in other countries in that part of the world. Under our inspiration and tutoring

they have come to understand and prize and covet democracy. They recognize their debt of gratitude to the American people.

"We have done for the Filipinos all that we have promised them except to grant them independence. We owe it not only to the Filipino people but also to our own to name the day and the way of Philippine independence."

It is a great source of satisfaction to feel that the House of Representatives, in line with the findings of the House committee, has already expressed its hearty approval to and unqualified indorsement of a Philippine independence bill. On April 4, 1932—a memorable day in American-Philippine relations—by an overwhelming vote of 306 in favor and 47 against, the House passed "A bill (H. R. 7233) to enable the people of the Philippine Islands to provide for the independence of the same, and for other purposes." The vote was "one of the greatest majorities in parliamentary annals."

The Senate has now pending for its consideration the independence bill, and our hope is that that great body will soon take action on it. When the measure is passed the Chief Executive of the Nation, who has said that "independence of the Philippines at some time has been directly or indirectly promised by every President and by the Congress," will take the final step.

AMERICA ON TRIAL

In the meantime, the Filipinos are awaiting with anxiety the outcome of their just petition to be free. They believe in America and have faith in her people. They know that if she has fought for the cause of small nations and championed the principle of self-determination, she can not deny the Filipinos their independence—a cause for which she herself has sacrificed lives and property, an ideal which she holds priceless.

A QUESTION UNANSWERED

We repeat, the United States pledged to grant independence to the Philippines. That promise has been honorably made; it has been voluntarily expressed. The Filipinos have done their part and they are now waiting for the people of America to do theirs. "When will you free us?" This is the question the Filipinos are asking of every American.

The world took cognizance of the promise made; mankind knows it has as yet been unfulfilled.

LUCIUS Q. C. LAMAR—ADDRESS BY ALFRED K. NIPPERT

Mr. HARRISON. Mr. President, I ask unanimous consent to have printed in the RECORD an eloquent address on the life, character, and public services of the late Associate Justice Lucius Q. C. Lamar, of my State, recently delivered by Judge Alfred K. Nippert, of Cincinnati, Ohio, at the University of Mississippi on the occasion of the presentation of an oil portrait of Justice Lamar.

There being no objection, the address was ordered printed in the RECORD, as follows:

On the 24th day of January, 1893, Prof. A. H. Whitfield, of the law department of the University of Mississippi, moved the United States court, then in session at Oxford, Miss., to "adjourn in honor of the greatest statesman of the South." The man referred to was Lucius Quintus Cincinnatus Lamar, Justice of the Supreme Court of the United States, who had passed to his reward the evening before, at Vineville, Ga., where he had gone to recuperate from an illness of long standing.

The late justice was born at the old Lamar homestead in Putnam County, Ga., on September 17, 1825, the son of Judge Lucius Quintus Cincinnatus Lamar, who had attained distinction as a lawyer and judge in the courts of his native State, where his family had settled at the outbreak of the Revolutionary War. The Lamars were of old Huguenot stock, having escaped from France and the terrors of the religious persecutions incident to the revocation of the Edict of Nantes, and first settled in Maryland.

The father of the late justice was one of 9 children—4 sons and 5 daughters. The sons were named, respectively, Lucius Quintus Cincinnatus, Mirabeau Bonaparte, Thomas Randolph, and Jefferson Jackson. The one guilty of this baptismal impediment placed upon these boys at the christening font of the Methodist Church was a bachelor uncle of these innocent babes, by the name of Zachariah Lamar. Zachariah was a quaint old character—he offered family prayer in good old Methodist fashion, praised God for the noble examples of Christian martyrdom in the arenas of Rome and Pompeii, gave thanks to God for the forward march of science, art, and especially literature; and, to show his appreciation of the great men in history, he proceeded to name his brother's children according to the particular historical personage of whom he was reading at the time of their birth. So it happened that Uncle Zachariah was reading about that grand old Roman hero and statesman, Lucius Quintus Cincinnatus, when his brother John's first son was born. What better name could be given to this first-born of the fifth generation of the American Lamars than that of the famous twice savior of Rome? And Lucius Quintus Cincinnatus it was. This illustrious name has since been handed down to son, grandson, and great-grandson of the Lamars as time and years rolled by.

Young Lamar, following the footsteps of his distinguished father, was admitted to the Mississippi bar in the year 1850. The agitation between the North and the South had already begun to take hold of the various States of the Union, but nowhere was the excitement more intense and the reaction more profound than in the State of Mississippi. It was at that time that Mr. Lamar became first actively connected with the University of Mississippi, as adjunct professor of mathematics and metaphysics. His distinguished father-in-law, Judge A. B. Longstreet, was then president of this institution, having resigned the presidency of Emory College, Georgia, to assume a wider field of usefulness as head of the State University of Mississippi. Young Lucius Lamar had been a student and member of the class of 1845 at Emory College. While there he fell in love with Virginia Lafayette Longstreet, the beautiful daughter of the then president of Emory College—a brave but risky adventure on the part of the young Roman. Within two years the fair Virginia Longstreet became Mrs. Lucius Quintus Cincinnatus Lamar.

In 1855 the young lawyer purchased a plantation of 1,100 acres on the Tallahatchie River, near Oxford, Miss., and called it "Solitude." It was at this time that he formed a law partnership with Christopher H. Mott and James L. Autrey, under the firm name of Lamar, Mott & Autrey, with offices at Holly Springs, Miss. Mott was a veteran of the Mexican War and served as first lieutenant in the Marshall Guards under Col. Jefferson Davis. Autrey was a Tennessean, the son of one of that immortal band of heroes who suffered death at the Alamo in the cause of Texan independence. This happy professional relationship between the three men continued until the outbreak of the Civil War.

Lamar in 1857 was nominated and elected to Congress from the first congressional district of Mississippi, but only after a very bitter and strenuous campaign against his opponent, a candidate supported by the so-called Know-Nothing Party. Reelected in 1859, he served only part of the Thirty-sixth Session of Congress, retiring in December, 1860, when the election of Mr. Lincoln brought the South face to face with a tremendous problem.

Lamar believed it possible to form an independent Southern Confederacy. At the Jackson convention in January, 1861, he reported to the Committee of One Hundred the Mississippi ordinance of secession, which he himself had drafted. As this portentous ordinance passed by an overwhelming vote of 85 to 15, a profound silence prevailed in the great hall and tears gathered in the eyes of nearly everyone present. The die had been cast—the South had crossed the Rubicon, while in the North many an irreconcilable Cato hurled across the borders of the Confederacy the ultimatum of ancient Rome, "Carthaginem esse delendam"; and the South has to this day not yet recovered fully from the awful consequences which followed the passage of this ordinance of 1861.

As my esteemed friend, the late Judge Edward B. Mayes, former chancellor of the University of Mississippi, stated so eloquently in his monumental work on Lamar, His Life and Times: "The actors in the secession knew that they were turning their backs upon the structure every stone of which was baptized by the blood of their fathers and the tears of their mothers, and that the old flag which their fathers and themselves had borne from glory to glory was from thenceforth to be alien and possibly hostile. They loved the Union—but they believed in the principles and methods which were purely economical and moral to the States which later on formed the Confederacy. They may have been mistaken in their principles and they may have been wrong in their methods; nevertheless, at that time they felt that right, justice, and the Constitution were with them, and so the die was cast and Mississippi entered into the irreparable and unavoidable conflict."

James G. Blaine, who served with Lamar in the United States Senate, later on said of him that "He stood firmly by his State in accordance with the political creed in which he had been reared, but looked back with tender regret to the Union whose destiny he had wished to share and under the protection of whose broader nationality he had hoped to live and die."

On February 4, 1861, the convention of States met at Montgomery, Ala. Lamar was a delegate and helped elect Jefferson Davis as Provisional President. He assisted in the adoption of a constitution and drew the legislation for the young Confederacy.

Christopher Mott, Lamar's law partner, organized the Nineteenth Mississippi Regiment, of which he was elected colonel, and Lamar lieutenant colonel. Both Mott and Lamar went with the regiment to Richmond, Va., and then immediately into the Peninsular campaign. On the 5th of May, 1862, the Battle of Williamsburg occurred, and in this battle Mott fell, at the head of the regiment, leading his men. After the fall of his commander Lieutenant Colonel Lamar led the charge the remainder of the day and acquitted himself creditably throughout this long and stubbornly contested fight. Soon afterward Lamar was seized by a serious illness and was sent home. In September of that year he lost his younger brother, Jefferson Lamar, who, as lieutenant colonel of Cobb's Legion of Georgia, fell when leading a charge at Cramptons Gap in the Blue Ridge Mountains of Maryland. A cousin of Jefferson and Lucius, Col. John B. Lamar, was also mortally wounded in the same engagement. In 1864 he lost his elder and only surviving brother, Thomas B. Lamar, colonel of the Fifth Florida, who was killed in battle in front of Petersburg, Va. In the same year the junior partner of the firm of Lamar, Mott & Autrey was killed in the Battle of Murfreesboro, Tenn. Yea—secession was exacting heavy tribute and priceless treasures from the bleeding South!

About this time the old wooden sign of the law firm, Lamar, Mott & Autrey, which for many years had been idly swinging over the office door at Holly Springs, Miss., was found floating on the waters of the Mississippi—a derelict on its way to the mighty ocean and an ominous foreboding of the wreckage that was to follow the useless sacrifices of this noble triumvirate of southern jurists.

In October, 1862, Colonel Lamar resigned his colonelcy of the Nineteenth Mississippi, and in November was appointed by Jeffer-

son Davis as special commissioner of the Confederate States to the Empire of Russia. His credentials were signed by J. P. Benjamin, the famous Louisiana lawyer, then Secretary of State for the Confederacy. Mr. Lamar returned from his European mission, which included also England, France, and Germany, in January, 1863. He concluded his military services as Judge Advocate in the Third Army Corps, with the rank of colonel of cavalry. After Appomattox, April 9, 1865, he sent the following message to his fellow officers:

"I shall stay with my people and share their fate. I feel it my duty to devote my life to the alleviation, so far as in my power lies, of the sufferings which this day's disaster will entail upon them."

The surrender of General Lee to General Grant was followed by that of General Johnson to General Sherman, April 26, 1865, and General Taylor to General Canby, May 4, 1865; so that when Colonel Lamar started home from Richmond, as he did on May 16, 1865, the war was indeed ended.

Then followed the hopeless and despairing years of the post bellum days. I will not honor this period—in the light of history—by referring to it as the "reconstruction period." It was rather the "period of destruction," where the victor, like Brennus in the forum of ancient Rome, exacted impossible tributes from the conquered peoples with the words, "Vae victis" (woe unto the vanquished).

To quote again from Chancellor Mayes: "To the southern people the future held little hope, the present was full of trouble and suffering. During the long and bitter struggle for the principles which they cherished, a struggle in which they believed themselves to have acted always on the defensive, they had suffered so bravely and so much. The very women and children at home had gone hungry and ill clad; all domestic happiness had been surrendered for years; all the able-bodied men from 16 to 60 had been sent away to the hardships and dangers of the battlefields; all profitable industries had been renounced; private fortunes had been poured into the army chest; the very fields, for want of markets for their products, had been abandoned and desolated; the terrors of invading hosts had been endured; the homes and the cities had been given up to pillage and the torch; the names of a thousand bloody fields had been written upon the tablets of their memories with indelible tears; in every household for years had been borne the daily torturing dread—a dread to be displaced only by the crowning sorrow of the fact—of the loss of the bravest and best beloved; the throne of the omnipotent God had been hourly besieged with groans and prayers and supplications—and all to what end? To this: That not only the humiliation of conquest awaited them, the loss of fortune and of honorable estate in the councils of nations, but also that their honor was challenged; the decision of the sword, which so sternly settles facts, never yet in truth settled a question of right and wrong, either political or moral. The railroads had been torn up to a great extent, many of the cities were in ruins, no crops had been gathered for three years, all movables had been consumed by the war. A free population, containing 5,000,000 people, had lost over two thousand millions of dollar values. Clothing was scarce, food even more so, and their money valueless. The floors of the dwellings had been stripped, the carpets having been used in lieu of blankets, and many families of refinement and former wealth were without the commonest articles of household and table furniture. The grim specter of poverty sat at their firesides and confronted them at their table."

The situation seemed hopeless in June, 1866, when Colonel Lamar returned to the chair of ethics and metaphysics at the University of Mississippi. It was during that year that he, with the late Judge Charles B. Howry, founded on the campus of the University of Mississippi the Mississippi Gamma Chapter of Sigma Alpha Epsilon. Colonel Lamar during the period of the Civil War had met a number of young volunteers from the various chapters of this Greek-letter fraternity, which was founded on the campus of the University of Alabama in the year 1856, and whose founder, Noble Leslie DeVotie, was to be the first sacrifice on the altar of this Confederacy. Seventy-five per cent of the young Sigma Alpha Epsilon collegians enlisted in the war and more than half of their number were counted among the casualties of the battlefields.

There was recently dedicated by the same Sigma Alpha Epsilon fraternity at Evanston, Ill., on the shores of Lake Michigan a magnificent memorial chapel in memory of the members of this fraternity who died on the fields of battle since the founding of the order in 1856. More than 7,000 of them enlisted in the World War, and 150 made the supreme sacrifice on Flanders Field, whose memories are honored with the heroes of the Civil War, both northern and southern, in this magnificent Gothic temple—in so far as I know, the only great monument erected to the Nation's dead regardless of the Mason and Dixon's line. One of the finest memorial windows in the temple is the window, designed by Tiffany, dedicated to the memory of L. Q. C. Lamar, in recognition of the great service which this distinguished statesman and jurist rendered his people and his fraternity. One section of this window represents Lamar delivering his famous and historic eulogy on Sumner on the floor of Congress April 28, 1874. The other section shows him as he took the oath of office as one of the justices of the Supreme Court of the United States on the 18th of January, 1888. The central section depicts the figure of justice holding her scales in balance.

In January, 1867, Colonel Lamar was unanimously elected to fill the chair of professor of law at the University of Mississippi, to which he was to give his entire and exclusive time. During these years his helpful counsel and advice did much to strengthen the ardor of the southern youth in their seemingly hopeless struggle for existence and education. However, in the spring of 1870 Lamar retired from the University of Mississippi, owing to the changes of administrative policies, which were of such a nature that he felt constrained to leave the university of his choice. When he left the university he admonished the graduates of his law school by saying:

"And now, young gentlemen, as you go home, I pray that you may have prosperity and happiness through life, with just enough sorrow to remind you that this earth is not your home."

In 1872 he again entered the national political arena. National politics had gone from bad to worse. The carpetbagger and corruptionist were enthroned in the South. In May, 1872, Lamar wrote in despair to a neighbor of mine at Cincinnati, the late Charles G. Reemlin:

"I fear, if this agony is prolonged without hope of relief at some period, the southern people will feel that death is better than life; and then despair and Nemesis will rule the hour. Such being the condition, the thought which presses upon every aching heart and head is not how to restore the constitutional faith of our fathers but how to get rid of these creatures, defiled by blood, gorged with spoil, cruel, cowardly, faithless, who are now ruling the South for no purposes except those of oppression and plunder."

In the same epistle to Reemlin, who was a strong supporter of Tilden, as against Hayes, for the Presidency in 1876, Mr. Lamar referred feelingly to Carl Schurz by saying:

"Carl Schurz is the only genuinely popular man in the country. The people think him patriotic, disinterested, and intellectual. They pine for a true man; one true in his principles, lofty in his manners, and a real genius. * * * Schurz has somehow touched their [the people's] hearts."

However, the end of the carpetbagger was not yet—in spite of Carl Schurz and other mature thinkers and statesmen of that period.

In 1873 Lamar's congressional ambitions were realized and he was returned as a member of the Mississippi delegation to the Forty-third and Forty-fourth Congresses. His great opportunity to awaken the conscience of the North to the bitter wrongs that were inflicted upon his people by northern misrule came on the death of Hon. Charles Sumner, Member of Congress from Massachusetts and an ardent abolitionist of the New England type. At the request of the Massachusetts delegation he delivered a eulogy on the life and character of Senator Sumner on the floor of Congress, April 28, 1874, amidst crowded galleries. This speech marked the turning point of the so-called "reconstruction period" and changed the triumphant attitude of the North toward the vanquished and prostrate South. Lamar's eulogy of Sumner has gone down in history as one of the greatest oratorical gems ever delivered on the floor of either House of Congress. His hearers sat in rapt attention as this southern gentleman proceeded with a brilliant analysis of Sumner's character. He reached the climax of his oration when he concluded his great effort, exclaiming:

"The South—prostrated, exhausted, drained of her lifeblood, as well as of her material resources, yet still honorable and true—accepts the bitter award of the bloody arbitrament without reservation, resolutely determined to abide the result with chivalrous fidelity; yet, as if struck dumb by the magnitude of her reverses, she suffers on in silence. The North, exultant in her triumph and elated by success, still cherishes, as we are assured, a heart full of magnanimous emotions toward her disarmed and discomfited antagonist; and yet, as if mastered by some mysterious spell, silencing her better impulses, her words and acts are the words and acts of suspicion and distrust. Would that the spirit of the illustrious dead whom we lament to-day could speak from the grave to both parties to this deplorable discord in tones which would reach each and every heart throughout this broad territory 'My countrymen! Know each other better and you will love each other more!'"

He had awakened the sleeping conscience of the North. The South felt that at last a champion worthy of her cause had entered the lists to bring the tragic era of reconstruction and the reign of terror of the carpetbagger to an early close.

On March 4, 1877, Lamar entered the United States Senate and, reelected, he served until March 6, 1885, when President Grover Cleveland called him to his Cabinet as Secretary of the Interior, in which capacity he served with industry and fidelity until January 10, 1888, when he accepted, at the hands of the President, the appointment as Associate Justice of the Supreme Court of the United States, where he served with distinction and great ability until his death, January 23, 1893.

Thus ended the career of a truly great man—a brave soldier, an unusual diplomat, a courageous champion of a lost cause, a great teacher of jurisprudence, a Congressman and Senator of fearless caliber, a member of Cabinet, and a great judge of a great tribunal. Indeed, Professor Whitfield stated a terse truth on January 24, 1893, when he moved to adjourn court "In honor of the greatest statesman of the South."

"His life was gentle,
And the elements so mixed in him,
That nature might stand up
And say to all the world,
'This was a man.'"

May this splendid portrait of a great Mississippian be a constant reminder to you and to generations yet unborn of a noble and unselfish life.

ENFORCEMENT OF THE EIGHTEENTH AMENDMENT

Mr. COPELAND. Mr. President, a distinguished member of the New York bar, Mr. John H. Hazelton, has prepared a brief relating to the eighteenth amendment of the Constitution. I ask that it may be printed in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

MEMORIAL RESPECTFULLY SUBMITTING TO THE SENATE OF THE CONGRESS OF THE UNITED STATES FOR THEIR CONSIDERATION A PROPOSED AMENDMENT (OF CONSTRUCTION) OF SECTION 2 OF ARTICLE XVIII OF THE AMENDMENTS TO THE CONSTITUTION OF THE UNITED STATES

To the Senate of the Congress of the United States:

I am neither a "wet" nor a "dry" (so-called); but I am, by birth, a citizen of the United States and much interested in its welfare.

May I not, therefore, respectfully submit the following:

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States.

"ARTICLE

"That section 2 of Article XVIII of the amendments should, and shall, be construed as a grant of concurrent power to both the Congress and the several States to enforce, by appropriate legislation, the entire prohibition of section 1 thereof; that the word 'concurrent' as there used means 'acting in union or conjunction' (that is, running with), and relates to the 'power' granted thereby, not to the 'legislation' power to enact merely, which is granted thereby."

Or the following:

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three-fourths of the several States.

"ARTICLE

"That section 2 of Article XVIII, of the amendments, should, and shall, be construed as a grant of concurrent power to both the Congress and the several States to enforce, by appropriate legislation, the entire prohibition of section 1 thereof; that the word 'concurrent,' as there used, means 'acting in union or conjunction' (that is, running with), and relates to the 'power' granted thereby, not to the 'legislation' power to enact merely, which is granted thereby."

For your consideration.

ARGUMENT

Leaving out of consideration an absolute repeal of the eighteenth amendment (which would, of course, end the "noble experiment" altogether) and leaving out of consideration, of course, the question of revenue, it seems to me that the real question underlying the present admittedly unsatisfactory prohibition situation is the enforcing of the amendment inside of the States.

And it seems to me that the real trouble is the erroneous construction (in National Prohibition Cases, 253 U. S. 350) of section 2 of the amendment, giving power to Congress inside of States—which section, it seems to me, was never properly presented to the court—the main contention in this case (it will be remembered) being that section 1 of the amendment, and, therefore, the entire amendment, was unconstitutional, which, of course, did not tend to any elaborate argument also on a question of construction of section 2, which conceded constitutionality.

It seems to me that a proper construction of section 2 would still leave the amendment (section 1) as a goal, but would leave the laws, if any, to enforce, inside of States (except in time of war and except in certain instances) to each State respectively—thus leaving these laws, if any, to enforce, inside of States, to grow in strength as the sentiment in the particular State grows, rather than attempting to enforce, inside of States, by laws of Congress, against the sentiment in the particular State.

It will, of course, be remembered that the Law Enforcement Commission found:

"1. The commission is opposed to repeal of the eighteenth amendment. * * *

"5. The commission is of opinion that the cooperation of the States is an essential element in the enforcement of the eighteenth amendment and the national prohibition act throughout the territory of the United States; that the support of public opinion in the several States is necessary in order to insure such cooperation."

And this is exactly what would follow, it seems to me, if (merely) the words "concurrent power" in section 2 of the amendment were properly construed.

And the proper construction, it seems to me, is that given in (either of) the proposed amendments (of construction), these differing not at all in the (proposed) amendment proper but only in the method of ratification.

Article XVIII of the amendments says:

"SECTION 1. After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

"SEC. 2. The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation."

These words, "concurrent power," in section 2 are used to denote the kind of power in both "the Congress and the several States" to enforce the entire prohibition of section 1, not the kind of power in each, it seems to me.

Looking first at this amendment by itself:

The first thing to note is that we can not (properly) construe this section 2 without reading into it the prohibition of section 1, "concurrent power to enforce" which "by appropriate legislation" is thus given.

(And looking at this section 1 we immediately see that the amendment is not confined to the States of the United States.)

The next thing to note is that this section 2 is but a single sentence; that the word "concurrent" is used but once; and that it applies equally to the power of both "the Congress and the several States" "to enforce this article by appropriate legislation," not to the power of each or either.

(And, thus noting, we see that we are not considering here at all the jurisdiction of a court, which passes upon the particular case only, but upon all the parties to it, if upon the case at all, but the power of legislation, which acts upon all persons subject to the particular power that legislates, of course, but which acts upon those persons only who are subject to that particular power of legislation.)

But, thus reading these sections together and thus noting, we see that we here have a very unusual situation—a "concurrent power" to enforce given to both "the Congress and the several States," which power to enforce (in its entirety) could be given to Congress alone, but which power to enforce (in its entirety) could not possibly be given to the several States alone, and therefore was not given to the several States at all (in its entirety).

In other words, the prohibition of section 1, it will be noted, extends throughout "the United States and all territory subject to the jurisdiction thereof"; and there is territory in the United States, etc., over which not all of the States could possibly have any power.

And therefore, as the grant of power is of "concurrent power" to both "the Congress and the several States" "to enforce this article"—that is, to enforce the entire prohibition of section 1—it follows that we must construe the words, "concurrent power," having the same meaning as to both the Congress and the several States, it will be remembered, so far as "Congress" is concerned, just as (as stated) it must be construed as to "the several States," so that Congress has not power everywhere either.

In other words, the power, it will be noted, is in both "the Congress and the several States" and is "concurrent" to do the same thing, viz, to "enforce by appropriate legislation" the prohibition of section 1; and this prohibition extends beyond the States and could not, therefore, be enforced in its entirety by (all even of the) States and, therefore, was not intended to be enforced in its entirety by the Congress, because (as stated) the power in both is "concurrent," and whatever is this "concurrent power" in both, the "power" of each must be a power of which that each is capable before the power of both can be "concurrent power."

Our search, therefore, must be for that particular meaning of the word "concurrent" that permits this.

And with this in mind I assert without fear of proper contradiction that this word as here used clearly means that the Congress and the several States, both, "shall have * * * power," acting in union or conjunction (that is, "concurrent," or running with) "to enforce" section 1, not that either alone can enforce the entire section, but that both can ("shall have power" to) enforce the entire section, if both act in union or conjunction.

Or, to be more specific, the word "power" should be taken with the words "the Congress and the several States," (not with the words "the Congress" only, or with the words "the several States" only) showing that the power referred to is that of both, not of either or each; the word "concurrent" should be taken with the word "power," next to which it is, and not at all with the word "legislation"; and the words "concurrent power," not either only, but both, should be taken with the words "to enforce this article," showing that the power of both is that kind of power that is "concurrent" and that being "concurrent," would enable them both to enforce the entire prohibition that precedes, namely, the entire prohibition of section 1.

There is no getting away from this.

The meaning given, "acting in union or conjunction," is the only meaning of the word "concurrent" that can always be used with both the word "Congress" and the words "the several States" as applied to the power to enforce the entire prohibition of section 1, which is what the section says.

To test this, all one has to do is to give to this word "concurrent" some other meaning than this "acting in union or conjunction" and see the difficulties that instantly result.

Take, for instance, the conclusions of the court itself in national prohibition cases. Among these conclusions are:

"8. The words 'concurrent power' in that section (sec. 2) do not mean joint power [correct], or require that legislation thereunder by Congress, to be effective, shall be approved or sanctioned by the several States or any of them [correct]; nor do they mean that the power to enforce is divided between Congress and the several States along the lines which separate or distinguish foreign and interstate commerce from intrastate affairs [incorrect].

"9. The power confided to Congress by that section, while not exclusive, is territorially coextensive with the prohibition of the

first section [correct—but (except in time of war) it is not the same everywhere], embraces manufacture [correct—but (except in time of war) not manufacture, generally, inside of States] and other intrastate [correct only in the Army and the Navy and as to the business of the National Government and in time of war] transactions as well as importation, exportation, and interstate traffic [correct—but with certain limitations], and is in no wise dependent on or affected by action or inaction on the part of the several States or any of them [correct]."

In other words, they construed the section as if it read:

"The Congress shall have power to enforce by appropriate legislation this article; the several States shall have power to enforce by appropriate legislation so much of this article as comes within the several States; and—where both have power to enforce (all or any part of this article)—their powers shall be 'concurrent.'"

Which is not what the section says.

Take for instance the opinion of Chief Justice Taft in U. S. *v.* Lanza (260 U. S., 397).

It will be noted that—in States—he uses the word "concurrent" to mean "joint and equal in authority" but that—in territory not States—he (therefore, necessarily) disregards the word "concurrent" altogether.

As to the power of each (of the Congress and of the several States)—

Even after we have fixed, as we have, however, the "concurrent power" of both as concurrent power to enforce the entire prohibition of section 1, there is still the question of what is the power of each (of the Congress and of the several States); and whether at all "concurrent," except as given, as the power of both is concurrent to enforce the entire prohibition of section 1.

If so, of course, it must be found otherwise in the amendment itself; or it must be found in the rest of the Constitution.

Here, therefore, we must look both at the amendment itself and at the rest of the Constitution.

But here we may start out with what we have already established:

The section itself does not say that the powers of each or of either are "concurrent."

The section itself deals merely with the powers of both to enforce the entire prohibition of section 1, and this power of both, it says, is "concurrent."

Therefore here, as to the power of each (of the Congress and of the several States), the first thing to note is, of course, that we must now reason just the reverse of our reasoning from the grant of power to both to enforce the entire prohibition of section 1. We no longer must reason (as we have) that because the States can not enforce the entire prohibition of section 1, neither can Congress enforce the entire prohibition of section 1; but as neither, as we have seen, is given power to enforce the entire prohibition of section 1, it follows that some part at least of the prohibition of section 1 is enforced only by either (the Congress or the several States), and that the power to enforce this part enforced by either, no matter by which, can not possibly be concurrent in any other sense than power concurrent in both to enforce the entire prohibition of section 1, which is what the amendment itself says.

And, this being determined, the question then is whether the power of either to enforce any of the prohibition of section 1 is a concurrent power in any other sense than power concurrent in both to enforce the entire prohibition of section 1.

Certainly, from anything in section 2 itself, we are not to assume that either (each), in enforcing any part of the prohibition of section 1, has a concurrent power in any sense of the word except the one we have given as to the power of both to enforce the entire prohibition of section 1, because that would be to assume that—notwithstanding the use of the word "concurrent," only once and in the sense we have shown, as applied to the power of both—it was intended (but not expressed) also that each should have concurrent power in another sense than the one expressed, which is hardly to be assumed.

Certainly, too, from anything in section 2 itself—as the word "concurrent" is used but once, and as applicable to the power of both to enforce the entire prohibition of section 1—there is no presumption that the power of each or either is concurrent in any sense of the word except the one we have given as to the power of both to enforce the entire prohibition of section 1. Indeed, the presumption—under such circumstances—would be just the other way.

So that—all of this being so—it follows that we must answer this question also in the negative, unless we find something in the rest of the Constitution, as distinct from the section itself, to make us answer in the affirmative.

But here (in the rest of the Constitution) we are instantly met with "the supreme law of the land" provision of Article VI of the (original) Constitution—and thus find the question completely disposed of.

It follows from this "supreme" provision, of course, that—under the Constitution (also properly construed) as it stood before the amendment—there could not possibly be, at the same time, any concurrent power in Congress and the several States in any other sense of the word than the one we have given as to the power of both to enforce in its entirety such a prohibition as that in section 1; for—with such a provision in the Constitution as this "supreme" provision—there never could be any conflict of power between Congress and the several States.

Previous to this amendment without question.

Where Congress had power (of any kind) but the States had no power—for instance, in the District of Columbia, etc.—Congress only could act. Where Congress had exclusive power, the States being prohibited, Congress only could act. Where Congress had power, but not exclusive power, and the States also had power, the States could act until Congress acted, when the action of Congress became "supreme." Where the States had power, but Congress had no power—for instance, inside of States (except in the Army and in the Navy and as to business of the National Government, in States, and except in time of war)—the States only could act.

In other words, we immediately see that neither could declare, or act to enforce, any part of a prohibition such as the prohibition of section 1 that the other could declare, or act to enforce, at the same time.

But we immediately see also that both ("acting in union or conjunction") could have declared and enforced, if they had wanted to do so, a prohibition such as the entire prohibition of section 1, each a part.

That is, we immediately see that the entire prohibition of section 1 of the amendment is nothing more than a prohibition which "The Congress and the several States" themselves have always had concurrent power to make, but never made; and which the people of the United States, by an amendment, made.

And we immediately see that section 2 merely gives Congress and the several States the same "concurrent power" to enforce this prohibition made by the people themselves, by an amendment, that the Congress and the several States would have had to enforce such a prohibition if they themselves had (each so far as it had power without any amendment) declared such a prohibition.

And, seeing this, why should we look for any other meaning?

Certainly, what a provision is must indicate to some extent at least what the provision means?

Certainly, as section 2 itself indicates no change in the power of either (of the Congress or of the several States) as to enforcement, we should not assume a change in the power of either, as to enforcement.

Indeed, what was more natural than that in framing a provision for the enforcement of an entire prohibition it should be framed in words applicable to its entire enforcement, not applicable to its enforcement in part?

Indeed, does it not, therefore, thus, definitely appear that the people, in section 2 (merely), adopted, for the purposes of their amendment the powers they found already existing, as to the enforcement of prohibition, in the Congress and the several States, but without attempting (because not here necessary) to detail the powers of each?

In the language of the amendment itself:

"The Congress and the several States shall have concurrent power [that is, shall have, acting in union or conjunction, power] to enforce this article by appropriate legislation."

Why, certainly, should we assume such an unnatural change as that Congress should have power also inside of States without its being said?

If such a change had been intended, surely it would have been expressly so stated.

Besides that, with such a construction as that for which I am contending, there is no conflict at any time between the United States and the States; the word "supreme" in Article VI continues to have its meaning as before (which it necessarily must have, unless changed for the purposes of this amendment by the use of "concurrent" in this amendment, for this is the only use of the word "concurrent" in either the original Constitution or in any of the amendments); and "devoutly to be wished"—there can be no double punishment by the United States and a State, because there can be no conflict.

And these are the results that naturally should be.

In other words, we should be construing Article XVIII of the amendments, even though it does use for the first time the words "concurrent power," harmoniously with the rest of the Constitution (so that not only this Article XVIII but everything else in the Constitution stands and has its due meaning) and that is the way the Constitution should naturally be construed.

The changes in the phraseology of the (proposed) amendment in Congress before the amendment passed Congress show that this is so, it seems to me. As first offered in the Senate the (proposed) amendment read:

"The Congress shall have power to enforce this article by appropriate legislation, and nothing in this article shall deprive the several States of their power to enact and enforce laws prohibiting the traffic in intoxicating liquors."

As it passed the Senate it read:

"The Congress shall have power to enforce this article by appropriate legislation."

The first of these, of course, would have given power to Congress everywhere (even in States) to enforce the entire prohibition of section 1; but it would have given no power to the States (in States) to enforce (any part of) the prohibition of section 1; that is, no power to enforce the amendment; but it would expressly have left unimpaired in the States their power previous thereto "to enact and enforce laws prohibiting the traffic in intoxicating liquors."

The second would have given power to Congress everywhere (even in States) to enforce the entire prohibition of section 1; but it would have given no power to the States (in States) to enforce (any part of) the prohibition of section 1; that is, no power to enforce the amendment; and it would have left the power already existing in the States without express comment.

And either would have resulted in untold litigation to construe.

JOHN H. HAZELTON.

HEMPSTEAD, N. Y.

AMENDMENT OF AGRICULTURAL MARKETING ACT

The Senate resumed the consideration of the bill (S. 4536) to amend the agricultural marketing act, approved June 15, 1928.

Mr. HOWELL. Mr. President, I ask permission to withdraw the amendments to the bill remaining unadopted which I offered yesterday.

The VICE PRESIDENT. The Senator has that right.

Mr. HOWELL. And in lieu thereof I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 15, line 11, it is proposed to strike out "said board" and to insert in lieu thereof "the Secretary of the Treasury."

The VICE PRESIDENT. Without objection, the amendment is agreed to. The next amendment of the Senator from Nebraska will be stated.

The CHIEF CLERK. On page 15, line 13, it is proposed to strike out "said board" and to insert in lieu thereof "the Secretary of the Treasury."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

The VICE PRESIDENT. The next amendment proposed by the Senator from Nebraska will be stated.

The CHIEF CLERK. On page 15, beginning in line 14, after the period, it is proposed to strike out all of lines 15, 16, 17, and 18, as follows:

On and after July 1 next following the passage of this title, a customs duty of 4 cents per pound shall be levied, collected, and paid on all cotton imported into the United States or Puerto Rico in the same manner as other customs duties are levied, collected, and paid.

Mr. KING. Mr. President, I should like the Senator from Nebraska to explain what he is seeking to accomplish by that amendment.

Mr. HOWELL. The words proposed to be stricken out provide for raising revenue and are not properly in a bill originating in the Senate.

Mr. WALSH of Montana. Quite aside, Mr. President, from the criticisms of Title III in the pending bill with respect to its operation, I can not think there can be any serious doubt in the mind of any lawyer here that the provision of the bill which makes it punishable as a crime to buy commodities falling under the operation of the bill except at a price fixed by the board violates the most fundamental constitutional principle. I can not think that question is a debatable one at all. Two parties enter into an agreement, the one to buy and the other to sell, at a price that is mutually agreeable, a commodity which is not only innocuous in every particular but which is absolutely necessary to the maintenance of life, for instance, in the case of wheat. Such a transaction is denounced by the bill and made penal. I trust that no hopes will be entertained by anybody that a bill of which such a provision is the central fundamental feature can withstand attack upon the ground that it is void under the Constitution.

This part of the bill is denominated, Mr. President, the allotment plan, although I see nothing in the provisions which justify the title by which it is named. On May 25 last the Senator from South Dakota [Mr. NORBECK] had inserted in the RECORD an article telling about a real allotment plan by which the amount of a particular commodity brought under the operation of the act should be allotted among the various producers of that particular commodity. Having referred to the bill as it is now before the Senate, the Senator from South Dakota said:

Mr. President, I ask that there may be printed in the RECORD an explanation of another domestic allotment plan, by W. R. Ronald, of Mitchell, S. Dak., publisher of the Mitchell Republican. Mr. Ronald is a member of a committee of five appointed at a recent meeting held at Chicago whose purpose it is to bring before the public the merits of this plan.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

THE DOMESTIC ALLOTMENT PLAN

"W. R. Ronald, of Mitchell, S. Dak., member of a committee chosen at a Chicago conference to promote the domestic allotment plan to make the tariff effective on farm products of which there is an exportable surplus, spoke as follows at a luncheon attended by various Members of the Senate and House of Representatives:

"'The idea of the domestic allotment plan was first suggested by the late Doctor Spillman, of the United States Department of Agriculture, in 1926. In 1929 Prof. John D. Black, of Harvard University, who is also chief economist of the Federal Farm Board, wrote in his collegiate capacity a book entitled "Agricultural Reform in the United States," in which he devoted a chapter to the allotment plan of making the tariff effective on home consumption of farm products of which there is an exportable surplus. He developed the idea considerably from the form in which Doctor Spillman presented it.

"'In the past two years Prof. M. L. Wilson, head of the department of agricultural economics of the Montana State College, Bozeman, Mont., made some 50 addresses to meetings of farmers, at each of which he explained the four different plans of making the tariff work for the farmer or, at least, improve domestic prices—stabilization, the equalization fee, the export debenture, and the allotment plan. He attempted to make no case for any of them, but in each meeting the farmers declared emphatically for the allotment plan. As a result, the Montana State Farm Bureau at its last meeting indorsed the proposal.

"'In consequence of this, Vice President Stockton, of the Montana State Farm Bureau, invited a number of those who had become interested in the plan to attend a conference at Chicago to discuss it. This group indorsed the principles of the plan and named a committee composed of M. L. Wilson, chairman; E. H. Harriman, of Boston, Mass. (newly elected president of the United States Chamber of Commerce); Louis S. Clark, of Omaha, president of the Mortgage Investors' Association of Nebraska; Henry A. Wallace, editor of Wallace's Farmer, of Des Moines, Iowa; R. R. Rogers, of Newark, N. J.; and W. R. Ronald, editor of the Mitchell (S. Dak.) Evening Republican, and instructed the committee to complete a bill for introduction into Congress. Following this, Mr. Wilson spent some two weeks in Washington and New York and presented the plan to a considerable number who have opposed all other farm price measures, including some high in official and business life, and found general approval of the plan for the reason that, unlike all others, it prevents any increase in acreage or production of products benefited but actually makes possible positive reduction of them when found desirable.'"

The remainder of the article appears in the RECORD of May 25 at page 11144.

This plan, Mr. President, proposes, as the bill before us does, that there shall be made by the Department of Agriculture an estimate of the amount of the annual production, an estimate of the amount necessary for domestic consumption, and an estimate of the amount that will go into the export trade. That amount then is allotted to the various States in proportion to their average production for the past period of five years. Then an organization within the State apportions the amount which may be produced in each county in the same way on a basis of the average for the past five years. The county organization then allots the amount to the various producers. There is nothing forced about it at all. Then the processors of the product—that is, the millers or others—will pay into the Treasury of the United States on each unit purchased an amount equal to the duty upon that particular commodity. The allottees are then requested to sign a contract by which they agree to sow no more acreage than that which is fixed by the Farm Board; that is, allotted by the Farm Board. They may sign or not, as they please; but if they sign, they then become entitled to share in the fund which is thus accumulated in the Treasury. If they do not sign, they do not share. In a general way, those are the features of the plan.

It was elaborated by Professor Wilson, who, I may say, stands high in the Nation as an authority upon agricultural questions, before the Committee on Agriculture of the House of Representatives 10 days ago. As a result of his elucidation of the plan before that body, Representative FULMER was directed to introduce a bill embodying the plan. It is House bill 12461. I introduced in this body a duplicate of the bill, being Senate bill 4859.

It was my purpose, Mr. President, to offer this bill as a substitute for Title III of the bill now under consideration; but the purpose of the plan is to make effective to the agricultural industry the paper duties upon agricultural products, duties which are really of no significance, so far as returns to the farmers are concerned; but, there being no duty upon short-staple cotton, the bill would have to make provision, and it does make provision, for a duty of 5 cents per pound upon short-staple cotton; and that, of course, makes the bill of such character as that it can not originate in this House. So it would be subject to a point of order

and could not be considered in connection with the pending measure, and perhaps it would be inadvisable to send the bill to the House with such a provision in it. I speak of it, however, in the hope that the bill will have some consideration by the Members of this body and in the hope that Members of the House will give it consideration in connection with this bill later on.

Mr. FRAZIER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from North Dakota?

Mr. WALSH of Montana. I will yield in a moment. The important thing about this bill is that, although it offers a very much greater return to the producer, it can not result in an increase in the production, because that is always under the control of the Farm Board. They may limit production; that is to say, they fix the amount, and the producer will get returns only upon that part which is consumed in the domestic trade, and the remainder he must dispose of as he can. Accordingly, he will not get such a return as will make it advisable for him to extend his acreage to any considerable extent. I now yield to the Senator from North Dakota.

Mr. FRAZIER. Mr. President, the provision in the pending bill known as the allotment plan provides only for cost of production on the amount used for home consumption here in the United States. Under the plan of which the Senator from Montana speaks, known as the Wilson plan, the amount to be paid to the farmer is based on the amount of the tariff on those products, which would not give, under present conditions, the cost of production to practically any of the commodities produced in the United States to-day. Unless we can have a tariff such as France has, such as Germany has, such as Italy has on farm products, that gives the farmers cost of production when that tariff is made effective, a plan such as the Senator suggests would be of little value to our farmers in the United States.

Mr. WALSH of Montana. Are we to understand from the Senator from North Dakota that he expects that under the plan found in this bill the price of wheat for domestic consumption, for instance, would be greater than 42 cents a bushel above the world price?

Mr. FRAZIER. It would have to be if it gives the farmer the cost of production under present circumstances.

Mr. WALSH of Montana. So that the Senator is looking, under the bill before us, for a price of wheat for domestic consumption greater than 42 cents a bushel in advance of the world price?

Mr. FRAZIER. Mr. President, 42 cents over the world price at the present time does not give cost of production. This bill is based on cost of production.

Mr. WALSH of Montana. Whether it does or not, that is what the Senator is looking for?

Mr. FRAZIER. Certainly. Unless the farmer gets cost of production for his product, he can not get along. He can not make a success of his farming any more than any business man on earth can make a success of his business unless he gets cost of production.

Mr. WALSH of Montana. The Senator's hopes are high.

Mr. FRAZIER. Unless that can be done, Mr. President, the farmer of the United States has no hope at all. He will be put down and out, as he is going and has been going for the past year.

Mr. WALSH of Montana. The debenture plan provides, my recollection is, for one-half of the tariff.

Mr. FRAZIER. Does the Senator think that would give the farmer cost of production under the present circumstances?

Mr. WALSH of Montana. I was not talking about that. I was talking about what you can get. If you could get anything like 42 cents a bushel for your wheat over and above the world price, you ought to feel extremely happy about it. I am sure the farmers of Montana would.

Mr. FRAZIER. I am sure it would not do the farmers of Montana any good if it gives them only half the cost of production. They would go broke just the same as they are going broke now. It would merely delay the agony a little longer.

Mr. WALSH of Montana. I do not desire to discuss the matter any further, Mr. President. I submit this matter for the consideration of the Senators in lieu of a proposition that I think everybody who reflects upon at all, who knows anything about constitutional principles, will be convinced is perfectly hopeless, and that you are holding out the word of promise to the ear and breaking it to the hope to these people who have been a long time awaiting some relief.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the Speaker pro tempore had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1768. An act to provide for the opening and closing of roads within the boundaries of the District of Columbia workhouse property at Occoquan, Fairfax County, Va.;

S. 3929. An act to authorize the Commissioners of the District of Columbia to close certain alleys and to set aside land owned by the District of Columbia for alley purposes;

S. 4106. An act to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes;

S. 4396. An act to provide for readjustment of street lines and the transfer of land for school, park, and highway purposes, in the northeast section of the District of Columbia, and for other purposes;

S. 4689. An act to authorize the closing of certain streets in the District of Columbia rendered useless or unnecessary, and for other purposes; and

S. 4736. An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes.

AMENDMENT OF THE AGRICULTURAL MARKETING ACT

The Senate resumed the consideration of the bill (S. 4536) to amend the agricultural marketing act, approved June 15, 1929.

Mr. GEORGE. Mr. President, I desire to say a few words about the bill generally. It has been amended so many times that it is quite difficult to understand what it now provides, because, for the most part, the amendments offered and accepted were not printed. But, referring to the equalization-fee provision of the bill, or Title I, at page 8, we find this provision:

> Under such regulations as the board may prescribe the equalization fee determined under this section for any agricultural commodity produced in the United States shall in addition be collected upon the importation of each designated unit of the agricultural commodity imported into the United States for consumption therein, and an equalization fee, in an amount equivalent as nearly as may be, shall be collected upon the importation of any food product derived in whole or in part from the agricultural commodity and imported into the United States for consumption therein.

I dare say that it can not be contended by anyone that that is not a tariff provision, a wide and sweeping tariff, not only upon the agricultural commodity but upon any food product into which the agricultural commodity enters, in whole or in part, when imported into the United States.

Then, going to the debenture provision of this bill, it will be noted that on page 14 it is provided that—

> The debenture rate in effect at any time with respect to any manufactured product of any debenturable commodity shall be an amount sufficient as nearly as may be, to equal the debenture that would be issuable upon the exportation of the quantity of the debenturable commodity used or consumed in the manufacture of the exported manufactured product, as prescribed and promulgated from time to time by said board.

And in subsection (b), there is an express provision for a customs duty of 4 cents per pound on cotton, to be collected and paid on all cotton imported into the United States or Puerto Rico in the same manner as other customs duties are levied, collected, and paid.

Mr. HOWELL and Mr. SHORTRIDGE addressed the Chair.

The VICE PRESIDENT. Does the Senator from Georgia yield; and to whom?

Mr. GEORGE. I yield to the Senator from Nebraska.

Mr. HOWELL. I call attention to the fact that an amendment has just been adopted by the Senate striking out that provision.

Mr. GEORGE. I am glad to learn that, because that is in plain terms, of course, a tariff duty which the Senate, at least, would have no power to originate.

Mr. SHORTRIDGE. Mr. President——

Mr. GEORGE. I yield to the Senator from California.

Mr. SHORTRIDGE. To make clear what has just been stated, under the present law there is a tariff duty of 7 cents per pound on long-staple cotton; and until the remark just made by the Senator from Nebraska I was curious to be advised as to whether or no, if that provision remained in the bill, it would impliedly amend the existing law in respect to the tariff on cotton.

Mr. GEORGE. Undoubtedly that would be true. The Senator from Nebraska now advises us that the provision is taken out of the bill, however.

Now going to the allotment plan, on page 18, subsection 1, at the bottom of the page, we find this provision:

> To the end that the policy declared in this act may be effectuated, the Federal Farm Board is authorized, whenever it finds that the importation into the United States of any such agricultural products or their substitutes produced outside of the United States materially affects or is likely to materially affect the sale in the domestic market of any such agricultural products at a price not less than the cost of production, to proclaim that fact; and thereafter it shall be unlawful to import, directly or indirectly, any such products or their substitutes into the United States.

That, of course, is an embargo. There is no attempt to disguise it.

Then follows, in subsection (2) on page 19, the remarkable provision which the Senator from Montana has already brought to our attention with reference to the sale of farm products in the United States by the producers thereof:

> It shall be unlawful for any licensee to purchase any agricultural products at a price less than the cost of production proclaimed by the Federal Farm Board.

And in subdivision (3):

> Any person who, without a license issued pursuant to this section, intentionally or knowingly engages in or carries on any business for which a license is required pursuant to this section, or intentionally or knowingly makes any purchase in violation hereof, and any person who intentionally or knowingly violates any other provision of this title shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than $500 or imprisoned for not more than six months, or both.

Now, Mr. President, aside from the fact that we have in each one of the titles in this bill provision for tariffs—except, perhaps, the debenture title, from which it has been stricken—we have provision in this bill for tariffs to be levied by the Federal Farm Board almost at its discretion, upon the mere finding that it is not able to carry out the original purposes of the farm marketing act. It is a most extraordinary attempt to vest in the Farm Board the power to impose tariffs, to determine the amount of the tariffs, and the power to issue embargoes.

Even if it were constitutional—and I do not think anyone could imagine that the Congress, wherever the bill originated, could give to the Farm Board the extraordinary power to fix tariffs and to impose embargoes sought to be conferred upon the board in this bill—it seems to me that the Congress would certainly never give such power as this to the Farm Board or to any other agency of government.

I dare say that agriculture could not live under this bill if it were put into operation. If it were actually carried into execution for 12 months, it would destroy any industry to which applied. Arbitrary power such as is given in this bill over a great industry like agriculture seems to offend every accepted principle. It seems to be offensive to sound principle, to general principles recognized by the hornbook.

The purpose of the bill, of course, is to do something for agriculture; but, in my judgment, we can do much harm to agriculture by giving the Farm Board such broad power as is given here, even if we could, under the Constitution, confer such power.

I invite attention again to this particular provision in the allotment plan:

> The Federal Farm Board is authorized, whenever it finds that the importation into the United States of any such agricultural products or their substitutes produced outside of the United States materially affects or is likely to materially affect the sale in the domestic market of any such agricultural products at a price not less than the cost of production, to proclaim that fact; and thereafter it shall be unlawful to import, directly or indirectly, any such products or their substitutes into the United States.

Loosely, the Farm Board is given the power to determine whether importations of an agricultural product or a substitute will actually affect or are likely to affect the sale in the domestic market of any such agricultural product at the price fixed by the board. Then the board is to have the power to issue an embargo.

Mr. President, yesterday some facts were brought to the attention of the Senate.. I want to emphasize them, in full sympathy with the general spirit and purpose of the bill, but nevertheless I wish to emphasize them.

The allotment provision in this bill is clearly void. It could not be sustained anywhere, and I dare say that no one would seriously attempt to sustain it after he has thought about it. It is not an attempt to regulate farm products entering into interstate and foreign commerce. The only jurisdiction we have is to regulate the product that enters into interstate and foreign commerce. All that is attempted with respect to a farm product in interstate and foreign commerce is to say that it must be exported. It must be separated or segregated and withheld from the market. What is undertaken to be done is to regulate that part of the product which enters into domestic commerce; and there is not a suggestion that State lines have anything whatsoever to do with the general scheme and purpose of this bill. There is no attempt to regulate agricultural products in interstate commerce. The whole scheme is this, as I gathered yesterday from the distinguished Senator from Nebraska [Mr. HOWELL], that if one is engaged in cotton raising, and produces in a given year 20 bales of cotton, one-half of that cotton, in the discretion of the Farm Board, must be sold in the domestic market at the price fixed by the board, the other one-half must be exported, or must be withheld from the market, must be taken off the market, and can not be sold in the domestic market at all.

It was yesterday pointed out that the cotton producer does not carry his cotton to market at one time. He produces his cotton and usually carries it from the gin to the market daily as he gins it.

It was suggested here that each bale should be sold, one half of it at the domestic price fixed by the board, the other half at the world price. How can you compel anyone to buy the cotton? How could you induce any cotton buyer to buy a bale of cotton and to pay for 250 pounds of the cotton, let us say, 15 cents a pound, the amount fixed by the Farm Board, and pay for the other one-half of the cotton, or 250 pounds, at the present world price, something like 4 cents a pound, let us say, in the primary market? What could a buyer do with it? The buyer could not do anything but export it or segregate it and withhold it from the market. If he is not an exporter he could not handle it.

There would be no practicable way to sell a bale of cotton under this bill. It would be impossible for the farmer to dispose of it, because the purchaser would be required to segregate half of one bale of cotton. If he were buying only one bale of cotton, or if he were buying a hundred bales of cotton, the principle would be the same. He could not segregate it, he could not separate it, he could not put half of it into domestic consumption and hold the other half at the will or wish of the Farm Board. Cotton fluctuates from day to day.

Let us go a step farther. The farmer is producing cotton, let us say, in a given county. Within sight of his field is a factory. The factory buys the raw products of that county, manufactures them into finished products, and sells the finished goods within the State. There is no warrant, of

course, under the Constitution to say to the man who produces, and the man who buys, and the man who sells, and to the men and women and children who consume within the county, wholly within the State, that they must comply with the regulations and restrictions of this particular allotment plan.

Let us see what would happen. Here is a mill which desires cotton. The mill undertakes to buy the cotton from the producer, but the mill buys only the cotton which has been marked for domestic consumption at the price fixed by the Federal Farm Board. The mill receives the cotton, manufactures it into cloth, or into yarn, or what not, and then it discovers that it can not sell its manufactured product in the domestic market. What is it to do? It has paid for the cotton the higher price fixed by the board, or 15 cents a pound, on the assumption that it would use the cotton for domestic purposes, and in good faith it intended to use it to supply the domestic demand, but after having manufactured the cotton into cloth, it finds that it has no market anywhere in the United States and must export it, and must export the cloth for which it paid the high American price and, of course, receive whatever it may receive in the world market.

Mr. HOWELL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from Nebraska?

Mr. GEORGE. I yield.

Mr. HOWELL. I recognize the validity of the argument made by the distinguished Senator from Georgia. I want to call his attention to the fact, however, that his picture of what would happen is just exactly what the cotton goods manufacturer does to-day. He buys cotton; he then has to find a market for it; and if he can not find a market for it in the United States, he has to export it. That would be the situation he would be in under the provisions of this bill.

Mr. GEORGE. Mr. President, of course if he can not find a market he must export; but he has bought his cotton both to supply the domestic demand and the foreign demand, and at precisely the same price, and is placed at no disadvantage.

What I am trying to say to the Senate is that one could not sell a bale of cotton under this bill. Nobody would buy the cotton. The mill could not buy it, the factor could not buy it, for the reasons indicated.

Mr. FRAZIER. Mr. President, will the Senator yield to me?

Mr. GEORGE. I yield.

Mr. FRAZIER. There might be some objection raised if there were just one bale of cotton produced and sold; but that is not the fact, of course. If it were 50 per cent for home consumption and 50 per cent for export, the licensed buyer could pay for half the cotton the farmer brings in the domestic price fixed by the board, and for the other half the world price, as determined, and the exporter would pay that world price, would buy at that world price, or it could be put in storage if the buyer wanted to do so. I do not think there is anything to quibble over in regard to that at all.

Mr. GEORGE. I am not quibbling over it, but if the Senator were engaged in cotton farming and marketing, and knew the cotton business, he would know that under this bill he could not sell his cotton, because no one, generally, would buy. The farmer himself can not foreknow, when he begins to gather his cotton, how much he is going to make. He can not take two bales and say, "This one is for the domestic consumption, and this other one for the export trade," because he can not foreknow what his total crop will be. He has to deal with it as he gets it day by day to the market.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. McKELLAR. Take the case of a tenant farmer, and probably most of the cotton is raised by tenant farmers. Suppose he raises 15 bales of cotton; before he raises that cotton he has borrowed the money with which to produce it, and owes nine-tenths of the value of the cotton after it is raised. What would be the effect of this measure on cotton raised that way? Could the man sell it all to his merchant, or just what would happen? The Senator from Georgia knows, as I know, and as every other Senator from the South where cotton is raised knows, that probably half of the cotton is raised by tenant farmers, and they all have to mortgage their crops in order to get the money with which to produce the crops. How could such a man get along at all, and how could a merchant get his pay under the terms of this bill?

Mr. GEORGE. I do not think he could if the Senator assumes that the terms of the bill are valid and enforceable. But even getting over that hurdle, and having produced the cotton, one who did produce it and who was seeking to dispose of it could not dispose of it to the buyer or to the mill, because whatever may have been the original purpose, every mill man knows that he would probably find it necessary to dispose of his manufactured products in the foreign market, if he disposes of them at all, and therefore you would wholly destroy the market for cotton.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. FRAZIER. This bill is intended to give the farmer, the producer, the cost of production for the amount of his product used in home consumption. Would it not be better for the cotton farmer, even if he has to take, say, 10 cents, if that was the cost of production, for his half of the cotton, than it would be to get 10 cents for half of it and 4 cents for the other half? Would not that put him in position to pay his debts a great deal better than if he received the world price for all of it?

Mr. GEORGE. I fully agree with the Senator that it would be better if the farmer got anything, but he would not get anything for his cotton. He would have to go out of the cotton business if this bill should become law and was enforced. Generally he would not be able to sell it at all.

Mr. FRAZIER. Mr. President, under this measure the buyer would be licensed.

Mr. GEORGE. Yes.

Mr. FRAZIER. And he would be compelled, under the law, to pay the cost of production as fixed by the board for a percentage of each farmer's production, based on cost of production.

Mr. GEORGE. Who would be compelled to buy it?

Mr. FRAZIER. The licensed buyer would be compelled to buy it or lose his license to buy.

Mr. GEORGE. That is the chief weakness of the measure, as I see it; its framers have not found anybody to whom they can say, "You must buy this cotton at the price we fix." That is a defect in the scheme.

Mr. FRAZIER. The measure provides that no one can buy cotton or other products as a business unless he is licensed.

Mr. GEORGE. Exactly.

Mr. FRAZIER. And an embargo would be placed against importing any of a given product at a price below cost of production. Then no cotton would be sold and no cotton would be bought unless it were bought through these licensed buyers.

Mr. GEORGE. Yes; but buyers would not want a license. They would go out of business as quickly as they could get out. You can not make anybody buy cotton.

Mr. FRAZIER. Of course not. You could compel them to go out of business, though, if they did not comply with the law and buy under the regulations.

Mr. GEORGE. That is what would result.

Mr. FRAZIER. And then some one else would go into the business.

Mr. GEORGE. Then the entire market would be gone.

Mr. FRAZIER. No; we would have to have cotton, with these regulations, just the same as we do now, for our factories and mills, and they would pay cost of production for the amount used for home consumption. That would be all the difference.

Mr. GEORGE. Mr. President, I wish the Senator's idea could be actually translated into law; but as a practical man,

who has spent most of his life in the cotton fields, I am decidedly disposed to doubt that we could make this law work at all.

Mr. FRAZIER. Mr. President, I wonder whether the Senator from Georgia would be willing, then, to strike cotton from this bill?

Mr. GEORGE. I certainly would be delighted to have it stricken out of the bill.

Mr. FRAZIER. As far as I am concerned, my interests are with the people of the North, who raise wheat, and I am not concerned with cotton any more than to see that the people who raise cotton get cost of production for at least the part that is used in home consumption.

Mr. GEORGE. Mr. President, I am not discussing the wheat problem, because I do not know much about it, but I am discussing the cotton problem.

May I call the Senator's attention to this language in the allotment plan?—

> Such portion of any agricultural product shall enter commerce at a price per unit not less than the cost of production of such commodity as ascertained by the Federal Farm Board.

That is, the price for the portion that is found to be necessary for home consumption.

> The remaining—

Now we are dealing with 60 per cent of the cotton—

> The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market.

That sentence alone would make it impossible to sell a single bale of cotton in ordinary course of trade.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Georgia yield to the Senator from Montana?

Mr. GEORGE. I yield.

Mr. WALSH of Montana. There is really no occasion for striking cotton out of the provisions of this bill, because it could not possibly fall under them. The first subdivision of section 14, at the bottom of page 18, reads:

> To the end that the policy declared in this act may be effectuated, the Federal Farm Board is authorized, whenever it finds that the importation into the United States of any such agricultural products or their substitutes produced outside of the United States materially affects or is likely to materially affect the sale in the domestic market of any such agricultural products at a price not less than the cost of production—

Then it proclaims that fact.

Inasmuch as no cotton is imported into the United States, of course, the importations can not possibly affect the domestic price, and therefore the board never could proclaim such a condition as that.

I do not care to get into the cotton end of this matter, but I call the attention of the Senator from Nebraska and the Senator from North Dakota to the same situation with respect to wheat.

The price of wheat in the United States is but very slightly affected, if it is affected at all, by importations of wheat from other countries. That is not what bears down the price of wheat. It certainly is not reduced below the cost of production by reason of the importations of wheat from abroad. I submit to the Senator from North Dakota particularly that he has the bill in such shape that wheat can not possibly come under the operation of the bill.

Mr. McKELLAR. Mr. President, I want to say to the Senator from Montana that he is mistaken about the cotton not being imported into this country. My recollection is that in 1930 or 1931, I have forgotten which, there were 300,000 bales of Egyptian cotton imported into this country. In the Mississippi Valley and also in the Imperial Valley, and I think on some of the islands along the Atlantic coast, long-staple cotton is raised which comes in direct competition with the Egyptian cotton which is imported into this country.

Mr. WALSH of Montana. I was not speaking about long-staple cotton.

Mr. McKELLAR. The Senator was speaking only about short-staple cotton?

Mr. WALSH of Montana. Yes.

Mr. McKELLAR. I do not think there is any short-staple cotton imported.

Mr. WALSH of Montana. When we spoke about cotton I took for granted we spoke about short-staple cotton.

Mr. GEORGE. Mr. President, I assume, of course, the American mills import some short staple, the long length short staple. Our mills or buyers have on occasion imported short-staple cotton for the purpose, no doubt, of controlling the market.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Nebraska?

Mr. GEORGE. I yield.

Mr. NORRIS. Several times the Senator has said with reference to cotton that under the bill not a bale of cotton could be sold. I wonder if the Senator means under the bill? Was he not referring particularly to Title III?

Mr. GEORGE. Yes; I was referring to the allotment plan.

Mr. NORRIS. His remarks might be misleading. I am not finding fault with the Senator, but there are three methods provided in the bill and he is speaking of Title III, which is called the allotment plan.

Mr. GEORGE. Yes; exclusively.

Mr. NORRIS. The remarks of the Senator would not apply to the debenture plan.

Mr. GEORGE. Not at all. The only thing I said about the debenture plan was with reference to the provision for a tariff, which I am advised has been stricken out of the bill.

Mr. NORRIS. I remember the Senator was talking about it and somebody interrupted me and I was not able to follow his statement through. What was that provision in the debenture plan?

Mr. GEORGE. It is found on page 15, beginning in line 14, as follows:

> On and after July 1 next following the passage of this title, a customs duty of 4 cents per pound shall be levied, collected, and paid on all cotton imported into the United States or Porto Rico in the same manner as other customs duties are levied, collected, and paid.

I am advised that that has been stricken out of the bill by amendment.

Mr. NORRIS. Yes. Will the Senator look on page 8, which is the equalization-fee portion of the bill, commencing with line 14 and running down to the end of line 23? Does the Senator remember whether that language was in the so-called McNary-Haugen bill which we passed through the Senate on two or three different occasions?

Mr. GEORGE. I do not recall.

Mr. NORRIS. I agree with the Senator that that is levying a tariff straight out. I do not see the necessity for it here. Certainly under the Constitution, it seems to me, it would vitiate that part of the bill, because we have no authority under the Constitution to initiate a revenue measure.

Mr. GEORGE. That was my comment upon that particular provision. Of course, if we attached it to a revenue bill, it would be a different thing.

Mr. NORRIS. Oh, yes.

Mr. GEORGE. I would like to take this occasion to say that it seems to me to be essential, in any proper operation of the debenture plan or the equalization-fee plan, to impose tariffs upon importations and reimportations of farm products. That must necessarily be done.

Mr. NORRIS. That could not apply where there is to be a tariff imposed.

Mr. GEORGE. No; nor where there is a tariff already in existence.

Mr. NORRIS. Of course, if we wanted to adopt a plan putting some commodity on the free list in order to make it effective, we would either have to impose a tariff or resort to the method proposed in the debenture plan by making a straight levy on the product.

Mr. GEORGE. That is quite true.

Mr. President, I merely wished to offer these comments upon the bill generally. I do not wish to be understood as saying that any allotment plan would be subject to the criticisms which I have suggested. It occurs to me that an allotment plan might be worked out which would be free of the objections, but I am speaking of the allotment plan in this particular measure. Notwithstanding the admirable purposes of the author of the bill and of those who are championing it on the floor, and notwithstanding the extreme urgency for relief to agriculture, I do not see how the allotment plan here presented could be made applicable to the cotton industry.

Mr. NORRIS. Mr. President, I feel that some serious objections have been raised to the bill. It illustrates, it seems to me, the dangers in the pathway which the Senate has been traveling now for a month or six weeks. We are undertaking, it seems to me, to do some impossibilities. In the anxiety of Senators to adjourn and in the anxiety of Senators to enact some relief for agriculture, I am afraid we are trying to do things that we would not undertake if we were more deliberate. I think it is true of every Senator—and I am speaking now only from my own experience, though I do not believe I am an exception to the general rule—that there has not been a session of Congress in the last 40 years when the work of Congress has accumulated and piled up in front of Senators as is the case at the present time. We have been working almost day and night. I know from my own experience it has become impossible for me to give individual attention to a great many things in which I have a deep interest.

I am a member of the Committee on Agriculture and Forestry and have been ever since I have been in the Senate. As Senators know, for a long time I was chairman of that committee. I devoted most all of my time to the consideration of matters coming before that committee. While I was chairman and afterwards, when I was able and was not crowded with the work with which I am now crowded, I tried to attend all the meetings of the committee. I became familiar during that time with, I think, nearly every known proposal for the relief of agriculture. I have read hundreds of the plans. I have listened for weeks and weeks to discussion of them by scientific men who have been instrumental in drawing them, down through the list to and including men who talked most and knew nothing whatever about them. I felt, therefore, sufficiently familiar with the debenture plan and with the equalization-fee plan to vote on them intelligently. When I knew they were the same that we had passed through the Senate previously, I did not consider it necessary to give my attention to them.

That is not true, however, of the allotment plan. I am not sure but that an allotment plan may be worked out to be the best of any plan proposed. I do not believe it is worked out in this bill. I could satisfy myself in voting for the bill, however, because none of the plans is mandatory. It is not at all likely that the Farm Board, if the bill should become a law, would ever put more than one of the plans into effect. I take it that they would not put the allotment plan into effect at all as we have it in this bill. It seems to me there are at present some very objectionable features that would have to be worked out. The Senator from Georgia [Mr. GEORGE] has called attention to one. I think there are others in the bill. In voting for it I do not want it understood that I am giving my approval to the allotment plan as it is set forth in the bill. Neither do I want it to be understood from what I say that I am condemning the allotment plan.

A great deal of attention has been given the allotment plan by very eminent students of the subject. I never gave it any study to amount to anything until recently. I am afraid that the provisions of the bill with regard to the allotment plan as set forth in the bill are unworkable. If we pass the bill I would like to have my vote explained to that effect, not because I condemn it. If we had more time, if we could consider these things as we have in the past, we probably could work out a plan that would be satisfactory and that would be workable.

On page 8, commencing with line 14 and ending with line 23, we find this language—and this is the part of the bill that applies to the equalization fee:

> Under such regulations as the board may prescribe, the equalization fee determined under this section for any agricultural commodity produced in the United States shall in addition be collected upon the importation of each designated unit of the agricultural commodity imported into the United States for consumption therein, and an equalization fee, in an amount equivalent as nearly as may be, shall be collected upon the importation of any food product derived in whole or in part from the agricultural commodity and imported into the United States for consumption therein.

Mr. President, I can not myself see why that is not a straight imposition of a tariff duty upon a large number of products. It is not incidentally there. It comes directly. As we all know, under the Constitution we have no authority to initiate revenue legislation. That would be all right if we had a bill from the House proposing to raise revenue and we were to offer that provision as an amendment. It would be perfectly proper because the Constitution provides that while we are prohibited from initiating in the Senate revenue-raising legislation, yet it is specifically stated that we have authority to offer amendments as we may see fit to House bills dealing with that subject.

I do not believe that language is contained in the equalization-fee plan that we have passed through the Senate at different times and which originated in the Senate, although I have not had time to look it up to see whether that is true or not. However, I have no fear of the court declaring the entire act unconstitutional simply because in one or the other of the plans there is something that makes that plan unconstitutional. To be wise, however, on that subject it seems to me we ought to add an amendment to the bill providing that if the court finds any title or any provision or any part of the act unconstitutional it shall not affect any other part.

Mr. FRAZIER. Mr. President, I may say that the Senator's colleague, the junior Senator from Nebraska [Mr. HOWELL], has such an amendment prepared and ready to offer.

Mr. NORRIS. I would like to ask my colleague if he took that language from the injunction bill which we passed recently?

Mr. HOWELL. No; it was prepared by the legislative bureau.

Mr. NORRIS. They have probably used that form. We adopted a little different plan after a good deal of discussion in the Judiciary Committee on the injunction bill, and it has been used since in a number of bills and copied a great deal. I think it is a much better provision than we used to put on our bills. However, even without that provision I think it is the duty in a general way of a court, in passing on the constitutionality of an act of Congress, if it finds that the unconstitutional part of it is not the main object in passing a bill and that the balance of it can stand as a concrete proposition without the unconstitutional part, not to declare the entire act unconstitutional.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. NORRIS. I yield.

Mr. BORAH. The Senator just stated the question as I think it is pretty well established by the courts, that if any particular provision may be regarded as unconstitutional, they will leave intact the workable provisions, and of course will eliminate the unconstitutional part.

Mr. NORRIS. And let the remainder stand. I think that is good constitutional law.

Mr. BANKHEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. I yield.

Mr. BANKHEAD. I should like to ask the views of the Senator as to what effect the elimination of the tariff provision would have upon the effectiveness of the bill in increasing the prices of commodities.

Mr. NORRIS. Even if it left the bill rather unworkable, it could go to the House, where the defect could be remedied, as they have the constitutional power to act in that way; but I would rather strike the tariff provision out than run the risk of having the court hold this whole title unconstitutional on account of that provision originating in the Senate.

Mr. BANKHEAD. The point on which I should like to have the Senator's views is if we do not have a tariff provision in the bill to protect importations, would importations then prevent the accomplishment of the purpose to increase the value of the commodities proposed to be benefited under the bill?

Mr. NORRIS. I think that would depend upon whether or not the particular articles when imported had tariffs on them. In other words, if they had tariffs sufficiently high to keep them out, it would be all right; but if they had no tariffs on them, then the equalization fee would not work. The equalization fee is intended to put the producers of commodities included in or operated upon by the bill on an equality with others who are manufacturing articles or dealing in articles which are protected by a tariff. It is designed to give the producer the benefit of the tariff. It has no other object, so far as I know, and never had any. That was the real object of the bill. It is quite a long bill, because when you come to work out a proposal of that kind it is a very complicated affair. I myself have always doubted whether the equalization fee, on account of its complexities, would be workable as to some commodities. I think it would work as to wheat and corn and cotton, but I do not have much faith in it working as to some other commodities that are manufactured or partially so. So the operation of the equalization fee without a tariff is an impossibility; it simply has no reason for existence, because its only object is to make a tariff effective, as we usually say, to agriculture.

Mr. President, I myself feel warranted at least in voting for this bill, because, even if some of the objections should be held to be good, there would still be left in the bill, in my judgment, intact sufficient to make it workable. I do not have any doubt, as I look at it, but that the simplest proposition that has ever been devised for aiding agriculture is the debenture plan. It is objected to by some because it is said that it is a bonus, and indirectly it is. That objection does not apply to the equalization fee, because the producer of a commodity stands the loss, but it is certainly simple, and it certainly stands intact in this bill if the other objections are held to be good.

Mr. BORAH. Mr. President, is there an amendment pending?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. HOWELL].

Mr. TRAMMELL. I ask that the amendment be stated.

The PRESIDING OFFICER. The clerk will state the amendment for the information of the Senate.

The CHIEF CLERK. On page 15, line 14, it is proposed to strike out the following words:

> On and after July 1 next following the passage of this title, a customs duty of 4 cents per pound shall be levied, collected, and paid on all cotton imported into the United States or Puerto Rico in the same manner as other customs duties are levied, collected, and paid.

Mr. BORAH. Mr. President, I do not desire to interfere with the adoption of the amendment, but, after action upon it, if nobody else desires to discuss the bill I should like to offer an amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. HOWELL].

The amendment was agreed to.

Mr. HULL. Mr. President, unless the Senator from Idaho desires to discuss the bill, I should like to proceed for a few moments.

Mr. BORAH. The Senator from Idaho desires to offer an amendment, which he understands is not now in order.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Nebraska.

The CHIEF CLERK. On page 16, line 21, it is proposed to strike out "joint resolution" and insert in lieu thereof "act."

Mr. HULL. Mr. President, I hope I may be pardoned for detaining the Senate for a few moments to offer a brief individual comment on the significance of this measure and its implications so far as American agriculture is concerned.

As the Senator from Nebraska has just stated, the avowed purpose of the equalization fee provision is to attempt to lift the prices of agricultural commodities up to the artificial tariff level occupied by manufactured commodities which are able to avail themselves, more or less, of the tariff benefits.

Mr. President, I think we should thoroughly understand, as we go along, just what we are attempting to do and just what the fundamentals of this economic situation are. This measure puts the spokesmen for the farmer, who are supporting it, in the Senate and the farm leaders of the country, who are sponsoring it, in the position of acquiescing in the present and the recent tariff policy of our country as exemplified by the Fordney and the Smoot-Hawley laws. In other words, Mr. President, the farm spokesmen are saying to the farmers of the Nation that the Mellon-Grundy idea of tariffs should be the permanent and fixed policy of this country and that the farmers and their spokesmen should acquiesce in it without complaint and without any serious effort at any time to mitigate the more extreme provisions it contains. The farm spokesmen are saying in effect to the farmer back home that we have practically an embargo tariff policy so far as it being remotely competitive is concerned; that it is written by the chief manufacturing tariff beneficiaries so far as the lion's share of the benefits is concerned; that it is the duty of the farmers of the country to acquiesce in the economic and tariff and commercial leadership of this the most extreme type of the chief manufacturing tariff beneficiaries. Let them write their own high rates and, of course, give the farmers the fullest opportunity also to write high rates, which in most instances are merely paper rates. The farmer then is expected to trudge along behind the chariot wheels of the chief manufacturing tariff beneficiaries of the country, who are able to get a substantial per cent of the tariff benefits while the farmer gets but little. The farmers' representatives then attempt to construct a scaffold, which may be a very temporary and crude one, but which will afford the only medium by which we may hope that the farmer will get a few of the tariff crumbs that fall from the table of the industrial beneficiaries in this country, whom I have described.

I am not criticizing them. So long as the American farmers will sit still and through their Representatives and Senators acquiesce in Mr. Grundy and Mr. Mellon and men of that type writing our tariff laws and take in return nothing but paper rates for the farmer except as to some minor specialties, of course, the farmers are going on toward economic perdition; and that is the situation in this country.

I want to assert, Mr. President, that if the American farmers instead of this course of supine acquiescence would organize themselves, they could in 48 hours deadlock the Government and compel the consideration of economic policies that would be fair to them instead of allowing policies dictated by the industrial group to become the sole matters of consideration.

There is little wonder that American agriculture is steadily on the decline. I have here the figures of the decline of farm values from 1922, when the Fordney-McCumber bill was enacted, which created two price levels, one for agriculture and one for industry. Farm values have decreased every single year from 1922 down to 1930. If we take as the average value that for 1912 to 1914 and figure it at 100, the farm values in the United States in 1922 were 124; in 1925 were 127; in 1926, 124; in 1927, 119; in 1928, 117; in 1929, 116; in 1930, 115; in 1931, 106; and in 1932, 89. There has been a steady decline of all farm values in this country from 127 in 1925 to 89 in 1932.

That, Mr. President, is the situation that the farmer finds himself in, although he is plastered all over with tariffs. His corn bears a rate of 15 cents a bushel, and yet he is getting only 31 cents on the farm for it. His wheat bears a

rate of 42 cents a bushel, and he is getting only 43 cents on the farm. His eggs have a tariff of 10 cents a dozen, and he is receiving only 10 cents a dozen on the farm for his eggs. His chickens have a tariff of about 10 cents a pound, and he receives only 12.6 cents a pound. His butter has a tariff of 14 cents a pound, and it is bringing in the New York market now only 17½ cents, which is the same as the price of similar butter from Denmark on the world market in London. His hogs have a rate of 2 cents a pound, and he is getting only 3½ cents on the farm. His hides have a rate of 10 per cent, and he is getting only 5¾ cents a pound for them. His oats have a rate of about 15 cents, and he has been getting less than that at times. And so on through the list of farm products, whether they have tariffs or no tariffs.

The farmer has suffered a loss in his commodity values since 1929 of 54 per cent, while the manufacturer on the average has sustained a loss of scarcely more than 30 per cent, with the result that while the farmer pays 114 for what he buys he gets only 52 for what he sells. That is the impossible condition that presents itself; and it is my judgment that so long as we turn away from and dodge these fundamentals of the agricultural situation, and seek by one artificial device after another to bolster up the farmer and scaffold him up in the hope that somewhere along the line he may pick up a few crumbs from the table of the manufacturer's tariffs which the manufacturer is able largely to collect, we are either consciously or unconsciously sending agriculture on to a state of permanent peasantry.

I shall not take the time to read a long list of figures and facts here as to what is happening. We are indulging in the happy dream that we can build up a wall here, and consume what we may be able of farm products, and then dump the others on the different countries of the world.

Mr. President, there is nothing more absurd and utterly visionary than the notion that we can dump our cotton and our wheat and all these other farm products on the other nations. The truth is—and I have here a long list of the laws and regulations governing imports of foodstuffs and other classes in most of the countries—that the country to-day, under our leadership, is largely in a state of economic war. It is largely on an artificial business basis. The nations are completely tied down by restrictions and restraints of every kind that impede commerce, that prevent countries from trading with each other. There is not a nation in the world to-day that could begin to pay us in gold the debts it owes, except France. The other nations could not pay us either in goods or in gold or in any other way under the existing economic practices of this and of other countries, under our leadership.

Mr. President, I do not think myself that we can afford to make the American farmer believe that the only source of relief for him is to go along and support this inordinate tariff policy that is dictated by the chief manufacturing tariff beneficiaries, and then endeavor by these artificial devices to get something out of this artificial situation. In the recent past he has suffered twenty-odd billions of steady losses, during which time almost all of his exports have dried up, with the result that his cotton and his wheat and his other commodities produced on a surplus basis have congested and the bottom has fallen out of the prices; and here we come, year after year, telling the farmer that we can contrive a sort of an artificial device here that will get him something out of this situation.

If we would go straight at the fundamentals of this matter, I think we really could accomplish wonders for American agriculture; but we would be obliged to repudiate this extreme embargo tariff policy, and this policy of almost utterly disregarding our opportunities to sell our surpluses in foreign markets. Nothing is more patent than the fact that a creditor and a surplus-producing nation can not avail itself of tariff rates or tariff benefits in so far as they relate to articles produced on a surplus-producing basis, and yet 90 per cent of the acreage in this country planted to crops relates to just such articles as I have referred to—articles produced on an increasing-surplus basis.

If I had my way, Mr. President, I would insist that the American farmers challenge this 1-sided and lopsided tariff and commercial policy which we are permitting our industrial friends to dictate supremely. It is true, as I stated, that they give agriculture the empty privilege of writing any kind of rates that in effect are purely paper rates except as to a limited number of these specialties that we grow in this country. If I had my way, I would have the American farmers and the general American public insist on a policy of moderation instead of this embargo tariff policy; insist upon liberal trade practices instead of restrictions and restraints on every exchange in the world, instead of barriers and obstructions to capital and goods whenever it is attempted to transfer them across international boundaries, and in that way offer some opportunity for nations to exchange their surpluses.

Mr. President, we have seen here and elsewhere the most amazing experiments that are intended to get us out of the predicament which these enormous surplus accumulations have brought upon us.

I have before me here a dispatch from down in Brazil. I want to state its substance to those who do me the courtesy to listen. This relates to the coffee situation down there, with which they have undertaken to deal, just as we have in this country with sugar and zinc and copper and lead and a long list of other commodities produced on a surplus-producing basis, which also includes wheat. Down in Brazil they have recently actually assembled and burned, openly and publicly and notoriously, more than 7,000,000 bags of coffee—good, sound coffee of the best quality—in order to decrease the supply and artificially raise and stabilize the price at a higher level. That not proving sufficient, however, they are now assembling 7,000,000 bags, or a total of $30,000,000 worth, in addition, in order to burn it and more securely raise and stabilize at a higher level the price of coffee.

Mr. President, it is devices of that kind that we in this country are being gradually driven to. It is just such artificial arrangements and contrivances that any nation on a substantial surplus-producing basis is inevitably driven to when it permits industry to fence itself off by prohibitive or embargo tariffs.

I know how uninteresting this viewpoint is to some, but it is not unusual to experience that situation. We have in this country to-day eight or nine million unemployed people, and they are on their feet at the instance of some of our ultra-high-tariff friends expressing their concern about poorly paid foreign labor. They would not for the world abandon that utterly nonsensical and false cry about serious competition as to the great majority of our industries from what they call ignorant pauper foreign labor. It is a paradox to see 8,000,000 absolutely unemployed, idle wage earners in this country, with its mountain-high tariffs, expressing fear about some kind of so-called ignorant foreign labor.

Then we have our six and a half million farmers with our 30,000,000 farm population that have steadily drifted down to the very verge of bankruptcy, failing up to this time either themselves or through their leaders to prepare a sound program that will deal with the actualities of the farm situation in this country.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Colorado?

Mr. HULL. Yes.

Mr. COSTIGAN. In all the years in which the able Senator has served his country as a legislator, has he ever unearthed facts which have led him to believe that agriculture and manufacturing may be brought to a parity of returns on investments through the use of the protective tariff? If so, his conclusions differ from mine.

Mr. HULL. Not if we permit the manufacturer to write his own rates without restraint, and leave to the farmer the poor privilege of writing equally high rates, but most of which in effect are paper rates; and that is why the farmer is in his present situation.

This Nation could enter upon a policy of reasonable or moderate tariffs with such trade policies as would give us a market for all of our surplus, and permit both industry and

agriculture side by side to go forward to a remarkable development. But that is not the proposition.

I was about to say that we have many strange conditions of psychology in this country. There is at Chicago to-day a seething mass of politicians, who are not even remotely thinking about anything except the prohibition question. Here is this Nation in the welter of the most destructive panic in human history, more people in a state of suffering and distress, greater opportunities for the relief of human misery, than have ever been offered a parliamentary body. Yet the leaders of a great political party at Chicago, according to the news reports, are not even thinking about remedies for these conditions of distress, either as to agriculture, or mining, or manufacturing, or any other group or section of our common country. We have been bumping along in this state of unprecedented distress for nearly three years, and no leadership yet has undertaken to offer a single basic remedy for a single basic cause of this awful economic collapse.

There is no time for anything except to talk about prohibition, or some other collateral or necessarily subordinate problem. I am not attempting to minimize prohibition or like questions, but I am attempting to emphasize the importance and the urgency, as well as the supreme duty of government, to go to the fundamentals of this awful panic situation and devise some sort of fundamental remedies.

The first thing I would do would be to join in a movement to reform our whole expenditure and tax and debt situation in this country—Federal, State, county, and municipal. Nothing is more patent than that since the war nations and individuals have hopelessly lived beyond their capacity and have piled up mountains of expenditures and taxes and debt beyond their ability any time soon to cope with.

There will be vast defaults and repudiations, both by governments and individuals, if we continue to go along under our present economic policies. I would launch a movement, if I had my way, which, within the course of one or two years, would lop off at least 35 per cent of our Federal, State, and local taxes and expenditures. I would appeal to other nations which are hopelessly loaded down with similar amounts of taxes and debt and are wholly unable to restore their economic and industrial and trade situations so as to buy from us and from each other—I would appeal to them to pursue the same policy of retrenchment and economy which, in my judgment, lies at the foundation of any satisfactory and permanent business and economic recovery.

The next thing I would do for the farmers would be to insist to the cotton farmer, for instance, that he undertake to place himself on the most highly efficient basis, to produce the best possible quality of middling cotton, a quality that would be at a premium in every market in the world and would sell itself. Then, as I said, I would have farm cooperation developed to the highest degree, from production to transportation and distribution. Then I would lower these artificial tariff costs which, in addition to internal taxes, bear so heavily on American agriculture, in such a discriminatory manner, tariff penalties and the resultant trade of obstructions, so that it is impossible for the farmer to market his surplus at anything like the cost of production.

I would thus lower his living costs, his production costs, and his transportation and marketing costs. In that way the farmer would to a large extent be set free from the most important and by far the heaviest impediments that press down upon him and prevent him from going forward.

The farmer will never get anywhere, in my opinion, until he adopts those fundamental policies, instead of blindly trailing along behind the embargo-tariff chariot of our good industrial friends.

That is an issue which the farmer will not get away from, and it is up to him to decide how many more years he cares to suffer and undergo further declines in the values of his products, further falls in the prices of his commodities, further increases of his mortgage indebtedness, until he is willing to rise up and demand of his leaders and his representatives that they adopt a set of basic policies such as I have described, instead of carrying on more or less of a sham fight with the chief manufacturing tariff beneficiaries in this country and subserviently following their leadership.

Mr. President, if anybody were at all interested in this subject, I could present a great many figures, and a great many facts, which unerringly show how agriculture has been crucified in this country and is to-day being literally crucified, while its spokesmen, well meaning no doubt, stand idly by and talk about some little artificial contraption which will enable the farmer to get on a stepladder and to climb up on a scaffold and hold out his hat and gather a few crumbs if they happen to fall from the tariff table of the chief manufacturing tariff beneficiaries. That is the situation. There is no use concealing it. We should emphasize it so that the farmers over the Nation will go forward with open eyes. They have nobody except themselves to censure for the discriminations which they are suffering and which they will continue to suffer under this species of legislation.

Mr. President, I felt that I should take these few minutes, in justice to myself and any others who might entertain similar views, to point out what in my judgment is the utter inexpediency and unavailability of these contrivances brought in here from time to time in the name of American agriculture.

I concede to others the same honesty of purpose I claim for myself, but I would not be frank if I did not label these proposals as being hopelessly unsound, impractical, and inefficient, as I think they are.

Mr. President, I shall not discuss the details of this bill. I merely desire to present what I conceive to be the economic policy that is raised by their presentation here. I hope that sooner or later there may be an awakening, that when enough more millions of farmers go into bankruptcy, and enough more millions of wage earners in this country go into unemployment, tragic as it is to contemplate such a thing even, we may finally have an awakening that will compel a reexamination of our position as a nation in the economic affairs of the world, and such new and modified policies as the great creditor and the greatest surplus-producing nation in the world should adopt.

Mr. LOGAN. Mr. President, I want to take a very few moments of the Senate's time, not to discuss farm relief, because I think that is an ignis fatuus, a will-o'-the-wisp, a disembodied spirit, but one which, like Banquo's ghost, will not down.

The farmers are the princes among the people now. There was a time only recently when the farmer was in very bad condition, but others have become so much worse off than he is that he ought to be congratulating himself. He has corn in the crib, wheat in the bin, meat in the smokehouse, and things of that kind, and while the wolf is howling around his door he can laugh. But that is not true with untold millions who do not know where their next meal will come from.

The farmer is never going to starve in the United States. He is not going to be hungry even. If he runs out of a few little things, he goes over to his neighbor to borrow. We have talked about the condition he is in until we have almost given him an inferiority complex. I think that if we let the farmer alone it will be the best thing that ever happened to him.

TERMS OF PRESIDENT, VICE PRESIDENT, AND REPRESENTATIVES

Mr. President, I said I was not going to talk about the farm problem. I want to talk for about four minutes about another matter.

On May 9 I introduced a joint resolution proposing to amend Article II, section 1, of the Constitution, which resolution, if it should finally become a part of the Constitution, would provide that the President and Vice President should be elected for a term of seven years and be ineligible for reelection for successive terms. The resolution further proposes to amend Article I, section 1, so that Representatives in the Congress shall be elected for a term of four years.

It seems to me that the proposed changes in the Constitution would be wise. Those who are familiar with the po-

litical history of our Nation know that the President during his first term devotes much of his time in preparation for a second nomination and election. He usually devotes the two first years of his first term to the selection of those that duty requires him to appoint. I am persuaded that political considerations largely influence these appointments. Merit does not count so much as the number of delegates the appointee may probably control in the next convention. The President would be less than human if he were not influenced by the probable effect on his political future that an appointment will have.

The President, looking to his renomination and knowing that certain measures, though unsound, are demanded by the voters in large groups, may be induced to advocate such measures, believing that he will gain votes thereby when he comes up for reelection.

To speak plainly, the President spends two years in building up a political machine and the next two years in perfecting it so it will operate smoothly. He neglects weightier matters which should have his attention.

That political machines are built up by Presidents is well illustrated by what is now taking place in Chicago. I speak as one having respect for the President who now occupies that position. There is no one in the Senate, regardless of his politics, who believes that the President would be renominated but for the influence of those he has appointed to office. Fully 90 per cent of the Republican voters of the Nation believe that his renomination is unwise, but they realize that they are powerless to prevent his nomination because of the organization which he has perfected. In fact, no one really favors the renomination of the President except the Democrats, and their desire is wholly selfish.

I am not criticizing the President for what he has done. Others occupying the office have done the same thing. Probably no more than three of our Presidents have not been guilty. It is the system that I complain of. The temptation should be removed. If he is made ineligible for the succeeding term, all temptation will be removed and he will consider merit of more importance than political influence. He will be made free, and only a man who is wholly free can serve his country well.

I propose a term of seven years because the Constitutional Convention in 1787 first fixed the term at seven years, and later changed it to four. But there is a better reason to my mind. If the term is seven years the election may be held at a time when there is no election for Members of the House or Senate. Many a worthy servant in these bodies has been defeated when he was mixed up in a presidential election when, if he had stood alone, he would have been returned.

This is no new proposal. Probably a hundred amendments have been proposed, which if adopted would have made the President ineligible for reelection.

I sincerely trust that the able Judiciary Committee will give this question serious consideration at its earliest convenience, and I have no doubt that it will do so.

I will speak a word about the proposed 4-year term for Representatives. The average Representative runs all the time. Since they are generally nominated in primaries, they often have two elections every two years. He is generally a poor man when he begins his congressional career, and he grows poorer every year. He ought to be given a respite. His term should be four years. He will be freer to follow his own judgment if his term is lengthened.

The PRESIDING OFFICER. Without objection, the pending amendment is agreed to. The clerk will state the next amendment.

The next amendment was, on page 20, line 15, after the word "carrier," to insert a dash.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, on page 22, after line 15, to insert:

SEC. 2. Sections 11, 12, 13, 14, and 15 of the agricultural marketing act, as amended, are hereby renumbered as sections 16, 17, 18, 19, and 20, respectively.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, on page 17, line 20, to strike out the word "title" and insert in lieu thereof the word "act."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. HOWELL. Mr. President, in connection with the amendment just agreed to there should also be a similar amendment on page 17, line 23, where the word "title" should be stricken out and the word "act" inserted. I move that amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to. The bill is before the Senate and open to amendment.

Mr. BLAINE. Mr. President, I shall propose certain amendments which, as stated, will overcome some of the objections—in fact, a major portion of the objections—to the allotment plan in the farm bill. I will state the amendments which I wish to propose and then outline the reasons for proposing such amendments. After I have outlined the reasons for proposing the amendments I shall formally offer them in order.

On page 18, line 6, I shall propose an amendment that, after the word "enter," there shall be inserted the words "into interstate," so that the sentence will read:

Such portion of any agricultural products shall enter into interstate commerce at a price per unit—

And so forth. I may say at the outset that three of the amendments refer to the allotment plan beginning on page 18.

The second amendment is, on page 18, lines 11 and 12, to strike out the words "as directed by the Federal Farm Board." I shall also propose an amendment, on page 18, line 13, after the word "market," to strike out the period and insert the words "unless perishable and farm products subject to processing and preserving."

I shall also propose an amendment on page 20, after the word "hereof," in line 3, to strike out the words "and any person who intentionally or knowingly violates any other provision of this title," so that the penalty will apply only to the licensee and shall not apply to a seller, who, of course, in any event would be the farmer who produced the farm commodities or products.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Arkansas?

Mr. BLAINE. I yield.

Mr. ROBINSON of Arkansas. On yesterday there was some discussion of the question as to whether the terms of the bill as presented impose a penalty on the producer. I expressed the opinion yesterday that the language does not warrant that conclusion. My study of the subject has been continued, and I must say that there is at least sufficient ground to justify the amendment which the Senator proposes, sufficient ground for the contention that the bill as written imposes a penalty upon the seller, having particular reference to the language on page 18 in section 14, and on page 20, lines 3 and 4, the latter being "and any person who intentionally or knowingly violates any other provision of this title."

That is very broad language and it might be held by the courts to embrace a seller or producer who sells in the domestic market cotton which has been set apart for export. I think the amendment should be given serious consideration.

Mr. BLAINE. Mr. President, I think the Senator's views just expressed are correct. I have thought so from the beginning of the debate. In this connection, while the Senator from Arkansas has raised the question, I shall discuss the reasons why this amendment ought to be adopted rather than to take up the amendments in the order in which I have stated them.

Mr. McNARY. Mr. President, may I inquire of the able Senator from Wisconsin just which language he desires to strike out?

Mr. BLAINE. I propose, on page 20, beginning with line 3, after the word "hereof," to strike out the words "and any person who intentionally or knowingly violates any other provision of this title," so that the penalty clause then would apply only to the person who is the licensee and who intentionally or knowingly is making any purchase in violation hereof shall then be deemed guilty of a misdemeanor, and so forth.

Mr. McNARY. I think it highly important that that matter should be deleted. I am very happy the Senator has offered the amendment. So far as I am concerned, I shall accept the amendment.

Mr. BLAINE. Mr. President, I want to point out the reasons a little more specifically. Turning to page 18, it will be observed that "the Federal Farm Board is authorized and directed to ascertain and make public the part of domestic production"—I assume that means the production which is to be sold in the domestic market, that is, within the United States—"of any agricultural product which is needed for domestic consumption." Then the language proceeds as follows:

Such portion—

That is, that portion of the agricultural product needed for domestic consumption—

Such portion of any agricultural product shall enter commerce at a price per unit not less than the cost of production of such commodity as ascertained by the Federal Farm Board for the year during which such commodity was produced.

Mr. President, there can not be a purchaser of a farm commodity unless there is a seller. That, of course, is axiomatic.

So that if a licensee purchases a farm product for a price less than the cost of production as fixed by the board, the seller then has offered his product to enter commerce at the same reduced price, and thus becomes liable under the penalty clause. That is one proposition. The other is this:

The remaining or surplus portion—

That is, the portion that is not needed for domestic consumption—

if any, shall be exported, withheld from market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market.

Under that clause there is only one person involved, and that is the farmer—the man who produces farm commodities or farm products. If he should sell any portion of his milk, for instance, in my State, to be delivered to the consumers of milk in the city of Chicago, and that milk was surplus milk, he would be guilty of an offense under this provision. So, I think, under either of these two circumstances the farmer would find himself going to jail for the violation of the law.

I am sure it was not the deliberate intent of the authors of the bill or the proponents of this particular measure to impose any such penalty upon the producer of a farm commodity or a farm product.

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Oklahoma?

Mr. BLAINE. I yield.

Mr. THOMAS of Oklahoma. Under the terms of the section does the Senator think that in the absence of action by the Farm Board any person selling a commodity would be liable in any way under the other terms of the bill? In other words, is it not a fact that under the provisions of the measure the Farm Board must make rules and regulations respecting any given commodity before anyone would be liable for doing anything about such commodity?

Mr. BLAINE. Of course, that is a condition precedent. The Farm Board could bring into operation this proposed law; and when the Farm Board does bring into operation this particular plan and the farmer violates either one of the two conditions to which I have referred, the farmer will be penalized under this proposal unless the amendment shall be adopted.

I think that is made perfectly clear; I need not discuss that further. I therefore, Mr. President, propose an amendment—and I do this for the sake of hastening along the consideration of the bill—on page 20, line 3, after the word "hereof," to strike out the words "and any person who intentionally or knowingly violates any other provision of this title," so that the subsection will read:

(3) Any person who, without a license issued pursuant to this section, intentionally or knowingly engages in or carries on any business for which a license is required pursuant to this section, or intentionally or knowingly makes any purchase in violation hereof, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than $500 or imprisoned for not more than six months, or both.

I offer that amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. BLAINE. Mr. President, taking up the other proposed amendments in the order in which I mentioned them, I come back to page 18, line 6, and I wish to offer an amendment. On page 18, line 6, after the word "enter," to insert the words "into interstate," so that that particular sentence will read:

Such portion of any agricultural product shall enter into interstate commerce at a price per unit not less than the cost of production of such commodity as ascertained by the Federal Farm Board for the year during which such commodity was produced.

Mr. President, commenting upon that suggestion, I think it is admitted—and I express that opinion with a considerable definiteness—that there are no two lawyers, no group of lawyers or any single lawyer or any judge who would for one instant contend that Congress has power over intrastate commerce. In other words, Congress has no power to regulate commerce wholly within a State. There has been serious objection offered because the bill includes "any commerce" and applies all the conditions of the allotment plan not only to interstate commerce, that is, commerce between the several States and among the several States, but also applies the provisions of the plan to commerce within a State. By the adoption of such an amendment as I have offered that criticism would at once be removed.

I think I can also, with some degree of definiteness, state that there are no two laymen who, if they will sit down and think about this proposition for just a moment, will contend that Congress has any power to regulate commerce wholly within a State. The Constitution of the United States prescribes the powers and limitations upon Congress. Under section 8 of Article I of the Constitution, the United States Congress is given the power—

To regulate commerce with foreign nations, and among the several States, and with the Indian tribes.

Congress has no other power than that which is conferred upon it by the Constitution, and the Constitution confers power with respect to the regulation of commerce limited to the regulation of commerce "with foreign nations and among the several States, and with the Indian tribes." So by the adoption of this amendment the criticism which has been applied to the bill will at once be dissipated so far as that constitutional objection is concerned.

Mr. President, this may be rather an irregular manner of presenting these amendments; but for the sake of expedition, I now offer the amendment to which I have referred, on page 18, line 6, after the word "enter," to insert the words "into interstate."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. BLAINE. Now, Mr. President, I propose another amendment, and I will point out the reasons why the amendment should be adopted. On page 18, lines 11 and 12, I move to strike out the words "as directed by the Federal Farm Board," so that the sentence in which said language is contained will read as follows:

The remaining or surplus portion, if any, shall be exported, withheld from market, or otherwise disposed of, except that it shall not be disposed of in the domestic market.

Mr. President, after the Federal Farm Board has ascertained and directed and made public the portion of the domestic production of any agricultural product which is needed for domestic consumption the power over the remainder of the production—that is, over the surplus—is vested in the Federal Farm Board. The Federal Farm Board has power under the paragraph I have read to permit the surplus portion to be exported and to prohibit that surplus from the market; that is, "it shall be withheld from market," and I presume that means the domestic market, and the board has the power to otherwise dispose of the farm product as the Farm Board may direct.

It may be contended—and I have heard it mentioned, though not very emphatically—that the Federal Farm Board would never enter an order for the destruction of any farm commodity or farm product; that the Farm Board would not be so silly, crazy, and insane as to direct the destruction of any surplus of a farm product. I am not so sure about that. If we may judge the future by the past, the chances are that the Federal Farm Board will be just as insane and just as crazy in the future as it has been in the past with respect to its suggestions. I am using the words "crazy" and "insane" not from the standpoint of the mental disability of members of the Farm Board; but in the operation of their functions and duties I think their suggestions have been absolutely asinine to the degree of insanity.

The Senator will recall that last year the Federal Farm Board advised and recommended that every third row of cotton be destroyed. The purpose of that was to eliminate the surplus. Mr. President, such a suggestion exhibits a condition of official-mindedness that not only borders on insanity but is official insanity.

Even worse than that, the Federal Farm Board made another suggestion, or at least by implication it made the suggestion. As all Senators know, my State is a great dairy State. I think over one-tenth of all the dairy cows of the United States are in the State of Wisconsin. As I recall—I may not be exact in the percentage now; it changes from time to time—but Wisconsin produces approximately 75 per cent of all of the American cheddar cheese and foreign cheese that is produced in the United States. Seventy-five per cent, three-fourths of the entire production of the United States, is in my own State.

Now, let us look at this suggestion of the Federal Farm Board. There is what is known as the Dairy Advisory Committee. I will not give the membership. There are some lawyers upon the committee who are drawing down some very handsome salaries as advisers to cooperatives for the legal advice that they may give. Some of those lawyers, as I say, are members of this Dairy Advisory Committee. There are some other men who are members of this advisory committee who are somewhat equipped to give some advice upon dairying but whose judgment, if followed, would result in tremendous loss to the dairymen of my State and the dairymen of every State.

This Dairy Advisory Committee, I do not know on what date, but I think it was October 20, 1931—the release for the afternoon papers was for October 22, 1931—issued a statement in which they recommended that all low-producing and unprofitable cows be culled from the herds and sold for slaughter. That was no new theory. The State of Wisconsin, under the direction of the agricultural department of the university, has been preaching that all dairy cows that are commonly known as "boarders," that do not make their board and keep, ought to be culled from the herds. That advice has been generally followed; and the Dairy Advisory Committee is about 40 years beyond the times on that. That has been going on in my State to a very high degree of perfection. But this is what they further advised:

> And that the farmer reduce the size of his herd by eliminating at least 1 cow out of every 10.

There is no way by which the farmer could eliminate any of the good dairy cows out of his herd except to send them to the slaughter or kill them and bury them upon the farm.

Mr. President, I happen to be in association with some farmers of my State who were interested in the possibility of taking over a cheese and butter factory, who had consulted me respecting the organization, and while we were chatting about that proposition I received this communication, and asked them what they thought about the proposition that the dairy farmer of my State, after he had culled out the useless or "boarder" cows, should kill or send to slaughter every tenth cow. The dairy farmers unanimously said, "Why, they are a lot of damned fools."

It may not be entirely parliamentary, but it was emphatic and mighty expressive. Remember, the Farm Board sponsored the suggestion and issued the newspaper release.

With those two illustrations, I am unwilling to trust to the Federal Farm Board the agricultural interests of this country, and give them the power to say that every other row of cotton shall be destroyed, and every tenth dairy cow shall be destroyed, and one out of a certain number of bushels of wheat shall be destroyed. We do not know what action they might take. I am unwilling, in view of their expression of opinion in the past, to put such great power into the hands of the Federal Farm Board—the power to tell the farmers of this country that they must not dispose of their surplus product except in some particular way as directed by the Federal Farm Board.

Striking out the words "as directed by the Federal Farm Board" will leave the sentence reading as follows:

> The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of, except that it shall not be disposed of in the domestic market.

I now offer that amendment in the course of this debate.

The PRESIDING OFFICER (Mr. CAREY in the chair). The question is on agreeing to the amendment offered by the Senator from Wisconsin.

Mr. HOWELL. Mr. President, may the clerk please state the amendment?

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 18, lines 11 and 12, the Senator from Wisconsin proposes to strike out the words "as directed by the Federal Farm Board," so that it will read:

> The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of, except that it shall not be disposed of in the domestic market.

Mr. FRAZIER. Mr. President, I should like to ask the Senator from Wisconsin how this provision is to be worked out unless it is through the Farm Board or some other organization of that kind. The bill provides that it shall be done by the Federal Farm Board. If this were stricken out, it seems to me it would tend to destroy the value of the bill.

Mr. BLAINE. Mr. President, my answer to that question is this question: Does the Senator from North Dakota believe in giving the Federal Farm Board the power to direct that a farmer shall destroy the surplus part of his production?

Mr. FRAZIER. This has nothing at all to do with that, that I see.

Mr. BLAINE. I am surprised. That is exactly what it says:

> The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of—

How? "Or otherwise disposed of," how?—

> As directed by the Federal Farm Board.

Of course they have the power to dispose of that surplus crop by directing that it may and shall be destroyed. There is not any other interpretation that can be put upon that language. What other purpose has it? Where will the surplus go? It may not go into export. If it is withheld from the market it can not be sold.

Mr. FRAZIER. Why can it not go into export?

Mr. BLAINE. There may be no export market. It therefore could not go into the export market. The bill says, "withheld from the market." Well, when you withhold something from the market, and then provide that the Federal Farm Board may "otherwise" order some disposal of

the product, of course, they have the power to destroy that crop or order that it be destroyed.

Mr. HOWELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. BLAINE. I yield.

Mr. HOWELL. If the domestic market can not absorb the product, it must be exported. It can not be used, can it?

Mr. BLAINE. If there is no export trade for it, where will it go?

Mr. HOWELL. If there is no domestic market for it, where will it go? For the portion used in the domestic market the farmer is to receive a United States price. If the domestic market will not consume the product, there is no other place for it to go but in export trade. That is the situation that exists to-day.

Mr. BLAINE. Of course there are places where it may go. It may go into storage if it is capable of being stored.

Mr. HOWELL. But this does not prevent it from being stored.

Mr. BLAINE. Oh, no; it does not prevent it, and the Farm Board may not exercise the power; but the bill gives the Farm Board the power to dispose of the surplus. It says, first:

The remaining, or surplus, portion, if any, shall be exported.

That is one thing. It shall be sent abroad. There may be no export market, however.

It shall be—

withheld from market—

I assume that that means the domestic market. I do not know, but I assume so.

or otherwise disposed of as directed by the Federal Farm Board.

What is meant by "or otherwise disposed of as directed by the Federal Farm Board"?

Mr. HOWELL. But, Mr. President, if the product comes into market, and, if sold, there, would destroy the domestic market, of course, the product should be withheld from the market until the domestic market can absorb it or until it can be exported.

Mr. BLAINE. Does not the Senator appreciate that power is given to the Federal Farm Board to direct the manner in which a farm product may "otherwise" be disposed of? That power is given to the board. It may not exercise the power, but the power rests in the board.

Mr. HOWELL. But, Mr. President, we must give this board some power if it is going to rescue the farmer.

Mr. BLAINE. Is the Senator willing to give power into the hands of the board that will permit the board to destroy or order the destruction of a farm product?

Mr. HOWELL. There is no authority given here for the destruction of a farm product.

Mr. BLAINE. What is meant, then, by "or otherwise disposed of"?

Mr. HOWELL. If they can not export it, it might be used for processing other products.

Mr. BLAINE. Suppose the processors have their shelves filled with the products. They will not take it.

Mr. HOWELL. Under present conditions they would not take it, either.

Mr. BLAINE. Now the Senator is begging the question. Assuming that there are products that are not going into processing, what is going to be done with those?

Mr. HOWELL. What would be done with them to-day if there is no market?

Mr. BLAINE. That is begging the question.

Mr. HOWELL. But here is a point where we can well beg the question, because we are endeavoring to do something for the farmer. We are endeavoring to give authority to aid him to get a United States price for that which he produces, inasmuch as he must pay a United States price for that which he buys. The Senator, however, would strike out this power and authority that we give to protect the farmer. That is the purpose of this legislation—to change the present methods of marketing farm products.

Mr. SHORTRIDGE. Mr. President——

Mr. BLAINE. Just a moment. The Senator from Nebraska says we are trying to do something for the farmer. On this proposition what you are doing is something to the farmer. I have asked the Senator what he means by the language "or otherwise disposed of as directed by the Federal Farm Board." That language must mean something. I have had no answer to that question. Does the Senator say that the Federal Farm Board would not have power to direct the destruction of a farm product of which there was a surplus?

Mr. HOWELL. Mr. President, I certainly would insist that there is no such power granted. It is to be assumed that a governmental agency will act with intelligence and justice to those for whom it is operating.

Mr. BLAINE. Not the Farm Board. Does the Senator recall that last summer the Federal Farm Board urged the cotton producers to destroy every third row of cotton and sent out a report from the dairy advisory committee, and sponsored it, advising that every tenth dairy cow be disposed of?

Mr. HOWELL. Mr. President, I am sure the Senator is mistaken in saying that the Farm Board ever passed such a resolution. There might have been an agricultural advisory committee that recommended some such course, but certainly I am not aware of any resolution or final action by the Farm Board to that effect.

Mr. BLAINE. Mr. President, I shall not permit the Senator to put a misconstruction on what I said. I said that the dairy advisory committee passed a resolution. I said that the Federal Farm Board sponsored that resolution upon its official paper, and gave it out from the Federal Farm Board for release to newspapers on October 22, 1931, which resolution provided that the farmer reduce the size of his herd by eliminating at least 1 cow out of each 10 after he had culled out the "boarders" to which I referred. That is what the Farm Board did—it sponsored it. Furthermore, the Federal Farm Board actually recommended and urged the destruction of every third row of cotton.

Are we going to give into the hands of a department here at Washington such power of life and death over the farmers of this country, give to the Farm Board the right to direct which farm products and farm commodities, if there is a surplus, shall be destroyed? The farmers of this country will never for one moment indorse any such proposal when they know the facts.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. CONNALLY. Is it not the Senator's view that if the Farm Board had had the power, instead of advising the farmers to plough up every third row, the Farm Board would have made them plough up every third row?

Mr. BLAINE. That was in their minds, of course. I assume that if they had had the power, they would have exercised it.

Mr. CONNALLY. Under this bill, if they had that power, instead of telling the farmers what to do, they would order them to do it and make them do it.

Mr. BLAINE. They would order them to do it. I am assuming that the provision is a constitutional and valid provision. I am not discussing the validity or alleged invalidity of it. I am assuming that Congress has the power to do that which is proposed under the allotment plan in section 14. In view of that assumption, the power is conferred upon the Federal Farm Board to direct how the surplus may "otherwise" be disposed of, and that means that it may be destroyed if the Federal Farm Board so directs.

Mr. SHORTRIDGE. Mr. President, will the Senator yield to me?

Mr. BLAINE. I yield.

Mr. SHORTRIDGE. The language of the proposed bill is:

The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market.

Agreeing with the thoughts of the Senator, I also put the question, in the case of the dairy herd, if there is found to be a surplus production from that herd, it shall be exported;

but suppose there is no export market, and it shall be "withheld from market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market"—what is the farmer to do?

Mr. BLAINE. The doors are closed to him, of course, and therefore the Federal Farm Board would say, "We will direct that this be destroyed."

Mr. HOWELL. What would he do under present conditions?

Mr. BLAINE. The Senator begs the question when he asks that.

Mr. HOWELL. I have a perfect right to beg the question.

Mr. BLAINE. But let me call attention to the fact that there is no Federal Farm Board to-day that has any power to tell the dairymen of our State that they shall destroy their milk, or that they shall destroy their calves, or that they shall destroy every tenth dairy cow; or the farmers of North Dakota that they shall destroy one-tenth of their wheat crop; or the farmers of Nebraska that they shall destroy one-tenth of their corn crop. There is no such power.

Mr. HOWELL. But the farmers in the Senator's State are getting 13 cents a pound for butterfat now. That is what the farmers are getting for butterfat to-day. Is not the Senator willing to make some disposition so as to afford them a fair price? The Senator knows they can not produce butterfat for such a price. How does the Senator propose to relieve them?

Mr. BLAINE. Mr. President, the Senator is begging the question. I have not suggested that the farmer should not have a fair price for his product. I have not suggested that the farmer should not receive his cost of production. I have made no such contention, and it is unfair for the Senator even to intimate by inference that I have made any such suggestion.

Mr. HOWELL. Mr. President, I did not suggest that the Senator from Wisconsin had made such a statement. I stated the fact that the farmer to-day was getting 13 cents a pound for butterfat, and I asked the Senator how he proposed to come to the farmer's rescue.

Mr. BLAINE. Mr. President, the Senator begs the question—repeatedly begs the question. The Senator has not yet advised the Senate in answer to my question: Will not the Federal Farm Board have the power to direct the destruction of a surplus?

Mr. HOWELL and Mr. FRAZIER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. BLAINE. I would like to have the Senator from Nebraska answer that question, after he has been so persistent.

Mr. HOWELL. I will answer the question, Mr. President. In my opinion, such a construction would not be upheld by any court.

Mr. BLAINE. I perfectly agree with the Senator.

Mr. HOWELL. Then it could not occur.

Mr. BLAINE. I assumed the legality of this provision. I assumed that it was constitutional, and, indulging that assumption, if it is constitutional, the Federal Farm Board would be upheld by the courts. But I do not for one moment believe that Congress has the power to bestow on any commission or any department the right to declare that a surplus shall be destroyed. It is a good thing for this country that Congress has not that power. It is a good thing for the farmer. He should not be subjected to a bureaucracy here in Washington which could compel him to destroy his tenth dairy cow, to destroy one-tenth of his wheat, to destroy one-tenth of his milk, one-tenth of his butter, one-tenth of his cotton, or one-tenth of any commodity or product produced by him. The Constitution of the United States stands between him and a Congress that would confer such a power upon a board.

The Senator has stated exactly the proposition, that no court would uphold any such order, because we could not grant a board any such power. I do not assume for one moment that the Senator from Nebraska is endeavoring to palm off on the Senate an invalid and unconstitutional provision. I think more of the Senator than to believe that he would endeavor to palm off on the Senate and palm off on the farmers of this country an unconstitutional and an invalid provision. I do not believe the Senator from Nebraska wants to go so far as to give a promise to the ear, as the Senator from Montana [Mr. WALSH] said.

The Senator has indeed expressed exactly the situation, that there is no authority in the Constitution for Congress to confer upon a Federal Farm Board, or any other body, the power or right to destroy products of the farm.

Mr. HOWELL. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. HOWELL. There is no statement in this measure to the effect that the Federal Farm Board can order destruction of property. There is no statement of that character. The Senator from Wisconsin reads that into the measure, and I, controverting it, call his attention to the fact that any attempt to read anything of that kind into this measure would be prevented by a court. It does not follow, therefore, that I am for an unconstitutional provision in this bill.

Mr. BLAINE. Let me ask the Senator what does follow a production of the farm when there is no export demand for it, no export market for it, when it must be withheld from the market? Where can that crop go?

Mr. HOWELL. It can be used upon the farm, just as skim milk is being used upon the farm now. There is no market for skim milk. What do the farmers do with it? Skim milk costs to produce. What are they doing with their excess skim milk? The situation in regard to skim milk is what would confront the farmer if he had a product which he could not sell in the domestic market and could not sell in the foreign market. What would he do with it? He would utilize it upon his farm as far as practicable. That is what he would do with it.

Mr. BLAINE. Mr. President, the Senator very ingeniously talks about skim milk used upon the farm. Why does he not say sweet milk or whole-cream milk? What the Senator says to the farmer is, "Take your sweet milk back to the farm and feed it to the hogs." That is what the Senator proposes.

Mr. HOWELL. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. HOWELL. So far as operating a dairy at this time is concerned, statistics for the month of April for my State showed that a farmer was feeding a cow, was caring for it, was milking it twice a day, and getting 1 pound of butter fat from that cow, which was selling for from 13 to 14 cents a pound. I think the Senator will admit that it would probably have been better for the farmers who cared for cows during the month of April to have been rid of them, because they were not getting the cost of production from those cows. At the outside the estimate was that the farmer was making 1 cent a day per cow. That is the situation confronting the farmer in this country to-day, and we are endeavoring to find some way to remedy that situation.

Mr. BLAINE. Mr. President, it is very evident that the Senator from Nebraska does not own a dairy farm, does not operate a dairy farm, does not milk any cows, has no cows to milk. He is one of the city advisers to the farmer. We have had a lot of them in the past. We have had business men advising the farmer, we have had the city folks advising the farmer until to-day the farmer has been brought to his knees, economically speaking. He has been following too long the advice of business men and city folks. The Senator from North Dakota [Mr. FRAZIER] sotto voce suggests "lawyers." May I intrude a personal note, so far as I am concerned, and say that my interests and investment as between my profession and a dairy farm is all in the dairy farm. I know the losses we are suffering. I know that there is no one who has a right here in Washington, either on the floor of the Senate or from a department, to tell the dairyman to take his milk home and feed it to the hogs.

Mr. FRAZIER. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from North Dakota?

Mr. BLAINE. Just a moment. The farmer pours milk into hogs that bring $3.50 per hundred pounds, and even less than that, so that the return on hogs is less than is the return on milk. Then for Senators on the floor of the United States Senate to suggest to the farmer to take his milk home and feed it to his hogs is surprising to me. I am not surprised that that sort of philosophy initiates this kind of a provision, which permits the Federal Farm Board to tell the farmer to destroy his cotton, to destroy his milk, to destroy his butter, to destroy his pork, to destroy any commodity of which there may be a surplus.

There is no answer to the question except the begging of the question. Of course, the farmers are distressed. That is no answer to the question I have been propounding. The power is lodged with the Federal Farm Board to direct the manner in which the surplus commodities on the farm shall be disposed of. That is the plain language. If the act should be held valid and constitutional, then that power is valid and constitutional and the Federal Farm Board can exercise that power. If this is not valid, if it is unconstitutional, then we should not hold out the promise to the farmer that it is going to aid them. If it is valid and if it is constitutional, then I am opposed to any proposal which authorizes a department or a board or the Government in any form or under any characterization to compel the farmer to destroy that which they determine to be the surplus crop.

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from South Dakota?

Mr. BLAINE. I yield.

Mr. NORBECK. Is not the Senator in accord with a great deal of the bill?

Mr. BLAINE. I am not opposing the bill.

Mr. NORBECK. Are there not important features in the bill which, if put into effect, would put agriculture on a better basis?

Mr. BLAINE. Let me say to the Senator that there are many good features in the bill. There may be many good features in the allotment plan. What I am trying to do is to take out those features which are clearly unconstitutional, recognized even by the laymen as unconstitutional. I am endeavoring to perfect the allotment plan so I can with justification defend it.

Mr. NORBECK. I am sure the Senator from Wisconsin misunderstood me. I was trying to call attention to the other parts of the bill. There is too much emphasis being laid on the things which may justify criticism and too much forgetting that a constructive measure is before us.

Mr. BLAINE. There is scarcely any criticism of those portions of the bill which are constructive. There are excellent provisions in the bill. There is no question about the debenture plan being a plan which will make the tariff effective as to farm products. The Senator from South Dakota and I are in absolute accord on that proposition. It is highly important that we have a measure enacted at this session of Congress to make the tariff effective on farm products. We were promised that away back in 1928. A special session of Congress was called for that purpose. I voted on every roll call to make the tariff effective as to farm products, and the Senator from South Dakota, to his honor, also voted to carry out the pledge that had been made. We are in absolute accord on that matter. I am not opposing the bill as a whole. I am endeavoring to perfect what I think ought to be perfected in the allotment plan, so that if there is any value in it those provisions which are clearly unconstitutional will be removed and the plan permitted to operate as an experiment only, perhaps. It may be only an experiment, but it may be worth while to experiment with it when we can also have the debenture plan and the equalization plan. But I do not propose to give the Farm Board power to destroy any portion of a farmer's crop.

Mr. NORBECK. I thank the Senator.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. BLAINE. I yield.

Mr. KING. Conceding that the measure does pass and that the debenture plan in the bill possesses some merit, are there any other provisions which have any merit? I confess that Title III is, to my mind, a most remarkable production, absolutely devoid of merit and calculated to produce——

Mr. BLAINE. Mr. President, I apologize to the Senator for interrupting him, but I was in hopes the Senator would not attempt to divert me with a general proposition. I am perfectly willing to answer any question, but I do not want to engage in a general discussion of the other provisions of the bill. I should be glad to answer a specific question.

Mr. KING. The Senator finds himself favoring the allotment plan?

Mr. BLAINE. I am endeavoring to perfect it as much as possible and to remove from it some of the provisions which are admittedly invalid.

Mr. KING. I hope the Senator will pardon me if I suggest that I think he would be serving the country far better if he would move to strike out all of Title III.

Mr. BLAINE. I want the opportunity to perfect it. It may be worth trying. It may be only an experiment, but I do not want an experiment that is going to put into the hands of the Federal Farm Board power to tell any farmer that he must destroy any portion of his product.

Mr. KING. I think the Senator would be doing a great service to his country if he would introduce some amendment that would take from the Farm Board powers which it now possesses and refuse to concede any proposition that increases its power. It has been such a failure, such a tyrannous, bureaucratic, inefficient body that the sooner we get rid of it the better it will be for the country.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

Mr. BLAINE. Certainly.

Mr. FLETCHER. We have some precedent in the matter of the stabilization of prices and the power to destroy surplus. Brazil last year destroyed 7,000,000 bags of coffee beans, the estimated value of which was $30,000,000. That much coffee was burned last year. Does the Senator apprehend, if the bill should be passed, that it would give some such power as that to the Federal Farm Board whereby they might destroy whatever surplus they saw fit to condemn?

Mr. BLAINE. As I said, upon the assumption that the provision is valid and constitutional—I make that qualification—then under the provision the Federal Farm Board would have the power to determine the method of disposing of the surplus otherwise than as expressed in the paragraph in which that clause appears. That would mean beyond any question that the board would have the power to order the destruction of any portion of the alleged surplus farm crop or commodity.

Mr. President, in these times when we have millions of men and women and children out of employment, some of them without food, many of them on short rations of food, I can not understand why there should be a single ounce of food destroyed. It is far better to go back to the policy of the Pharaohs and store up during the years of plenty the surplus for the years of scarcity and famine. I am not in favor of placing in the hands of the Federal Board the power to destroy any portion of a product of the farm.

Mr. President, I offer the amendment.

The VICE PRESIDENT. The clerk will report the amendment for the information of the Senate.

The LEGISLATIVE CLERK. On page 18, lines 11 and 12, strike out the words "as directed by the Federal Farm Board," so the sentence would read:

> The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of, except that it shall not be disposed of in the domestic market.

Mr. FRAZIER. Mr. President, if the amendment is to be voted on, I want an opportunity to speak on it a little while.

Mr. BLAINE. Mr. President, for the time being I will withdraw the amendment and proceed with the next one. Probably there will be no objection to it.

Mr. FRAZIER. Very well.

Mr. BLAINE. On page 18, line 13, after the word "market" and before the period, insert the words "unless perishable and farm products subject to processing or preserving," so the sentence would read:

The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market unless perishable, and farm products subject to processing or preserving.

I will discuss the amendment at this time. It will be observed that the paragraph which I have been discussing provides that—

The remaining, or surplus, portion, if any, shall be exported, withheld from market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market.

There are many perishable products which can be disposed of nowhere except in the domestic market. For instance, in my own State we have over one-tenth of the dairy cows of the country. We produce a veritable Niagara of milk. Our outlet for liquid milk and sweet cream is the city of Chicago to a very great extent. For that liquid milk and that sweet cream—milk that goes into the homes for the breakfast table, served with breakfast foods, and fed to the babies—the city of Chicago is a great market not only for the southern one-third of the dairy section of my State but as far north as 300 miles beyond the southern boundary of my State. That liquid milk is shipped that great distance, sometimes by automobile vacuum-tank trucks—that is, by trucks with vacuum tanks containing the sweet milk—and the same is true as to the sweet cream. The transaction involved in selling that milk to the city of Chicago is interstate commerce. There is a surplus of sweet milk and sweet cream during certain seasons of the year, seasonal surpluses. Under this bill every dairyman in the State of Wisconsin could be deprived of the Chicago market; under this provision that surplus could not be sold in the domestic market. So the sweet milk and the sweet cream which constitute a surplus, under the advice of the Senator from Nebraska, would be taken back to the farm and fed to the hogs. That is just exactly what would happen unless this amendment should be adopted respecting the liquid milk and the sweet cream of which there may be a seasonal surplus in connection with the Chicago milk market.

Mr. President, as I have pointed out, the paragraph provides that the remaining or surplus portion, if any, shall be exported. Of course, one can not export sweet milk and sweet cream; they are barred from the export market so far as Wisconsin is concerned. Perhaps the dairymen of North Dakota may be able to ship some of their sweet cream and sweet milk across the boundary line into Canada, but not so in the dairy States of the Union. I am substantially correct in saying that there can be no foreign export market for liquid milk and sweet cream. If it is to be withheld from the market, as the Senator from Nebraska says, the farmers then must be content to feed it to their hogs.

I am not exaggerating, Mr. President; I am setting forth the exact conditions that will prevail; and I think my own experiences afford me justification for pointing out such unreasonable provisions. Under the wording "or otherwise disposed of" as the Federal Farm Board may direct, of course, the board can direct that surplus milk shall be destroyed, poured into the sewers, or, as the Senator from Nebraska said, fed to the hogs.

Mr. President, milk is a highly perishable product; it can not be subjected to the air for long. The farmers can not afford to store milk in vacuum tanks. It must be consumed within a reasonable number of hours after its production—and the same thing is true as to sweet cream—or it must be turned into butter. Perhaps there may be a surplus of butter, and therefore the farmers can not sell their butter. In any event, milk and its products, of which there might be a surplus, would have nowhere to go under this bill except into the sewer or to be fed to the hogs.

Of course, the farmers might make their butter without the use of salt, and then use the butter for lubricating oil. Had the Senator from Nebraska been a little more familiar with farming he probably would have suggested that that also be done, as he suggested that the milk be fed to the hogs.

I do not criticize the Senator from Nebraska. I think he is perfectly sincere in this matter and perfectly honest—I am speaking of the junior Senator from Nebraska—but he, like many other honorable and sincere men, may have had only the pleasure of driving by the farmsteads but never the experiences that come to men who spend their lifetime upon a farm.

What I have said has to do with milk, a perishable product. The junior Senator from Nebraska will say that the provision on page 3 respecting the fourth finding of the board takes care of milk and other perishables. Let us examine into that.

Fourth. That the durability and conditions of preparation, processing, and preserving and the methods of marketing of the commodity are such that the commodity is adapted to marketing as authorized by this section—

In other words, as to milk which through processing can be reduced to powdered milk or canned milk the Farm Board might say that this surplus milk, because of the possibility of its preparation through processing, should be canned, powdered, or malted; but, Mr. President, canned milk, malted milk, and powdered milk exist in such great surpluses that there is nowhere for additional processed milk to go. So, under this provision, we are affording the farmer no avenue through which his liquid milk may go except to be fed to the hogs or poured into the sewers.

Then there is another proposition. Power, as I have said, is put in the hands of the Federal Farm Board to determine when that surplus, if it is not exported and is withheld from the market, how it can "otherwise be disposed of."

Mr. President, there is competition between the dairymen of Wisconsin and the dairymen of Illinois. If there were sufficient political pressure on the part of the people of Illinois to bring into operation the exercise of this power conferred upon the Farm Board, then, of course, the politicians of Illinois could put the dairymen of Wisconsin out of business, and they could do it through an order providing how the surplus milk should be disposed of. I call attention to the fact that milk from Wisconsin shipped to Chicago is interstate commerce, while milk from Illinois to Chicago is intrastate commerce, over which Congress has no control.

Mr. President, the possibilities of this allotment plan, under the provisions to which I have directed my criticisms, are such that any State having a surplus of a commodity could be discriminated against depending entirely upon political pull, if the Federal Reserve Board were subjected to such influences.

I am unwilling to place the great industry of agriculture in the hands of a board appointed by the President, political creatures of an administration or a party, sometimes appointed in order to discharge a political debt. I am unwilling to place in a board so constituted the power to destroy the dairy industry of my State and the agricultural industry of any other State.

Mr. KING. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. KING. I should like the Senator's opinion in regard to the operation of Title III of the bill as it deals with other agricultural products. The State of Idaho produces large quantities of alfalfa. The sheepmen of Utah have frequently purchased hay in Idaho to feed their sheep during the winter. Suppose that the Farm Board had the power proposed to be given by this measure should determine that the amount of hay needed for domestic use in the United States for the next year was, say, a million tons. Under the bill the board would be required to ascertain the cost of producing that hay. Of course, it is absurd to say it could, because the conditions vary so. In Arizona,

where they raise four crops of alfalfa, 8 tons or more to the acre, the cost is much less than it is in other parts of the United States; but, waiving that point, suppose the board fix a million tons as the quantity necessary for domestic consumption. A million tons are produced outside of Idaho. Idaho produces a surplus of 100,000 tons of hay which she must dispose of. It can not be disposed of in the State, because of no local needs. The producers of the hay can not ship it to the Pacific coast and across the sea, because the cost is prohibitive. They can not ship it to Canada, because the costs are prohibitive. What could the owners do with this surplus?

Mr. BLAINE. Mr. President, of course, hogs would not eat dry alfalfa.

Mr. KING. Of course not.

Mr. BLAINE. I am not making this suggestion seriously; but the farmers could take the alfalfa and burn it in the furnace.

Mr. KING. Exactly.

Mr. BLAINE. That is about the only place where the surplus could go.

Mr. KING. So that under the provisions of this bill the farmers of Idaho would suffer irreparable loss.

Take my own State: We grow some of the finest fruit in the world. How would it be possible for the board to find out the cost of pears and cherries and peaches, and so forth, the fruits which we grow in abundance and, indeed, of which we have a great surplus? But suppose they do have sufficient wisdom to determine the number of bushels of pears and peaches required for domestic use in the United States during the year, and the people of Utah have produced an enormous surplus, and that surplus exceeds the maximum amount which the board under this power fixes as the domestic consumption for the year. What disposition will be made of this surplus? It can not be sent to England, nor to Canada. The producers of the fruit would not dare to sell it because of the provisions of this bill, if it exceeds the domestic needs as determined by the board, to anybody in the United States. Apparently the fruit would have to be destroyed, as I understand the terms of this bill. Am I right in my interpretation of it?

Mr. BLAINE. The Senator is only partially correct. Let me outline an example.

Take potatoes, for instance—Idaho potatoes. I did not intend to advertise Idaho potatoes especially, because Wisconsin potatoes are——

Mr. KING. A little better? [Laughter.]

Mr. BLAINE. Well, at any rate, quite equal; they are all fine potatoes. The Federal Farm Board investigate the number of bushels of potatoes, the number of hundreds of pounds of potatoes produced, and they find that there are so many thousand pounds of a surplus. We will use, just for example, 500,000 pounds. If we carry out the interpretation of this bill, and the only interpretation we can place upon it, this is what would result:

We will assume that there is no export trade for those potatoes. Therefore, they can not be exported. They are withheld from the market, or they are otherwise disposed of, as directed by the Federal Farm Board. There are two ways of disposing of potatoes. One is to turn them into liquor, moonshine. That might be the most profitable one. Of course the Federal Farm Board would not direct a violation of the Volstead Act, however; so the Federal Farm Board, compatible with the eighteenth amendment, would say, "Now, we will use the other method. We will direct that those surplus potatoes must be turned into starch," and they have the power to do it under this bill. But where will the starch go? There is a surplus of starch; and that is why I am offering the amendment. That is a good illustration of why I am offering the amendment, to take perishable and other farm products that are subject to processing and preserving and lift them out of this bill.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. BLAINE. Yes; I yield.

Mr. BORAH. Is the Senator referring to Title III?

Mr. BLAINE. Yes; the allotment plan.

Mr. BORAH. By the time the Senator gets through with it, there will be nothing left of it. Why not lift Title III out of the bill?

Mr. BLAINE. I am perfectly willing for the senior Senator from North Dakota [Mr. FRAZIER] to leave his wheat in, if he is willing to take that chance with the farmers of North Dakota. I am perfectly willing for the junior Senator from Nebraska [Mr. HOWELL] to leave his sugar in, if he is willing to take chances with the sugar producers of Nebraska. I am perfectly willing for the senior Senator from New Hampshire [Mr. MOSES] to leave his hay in, if he wants to take a chance with the farmers of the State of New Hampshire. So I am accommodating the junior Senator from Nebraska, the senior Senator from North Dakota, and the senior Senator from New Hampshire. In fact, that permits the senior Senator from New Hampshire to join the "sons of the wild jackass." [Laughter.]

Mr. BORAH. Even the company of the Senator from New Hampshire would not assuage my feelings or change my opinion with reference to some of the provisions which have nothing to do with the matter the Senator is discussing. For instance, there is left in the bill the provision that "it shall be unlawful for any licensee to purchase any agricultural products at a price less than the cost of production proclaimed by the Federal Farm Board."

Mr. BLAINE. I am perfectly willing to leave that in. If we can obtain for the farmers, by this provision, the cost of production, the farmers will have made considerable progress in this Congress.

Mr. NORRIS. Mr. President, I should like to ask the Senator from Wisconsin what he has against the "sons of the wild jackass"? [Laughter.]

Mr. BLAINE. As I am included as one of them, I have not anything against them, but inasmuch as the Senator from New Hampshire on yesterday pleaded that his hay be brought within the terms of this bill, I thought the "sons of the wild jackass" ought to invite him into their company. It was purely an act of generosity toward the Senator from New Hampshire, recognizing his complete conversion.

Mr. MOSES. Mr. President, I must remind the Senator that I had a trinity of products—hay, apples, and potatoes.

Mr. BLAINE. I am trying to take the apples and potatoes out from under the bill and leave the hay in.

Mr. MOSES. I am not sure that that is an act of kindness to the Senator from New Hampshire.

Mr. BLAINE. Oh, yes; it is to the farmers of New Hampshire. It may not be to the Senator.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Texas?

Mr. BLAINE. I yield.

Mr. CONNALLY. Is not that our great problem here—to get the article of consumption to the consumer? And if we get the hay to the wild jackasses, will not that solve that part of the problem?

Mr. BLAINE. I thought that was a splendid combination—to leave hay in, so that the Senator from New Hampshire would have a complete conversion, and we might take him into our society.

Mr. BORAH. Mr. President——

Mr. BLAINE. I did not mean to be facetious about this very serious proposition. I yield to the Senator from Idaho.

Mr. BORAH. I was going to say that my great objection to Title III is that if this bill ever should reach the President of the United States, I not only think he would be justified in vetoing it, but I do not see how he could avoid vetoing it. The other two propositions would necessarily fall with it. It is so unquestionably void that I think we would destroy the whole bill. I do not think the President could find an excuse for signing it, and I have no reason to suppose he would be hunting for a reason to sign it.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. BLAINE. I yield.

Mr. KING. Does not the Senator believe, under all the circumstances, that the wiser course to pursue is either to defeat this bill in its present form or to recommit it and let the committee consider it further, in the light of the observations and suggestions which have been made?

Mr. BLAINE. Let me perfect this section, and then we will take up that discussion.

Now, Mr. President, I have pointed out the matter of liquid milk, and so forth, and the perishables, and what would happen; but the same thing would happen to potatoes; the same thing would happen to all fruit; the same thing would happen to all vegetables. It would happen to any farm product that is perishable or that is capable of being processed or preserved, because on page 3 the bill provides:

> Fourth. That the durability and conditions of preparation, processing, and preserving and the methods of marketing of the commodity are such that the commodity is adapted to marketing as authorized by this section.

Which, of course, means that the board may apply this plan to milk, because it can be adapted to processing, as I have pointed out. It can apply it to vegetables, because the larger number of vegetables are the subject of preserving or processing. The same thing is true with respect to fruit. The same thing is true with respect to a great many farm commodities, which are, in the nature of things, perishable and must be disposed of somewhere very shortly after they have been taken from the soil; and many of these farm products are not adapted to exportation. They can be sold only in the neighborhood, or close to the neighborhood, or by rapid transit to distant parts within the United States, which, of course, would not be in the export market or foreign market. So my amendment provides "unless perishable and farm products subject to processing or preserving."

I ask that that amendment be inserted in line 13, page 18, after the word "market," striking out the period.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 18, line 13, after the word "market," it is proposed to insert "unless perishable and farm products subject to processing or preserving."

The PRESIDING OFFICER (Mr. WALCOTT in the chair). The question is on the amendment offered by the Senator from Wisconsin.

Mr. COSTIGAN. Mr. President, there appears to be no minority report on the pending measure. Does the Senator from Wisconsin know whether the committee was unanimous in reporting the bill?

Mr. BLAINE. I understand that there is a report on the bill.

Mr. COSTIGAN. But no minority report?

Mr. BLAINE. I am not advised as to that.

Mr. COSTIGAN. Perhaps the Senator from Oregon will advise us. Is there a minority report on the pending bill?

Mr. McNARY. I must advise the Senator from Colorado that there is no minority report. The report was made by the chairman of the committee.

Mr. COSTIGAN. Was the committee unanimous with respect to the measure?

Mr. McNARY. Not as to the allotment plan.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Wisconsin.

The amendment was agreed to.

Mr. BLAINE. Now, Mr. President, I renew my other amendment on page 18, lines 11 and 12, striking out the words "as directed by the Federal Farm Board."

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Arkansas?

Mr. BLAINE. I will ask the Senator from Arkansas to withhold his proposition until a vote can be taken upon the amendment I have just offered.

Mr. ROBINSON of Arkansas. Very well; I will withhold the matter I was about to present.

Mr. FRAZIER. Mr. President, is the Senator from Wisconsin going to hold the floor and ask to have votes taken on amendments without giving other Senators a chance to discuss them?

The PRESIDING OFFICER. Any Senator can discuss the amendment.

Mr. BLAINE. The amendment is subject to discussion. I have no desire to prevent discussion of it. I yield the floor.

Mr. FRAZIER. I asked the former occupant of the chair to allow me to discuss the amendment——

The PRESIDING OFFICER. The Senator from Wisconsin yields the floor.

Mr. BLAINE. I yield the floor to the Senator from North Dakota.

Mr. FRAZIER. I have no objection to the Senator holding the floor as long as he wants to, but I do object to his insisting on holding the floor and having amendments agreed to without giving other Senators an opportunity to discuss them.

The PRESIDING OFFICER. The Senator from Wisconsin has yielded the floor.

THE FURLOUGH PLAN

Mr. BRATTON. Mr. President, I hold a table furnished by the National Rural Letter Carriers' Association showing how the furlough plan discriminates against rural carriers. I ask to have it inserted in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Table showing how furlough discriminates against rural carriers

Length of route	Salary	Net equipment allowance	Five-eighths deduction	Furlough applied to others	Net loss to rural carriers
16	$1,260.00	$186.24	$116.40	$105.00	$11.40
18	1,440.00	209.52	130.85	120.00	10.85
20	1,620.00	232.80	145.50	135.00	10.50
22	1,728.00	256.08	160.05	144.00	16.05
24	1,800.00	279.36	174.60	150.00	24.60
25	1,830.00	291.00	181.87	152.50	29.37
26	1,860.00	305.64	189.15	155.00	24.15
27	1,890.00	314.28	196.42	157.50	28.92
28	1,920.00	325.92	203.70	160.00	43.70
29	1,950.00	337.56	210.97	162.50	48.47
30	1,980.00	349.20	218.25	165.00	53.25
31	2,010.00	360.84	225.52	167.50	58.02
32	2,040.00	372.40	232.80	170.00	62.80
33	2,070.00	384.12	240.07	172.50	67.57
34	2,100.00	395.76	247.35	175.00	72.35
35	2,130.00	407.40	254.63	177.50	77.13
36	2,160.00	419.04	261.90	180.00	81.90
37	2,190.00	430.69	269.18	182.50	86.68
38	2,220.00	442.32	276.45	185.00	91.45
39	2,250.00	453.96	283.73	187.50	96.23
40	2,280.00	465.60	291.00	190.00	101.00
41	2,310.00	477.24	298.28	192.50	105.71
42	2,340.00	488.86	305.55	195.00	110.55
43	2,370.00	500.52	312.83	197.50	115.33
44	2,400.00	512.16	320.10	200.00	120.10
45	2,430.00	523.80	327.38	202.50	124.88
46	2,460.00	535.44	334.65	205.00	129.65
47	2,490.00	547.08	341.93	207.50	134.43
48	2,520.00	558.72	349.20	210.00	139.20
49	2,550.00	570.36	356.48	212.50	143.98
50	2,580.00	582.00	363.75	215.00	148.75
51	2,610.00	593.64	371.03	217.50	153.53
52	2,640.00	605.28	378.30	220.00	158.30
53	2,670.00	616.92	385.58	222.20	163.08
54	2,700.00	628.56	392.85	225.00	167.85
55	2,730.00	640.20	400.13	227.50	172.63
56	2,760.00	651.84	407.40	230.00	177.40
57	2,790.00	663.48	414.68	232.50	181.18
58	2,820.00	675.12	421.95	235.00	186.95
59	2,850.00	686.76	427.23	237.50	192.73
60	2,880.00	698.40	436.50	240.00	196.50
61	2,910.00	710.04	443.78	242.50	201.28
62	2,940.00	721.68	451.08	245.00	206.05
63	2,970.00	733.32	458.33	247.50	210.83
64	3,000.00	744.96	465.60	250.00	215.60
65	3,030.00	756.60	472.88	252.50	220.38
66	3,060.00	768.24	480.15	255.00	225.15
67	3,090.00	779.88	487.43	257.50	229.93
68	3,120.00	791.52	494.70	260.00	234.70
69	3,150.00	803.16	501.98	262.50	239.48
70	3,180.00	814.80	508.25	265.00	243.25

NOTE.—If seven-sixteenths is withheld from the present equipment allowance instead of five-eighths, as proposed, the above discrimination will be relieved.

VIEWS OF PRESIDENT ON REDUCTION OF APPROPRIATIONS

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to call from the table Senate Resolution 235. I have agreed on a revision of the resolution, striking out the first clause of the preamble and other amendments to conform thereto, and I understand there is no objection now to the adoption

of the resolution. So I ask unanimous consent for its present consideration, and I send to the clerk a copy of the resolution as revised.

The PRESIDING OFFICER. Is there objection in granting unanimous consent for the consideration of the resolution?

Mr. COUZENS. Let the resolution be read.

The Chief Clerk read the resolution (S. Res. 235) submitted by Mr. ROBINSON of Arkansas on June 13, 1932, as modified, as follows:

Whereas the President with the assistance of the members of his Cabinet and the heads of the independent offices and commissions is in better position within the short time before Congress adjourns to ascertain in what departments, bureaus, commissions, and independent offices a further reduction of governmental costs can be brought about and how it may be done: Now, therefore, be it

Resolved, That the President is requested to confer with the members of his Cabinet and the heads of all bureaus, commissions, and independent offices upon the best way to bring about said reduction in appropriations, and to submit to Congress for its consideration specific suggestions covering each item that the President recommends as a suitable way and place to accomplish such reduction in the appropriations for the fiscal year beginning July 1, 1932.

Mr. BORAH. Mr. President, may I ask why it is thought necessary to put into the resolution the provision that the President confer with his Cabinet?

Mr. ROBINSON of Arkansas. For the simple reason that heretofore when reductions have been made in appropriation bills, apparently with the approval of the President, Cabinet members are reputed to have come to the Congress and opposed the reductions.

Mr. McKELLAR. Mr. President, I can say that they did come before the Committee on Appropriations and did oppose reductions.

Mr. BORAH. I understand that that is a fact.

Mr. ROBINSON of Arkansas. If the Senator objects to that provision of the resolution, I would not object to eliminating it.

Mr. BORAH. I know that they have come to the Congress as has been stated, and I have no doubt that they will come here in the future.

Mr. ROBINSON of Arkansas. The object of the resolution is to preclude that if practicable.

The PRESIDING OFFICER. The question is on agreeing to the resolution offered by the Senator from Arkansas, as modified.

The resolution as modified was agreed to.

The preamble was agreed to.

DEATH OF REPRESENTATIVE ESLICK

A message from the House of Representatives by Mr. Chaffee, one of its clerks, communicated to the Senate the intelligence of the death of Hon. EDWARD E. ESLICK, late a Representative from the State of Tennessee, and transmitted the resolutions of the House thereon.

Mr. McNARY. Mr. President, it does not seem possible to reach a final vote on the bill this afternoon, as I had hoped earlier in the day. The Senator from North Dakota [Mr. FRAZIER] is willing to yield the floor to the Senator from Tennessee [Mr. McKELLAR] for the purpose of offering a resolution.

Mr. McKELLAR. Mr. President, I ask that the Chair may lay before the Senate the resolutions of the House of Representatives just communicated to the Senate.

The PRESIDING OFFICER (Mr. WALCOTT in the chair). The Chair lays before the Senate resolutions of the House of Representatives, which will be read.

The resolutions (H. Res. 265) were read, as follows:

IN THE HOUSE OF REPRESENTATIVES,
June 14, 1932.

Resolved, That the House has heard with profound sorrow of the death of Hon. EDWARD E. ESLICK, a Representative from the State of Tennessee.

Resolved, That a committee of 18 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect this House do now adjourn.

Mr. McKELLAR. Mr. President, a few moments ago Representative E. E. ESLICK, of Tennessee, fell dead while making a speech in the House of Representatives. He was speaking in behalf of the soldiers' bonus when the tragic end came.

Mr. ESLICK was one of the ablest men in the House, and he was making a very eloquent speech. He had almost reached his peroration when he suddenly fell, and never revived. His devoted wife was sitting in the gallery, listening to the eloquence of her distinguished husband, when he so suddenly passed away.

I am told that it was one of the most tragic scenes that ever occurred in the House. There never was a finer man. He was beloved by all who knew him, especially in his district and in his State, where everyone admired him.

On a future occasion I shall pay tribute to his splendid character and to the invaluable services he has rendered his State. For the present I simply desire to offer resolutions, which I send to the desk and ask to have read, and I ask unanimous consent for their adoption.

The resolutions (S. Res. 236) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. EDWARD E. ESLICK, late a Representative from the State of Tennessee.

Resolved, That a committee of seven Senators be appointed by the Presiding Office to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Under the second resolution the Presiding Officer appointed as the committee on the part of the Senate the senior Senator from Tennessee [Mr. McKELLAR], the junior Senator from Tennessee [Mr. HULL], the junior Senator from Wyoming [Mr. CAREY], the junior Senator from New Hampshire [Mr. KEYES], the senior Senator from Alabama [Mr. BLACK], the junior Senator from South Dakota [Mr. BULOW], and the senior Senator from Georgia [Mr. GEORGE].

Mr. McKELLAR. Mr. President, as a further mark of respect to the memory of the deceased Representative, I move that the Senate adjourn until to-morrow at 10 o'clock.

The motion was unanimously agreed to; and (at 2 o'clock and 50 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, June 15, 1932, at 10 o'clock a. m.

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 14, 1932

The House was called to order at 11 o'clock a. m. by the Speaker pro tempore [Mr. RAINEY].

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Another night, another day, Gracious Lord, and we are still in the hands of a living God. It is the gladdest truth creation holds. In its deathless worth all strength and virtue lie. In the frailty of our human nature it sustains us in our keenest trials. Our Father, we rejoice that in this universe of change, with its heavenly splendors, with its immeasurable depths, with its unthinkable spaces, one thing is fixed—the love of God. O Eternal Son of God, Thou joy of all loving hearts, Thou light of men, Thou fount of life, we turn to Thee with praise and thanksgiving and ask for a continuance of Thy mercies. Guide us, encourage us, and hold our feet as stable as the Rock of Ages. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate disagrees to the amendments of the House to the bill (S. 3847) entitled "An act to

amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. METCALF, Mr. WHITE, and Mr. COPELAND to be the conferees on the part of the Senate.

The message also announced that the Vice President had appointed Mr. HALE and Mr. TRAMMELL members of the joint select committee on the part of the Senate as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers in the Navy department.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1663. An act to prohibit the sending of unsolicited merchandise through the mails;

S. 3323. An act to provide funds for cooperation with the school district at Nespelem, Wash., in the construction of a public-school building to be available to Indian children of the Colville Indian Reservation;

S. 3879. An act to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims"; and

S. 3950. An act to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes," as applied to the Virgin Islands of the United States.

The message also announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 4738. An act to incorporate the Disabled American Veterans of the World War.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

Mr. CRISP. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. CRISP. The House yesterday discharged the Committee on Rules from the consideration of a resolution making it a special order to consider the adjusted service compensation bill. The House then adopted the resolution which makes it to-day in order as a special order to consider that bill. The House having voted in favor of the proponents of the legislation and the Ways and Means Committee having made an adverse report on it, the effect of the vote of the House is to turn down the Ways and Means Committee and place control of that legislation in the hands of its friends. Under these circumstances and under the parliamentary rules and procedure of the House are not the friends of the legislation entitled to have charge of the bill when we go into Committee of the Whole to consider it and to have the management of the measure on the floor?

The SPEAKER pro tempore. The proponents and the friends of the bill will, of course, have charge of it from now on.

WAGES OF LABORERS AND MECHANICS EMPLOYED BY CONTRACTORS AND SUBCONTRACTORS ON PUBLIC BUILDINGS

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3847) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings, with House amendments, insist on the House amendments and agree to the conference asked by the Senate.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I assume the House conferees will insist on the position taken by the House in a very pronounced vote as to the changing rate of wages.

Mr. CONNERY. Yes; and there is one other matter we think we will take out—the Panama Canal item.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. CONNERY, GREEN, RAMSPECK, WELCH of California, and KOPP.

COMPILATION RELATING TO VETERANS OF VARIOUS WARS

Mr. STEVENSON, from the Committee on Printing, presented the following privileged report (S. Con. Res. 29), which was referred to the House Calendar and ordered printed.

Senate Concurrent Resolution 29

Resolved by the Senate (the House of Representatives concurring), That the letter of the Administrator of Veterans' Affairs, dated May 12, 1932, transmitting, in response to Senate Resolution 412 (71st Cong.), a compilation of all Federal laws relating to the veterans of our various wars, be printed, with illustrations, as a Senate document; and that 15,000 additional copies shall be printed for distribution by the Veterans' Administration, of which there may be furnished, upon written application to the Administrator of Veterans' Affairs, one copy to each post of the Grand Army of the Republic, the American Legion, and the Veterans of Foreign Wars of the United States, to each camp of the United Spanish War Veterans, and to each chapter of the Disabled American Veterans of the World War.

Mr. STEVENSON. Mr. Speaker, I am not asking that the resolution be taken up for passage now. It is a rather important resolution. It is a privileged resolution, and I want it to be printed and go on the calendar. I shall call it up a few days later. I think the Members are entitled to see what is proposed by the resolution.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, and pending that motion I would like to make this statement.

The members of the Ways and Means Committee who are favorable to this legislation will have charge of the proponents' side, and I ask the Speaker to recognize the gentleman from Arkansas [Mr. RAGON] instead of myself in the allotting of time.

The SPEAKER pro tempore. The gentleman from Arkansas [Mr. RAGON] will be recognized for that purpose.

The Chair desires to again admonish the galleries that under the rules of the House expressions of approval or disapproval from the galleries are not permitted, and this rule will be strictly enforced to-day.

The gentleman from Texas moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7726, the adjusted service certificate bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7726, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. CRISP. Mr. Speaker, may I yield one-half of my time to the gentleman from Oregon [Mr. HAWLEY], which will be one hour? Of course, I will have to ask him to take care of Members on that side of the House who are opposed to the bill.

Mr. FISH. Reserving the right to object, I would like to ask the gentleman from Georgia if the Republican side could not have a little more time, as there are more Members on that side opposed to the bill?

Mr. CRISP. I realize that what the gentleman says is true, but I can not agree to give more than one-half of my time. If, later on, I find it is possible, I shall be glad to do so, but I can make no promises now.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. RAGON. Mr. Chairman, I yield 15 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Chairman and members of the committee, I appreciate deeply being honored with permission to open debate upon this very vital proposal.

The sponsors of this legislation take the position that the adjusted-service certificates should be paid in full at this time only if it can be done advantageously to the United States and to the betterment of the economic status of the country.

Our friends in opposition continually refer to what will happen if this bill were to become law. They paint a picture of havoc and near chaos. I would remind them that we are now submerged in the worst money panic that our Nation has ever witnessed. I would remind them that we have already arrived at the brink of ruin. We have reached this point without any urge from this legislation. Since December last I have supported every measure advanced for the relief of our country except the moratorium. We were told that unless the moratorium was passed chaos in Europe would reign, which would likewise destroy this country. We were told that the Reconstruction Finance Corporation bill, the Glass-Steagall bill, several other bills upon banking and currency, the revenue bill, and many other measures were needed to restore the confidence of a people—to restore this country to prosperity. Many of these measures have been helpful. But they are superficial palliative treatment of the patient without getting to the roots of the disease. This measure, in my judgment, goes at the basic conditions underlying our weakened economic structure.

No one will deny that the dollar to-day is a high dollar. Economists rate it as worth $2 as compared to the 1919 dollar and about $1.60 as compared to the dollar in 1926. Back home, values are such that leading business men think of it now as a 2-dollar dollar. At the other end of the pendulum we have price commodities at the lowest level in our history. Undoubtedly, before there can be substantial permanent relief to our country the differential between the dollar and the commodity values must narrow.

None of the measures we have considered, in my judgment, reach out as effectively in that direction as does the measure we have under consideration. The opponents say that there will be an inflation of values. The adverse report states this as one of the objections to the measure. Frankly, I think this is what we need. As a matter of fact, the main opposition to the bill comes from those who would not have the high value of the dollar affected. I believe that these gentlemen are standing in their own light. As a matter of fact, I am convinced that this economic condition which pushes our backs to the wall was brought about deliberately by an attempt to manipulate the values of securities with the expectation of making untold millions. The squeeze came in 1929. Values of securities declined; calls were made for loans; securities were thrown upon the markets in unprecedented amounts and the situation got out of hand. The worst financial debacle the world has ever seen occurred. Billions in values were dissipated overnight. The wheel of the financial engine traveled as fast in reverse as it had traveled forward in the prosperous years. Finally it jumped off center. We have been placing a "chock under the wheel," we have been giving it superficial treatment, but as yet the wheels have not started in a forward direction. It is hoped by the sponsors of this measure that it will do that thing.

Our position certainly takes high ground when it is predicated upon benefits to our country, rather than immediate benefits to a particular class to the detriment of that nation which the favored class served so well. There is a wide difference of opinion as to the measure. I realize that the country generally has received an inaccurate picture of it and its purpose. In discussing the matter with Members of Congress, I am struck with the honest misunderstanding that many have of it. It is not putting it strongly when I say there are not a great number of people who have given much study of the money question. To most of us it was a mystery, and to many, even of this body, it remains a mystery. As a matter of fact, there is no mystery in it. But there are those who would have it remain a mystery. They would enshroud the gold dollar with the cloak of divinity and declare to be heretics all those who would not worship at its shrine. They would have the country believe that the currency of this country is backed by gold and that money not so protected is "fiat" money. Thus it is in this fight, even our colleagues on the Ways and Means Committee resorted to the argument that sponsors of this measure sought to put the printing press to work. We have some $1,800,000,000 of currency behind which there is not a single dollar of gold.

Sponsors of this bill in the committee sought to amend H. R. 7726 by striking out section 2 therein and inserting in lieu thereof language putting into legislative effect the Owen plan, which related to the currency to be issued hereunder. Eleven members of the committee of 25 supported that amendment, with 14 in opposition thereto. When the bill comes up for reading this motion will be made in the House and the sponsors of the measure will insist upon this amendment. At this point I will read the amendment which will be offered:

SEC. 2. Payment of the face value of the adjusted-service certificates under section 509 or 510 of the World War adjusted compensation act, as amended, shall be paid in Treasury notes.

The Secretary of the Treasury is hereby authorized and directed to issue United States notes to the extent required to make the payments herein authorized. Such notes shall be legal tender for public and private debts and printed in the same size, of the same denominations, and of the same form as Treasury notes, omitting the reference to any Federal reserve bank.

He shall place such notes in the Federal reserve banks, subject to the order of the Administrator of Veterans' Affairs, to be used for the purposes of this act.

He shall issue a like amount of United States bonds bearing 3½ per cent interest payable semiannually, with coupons attached, and such bonds shall be due and payable in 20 years from the date of issue, subject to the right of redemption after 10 years.

These bonds shall be deposited in the Federal reserve banks, as the agents of the United States, in approximate proportion to their current assets at the date of the passage of this act, and the Federal Reserve Board, by resolution in writing, may direct the sale to the public of such portions of said bonds as it may from time to time desire.

Such currency received for such bonds shall be exchanged for the notes hereby authorized to be issued and they shall be returned to the Secretary of the Treasury for cancellation.

It should be stated that no one has testified that the original Owen plan, or the plan heretofore referred to, or the plan of Senator THOMAS does not present sound money mechanics. It may be that section 2 of the Patman bill providing for the direct issual of Treasury notes without a reserve in the form of Government bonds, or without the use of bonds being placed in the hands of the Federal Reserve Board to be used for the purpose of contraction of the currency if the expansion thereof became undue, might have had just criticism, but leading economists testify that the controlled-currency idea advanced by ex-Senator Owen and by Senator THOMAS is sound mechanically.

I quote from the hearing a part of the testimony of Prof. Irving Fisher.

Page 662 of hearings:

Mr. RAGON. Now, if I understand the Patman bill correctly, there is no provision made at all for any redemption of any of this currency. That looks to me, as a layman, like an uncontrolled expansion of our currency. Now, under the Owen plan, if I understand that, he has a method there of controlling that expansion, or, you might say, contracting that expansion. As I gather from your remarks, there are two dangers, deflation and inflation, and it may become necessary to contract or to deflate the currency.

Mr. FISHER. Yes; that is true.

Mr. RAGON. Under the Patman plan I see no machinery at all for contracting, but in the Owen plan I do see that.

Mr. FISHER. Yes; because it is redeemable.

Mr. RAGON. Therefore you would call any issue of currency under the Owen plan, would you, a controlled expansion, or would that expansion be controllable?

Mr. FISHER. It would be controllable; yes. I do not think that is quite what Secretary Mills meant.

Again, at page 666 of the hearings:

Mr. VINSON. As I understood you, you say that the Owen plan or the Thomas plan is perfectly sound in money mechanics?

Mr. FISHER. Yes.

Also I read from the testimony of former Senator Robert L. Owen, dealing with the integrity and soundness of the

proposed currency to be issued under the amended bill, with his remarks relative to the parity of money as a result of what is known as the gold standard act of March 14, 1900:

Mr. OWEN. Mr. Chairman and gentlemen of the Committee on Ways and Means, when I had the honor to appear before you previously, I had no sufficient opportunity to answer a question propounded by my good friend, Mr. RAINEY, who was evidently under the impression that the money proposed to be issued for the payment of the soldier's compensation would not have behind it an adequate gold redemption fund. I want to call the attention of the committee to the act of Congress passed on the 14th of March, 1900, known as the gold standard act. * * * I ask permission to put in the record the first and second sections of that act, because it shows that the Secretary of the Treasury is authorized by that act to use the credit powers of the United States to maintain at parity all forms of money issued by the United States.

The sections referred to are as follows (hearings, pt. 14, pp. 784–785):

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the dollar consisting of 25.8 grains of gold nine-tenths fine, as established by section 3511 of the Revised Statutes of the United States, shall be the standard unit of value and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

SEC. 2. That United States notes, and Treasury notes issued under the act of July 14, 1890, when presented to the Treasury for redemption, shall be redeemed in gold coin of the standard fixed in the first section of this act, and in order to secure the prompt and certain redemption of such notes as herein provided it shall be the duty of the Secretary of the Treasury to set apart in the Treasury a reserve fund of $150,000,000 in gold coin and bullion, which fund shall be used for such redemption purposes only, and whenever and as often as any of said notes shall be redeemed from said fund it shall be the duty of the Secretary of the Treasury to use said notes so redeemed to restore and maintain such reserve fund in the manner following, to wit: First, by exchanging the notes so redeemed for any gold coin in the general fund of the Treasury; second, by accepting deposits of gold coin at the Treasury or at any subtreasury in exchange for the United States notes so redeemed; third, by procuring gold coin by the use of said notes, in accordance with the provisions of section 3700 of the Revised Statutes of the United States. If the Secretary of the Treasury is unable to restore and maintain the gold coin in the reserve fund by the foregoing methods, and the amount of such gold coin and bullion in said fund shall at any time fall below $100,000,000, then it shall be his duty to restore the same to the maximum sum of $150,000,000 by borrowing money on the credit of the United States, and for the debt thus incurred to issue and sell coupon or registered bonds of the United States, in such form as he may prescribe, in denominations of $50 or any multiple thereof, bearing interest at the rate of not exceeding 3 per cent per annum, payable quarterly, such bonds to be payable at the pleasure of the United States after one year from the date of their issue, and to be payable, principal and interest, in gold coin of the present standard value, and to be exempt from the payment of all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal, or local authority; and the gold coin received from the sale of said bonds shall first be covered into the general fund of the Treasury and then exchanged, in the manner hereinbefore provided, for an equal amount of the notes redeemed and held for exchange, and the Secretary of the Treasury may, in his discretion, use said notes in exchange for gold, or to purchase or redeem any bonds of the United States, or for any other lawful purpose the public interests may require, except that they shall not be used to meet deficiencies in the current revenues. That United States notes when redeemed in accordance with the provisions of this section shall be reissued, but shall be held in the reserve fund until exchanged for gold, as herein provided; and the gold coin and bullion in the reserve fund, together with the redeemed notes held for use as provided in this section, shall at no time exceed the maximum sum of $150,000,000.

Mr. OWEN. Every citizen, no matter how humble he be, ought to know that the parity of the money issued by the United States has been faithfully preserved from that time to this, and even copper money can be converted into gold at the option of the citizen.

These notes, therefore, have behind them not only whatever is available in this country in the form of gold, but they have behind them the powers of the people of the United States through their Government to use its full credit to keep at parity any money which this Congress shall authorize.

I do not need to waste time on that question.

To show you concretely that we do have money without gold reserve, I call up this fact: On March 31, 1932, our total outstanding currency was $5,459,085,385. Our total gold reserve held by the Treasury and the Federal reserve bank was $3,594,694,087. In other words, the currency outstanding in excess of the total gold reserve was $1,864,391,298. To be specific, national-bank notes of which on that date we had almost $700,000,000, has no gold reserve. This currency is backed by Government bonds bearing the circulating privilege and approximately $30,000,000 in lawful money. No, Mr. HOPKINS; not gold, but lawful money. The value of the silver dollar in April of this year was 28 cents. We had some $500,000,000 in silver certificates with silver dollars in like number as reserve. The actual value of the reserve was $140,000,000. That means that $360,000,000 of those silver certificates had the same backing that the national-bank notes had—that is, the credit of the Nation. Federal reserve notes require a minimum of 40 per cent reserve in gold and, prior to the Glass-Steagall bill, 60 per cent in commercial paper. On March 31, 1932, there were $2,545,943,397 of such currency. The gold reserve behind these notes on that date was only $290,230,623 less than the total Federal reserve notes in circulation. Yet a little more than $1,000,000,000 in gold was required as the legal gold reserve for such Federal reserve notes.

Not many days ago, in the consideration of a bill from the Banking and Currency Committee, we were told that the Secretary of the Treasury, Mr. Mills, had approved an amendment to the banking act placing the debentures, bonds, and obligations of the intermediate-credit banks upon a parity with commercial paper and Government bonds for the purpose of the issuance of Federal reserve notes. The House passed such a bill. It is more than passing strange to me that the Treasury would approve secondary obligations of this character as a reserve for currency and then object to the issual of currency backed by direct obligations of the Government itself.

We are told that we have $5,400,000,000 outstanding currency. Of this amount two and one-half billions is in circulation. We make this statement upon the authority of Doctor Goldenweiser, director of research and statistics of the Federal Reserve Board, who testified before the committee as follows:

Doctor GOLDENWEISER. I have some figures here that will interest you. It shows that of the five and a half billion dollars of currency outstanding, there is about $750,000,000 in the banks, and about $1,250,000,000 probably still in hoards accumulated in the past 18 months and about $500,000,000 also in hoards but not created in this panic; just ordinary hoards, people having a little nest egg tucked away. There are about three hundred millions that are abroad, of which one hundred millions are in Cuba and two hundred millions in other countries, and about $100,000,000 has been destroyed. So that the total amount of money that does not do any actual business is $2,900,000,000 and the active money is about $2,500,000,000.

With $2,200,000,000 of new currency issued, the amount of currency in circulation would still be $700,000,000 shy of the actual amount of currency now outstanding.

It is thought by some that the money would find its way into the banks, and hoarding would result. It is easy to criticize the banks and their slowness in extending credit. But you must remember that the banks are trustees of the deposits of that institution. The property values have depreciated, securities have declined to almost the vanishing point. The Federal reserve bank has not been particularly lenient, and for these and many other reasons banks are slow to extend credit. But with this flow of new currency into their vaults they would have added money, and their natural instinct would be to liberate money for the purpose of earning money for the institution. In this wise the velocity of money would be accelerated. The turnover is one of the essential needs for this country's return to prosperity. Without money and without an opportunity to obtain credit the business man is unable to operate his business. That means that the laborer is out of employment; that means that the farmer has no market for his commodities; that means that his purchasing power has lowered almost to the vanishing point, which, in turn, means that the product of the mill and the factory used by him is not forthcoming. It is an endless chain. We believe that once the wheel is started toward progress its speed will be accelerated, the purchasing power of our people will be magnified, the differential between the dollar and the commodity prices will be narrowed, and normal conditions will at last prevail.

Our friends in the Treasury and on the Federal Reserve Board state that they have been granting credits to the

banking institutions in stupendous sums. That such credits have been made we do not question, but let us examine the method of this expansion of credit and compare it with the expansion of both credit and currency that will come from the enactment of this law.

The Glass-Steagall bill became law February 27, 1932. Since that date the Federal Reserve Board has purchased Government securities totaling $1,259,976,550. This brings the purchases up to June 9. Between February 27 and this latter date the Federal reserve banks have sold securities in the sum of $172,502,300. This makes the amount of bonds purchased in excess of that sold between these dates the sum of $1,087,474,250.

The operation is as follows: The Federal reserve bank purchases the United States bonds from the member banks. They pay for it by charging off the indebtedness of the member bank to it and by crediting said member bank's account with it for the remainder; or, if the member bank does not owe the Federal reserve bank, they simply credit their account with it for the purchase price. The books of the member bank are not changed except that its debt to the Federal reserve bank is marked off, but its assets are reduced by the amount of Government bonds so sold. Certainly, it eases up the member bank. They probably are relieved from the fear of a call from the Federal reserve bank to the extent of the value of the bonds at least, and some benefits obtain. But the facts certainly convince that this method, buying bonds—the open-market operation—has not been effective in permitting the banks to extend credit to business men throughout the country. The facts, undoubtedly, show that this vast operation, practically $1,100,000,000 in credits—one-half of the amount involved in this adjusted-service certificate proposal—has not started the wheels turning in advancing direction.

On the other hand, when this currency is distributed by the payment of the adjusted-service certificate, the most evenly distributing method that could possibly have been provided, the new currency paying the obligations of American citizens, many times over, finally finds its way to the banks in every community, in every State of the Union. This money is an added resource. Undoubtedly the last creditor to whom it is paid, the gentleman or the business concerns who deposit it in the bank will have use for it in the payment of their obligations and ad infinitum. It is our contention that the expansion of currency includes expansion of credit.

My friends, the fact that the gold reserve of this country will support expansion of the currency admits of no argument. The mere statement of the amount of gold used as the reserve of the Federal reserve notes shows beyond contravention that an expansion of currency can be had. But we do not have to reach that conclusion with our mental efforts alone. We will read from the Federal Reserve Bulletin of March, 1932, which is an authoritative statement in support of our views, which statement was indorsed unequivocally by representatives of the Federal Reserve Board before our committee. The quotation reads:

> Under the terms of the Federal reserve act the Federal reserve banks must maintain a 35 per cent reserve in gold or lawful money against their deposit liabilities and a reserve of 40 per cent in gold against their notes. On February 24, for instance, the reserves of the Federal reserve banks were $3,140,000,000; Federal reserve notes in actual circulation were $2,643,000,000 and deposits $1,973,000,000. The 35 per cent reserve against deposits would be $691,000,000 which would absorb all of the $202,000,000 of reserves other than gold and in addition $489,000,000 of gold, and the 40 per cent reserve against Federal reserve notes would be $1,057,000,000, so that the total reserve requirements would be $1,392,000,000. This figure represents the total amount of gold on which the Federal reserve system could base additional credit. On the basis of these excess reserves, the Federal reserve banks could issue $3,500,000,000 of credit, if the demand were for currency, and $4,000,000,000 if it were for deposits at the reserve banks. There is nothing in the new legislation that in any way changes these maximum amounts. It does, however, have an important bearing on the manner in which the extension of credit can be accomplished under the law.

It has been argued that the issual of these Treasury notes would drive other currency out of circulation. Doctor Goldenweiser, on page 748, refutes that argument decisively.

There is another argument that is thrown into the faces of those sponsoring this measure, and that is that it would unbalance the Budget. What Budget? Do you gentlemen refer to the 1931, 1932, or 1933 Budget? This bill was not enacted at the time when the 1931 Budget lacked $903,000,000 of being balanced on July 1, 1931. This bill is not now law at a time when the Budget for 1932 will fail by $3,000,000,000 of being balanced. Some say that it will unbalance the 1933 Budget. My friends, it does not touch the Budget for the year 1931, 1932, or 1933. The idea of unbalancing the Budget for the coming fiscal year, 1933, is nothing more nor less, in my opinion, than a smoke screen to prevent the American people from knowing that the Budgets for 1931 and 1932 lacked practically $4,000,000,000 of being balanced. In my opinion, the cry to "balance the Budget for the next fiscal year" is the affirmative action to exclude from view the fact that for the fiscal year next past, and the present fiscal year ending July 1, the administration of Mr. Hoover has failed to keep the faith of the American people—has failed to keep the Budget balanced. It is not the fear of the knowing business man that the Budget of 1933 may or may not be balanced that has impaired or destroyed his confidence in Government. In my judgment, it is the fact that this governmental business of 1931 and 1932 has been so managed as that their ends would not meet that has caused financial despair. But, this bonus legislation does not affect any budget of this country, top, side, or bottom. There is not one single penny to be taken from the Treasury of the United States under this measure; there is not one single penny of additional taxes to be levied to liquidate the obligations of the Federal Government already incurred—to change the nonnegotiable form of that obligation to the form of a negotiable obligation.

The adjusted-service certificates certainly are obligations of the Federal Government. Some say they are not yet due. To that I do not subscribe. The theory upon which the adjusted-service certificates were issued was, as their name implies, an adjustment of the service pay of the veterans of the World War. It was said that this adjustment should be an added dollar per day for domestic service and $1.25 per day for foreign service. This is what is known as a service credit. To it is added the sum of 25 per cent for the deferring of the payment until 1945. Undoubtedly, the theory of this adjusted-service certificate was the adjustment of the pay for services rendered. To what date did it relate—when the services were rendered, or some seven or eight years afterwards? Assume that there was a difference of opinion as to a contract between two individuals for services rendered. Litigation results, and the added pay is secured by judgment. Would not the judgment bear interest, at least from the time when the services ceased? Bring this rule into application in this case. Is not it fair to compute interest upon that sum, which evidences the adjustment in the pay of the soldier, from November 11, 1918, when the noise of battle ceased? Is not it more fair to begin then than to start the interest payment on January 1, 1925, six years thereafter? My friends, we have untold precedents wherein our Government pays interest upon indebtedness adjudged against it, dating back to the time when the obligation is created. One example is the tax refund. Uncle Sam collects more money than the taxpayer owes. The taxpayer is deprived of the use of that money and goes to the bureau, possibly the Board of Tax Appeals, and finally the refund is ordered. That money bears interest from the date of the payment by the taxpayer. Truly, billions of dollars have been refunded. Upon these billions, without question, the interest is computed from the date of the payment—the date when the adjustment should have been properly made.

So, considering the adjusted-service certificates, that which it is, an adjustment pay, it is fair to compute interest upon it from November 11, 1918; and when you do it, compounding it annually, as the Government is now compounding interest annually against the World War veterans on its loans to him, you will see that the face value of the adjusted-service certificates is due to-day. I say this

upon the authority of figures submitted by the Veterans' Bureau.

Mr. PARSONS. Will the gentleman yield?

Mr. VINSON of Kentucky. I regret that the time allotted me will not permit me to yield.

But some say that the contract has been executed; that the rights of the Government and the soldiers were concluded with the adjusted compensation act of 1924. Let us see about this phase of the question. It is evident that it takes two people to make a contract. There must be a meeting of the minds. There must be agreement. The legislation of 1924 authorizing the issual of adjusted-service certificates was a one-sided bargain. The Government was the one speaking—the soldiery of the country never indorsed nor agreed to the contract before it was made nor afterwards. The bonus bill was brought to the floor of Congress under the rule that prohibited any amendment being offered from the floor. In consequence of which I say the matter is not concluded. In matters legislative dozens of times during a session of Congress do we see amendments to existing contracts and existing laws.

For illustration: This Nation loaned billions of dollars to its allies both before and after the armistice was signed. The nations at the time of receiving the loans executed agreement to pay. Some six or seven years thereafter the Congress of the United States went behind this obligation to pay, provided a debt commission, and a new debt agreement was reached. Thereby many billions of dollars were forgiven these foreign nations. My friends, the money forgiven was money procured from the American people, evidenced either by taxation or Government bonds sold to the people. The American Government approved the act of the Debt Commission and made a new contract with the foreign nations.

Again in 1919, or maybe in the early days of 1920, the transportation act came along, and in one section of it there was written what is commonly known as the "recapture clause," whereby moneys in excess of a reasonable yield were to be paid into a reserve fund of the carriers and to the Interstate Commerce Commission as a general railroad contingent fund. To-day there is more than $360,000,000 accumulated. All the railroads in the Nation affected are clamoring for the repeal of the recapture clause, and thereby return this sum of $360,000,000 to their treasury. It could well be said in connection with such legislation that the contract had been made and the matter concluded. But you and I know that laws are amended almost daily while Congress is in session, meeting changed conditions and doing that which the Congress deems to be right and proper. So, in this connection, there is nothing unusual about reopening the case or reforming the contract.

CONCLUSION

I have endeavored to develop my argument for this legislation upon the plane first indicated, and that was that we feel that this legislation is meritorious and highly advantageous to our Nation. It has been hard for us to refrain from answering criticisms hurled at World War veterans and Members of Congress sponsoring this legislation. Suffice for us to say that such critics, even Members of this body, when you impugn the motive of any Member espousing this cause, it may be that "They know not what they do." Any time in this body property rights will have valiant support. It is articulate with all the power that money and influence can put in motion. The metropolitan press heeds their importunities. When human rights become involved, then immediately the vested interests strike out, hitting in every direction all those who stand in their way.

Personally, in 1924, when the adjusted compensation bill was being considered, I voiced my desires for a payment in cash. I supported the measure that became law. In a former Congress, 1922, the minority members of the Ways and Means Committee strongly characterized the bill as a—

Due bill, rain check, borrowed money bonus mode of payment—an insult to every World War veteran, and shameful discredit to Congress and the Nation.

That report carried the information that the administration had paid more than $3,000,000,000 to war contractors, had given and loaned $2,000,000,000 to railroads, and millions to feed the hungry of Europe. There is never any argument about how to get money or where to get it when the direct interest of the big interests is involved. The Hamiltonian theory is to make successful those on top of the heap and some of their profits will percolate to the masses of the people.

Twenty-six billion dollars war expense, then $3,000,000,000 to war profiteers and $2,000,000,000 to the railroads immediately after the war, billions of dollars to European nations by way of war-debt reductions, and all the hundreds of millions recently paid out for other purposes certainly inclines me to the idea that this Nation could pay the adjusted-service certificates. Undoubtedly there is no reason why we could not adopt the method of refinancing herein suggested when these obligations now outstanding are due in major part, if not in whole—particularly when the refinancing is without cost of an added dime to the Treasury of the United States.

I trust that I have not been unduly exercised in the treatment of this matter. While I may refrain from fully expressing my attitude toward the human equation involved, I can not, in my mind and heart, forget the boys of yesterday who were the proud defenders of our flag. We have heard talked about the payment of $6,000,000,000 for their injuries and illnesses. As an economic proposition, how many billions of dollars has this country taken from them in their physical and mental inability to pursue their hopes and their ambitions?

In the majority report they go so far as to charge the soldier with $2 a day for his keep, endeavoring to bring his wage to the average for 1918. Every soldier who served in that man's army knows that by the time the insurance, the allotment, and a few proper credits were subtracted from the pay of the private the sum total of his monthly salary approached nothing. They did not serve for monetary reward. Patriotic fire stirred their breasts; love of country imbued them with a world-admired zeal. Nothing would be too good for them when they returned, they were told. America would ever be grateful. Now in a matter concerning which they are much interested their names would be defamed, their motives attacked. Before you attack them in this forum, boys, remember who they are—lest you forget; lest you forget! [Applause.]

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. CRISP. Mr. Chairman, will the Chair notify me when I have used 10 minutes, please?

Mr. Chairman, I am sure this House will agree with me that I am never intolerant of those who differ with me. I accord to each of them sincerity of purpose. As far as I am concerned, in the discharge of my public duty I must follow the dictates of my conscience and my judgment as to what is best for my country, for in this emergency I have placed the welfare of country above every other consideration. [Applause.]

I can not vote for this legislation because I believe it will work injury upon the country that we all love. In 1925, when this legislation was enacted, I signed a minority report urging that the $1 and $1.25 per day extra compensation be paid them in cash, because the country at that time could have financed it and could have paid it, and I felt then that if that was taken as a basis for issuing paid-up insurance policies due in 1945 the very conditions that confront us to-day would obtain. It would have been the part of wisdom to have paid in full at that time.

These adjusted-service certificates are not due until 1945. The contract between the Government and the veterans is to the effect that whatever extra compensation was due them on that basis would be used as a lump sum to purchase an insurance certificate due in 1945, just as they could have taken a like amount of money and purchased a paid-up insurance certificate from a private company. My friends, to-day there are hundreds and thousands of American citizens who have bought and paid for insurance policies in private companies, now paid up, who would be delighted to have them cashed to-day for the full amount of the certifi-

cate, but they can not get them paid because it is not in accordance with the contract.

I do not believe, with the economic condition of this country, the financial condition of the Treasury, with burdensome taxes laid upon the backs of the American people, that these certificates can now be paid when they are not due until 1945. If they are paid to-day the practical effect of it will be that the United States is paying our brave veterans in advance, and giving them two billion two hundred million more than was intended by Congress when the law was passed. I have the highest respect for our ex-service men. I have the kindliest feelings for them, and I have supported, up to date, all remedial legislation for their benefit, and have handled many of their claims, just as other Congressmen have, and have tried to assist them in their claims for compensation, hospitalization, and so forth. I believe it is the duty of the Government to care for its disabled soldiers and their dependents; but, in my judgment, the United States is measuring up fully to this responsibility. The appropriations for them for the next fiscal year will total a little over $1,000,000,000, or, in fact, 25 cents out of each dollar spent by the Federal Government goes to care for its ex-service men. The United States to-day appropriates yearly more for its disabled heroes and their dependents than Great Britain, France, Italy, Belgium, and Germany combined. The last Congress passed a bill authorizing our ex-service men to borrow as much as 50 per cent of the face value of their adjusted-service certificates. Practically three-fourths of them have availed themselves of this privilege. Those who have borrowed 50 per cent on a 4 per cent discount basis on the face value of their certificates have been paid practically in full the dollar or dollar and a quarter a day extra compensation allowed them in the act of 1925—the basis for their paid-up adjusted-service certificates. I repeat—in my judgment, the Federal Government can not pay the remainder of these certificates in full to-day without irreparable injury to the people of the United States.

The proponents of this measure say the Government can pay it by issuing Treasury certificates and not add additional taxes. I myself believe that a fallacy. I am neither an economist nor a financier but must just use my common sense and my judgment in the discharge of my official duty. If I believed the Government could issue $2,400,000,000 of money and keep it at par throughout the world, I never would have voted to levy $1,118,000,000 additional taxes upon the American people. [Applause.] If that could have been done, why did we not issue Treasury certificates and pay the deficit? Yea, why not go further and issue four or five billion more and retire that much of the public debt and stop interest, and save the American taxpayers that much interest money? [Applause.]

My friends, I myself do not believe the Government of the United States can have any good money and maintain its financial integrity and the stability of its credit except by revenues collected from the people in the way of taxes. Under these conditions I can not and I will not vote for this legislation, because I do not believe it just to the masses of the American people who will have to pay the bill.

I am conscious, of course, that I can not change a single vote in this House. I also know that this bill will pass the House. What its fate will be in the Senate I know not, but I do know that if it reaches the President he will veto it [applause] and that it can not be passed over a veto.

I will not consume any more of the time. I desire to give it to other friends who are asking for it.

In conclusion let me say, just as those brave ex-service men were willing to sacrifice their lives, if need be, for country in time of war, in this time of great distress, of suffering by the masses of the people, greater than they underwent during the war, it will be but a small sacrifice for me to lay down my political life, if necessary, to serve my country. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, the World War veterans, or at least some of them, and I hope a small part, are under a double misapprehension. Many of the bonus marchers have come to Washington honestly believing that they are owed money by the Government of the United States. Furthermore, there are many veterans who believe that the Congress voted to give $2,000,000,000 to the big interests in America, to the banks, to the railroads, and to the insurance companies through the Reconstruction Finance Corporation.

In the first place, as was stated yesterday, the Government owes nothing to any able-bodied veteran in this country on his adjusted-service certificate until 1945.

In the second place, Congress, only a year or so ago, voted very properly to loan the veterans 50 per cent of the face value of their own policies in order to afford relief and help the World War veterans in their economic difficulties, and I urge that before Congress adjourns that the interest rates on these loans be reduced to 3 per cent.

As far as the Reconstruction Finance Corporation is concerned—and I hope the reporters for the press will get this—the Government is not giving away any money to the big interests. We established the Reconstruction Finance Corporation and empowered it to make loans and extend credit on good security, to railroads and to banks, but a very large percentage of the loans are going to maintain the solvency of the small banks throughout the country. The Reconstruction Finance Corporation authorities informed me this morning that 70 per cent of their loans went to small banks in cities with populations under 5,000. It went there to do what? To save the credit of the grocer, the butcher, the baker, the dairyman, and the farmer. It did not go to Morgan or Rockefeller or Wall Street or to the big interests, but to the people in need of loans in the smaller cities of America. That was the purpose of the bill, and that is how the bill is being carried out by a nonpartisan board in the interest of the American people. But for some reason many of the veterans are under the impression, probably due to vicious propaganda, that we are giving away money to the big interests, instead of requiring adequate security on all loans. The people back home are the ones that benefit most through the saving of small-town banks from financial disaster. The big banks very generally are solvent, liquid, and have plenty of money, but the smaller financial institutions need long-term credits in this national emergency.

Mr. PARSONS. Will the gentleman yield?

Mr. FISH. I am sorry, I can not yield. I wish I had time in my five minutes to answer the able speech of Mr. VINSON, the gentleman from Kentucky. Why haggle for months upon months about reducing expenditures, cutting down the salaries of Government employees and balancing the Budget if the principle the gentleman upholds is good?

Why not issue by aid of our printing presses one billion, five billions, or ten billions of dollars to pay off all our debts, to pay for our national defense, to balance the Budget, to provide for public works and unemployment relief? The same principle holds. What is sauce for the goose is sauce for the gander.

I admit if we owe the veterans anything, it ought to be paid, not, however, through printing-press methods. We have always found ways and means to pay any just debt, and we are still able to do so. But we do not owe them anything, and therefore we should not call upon the Government to start the printing presses at this time to make fiat money and give away $2,000,000,000 to any particular group of citizens when we owe money right and left and are not able even to balance our own Budget in this financial and economic crisis. [Applause.] I want to make it abundantly clear that the American Legion, the largest and most important organization of World War veterans, is not in sympathy, directly or indirectly, with the demands that are being made for the full cash payment of the adjusted-service certificates in this national emergency. The following resolution adopted by the last national convention of the American Legion, held at Detroit last fall, speaks for itself in no uncertain terms:

Whereas the unqualified, generous, and unstinted relief of our disabled comrades has always been, and ever will be, the task to which the American Legion is chiefly dedicated, and is the surest path for "service to God and country"; and

Whereas the American Legion, having never demanded gratuity for the able, but now, as always, unrelenting and determined in its solicitations for succor by a grateful Government for those disabled in its service, protests any proposed economy at their expense; but

Whereas millions of men and billions of dollars and of property can not be destroyed except the survivors be called upon for sacrifice and self-denial to make good the laws which has visited "service-connected disability" upon all mankind; and

Whereas the Nation to-day faces an economic and financial crisis which calls for sound, unselfish, and patriotic action upon the part of all America: Now, therefore, be it

Resolved, That the American Legion, in full possession of its limitless faith in the destiny of the Nation we fought to preserve, calls upon the able-bodied men of America, rich and poor, veteran, civilian, and statesmen, to refrain from placing unnecessary financial burdens upon National, State, or municipal governments and to unite their efforts as they all did in 1917 to the end that the war against depression be victoriously concluded, prosperity and happiness restored.

Mr. RAGON. Mr. Chairman, I yield five minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Chairman, I do not think I ever gave more intensive study and more thought to any proposition that has ever been presented to this House since I have been a Member of Congress than I have to this particular legislation. It is a matter that has troubled me as I know it has troubled every Member of this House regardless of what position he may take with reference to this legislation.

This bill is being discussed now, and was discussed yesterday by its opponents, from wrong premises. The bill neither requires the appropriation of one penny out of the Treasury of the United States, nor does it add one single additional obligation to the Government. [Applause.] If it did, then as one who has stood before this House during this entire session urging economy, I could not vote for it, because I do not think our Treasury is in a position to assume an obligation of this kind.

Mr. Chairman, I have been of the opinion for months and months, and have so expressed myself, that we are never going to have a return of anything like prosperity until something is done to bring down the value of gold so that commodities in the hands of producers may bring a fair and reasonable price to those who produce them. [Applause.] It is necessary, therefore, since all of the circulating medium, or at least a great portion of it is now in the vaults of the big banks of this country, to have more money, and I want to call attention to the fact that this was recognized by the President and was recognized by Congress when it passed at the President's instance and request and as one of his relief measures the Glass-Steagall bill. That bill provides that five or more banks may pool their securities and present them or United States bonds and secure currency thereon for their use. Where would that additional currency go? It would go where a great deal of the other currency now is. How many of the people of the country would secure any benefit from it? You have the same sort of security here, because even though these certificates may be small, they are as much a bond and an obligation of the Government as the bonds upon which it is proposed to secure additional currency under the Glass-Steagall bill, for which doubtless most of you voted.

Under this provision there follows, necessarily, the fact that when this additional currency is issued—and, mind you, it is to take up an existing obligation, not a new one—it will be widely and equally distributed throughout the United States; money goes in every city, in every town, in every hamlet, and in every community of this entire country. The people and not the banks become its beneficiaries. [Applause.]

The more I have studied this proposition the more positive I have become in my opinion that there has been no bill proposed here which will more surely serve to bring about that happy result—and, to my mind, that necessary result—the lowering of the value of gold and providing an increased value of commodities. [Applause.]

The House again recognized the need for additional currency when it passed the Goldsborough bill the other day, which would have the effect of directing Federal reserve banks to issue currency upon United States bonds for the purpose of bringing the value of the dollar down to what it was in 1926. The Senate Banking and Currency Committee also recognized this need for additional currency when the other day it unanimously indorsed the Glass amendment to this bill providing for an issue of currency based on United States bonds to the extent of one billion or more dollars. I repeat, the currency which would be issued under all these bills would be turned over in the first instance to the banks of the country. These soldiers hold the bonds of the Government, which are just as sacred as the bonds held by the banks. Why not therefore issue this currency to them and thus bring about its distribution among the people? The support given the bills referred to, which are primarily framed in the interest of banks, makes the objections urged to this bill untenable and ridiculous. Before we adjourn let us pass some legislation in the interest of the entire people and at the same time render relief and do justice to the veterans who fought in defense of their country.

Mr. Chairman, as a further expression of my views on this subject and under the leave granted me to extend my remarks, I wish to append herewith a statement which I recently issued for publication in my district stating my views upon this bill:

Would you vote to pay to the veterans at this time the balance due upon their adjusted-compensation certificates if you were satisfied that this would not entail any additional cost to the Government now or hereafter?

I think you would, especially if you were assured that it would actually save the Government $112,000,000 every year between now and 1945 and at the same time be a forward step toward the restoration of prosperity among all classes of our citizenship. If you will carefully read this statement I think you will agree that this would result.

Laying aside the fact that this is a debt which the Nation owes to the veterans and without regard to our feeling of gratitude for their service and sacrifice, I am going to present this matter from the standpoint of the benefit which will accrue to the entire citizenship as well as to the veterans themselves. There is a mistaken impression that it is proposed to pay this bonus out of revenues secured by taxation or by the issuance of additional bonds, and this understanding has caused most of the opposition to this measure.

I could possibly have saved myself from some public criticism had I announced my conclusions earlier. I have no sort of resentment against those who have so expressed themselves. I have always adhered to the policy of declining to declare myself for or against any particular measure until I know just what I will be called to vote upon. Bills are frequently changed in committee, and the progress of this bill is an illustration of that fact. A first draft and then a second draft of the bill was introduced and it is now proposed to substitute a third draft, which was really prepared by Senator Robert Owen, who was one of the authors of the Federal reserve act, chairman of the Banking and Currency Committee of the Senate when he was a Member of that body, and recognized then and now as one of the most thorough students of finance in the entire country.

I did not sign the petition for the discharge of the Committee on Rules from the consideration of the so-called Patman bonus bill. I have always consistently declined to sign such petitions on any and all subjects for a number of reasons. The House is now called upon, however, to vote upon the question of discharge, and, after as thorough study as I have ever given to any question since I have been in Congress, I have come to the conclusion that it is my duty to vote to discharge the committee and to pass the bill. The bills which have heretofore been passed have been in the nature of preventive as well as temporary relief measures. This bill will not only give relief to those who served the country in time of need but it will at the same time hold out to every class of our citizenship hope for the future.

I voted against the bonus when it was first passed. I said then, when there was a large surplus each year in the Treasury, that since it was being proposed as adjusted compensation to the veterans for past services it should be paid in cash rather than by a certificate due 20 years hence. Under the terms of this bill, the Government will pay an existing indebtedness by the issuance of Treasury notes. It is apparent, of course, that this money when issued will be widely distributed and give quick relief to every city, town, hamlet, and community in the country rather than merely to those who are able to borrow from banks, heretofore the first beneficiaries of additional currency. It is said by some that it will be quickly dissipated. The record of the last payment does not show this, but if this be true the fact remains that the merchants, and others with whom the veterans deal, will share in this benefit.

If there is no need for additional currency, why did Congress at the earnest request of the President, recently pass the Glass-Steagall bill? That bill authorizes five or more banks to pool their securities and deposit them in Federal reserve banks as security for Federal reserve bank notes. And why did the Senate Banking and Currency Committee a few days ago unanimously recommend the Glass amendment authorizing additional currency to be issued upon United States bonds, limited only by the

amount of bonds outstanding and the amount of capital stock of the institutions, and which, it is said, will amount to $1,000,000,000? All of this new currency would be issued to the banks to be loaned to their customers, provided they possess the necessary collateral. Many of the veterans can not borrow from the banks. That is particularly true of the disabled and the vast number of unemployed. But they hold the obligation of the Government; small it is true, but just as much a bond as those for larger amounts. If, therefore, it is sound finance to issue additional currency to the banks upon such security, why does it become unsound finance when it is proposed to issue currency direct to the veterans upon acknowledged obligations of the Government, and which will be backed not only by the credit of the United States but with 40 per cent of gold reserve behind it, which is the maximum required by the law?

I do not subscribe, therefore, to the theory of those who oppose payment of these certificates. This is not creating a new Government obligation, but merely converting an existing Government obligation, and will not result in hurtful inflation. On the contrary, it will increase currency expansion and circulation equally in all parts of the United States, bring a halt to the deflation, and a quick rise in prices of all kinds. The gold dollar has increased so much in value that everything one possesses was worth from two to twenty times more four years ago than it is now. Debts were created which are now two to four times greater by reason of this increase in the value of gold. Five-cent cotton, 50-cent wheat, 30-cent corn and tobacco, and other commodities selling in proportion can not pay these debts and taxes and bring prosperity. It is like requiring the debtor to pay 400 bales of cotton where he owes 100 bales, 40,000 bushels of wheat for 10,000 bushels, 400 hogshead of tobacco instead of 100 borrowed.

But to meet the criticism of possible inflation the Owen bill provides for the issuance of United States 3½ per cent bonds to an amount which will equal the Treasury notes issued and which will be placed in the various Federal reserve banks to be held as agent or custodian of the Government. These bonds will draw no interest unless the purchasing power of the dollar shall fall below its average value in 1926. The Federal Reserve Board in such event will have the right to dispose of a sufficient number of these bonds and thus contract the currency to a point where the dollar will be worth what it was in that year, when everybody was prosperous.

I submit, therefore, that the possibility of undue inflation by the issuance of this additional currency can not possibly arise under the provisions of this bill. The Federal Reserve Board is vested with the authority and the power in advance to see that this does not occur.

I have heard from some who say they would have no objection if the bill was confined to disabled and needy unemployed veterans. But since the Government has entered into this obligation with all the veterans, why should this plan not be followed by the Government to pay its debts and at the same time afford the additional currency which is needed to bring down the value of the dollar. No one has ever questioned the patriotism of these ex-service men. I, for one, do not believe that those who do not actually need the money will cash their certificates.

These are some of the reasons which have induced me to determine to support the bill providing for the immediate payment of these certificates.

I have not suddenly become aroused in the interest of the veterans for the purpose of securing their support—presuming on a service which was rendered far from the battlefield. I have been his active friend all along. Thousands of them over the district and the State will attest to this fact. I have never felt that the country wanted to economize at the expense of the disabled soldier or his dependent widow and children. I have devoted more of my time to veterans and their individual problems than I have to any other requests which have been brought to my attention. This has also been true of my entire office force, and it has been our genuine pleasure as well as our duty to do so. I have never turned down or neglected a single case, and whenever possible I have taken it personally to the bureau rather than by correspondence, and have endeavored to render real service rather than mere lip service.

Questions of this kind should not be settled as a matter of sentiment. But let me tell of a visit which I made a few days ago to one of the camps of the veterans who have unwisely come to Washington for the purpose of securing payment of their certificates. There are said to be 10,000 in Washington to-day—and more of them are on the way. It was a foolish trip and one which should not have been undertaken; but they are here. My visit was in the early hours of the morning, and I saw grim, gaunt men—some of them with distinguished-service crosses upon their shirts—eating their breakfast. These veterans had slept all night in a river-bottom field without shelter. I saw them dipping into a large tin can, placing what appeared to be thin gruel upon tin or broken plates, from which they ate without spoon or fork. I asked some of these boys why they had come to Washington on a trip of this kind when it was evident to everyone that it would do no good. Their reply was that they had no jobs at home and they were as well off here in Washington as anywhere else. Many of them told me that they had served in France, and one of them, reaching into his trousers pocket, drew therefrom a soiled and crumpled certificate issued within the last two years and said, "This is all I have in the world, and surely my Government which I served during the war will pay it to me now when I so badly need it in order to provide myself with necessary food and clothing."

I looked at these men—disheveled, gaunt, and hungry—and my mind went back to those day of nineteen seventeen and eighteen, when these same men as healthy, ruddy-cheeked young boys answered the call of their country. I could see them again as they marched under the colors to the music of bands and the applause of grateful citizens, admiring friends, and neighbors on their way to war. I recalled their ready response and their willingness to sacrifice their lives, if need be, in defense of this Nation. I felt that surely no one who could see these men as I saw them would feel otherwise than that this Government should extend its helping hand to them and pay to them—many of them disabled and all of them needy and unemployed—the sum which it promised to pay them in 1925.

True, the certificates are not due until 1945, but the Government frequently issues new certificates to take up obligations not yet due. And it will cost the Government nothing additional in this instance. On the contrary, it will by so doing actually save $112,000,000 every year until 1945, for that sum is put each year in our National Budget to create a sinking fund to take up these certificates when they fall due in 1945.

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. WOODRUFF]. [Applause.]

Mr. WOODRUFF. Mr. Chairman, I believe every Member of this House knows that I saw service during the World War. I have in my possession an adjusted-service certificate in the amount of more than $1,300 as a result of that service. I am a veteran of the Spanish-American War. I preface my remarks by this statement with the hope that every Member present, every ex-service man in the gallery, and everyone within the sound of my voice will recognize the fact that I am a friend of the ex-service man. [Applause.] I have voted for every proposition that has been before this House since I have been a Member of it that has in any way contributed to the welfare and the benefit of the ex-service men and their dependents. I made no exception to that rule when I voted yesterday not to take this bill from the Committee on Rules.

I think there has been nothing proposed either by the ex-service men or their friends that will do so much to injure the ex-service men and their dependents as the enactment of the bill that is before the House to-day. [Applause.] There are from eight to ten millions unemployed in this country. Not more than 1,000,000 of these are World War veterans. The man who stands here and argues that these veterans only should be selected for help from among all these other needy is, in my judgment, doing not only an injustice to the great army of unemployed but an injury to the ex-service men themselves. If there was some way by which only the ex-service man, desperately in need of funds, could be given some further relief than that he already has, and if this bill provided for that exclusively, there might be some excuse for its being before the House. However, that can not be done and every Member of the House knows it can not be done.

We have just passed a bill that will tax the people an additional $1,200,000,000. We are cutting the Government expense to the point where some necessary governmental activities will be seriously crippled. We do all this to put our country upon a pay-as-you-go basis. We do it to restore the confidence of our people in their Government. We do it to give the greatest possible encouragement for an early recovery of business, that jobs may be had by all. Jobs are needed and must be had if we are going to have a return to prosperity; jobs not alone for the ex-service man but jobs for everybody. This can not be brought about by thrusting still further burdens on the shoulders of the taxpayers of this country. Every Member ought to know that if we pass this bill and it should become a law there will be an ever-growing demand that benefits now given the veterans and their dependents be repealed. Already more than 26 per cent of all Federal revenues are expended for their benefit. This is testimonial to the patriotism and gratitude of a generous people.

The burden upon the taxpayers is already great. Many are beginning to complain because veterans whose disabilities are in no way connected with their service are being pensioned by the Government. Demands are already being made upon Congress to confine these gratuities to those who are suffering because of their service.

In this House within the past few weeks we passed the Rankin bill to pension to widows and dependent children of veterans who died from causes not connected with their service. That bill has not been enacted into law. In my

judgment the present demand for the bonus has delayed and will further delay its enactment, notwithstanding the distressful conditions under which thousands of these widows and children are now compelled to live. The ex-service men of the country should agree that help for the needy widows and children should be their first concern; that nothing shall be done to jeopardize this.

Their next concern should be the welfare of their disabled comrades. Under laws passed by Congress and now upon the statute books these are all receiving their monthly checks from the Treasury of the United States. Nothing should be done that will result in taking from the needy disabled men the help they are now receiving.

The attempt to pass this bill at this time is a great mistake. Even the proponents of the bill know it can not and will not become the law. Notwithstanding this, encouragement has been given the veterans which has resulted in the so-called bonus march. Thousands are encamped here under conditions which endanger not only their own lives but the lives of the people living in this community as well. An epidemic is imminent. Already the available beds in the hospitals of the city are filled. Temporary hospitals are being provided. It may easily become a tragedy.

These men have been led to believe that their adjusted certificates constitute a promise to pay now due. Every Member of this House knows this is not true. Every man of us knows the due date is just 20 years from the day the certificate is issued. It is under a misunderstanding that these veterans are congregating here, and this misunderstanding is due to the preaching of those who know better.

Mr. BYRNS, the great economy leader of this House and chairman of the Appropriations Committee, has just made a most astounding statement. He says this will not be a charge upon the people of the United States and will not be a charge upon the Treasury. For the life of me I can not understand how there can be created something from nothing. Money is supposed to, and does, represent some value. If we are going to create money with which to pay the veterans by starting the printing presses, why do we not do the same thing for all the expenses of Government? Why tax the people for anything? Why not pay all the government expense in the same way? Of course it is ridiculous to argue that we can create money by starting the printing presses to pay the bonus and can not create money to pay the expenses of government by the same method. [Applause.]

In 1920 the national debt was in round numbers $26,000,000,000. During the 10 prosperous years following we were able to pay all the running expenses of the Government and to also reduce the national debt by $10,000,000,000. In 1929 came the depression and with it such a reduction of corporation and individual incomes that income tax and other receipts fell to a point where we could not meet the expenses of Government without increasing the national indebtedness. The national debt on May 31, this year, was $19,036,916,000, an increase of approximately three billions over the low of 1930. We are faced with a deficit of more than two billions this year. As I have stated before, we are now taking the steps to balance the Budget and get on a pay-as-you-go basis. To do this it has been necessary to spread $1,200,000,000 taxes on an already overburdened people. In the face of all this, it must be apparent that we can not pay the bonus without either still further taxing our people or still further increasing the national debt. Oh, I know there are those who argue that the issuance of fiat money through working the printing presses overtime does not constitute a charge against either the people or the Treasury, but I want to remind you that each certificate so issued is, and will so state on its face, a promise to pay. To be paid by whom? Why, by the people, of course.

Mr. Chairman, this country, along with the other countries of the world, has been passing through most trying times during the past three years. Approximately 5,000 banks have failed, entailing tremendous losses to depositors and others everywhere throughout the land. Business is at a standstill; there is unemployment everywhere; the people are already taxed almost more than they can bear. To pass this bill is to add immeasurably to those tax burdens and to so further disturb our financial and business structures as to seriously retard, if not actually delay, a return to normal conditions, with its reemployment and rising prices, for months and perhaps years to come. [Applause.]

Mr. CRISP. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, try as I might to bring myself to a favorable decision upon this bill, I have been unable to do so. [Applause.] I do feel this measure should be disposed of one way or the other to-day, and for that reason I voted yesterday to discharge the Committee on Rules from the further consideration of the rule. Thousands of veterans are in Washington awaiting our decision, and we should have the courage to meet the vote that has been forced upon us. The veterans have been misled, and they will resent it in the end.

My record in supporting veterans' legislation and assisting them is perfect. By that I mean that I have consistently supported legislation affecting the man who suffered from disabilities, and I have also favored legislation that would provide for the widows and orphans of the veterans who have passed away. It has always been the policy of our Government to take care of those who responded to the call when needed, and, in my opinion, that policy will always be adhered to. My office resembles a branch office of the Veterans' Bureau. Thousands of claims have been called to my attention by veterans and their friends, and it has been my pleasure to help them to receive recognition, provided they were entitled to benefits under the law. I shall continue as I have in the past to serve them at every opportunity.

I was the first Member of Congress to introduce a bill to provide for the payment of a part of the adjusted-service certificates. At that time there was nearly $1,000,000,000 in the Treasury of the United States to the credit of the adjusted-service certificate fund.

The then Secretary of the Treasury, Mr. Mellon, opposed my bill, but in the end a law was passed and the veterans were able to borrow one-half of the face value of their certificates.

Mr. Chairman, the pending bill is not sound. It provides for the printing of currency or Treasury notes, which means the same, because the notes shall be full legal tender, non interest bearing, exempt from all taxes, including Federal, State, and subdivisions thereof. There are no provisions to raise this money by taxation or in any other way—the bill simply provides to print money until a sufficient amount is available to pay the adjusted-service certificates, and this will mean a total of not less than $2,400,000,000.

The committee considering this bill states that to-day we have outstanding $5,400,000,000. To-day we have silver, gold, and Government securities back of every dollar of our currency, and the world knows our money is secured by silver, gold, and Government securities. The contention of the financial experts of the Government, including the members of the Ways and Means Committee, who signed this report, is the issue of the $2,400,000,000 would amount to an immediate inflation in our currency of almost 45 per cent.

I can not vote for a bill which might in the end jeopardize the value of the currency of this country. [Applause.] If we followed the policy that is proposed in this legislation and printed money whenever there was a demand for it with nothing behind it, it would not be long before it would take a handful of dollar bills to buy a package of cigarettes. [Applause.]

The European nations that resorted to such methods found such a system disastrous. As I understand the situation every dollar of the $5,400,000,000 in currency now in circulation would be reduced in value almost one-half. Why, the dollar that the veterans would receive under the provisions of this bill would be worth only 50 or 60 cents. It is too dangerous a precedent. When the veterans learn what would really happen under this bill there will not be one man in ten who would even consider such a measure.

I have introduced a bill to pay the bonus in full, but there is something back of my bill. It has been adversely reported

by this committee, the same committee that reported adversely on the Patman bill. My bill provides for the issuance of bonds, but it specifically provided in my bill that the money to retire the bonds shall be raised by taxation, and the tax I propose would not only help the veterans but would help the entire country, and there would be no objection from the people of this country; that is, the people who would pay the tax. My bill will not in any way affect the value of the dollar, because the money to retire the bonds, the money to pay the interest, is to be raised by taxation.

My proposed plan provides for a tax upon beer. The money raised in this way to be used solely to retire the bonds which are issued to pay off the adjusted-service certificates. [Applause.]

It is my purpose to offer my bill as a substitute for the pending bill. Again I say my bill is sound, because it provides a way to retire the bonds. The Patman bill has no method whatever for retiring the money that it seeks to print.

I hope, Mr. Chairman, the membership of the House will get a copy of my bill (H. R. 11117) and study the measure. It will meet the situation. It will not only help the veterans by paying the adjusted-service certificates in full in dollars worth 100 cents, but it will provide work for the veterans. What the veteran needs to-day more than money is a job, and if we could provide a job for him he would not be asking for money. [Applause.] The veteran wants work so he can support his family; and if he had work, he would not be asking you to pay the certificates now.

Mr. Chairman, at no time since I have been a Member of this House have I thought of my political future in voting upon proposed legislation, and I do not propose to think of my political future to-day. [Applause.]

[Here the gavel fell.]

Mr. RAGON. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. HILL].

Mr. HILL of Washington. Mr. Chairman, the misconception that obtains with reference to this proposed legislation is really very regrettable. This misconception is abroad throughout the country.

The misconception goes to the proposition, first, that the veterans are here to intimidate the Members of Congress to vote for this legislation; and, second, that it is a graft and a steal, or a raid upon the Treasury, and that it will not only unbalance the Budget but will require the levy of additional taxes in the amount of money to be paid out under this legislation.

I want to give it as my personal opinion that the veterans have not intimidated a single Member of the Congress; in fact, I believe they have hurt rather than helped their cause by coming here in large numbers.

The only semblance of intimidation that has come to me is that which has come from the business men and the citizens of my district who do not understand the purport or the purpose of this bill and have been misled into believing that it is a raid upon the Treasury.

Such is not the case. It should be made plain at the outset that the sponsors of this legislation have taken the position that the adjusted-service certificates should be paid in full at this time only if it can be done advantageously to the United States and to the betterment of the economic status of the country. The proposition of such payment does not call for a single dollar of appropriation out of the Treasury or for the levying of additional taxes, and in no way affects the Federal Budget. Succinctly stated, the plan of payment is to deliver to the soldier a circulating obligation of the Government—Treasury notes—in exchange for the noncirculating obligation of the Government—the adjusted-service certificates.

If you would consider this measure from the standpoint of the welfare of the people of the country at large you would be getting down to the real issue presented by this legislation. Those of us who are supporting this legislation are supporting it upon a broader basis than merely relief to the ex-service men. We recognize the fact that they themselves are entitled to relief, yet if this legislation could not be justified upon a broader basis than that, we do not feel we would be justified in coming here in support of it.

It would require about $2,400,000,000 of Treasury notes to pay these certificates in full. The payment of these certificates in this way would place more than $2,000,000,000 of actual money in circulation and the money would be distributed to every nook and corner of the country and would immediately enter the channels of trade. It would not be piled up in the banks to be added to the moneys already hoarded therein. The ex-service men constitute about 3 per cent of the entire population of the country and they are distributed throughout the country in about that percentage. It has been charged that this bill proposes to issue fiat or printing-press money without anything back of it to maintain its parity. I want to say to you that the man who says that this is a bill to start the printing presses to work on a blank piece of paper does not understand the bill. These Treasury notes would be real money, worth 100 cents on the dollar. The gold reserve in this country is about four and one-half billion dollars. This gold does not circulate but is held in the vaults of the Treasury and the Federal reserve system purely as a reserve basis for currency issues. There is outstanding $5,400,000,000 of money of all kinds outside of gold, including silver coins, silver certificates, national-bank notes, Federal reserve notes, and United States Treasury notes. The national-bank notes and the silver certificates have no gold reserve whatever back of them. The legal gold reserve for Federal reserve notes is 40 per cent. Taking that percentage of reserve as the basis, there is sufficient gold reserve to back the issuance of $10,000,000,000 in currency.

The gold standard act of March 14, 1900, makes it the duty of the Secretary of the Treasury to maintain all moneys issued or coined by the United States at a parity with the value of the gold dollar.

It is evident, therefore, that the necessary volume of Treasury notes to pay the adjusted-service certificates in full would have the strong backing of more than 40 per cent gold reserve and the authority of the gold standard act for maintaining such currency on a parity with the gold standard unit of value. Former Senator Robert L. Owen, of Oklahoma, the author of the Federal reserve act, said with reference to the bonus bill that the issuance of United States Treasury notes for payment of the bonus would be supported by the full powers of the United States Government and by all the gold available in this country. Hence the Treasury notes so issued would not be fiat money. It would be gold-standard money, and the payment of such certificates thus made would not increase the tax burden, would not call for any appropriation out of the Treasury of moneys collected from taxes, and would not in any way disturb the Federal Budget.

With this statement as a basis, I wish to direct your attention to the purely economic aspects of the bill. In doing so, I ask you to lay aside your prejudice and just look at it from the standpoint of the economic interest of the country generally. The bonus bill was not considered by the Committee on Ways and Means and by the witnesses who appeared at the hearings thereon merely as a matter of relief to the ex-service men, but 90 per cent of the evidence at the hearings had to do with the broader aspects of the bill, namely, the opportunity afforded for giving needed expansion to actual circulating money to be distributed throughout every community of the country.

I ask you, therefore, to consider the bonus legislation in that light. It is a universally recognized fact that this country can not get back to prosperity until farm-commodity prices are raised to their normal level. It is also recognized that farm-commodity prices are governed by the supply of circulating money and the supply of credit which circulates as money. When money and credit are scarce farm-commodity prices are low. When money and credit are plentiful farm-commodity prices are high. The purchasing power in the people is measured by the price they receive for their commodities. When there is no purchasing power in the great mass of the people all business enterprises are paralyzed. I am sure that you will recognize

the fact that there is practically no circulating credit at this time and also that the volume of circulating money has so decreased that it is impossible to find sufficient money for the transaction of the ordinary business of commerce. With $40,000,000,000 of circulating credit wiped out of existence and more than half of the outstanding money hoarded, it is readily apparent what is the matter with commerce. Economists and business men all agree that a restoration of farm-commodity prices to a normal level is absolutely necessary to the return of prosperity and they agree also that the only way in which to bring about this restoration of commodity prices is to increase the volume of circulating money and of circulating credit.

Dr. E. A. Goldenweiser, director of research and statistics of the Federal Reserve Board, testified before the Ways and Means Committee on the question of the volume of outstanding money and the proportion thereof that is actually circulating as follows:

I have some figures here that will interest you. They show that of the five and a half billion dollars of currency outstanding, there is about $750,000,000 in the banks, and about $1,250,000,000 probably still in hoards accumulated in the past 18 months, and about $500,000,000 also in hoards but not created in this panic; just ordinary hoards, people having a little nest egg tucked away. There are about three hundred millions that are abroad, of which one hundred millions are in Cuba and two hundred millions in other countries, and about $100,000,000 has been destroyed. So that the total amount of money that does not do any actual business is $2,900,000,000 and the active money is about $2,500,000,000.

Irving Fisher, professor of economics, Yale University, said before the Ways and Means Committee:

I know you are a committee, not on banking and currency but on ways and means; but the ways and means of balancing the Budget are, first, to reflate. You can not tax a vacuum. You have got to have something to tax. You have got to restore prosperity. You have got to increase the income of the people. And all of these things that I have described, by which, through deflation, you have bankruptcies and unemployment and depression of trade, and all the rest, are reversed the instant you have reflation.

Professor Fisher said before the Committee on Banking and Currency of the House:

I heard one of the leading bankers—I wish I had permission to quote him, but I do not want to do anything I am not authorized to do—the president of one of the largest banks in one of our largest cities, and the chairman of one of the most important committees of the American Bankers' Association, say that we must raise the price level to let people pay their debts and that if we do not he fears that the whole capitalistic system is going to collapse. He was willing to raise the price level by changing the weight of the dollar.

Professor Fisher further said:

We need first to raise the price level to enable debtors to pay their creditors on as just a basis to both as practicable, and, secondly, thereafter to stabilize the price level. The raising of the price level must be done either (a) by increasing the circulating medium or (b) by increasing its activity or velocity, which means, in particular, reducing hoarding. The circulating medium may be increased in many ways, the United States may issue new United States notes in purchase of United States bonds or in purchase of silver or anything else or paying its employees.

Our economic troubles are curable if we have the courage to apply a heroic remedy. Nothing but money will banish a panic. Money is the mudsill of credit and the foundation of confidence.

Doctors Pearson and Warren, of Cornell University, say:

Economic troubles are not acts of Providence any more than polluting a stream with typhoid is an act of Providence. Both are acts of man, and can be remedied when there is sufficient knowledge.

Dr. Wilfred I. King, of New York University, says:

Prices are determined by the standard of value. The standard of value is purely a man-made institution. The result is we can do anything we wish with the price level.

Prof. Irving Fisher, of Yale University, says:

It should be clear that deflation or dollar swelling is not an act of God with a special mandate to baffle the human race. We do not have to wait for a happy accident to neutralize deflation. It may be neutralized by design. Man has control of his own currency, if he will but use it.

It is agreed on all hands that we must have reflation of farm-commodity prices before prosperity can return. The question is how are we going to bring this about. According to Doctor Goldenweiser we have only $2,500,000,000 of money circulating. The fact is we do not have more than $15 per capita in actual circulation. This bonus money would increase the per capita circulation 125 per cent and farm prices proportionately. This proposed legislation provides a convenient opportunity to the Government to discharge an obligation which will place in circulation more than two billions of dollars of actual money and retire the adjusted-service certificate obligations in an equal amount. In other words, this bonus legislation provides a convenient vehicle for conveying into the arteries of commerce a necessary flow of new money to stimulate trade and commercial activity and start the country on the upgrade toward normal economic conditions. This is the only measure which this Congress has considered that will jar the wheel of industry off of its dead center and start it to turning.

The big moneyed powers are opposing this bill not in the interest of the great body of the people but in their own selfish interest. The big banking interests are opposed to the issuance of money by the United States Government. They want to retain the exclusive privilege of issuing currency. For this reason the big moneyed powers have issued the edict that this bill must be killed. They have, through false propaganda, deliberately deceived the country as to the purpose and effect of this bill. They are money merchants.

The higher the value of the dollar the more secure they are in the control of the economic life of the country. I heard the testimony of their representatives before the Ways and Means Committee. They themselves offer no remedy for existing conditions. They say in effect, "Let the people sweat it out." It is time the people realize that no legislative progress favorable to them has ever been accomplished in America without the sneers and opposition of Wall Street. The Wall Street bankers want to keep a tight grip of control on the volume of the currency of the country, and they are afraid of losing that control if currency expansion is not left wholly to them.

The deceptive propaganda broadcast against this proposed legislation has caused many people to express opposition to this bill in perfect good faith but in absolute ignorance of what it means to them and to the economic condition of the country generally. I know this bill and what it means. I know who are opposing it and why. I am supporting this measure because of my firm faith in the beneficial results which will flow from it in restoring prosperity to our distressed land. In all sincerity, I could not do otherwise.

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Nebraska [Mr. SIMMONS].

Mr. SIMMONS. Mr. Chairman, during the discussion of the demand for the payment of these certificates, the claim has been repeatedly made that the Government owes this money to the veterans now. I do not intend to discuss that now, except to say that it can not be sustained.

Running all through this discussion is the charge that the United States has not dealt fairly with its veterans of the World War.

On Monday of last week the senior Senator from Virginia [Mr. GLASS] inserted in the CONGRESSIONAL RECORD a compilation of figures showing that the United States now pays annually to the World War veterans a total of more than that paid to the veterans of Germany, France, Great Britain, Italy, and Canada combined.

Taking that set of figures as a basis, I asked the Veterans' Administration to compile the table I now have here on the blackboard. I call your attention to these two columns at this end of the board.

We are now paying annually to the veterans of the World War $180.91 per capita, based on the total mobilized forces during the war period. Compare that with the figures, and you find that Germany pays $22.98; France pays $34.09; Great Britain, $26.49; Italy, $12.44; and Canada, $98.64.

Now, take the other figures, and we are annually paying $2,668.66 per capita, based on the number of those killed and wounded during the war. Of course, they alone are not the beneficiaries of those payments. Germany pays $48.87;

France, $50.99; Great Britain, $58.27; Italy, $43.74; and Canada, $263.41. Those figures are based upon our battle casualties.

Canada is the highest, and it pays only 10 per cent per capita of what is paid by the United States.

Total per capita payments to veterans of all nations since the war are now available. Based on the total men mobilized, the United States has paid her veterans of the World War $1,107.14, while Canada has paid over $1,533.16. But based on the number of men dead and wounded, the United States has paid over $16,331.79 per capita since the war, as against Canada's payment of $4,094.03. The United States figures used here and in the table do not include any part of the loans on the adjusted-compensation certificates.

These figures ought to give this Congress and the country serious thought as to whether or not the World War veterans have not been well cared for, and whether or not they have not been well treated.

Demagogues on the floor of this House and elsewhere have repeatedly told the veteran he is not being well treated, that the Government owes him money, and that he should have it. Here are the figures, authenticated, based on facts, that our Government now is doing more for its veterans than all of the nations named in that list combined. [Applause.] Gentlemen, when you go back to your veterans and to your taxpayers, take these figures with you. Tell them the facts of the loyalty, the generosity, and the fairness of your Government and mine toward the veteran. Then, again, may I say to my comrades among the veterans, as I did briefly yesterday, that this table ought to tell the veterans themselves to stop in their demands on the Treasury. When the taxpayers of the country find out the sums that Congress has paid and the amount that is being incessantly and constantly demanded by minority groups within the veterans, and by those nonveterans who curry political favor from veterans, the situation may develop in this country again that developed following the Revolutionary and the Civil Wars, when the Nation demanded and secured a purging of the pension rolls.

At the present time 852,000 veterans or their dependents are receiving monthly checks from the Government. Only the able-bodied veteran is not. Deny this bill and you ask the able-bodied veteran to remain on a parity with the 120,000,000 nonveteran citizenship of this country. Pass it and you single out for special benefits the able-bodied veteran from among our whole people.

Gentlemen, study those figures before you vote. [Applause.]

The table used in this statement follows:

Comparative statement of annual expenditures for fiscal year 1932 by United States and foreign countries for World War veterans and their dependents

	Men mobilized	Dead and wounded	This year's relief bill	Annual per capita based on men mobilized	Annual per capita based on dead and wounded
United States	4,757,240	322,497	[1]$860,635,000	$180.91	$2,668.66
Germany	13,000,000	6,111,862	298,690,000	22.98	48.87
France	8,410,000	5,623,000	286,722,000	34.09	50.99
Great Britain	6,600,000	3,000,000	174,802,060	26.49	58.27
Italy	5,615,000	1,597,000	69,853,300	12.44	43.74
Canada	619,636	232,045	61,123,000	98.64	263.41
Total for foreign countries	34,244,636	16,563,907	891,190,360	26.02	53.80

[1]That portion of Veterans' Administration appropriations made applicable to World War veterans for fiscal year 1932.

Mr. COX. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. We are called on to-day to vote for H. R. 7726, to provide for the immediate payment to the veterans of the face value of their adjusted-service certificates. It has been estimated that this would cost the Government about $2,400,000,000. This is more than half the cost of running the Government in 1932–33. And by this bill the Secretary is authorized to have engraved and printed a sufficient amount of Treasury notes with full legal tender. In other words, the printing presses are to be started and are to print these Treasury bills with which to pay the soldiers their so-called bonus.

I understand an amendment will be offered to the bill to provide for the issuance of Government bonds to back up this so-called "fiat" currency or "bonus" bill.

Mr. Chairman, to my mind, voting for this bill is like trying to cure a cancer with a plaster. We are told such a measure would give us the required amount of inflation of currency to rescue us from the depression. I believe that within four weeks, if the bill should become a law, the effect of this hypodermic of currency inflation will have exhausted itself and the body politic will lapse back into a far worse condition than it is in to-day, and the bill would dig deeper the abyss of depression in which we now find ourselves.

There would be a flush of spending of bonus money. But once the money is spent the effect will have gone and we all shall then be poorer for the experience.

There will be no lasting results, except the misery and the suffering that currency inflation and fiat money always bring.

I would be glad to pay this bonus immediately if the Government had the money and if it could be done without affecting disastrously the economic status of the country, if it could be accomplished without fiat money. But economists, experts, and Government officials who appeared before the Ways and Means Committee testified that the issuance of this fiat money to pay the soldiers would bring greater economic disaster upon the country and plunge many more people into suffering and privation.

We are told that this bill would aid unemployment. I fail to see how it would. We are told it would aid the veterans unemployed. But of the total army of unemployed only 13 per cent are veterans. Would it not be highly unfair to discriminate against the other 87 per cent of the unemployed who are nonveterans? Would they not be entitled to consideration? What about the small storekeeper, the butcher, the grocer, the plumber, the carpenter, the druggist, the lawyer, the doctor, and the housewife, who were not soldiers and who would not participate in the bonus. They would, however, have to pay their share of the bonus by taxes now or in years to come.

The bonus will cost $2,400,000,000. It would be given to the rich as well as the poor, the sick as well as the healthy, the employed soldier and the unemployed soldier. Every veteran must be treated alike. You can not give to one and withhold from another. Yet only 30 per cent of the veterans are unemployed. Therefore, here you would be giving 70 per cent of $2,400,000,000, or $1,680,000,000, to veterans who do not need the money since they have jobs. Nobody can defend his vote for the bonus on this basis.

It is argued that we should pay the face value of these certificates, because the holder needs the money. I have shown that only 30 per cent of the veterans are idle. Certainly, we can not justify a demand for the payment of the money to anybody just because the money is needed by a single class of the population.

If this payment would give relief generally to all the needy veterans and nonveterans, I would vote for it at every sacrifice.

By passing this bill, we discriminate between the veteran needy and the nonveteran needy. Rather let us adopt a policy of Federal relief for all those who are in want, without discrimination. If there is to be a dole, let us give it to the poor and unemployed of all classes.

WILLING TO PAY BONUS CERTIFICATES TO DATE

I am in favor of paying the exact amount that we owe the veterans to date. This bill would be paying them what will be the total in 1945, 13 years hence. When we passed the original bonus bill on May 17, 1924, we provided for a 20-year endowment policy, as it were, in the nature of an adjusted-compensation certificate, and on this endowment

policy the Government was to pay the premium. It was in the nature of an additional compensation to be paid to the veteran for service during the World War. They were to receive $1 a day for service in the United States and $1.25 a day for service overseas. Since the per diem payment was to be deferred, in the form of this endowment policy, to 1945, the Government added an additional 25 per cent of the total per diem allowance. If living in 1945, the full amount of the certificate, with duly accrued interest, will be paid to the soldier. If he die in the interim, his dependents would receive the full amount in the nature of death benefits on the endowment policy.

The Government, in order to pay the amount on the certificates, with accrued interest, in 1945, agreed to build up a fund therefor by paying yearly $112,000,000.

In 1931 we revised the act to enable the veterans to borrow up to 50 per cent of the face value of their certificates. Up to March 31, 1932, the Government loaned on these certificates $1,386,828,621.21. There had already been paid, up to March 31, 1932, in death benefits $127,476,431. Therefore the Government has paid out to date on adjusted-compensation certificates, according to the acts of 1924 and 1931, $1,514,305,052.21. Comparatively few veterans have not borrowed on their certificates.

These certificates have run seven years. They have still 13 years to run. There are still 13 years of unaccrued interest; that is, from 1932 to 1945. That interest on these certificates has not been earned. The amount of this unearned interest is $1,353,000,000. If we pass this Patman bill we give the veterans this interest which has not as yet been earned. It amounts to almost as much as the per diem allowance figures to date. In other words, it is proposed to make another charge against the people of the United States almost equal to the original face value of the bonus certificates. That is highly unjust.

I am willing to subscribe to the proposition that we pay the veterans the face amount of the bonus, that is, the per diem allowance plus the interest accrued to date—to 1932. I would be willing to give the veterans the present-day face value of the certificates, which is another way of saying it. There would, of course, be deducted from the face value plus the accrued interest to 1932 whatever the veteran has borrowed.

To pay these bonus certificates, less the amounts already borrowed, would require about $773,000,000. To this extent I shall go, but not beyond it. It would be difficult enough to raise this money. It would have to be done by the sharpest economy in all Government bureaus rather than by additional taxation. I would cut to the bone expenditures in all bureaus and cut down armaments to the *n*th degree, in order to make up the $773,000,000, to be paid immediately to the needy veterans.

WE HAVE BEEN VERY LIBERAL WITH THE VETERANS

We have responded to every veteran demand. We passed the war risk insurance act, establishing an insurance system to take care of veteran casualties and disabilities. Whether or not a man took out insurance, compensation was given to him for death or disability. Widows and orphans receive monthly allowances, and veterans, where disabled, are given compensation calculated on the basis of loss of earning power. We have established vocational rehabilitation schools and spent in the process over $600,000,000. We have developed a system of hospitalization providing complete medical care and treatment. We passed the adjusted compensation act, under which more than 300,000 veterans are receiving compensation according to their disabilities. Last year we passed a bill providing as much as $40 for each service man for disabilities not incurred in line of duty. All this is in addition to the 50 per cent loan permitted on the bonus certificates. More recently the House passed, and there is pending in the Senate, a very liberal pension bill for the benefit of widows and orphans and dependents of veterans, which involves an expenditure of $20,000,000 a year when it shall have been passed by the Senate and signed by the President. One hundred and twenty-three thousand dollars was made available this year for special veterans' unemployment offices; more offices are to be opened next year, and when fully put into effect the plan will cost $450,000 per annum.

Some 20 States have provided for additional bonus payments to their veterans. Twenty-eight of the States have spent a total of over $39,000,000 for general and emergency veteran relief of one sort and another. Ten States have spent a total of $7,500,000 additional on educational agencies. Six States have loaned a total of $56,621,000 to veterans to help them establish themselves on farms or buy their own homes.

Many States provide for tax exemptions for veterans—exemptions from poll taxes, road taxes, and taxes on home sites. Superimposed on all these benefits is the veteran preference in civil-service examinations. Whereas every other applicant is required to make a grade of at least 70 per cent in examinations, an able-bodied veteran may pass at 65 per cent, and a disabled veteran need only make a grade of 60 per cent. Widows and wives of disabled veterans are given similar preference.

I herewith submit a statement of postwar expenditures for veterans:

Postwar expenditures

(Figures to nearest 1,000)

Disability compensation (payable to 322,825 ex-service men whose disabilities were incurred in or aggravated by service)[1]	$1,909,242,000
Disability allowance (payable to 353,744 ex-service men whose disabilities are not related to wartime service)[1]	70,248,000
War-risk insurance payments[1]	1,456,971,000
Vocational rehabilitation[1]	644,943,000
Emergency officers' retirement act[1]	34,750,000
Hospital, domiciliary, and out-patient facilities[2]	97,450,000
New hospital and domiciliary construction at soldiers' homes[2]	9,425,000
Permanent improvements and extensions to veterans' hospitals[2]	14,000,000
Operation and maintenance of Government hospital facilities[2]	435,000,000
Discharge fee	270,000,000
Expenditures of 30 States for veteran benefits	520,000,000
Loans on adjusted-service certificates[3]	1,260,000,000
Total	6,782,029,000
Deduct war-risk premiums	450,000,000
Net cost of peace to date	6,332,029,000

Indeed, one dollar out of every four spent by the Government goes for the aid and relief of veterans. In other words, 25 per cent of our governmental expenditures is for veteran relief.

I, therefore, can not vote for an additional outlay of $2,400,000,000. I am willing only to pay that which has been earned, namely, $773,000,000.

FIAT OR PRINTING PRESS MONEY MUST BE AVOIDED

The Patman bill sets up a scheme for printing-press money to the extent of $2,400,000,000. I say this emphatically, despite the statements made to the contrary by the previous speakers, that money that has nothing behind it but the faith and credit of the Government that prints it is printing-press or fiat money. It certainly is not what we know as "sound money," which is money made of a commodity or redeemable in a commodity which has a stable value in the markets of the world, like gold or silver. Fiat money is an order of the government or sovereign to consider a piece of paper as money. It is a command to use it as money.

The Patman bill sets up money which is not redeemable in gold or silver, is not backed up by commercial paper, is not backed up by Government bonds of definitely recognized value.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. CELLER. In a moment. It is the simplest thing in the world for the Government to print money. The Government takes a little piece of paper, and, as with a magic wand, says, "Be thou a dollar," or "five," or "ten," or "a

[1] Figures obtained from Veterans' Bureau, compiled to Feb. 29, 1932.
[2] Compiled to Mar. 23, 1932.
[3] From President's message to Congress, Dec. 8, 1931.

hundred dollars." But strangely enough, the people do not accept the command that that piece of paper should be dealt with as a dollar, or as five, or ten, or a hundred dollars. I am reminded of a story told by President Lincoln. He propounded the question, "If I call a lamb's tail a leg, how many legs has the lamb?" Some one answered, "Five legs." Lincoln replied, "No; because calling a tail a leg does not make it a leg." And, Mr. Chairman, calling a bonus dollar a dollar does not make it a dollar. It is only a piece of paper. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. The gentleman says that fiat money is money not redeemable in metal.

Mr. CELLER. The money provided for by the Patman bill is fiat money. Not all money irredeemable in metal is fiat money. For example, our national bank notes are backed up by 2 per cent Panama Canal consols. That is not fiat money, although it is not redeemable in metal. It has, however, the full faith and credit of the United States behind it, as well as the resources of the national bank issuing it, in addition to the bonds of a project which is self-liquidating. That is not fiat money. But the Patman bill offers money with nothing behind it except the faith and credit of the Government. There is no redemption promise in the bill. It would be necessary for us to come here afterwards and pass another bill, as we did with the greenbacks during the Civil War, and make the money redeemable in something of tangible value.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield further?

Mr. CELLER. I refuse to yield. As soon as we would issue this $2,400,000,000 the so-called Gresham law would operate. That is, bad currency forces good money out of circulation. The bonus bills, having nothing behind them, would force all our good money out of circulation.

We have five kinds of currency, aside from coins—

First. Silver certificates, issued to the extent of $491,000,000, against which there is deposited an equivalent amount of silver dollars.

Second. Gold certificates, to the extent of $1,700,000,000, against which there is deposited in the Treasury the full equivalent in gold.

Third. Federal reserve notes, of which there was outstanding on July 1, 1931, $1,956,000,000, and against which there is a 40 per cent gold reserve and eligible commercial paper, as well as definite marketable Government bonds, under the recently passed Glass-Steagall Act.

Fourth. National bank notes, to the extent of $675,000,000, backed up by Panama Canal consols to an equivalent amount, together with resources of the national banks.

Fifth. United States notes (greenbacks), to the extent of $346,000,000, against which there is a basis of $150,000,000 in gold.

All these denominations may be called good, sound money. As soon as the bonus bills make their appearance all of the above currencies will be driven out of circulation. In fact, it is already difficult to get a gold certificate. Look into your pockets at the present moment—you may have some money, although most of us have not—do you find a gold certificate? Of course not. Gold certificates are as scarce as hen's teeth. In New York I have not laid my eyes on a gold certificate for months. The people are hoarding them.

The minute you pass this bill you will drive more gold certificates out of circulation. When you must choose between certificates or bills backed up by gold and certificates, or bills backed up by nothing, the selection is not difficult.

If this bill ever becomes a law, silver and gold certificates would disappear, as would also Federal reserve notes, national bank notes, and United States notes, or greenbacks. Already Gresham's law is operating and driving gold money out of circulation.

Our experience, and the experience of every nation with soft money or printing-press money, has been disastrous. It has been tried several times in the history of China with terrifying results. Likewise in Persia. In the thirteenth century a Persian monarch initiated a scheme of irredeemable paper money. Eventually there was great distress among the people, and the monarch was murdered in a popular uprising. The same idea was rediscovered by the great Scotch financier, Law, at the beginning of the eighteenth century. And he, too, had to flee for his life after the bubble collapsed. Then we had the French "assignats." The country at first was made immeasurably rich; there was great inflation; prices went sky high; and the value of the paper money went down. The printing press kept printing in endless streams the pieces of paper money called "assignats." There seemed to be no end. Speculation became a mania. Then the collapse came. The bubble burst.

Germany soon after the World War started her printing presses going. Trillions of marks were printed. There was no stable basis. What was the result? A wagonload of marks could not buy a wagon.

During our Revolutionary War the Continental Congress could not levy taxes. It therefore sought to finance the Revolutionary War by the printing of money, with nothing behind it. The more issues that were printed the greater became the depreciation in value. The people refused to accept the money on face value. There was great speculation in this money. At one time a thousand continental dollars brought only a dollar.

The various State assemblies inflicted upon the inhabitants severe punishments for their failure to consider continental money as full legal tender. Money penalties and imprisonment, and even loss of heirs, and the penalty of being outlawed as enemies of the country were inflicted. Yet the people would not accept the money. It was at that time that the phrase was coined, "It is not worth a continental." So the bonus dollar, in due course, would "not be worth a continental."

I AM OPPOSED TO DECEIVING THE SOLDIERS

The bonus dollars would steadily go down in value. I want the soldier paid in sound American dollars and not in fiat money. We had another sad experience during the Civil War. As a result of military necessity and due to lack of metal the Government, to finance the Civil War, printed millions of "greenbacks." There was nothing behind them. Soon after they were issued they depreciated in value. They became worth only 38 cents on the dollar. So it will be with the bonus dollar. They will dwindle down to 38 cents or lower.

These "greenbacks" during the Civil War were most distasteful to the inhabitants. Many refused to handle them. Gresham's law was again operating to drive out good money. There was even a lack of small coins, like nickels, pennies, and dimes. People hung on to the coins, hoarded them—so disastrous was the effect of the greenbacks. For purposes of trade and exchange the Government was compelled to issue fractional greenbacks, or postage-stamp money, "shinplasters," in denominations of 5, 10, 25 cents, and so forth. After a long struggle of many years, the greenbacks became redeemable in full. They became interchangeable with all other currencies. Faith was renewed in them. Of these "greenbacks" there was outstanding at the end of the last fiscal year $346,000,000; but there is behind them, as a result of additional legislation, $150,000,000 in gold.

This country will not tolerate a debased currency. Experience should teach us now to shun printing-press money in any form.

Furthermore, such money would involve a snare and a delusion to the veteran. He thinks he is getting good, old American dollars. Instead he gets soft, debased money. I shall not be a party to the deception.

Senator Carl Schurz in the Senate in 1874, speaking against currency inflation by fiat money as a remedy for the distress caused by the panic of 1873, said:

> When looking at the scheme advocated here to relieve distress and to revive prosperity one might almost believe that gentlemen with the most serious faces were carrying on a game of cruel mockery with those who look up to us for guidance and aid. If they ask for bread, * * * I entreat, do not give them a stone. If you do not know how to aid them, at least do not deceive them; do not impose upon their credulity by offering to them as a remedy for their ills * * * the extension of a money system

which, wherever it has been tried, has always turned all social and economic movements into a game of chance and overreaching in which always those lose most who have least to lose.

These words are as cogent and compelling as when first uttered.

I could give paragraph after paragraph of speeches inculcating the same lesson—to shun a debased currency—from the works of Jefferson, Hamilton, Albert Gallatin, John Stuart Mill, and Adam Smith.

THE POOR WILL SUFFER

Wildcat speculation, gambling, and desire to get rich quick are some of the major causes of our present difficulties. The pendulum now swings the other way. Under such circumstances the poor and least able to bear burdens are hardest hit. But certainly fiat or soft money will not rescue the poor or those bent low with burdens, because history has taught us that irredeemable soft or fiat money always reacts most disastrously upon the poor. The rich man can take care of his interests; he can provide for his own welfare, despite the vicissitudes of fluctuation in the values of commodities and money. If the currency is inflated and the value of money declines while the value of commodities increases, the rich man can speculate upon such fall and upon such rise. He commands the situation and can take care not to be its victim; he anticipates these declines or increases because he is possessed of a knowledge of the factors causing these changes, which knowledge is denied the poorer man. The latter, living from hand to mouth, on his daily earnings, is the slave of his necessities; he is unaware of the forces working against him; he can not, like the rich man, speculate on the rise in commodities or the fall in money; he needs every penny he earns for his food, shelter, and clothing.

When the currency declines in value, who is the first and who is the hardest hit? The laboring man. His wages buy less, his purchasing power is reduced; he therefore earns less.

CONFIDENCE CAN NOT BE RESTORED

We are told that confidence is necessary to rescue the people from the depression. But fiat money frightens and intimidates. The merchant, for example, becomes worried at the fluctuations in the value of the currency and will only buy for his trade's immediate needs. His profits dwindle, and he is able to buy less with his money. While the commodities on his shelves may increase in value, this increase is more than offset by the higher price he pays for new goods. Investors become frightened; they invest in countries where there is no fiat money. Foreign investors particularly would withdraw their money from the United States; they would fear confiscation. They are creditors of the United States, and if fiat money is made legal tender for the dollar these foreign investors would fear that the obligations they hold would be paid with the debased currency and they would receive less than they feel they would be entitled to. Gold would leave the country in tremendous quantities. France, for example, has millions and millions of dollars in gold in the vaults of the Federal reserve banks. That money and other French credits would be withdrawn. Other countries would follow suit. It would be difficult for us to remain on the gold standard.

It is difficult to estimate all the havoc the passage of this bill and its enactment into law would create. Certainly no new jobs would be created. There would, on the other hand, be more idleness, and the veterans in the long run would be the losers.

WHY NOT PAY ALL THE PUBLIC DEBT WITH FIAT MONEY?

Why did we recently go through all the turmoil and the travail of passing a tax bill of $1,800,000,000? Why not authorize the Treasury to issue $1,800,000,000 in fiat money, and in that way pay the interest on the public debt and all Government expenses? I am sure that the Members of this House would set up an awful howl if they were paid their salaries with bogus or fiat money. It would be mighty easy for the Government to pay its obligations in this way. In fact, why raise any taxes at all? It is so much easier to print paper money and pay every debt that way. There is no good reason why we should limit ourselves to the payment of the bonus with fiat money, and if the printing presses will not hold out, we can turn pants buttons into pennies and if necessary make wooden dollars.

CONCLUSION

Since the Patman bill would be a snare and a delusion to the veterans, since it would be embarking upon the dangerous scheme of printing-press money, since it would make our economic confusion worse confounded and create more unemployment and distress, since it would drive good money out of circulation, and since it would be a discrimination in favor of the unemployed veteran as against the unemployed nonveteran, I shall vote against it.

I shall, however, vote for the payment of the adjusted-compensation certificates as same shall have been earned to date.

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. WHITE].

Mr. WHITE. Mr. Chairman, probably nothing could more depress me than to say no to the men with whom I marched and dug trenches and with whom I slept in tents, with whom I shared the trials of the field. This is especially difficult, concerning something they sincerely believe is due them, something to which they feel they are entitled; but I feel myself forced to give that answer on this question to-day. The question of issuing money has come before us, and the contention has been presented that we have some money in circulation which is defective. Is it suggested sincerely in this House that this justifies the issue of more defective money?

We have been passing through a terrible depression. We have undergone trials in this House to balance the Budget of the Nation. I want to give you a figure or two, to make clear how unbalanced that Budget was. The deficit of this year is twenty-five times as great as any deficit this Nation ever incurred in a previous peace-time year. It was four times as great as the entire deficit of the Civil War. It was twenty-five times as great as the deficit incurred in 1899, which was the big deficit year in connection with the Spanish-American War. It was more than ten times as great as the deficit incurred by Great Britain in 1923, which, as far as I find in the records, was the greatest deficit ever made by any government in peace times.

Now, we have passed a bill, which dips to the very bottom of the pockets of the people of this Nation. Many businesses will close their doors from its effect. Now we bring in a proposal that for 4 per cent of the people of the Nation we shall incur an additional debt of $1,633,000,000, when we have a debt of approximately $20,000,000,000. That is the additional obligation this payment at this time would entail. If we are going to pay it, for God's sake, pay it like men, with honest money, with a bond issue.

Make it a straightforward deal and not an effort to dodge the issue. There is no alchemy, there is no trick by which you can make something worth something that otherwise is basically valueless. The Government stamp does not make anything worth while unless it carries some goods or some value behind it. You can not make it of real value in any other way.

In other words, if we are to make this payment at this time, it has to come from somebody. It has to come from the people of this Nation, and the people of this Nation are in just as serious condition as are my comrades with whom I went to war and in whose case I am sincerely interested. It has to come from the men who are over 50 years of age. It has to come from those who have just come into their majorities, and those who have not yet become established in life. It has to come from all the people of this country. There is no other way by which it can be done. To pay this levy we must dip into the pockets of the other sufferers, the other unemployed. You can not justify it. [Applause.]

It has just been called to the attention of the committee that the war veterans of the United States are paid nearly as much as all the war veterans of Germany, France, Great Britain, Italy, and Canada combined, despite the fact that

we had in service 4,757,240 men compared with 34,000,000 for these nations. May I call to your attention also that the World War veterans and their families are benefactors to the extent of several hundreds of millions of dollars at the present time, which improves their average situation over that of the nonservice civilian. The World War veteran probably is at the most employable age of life. That gives him an advantage over the youthful who have not yet become established and the aged who have passed the zenith of earning ability.

We are in a great emergency, and every outlay of this Government should be for its necessary operation and the prevention of suffering. On these grounds we can not justify this expense at this time. To attempt to meet it by a monetary subterfuge is an effort to evade the real question by a method economic law will not sustain.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. ANDREW].

Mr. ANDREW of Massachusetts. Mr. Chairman, it is obviously difficult, it is practically impossible, in five minutes, to say anything worth while upon a problem of such scope. It is humiliating, I am sure, to every thoughtful Member of this House that a measure which reaches so profoundly into fundamental economic principles should have to be discussed and perhaps run the risk of passage in this House after four brief hours of scattered debate. It is most unfortunate that it should be brought up on the crowded fag end of a session, when few can give it proper attention, and on the eve of a political campaign, when many Members of the House—and I say it advisedly, because I have talked with many of our colleagues—may feel constrained to vote for the measure, not because of their convictions as to its worth but because of what they fear for their own political future. It is a catastrophe that a proposal of this kind should be brought before the House at a moment when the industrial and economic life of our country are paralyzed by fear and dread and when the little spark of confidence that remains is apt to be extinguished by the dangers involved in the passage of such a bill.

I am sure there is no Member of this House, man or woman, who has not been deeply moved by the sight of these veterans of the World War who have been with us for the past two weeks. They have handled themselves well. They have not disturbed the peace. They have successfully resisted the temptations of un-American agitators. They have commanded our sympathy and respect, because they have shown the qualities of good soldiers and good Americans. There is an added pathos about it all in the fact that these men, and many of their comrades at home, have been woefully misguided by certain Members of this House, misguided in being taught to believe that the Federal Government owes them something and is withholding something from them which is their due; misguided in believing that the Federal Government should extend to them special favors at a time when vast numbers of other Americans are in equal distress; misguided furthermore in being led to think that this measure will bring benefits to the country which they served in the war, and will benefit their own interests.

I say they have been misguided as to what the Government owes them. They have been told and they honestly believe that the Government owes them something which it has not given them. They have not been told often enough what the Government has done for them. As has been said on the floor this morning, during the present fiscal year our Government is expending for the special benefit of the veterans of the World War alone no less than $860,000,000. That is one-third of all the taxes that are being collected from our people for all purposes. It means an average of nearly $200 for each and every one of the 4,000,000 and more veterans who served for a greater or shorter length of time during the World War. And this takes no account of the loans being extended to these veterans upon their certificates.

As for the bonus, I was one of the early advocates of it on this floor. I voted for it over the vetoes of two Presidents of my own party—in 1922 and 1924. I believed that it was an obligation which was fully justified. I still do, and I would gladly vote to-day for the payment of the original sum which the veterans asked for plus accumulated interest from the time they left the service up to the present time or up to the date of payment. I can not, however, see any obligation on the part of the Government to pay also to-day interest for the next 13 years which is not yet due but which is involved in the demand for payment of the "face value."

There is no time left me to discuss the special provisions of this bill, or their economic ramifications, but I am convinced that if it should be enacted into law, this country within 24 hours would pass off the gold standard, and the easy way of raising money by merely printing it, to which this bill points the way, would be resorted to again and again as it was in Germany and as it was in France within the past decade. This would do incalculable harm to every wage earner in the country and to every man who has a salary. It would do incalculable harm to everyone who has insurance, or who has deposits in savings banks. It would do incalculable harm to the veterans themselves, because whatever they have won in the way of promises from the Government for compensation, for disability allowances, or for retirement allowances would be diminished in value and might be completely wiped out. I discussed these possibilities at considerable length before the Ways and Means Committee and can not in the brief time available to-day attempt to repeat what I then said. (See hearings, pp. 459–469; also CONGRESSIONAL RECORD, pp. 9143–9146.)

Mr. Chairman, our country has shown, as it should, generous evidence of its gratitude for the inestimable service which these men rendered in the war, and it will continue to do so. But it can not afford to do that which it is asked to do in this bill, because it would be to the detriment or peril of all our people. The ex-service men, if informed of the truth, would not want us to do so. [Applause.]

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. FREAR]. [Applause.]

Mr. FREAR. Mr. Chairman, I have listened with great interest to my friends on this side of the aisle, men who served in the war, officers who cleverly have been called to oppose this bill, and I have wondered if men who oppose, receiving what they do in compensation from the Federal Government to-day, and some who served during the war receiving officers' pay can fully understand or comprehend the position of the man we sent to France to fight at a dollar a day. I did not serve in the war. I was here in Congress when they were sent over, but when I enlisted at Fort Myer as a youth I received $13 a month and know the difference between $13 a month or $1 a day paid our soldiers in France compared with the man who gets possibly $30 or more a day, depending on his outside income. Fair and honest judgment you must exercise, and I ask that in all sincerity.

I helped prepare the first adjusted compensation bill, and it was carried over a President's veto, returned under advice of the Treasury Department. The bill loaning 50 per cent of the adjusted-service certificates last year was again opposed by the Treasury, and again Congress overruled the President's veto, always urged by the Treasury. Surely, gentlemen are not demagogues or hypocrites, who stand here and plead for these poor fellows throughout the country out of employment. We are just as honest as men who do not comprehend the position these veterans are in who ask for jobs or for the bonus.

I grant we have done more for our soldiers than any other country, as has been stated, but the wealthiest Government in the world has always done that. The chart just presented stated we have paid something over $800,000,000 a year for pensions, and it is right that we should aid the disabled soldier. There is not a man, I submit, who would rise in his place and oppose it. Not one man among us envies the man who fought in the trenches and was disabled. It is said, my friends, that we should not vote for this bill because, forsooth, it will only give relief to a few men. Those of you

who are on the Democratic side of the aisle the other day were ready to give away an equal amount of money, or practically so, under a caucas rule, for what? Public buildings, river, flood control, and things like that, which would employ possibly 200,000 or 300,000 men. The money provided under this bill is going to 4,000,000 men and to their families, men whom you have promised to pay. Their needs are greater to-day than ever before, their families in many cases are in want, and they ask for relief through the dollar a day promised them in addition to the $1 a day paid them during the war. That is a Government pledge Congress has enacted into law. It ought to have been paid long ago. They should not wait 13 years more to get this slight relief. No one should question their present needs or their rights over the average unemployed because evidenced by certificates that contain a Government's promise to pay for war sacrifices.

NO FIAT MONEY IS PROPOSED

It has been charged that to do so Congress must set all the printing presses going to pay fiat money and bankrupt the Government. No one believes this is said seriously, but it is a frivolous argument which may excuse those who need an excuse for their votes. I do not care how you pay them; I do not care if you pay them by bonds, to mature in 1945 or beyond that time. Many plans are offered, and a bond payment should not frighten the average Member. When the war was on I was in the House, and Congress sent these men to fight without any volition on their part. A little company I organized in my home city before the war lost 88 men killed or died in France. Over 13,000 men were disabled or suffered casualties in the Thirty-second Division, composed of Wisconsin and Michigan troops. That is war. We borrowed twenty to thirty billions of dollars to wage that war, did we not? Yes; and we were not balancing the Budget then, and we never balanced the Budget nor were called upon to do so until this year. Permanent improvements and enormous expenditures have been undertaken without Executive protest, but heavy demands for taxation and slashing of wages are now asked to balance the Budget. I repeat we borrowed around $30,000,000,000 to wage war in Europe, and now men here predict bankruptcy if these certificates are to be cashed by a comparatively small bond issue, small compared with $30,000,000,000 or $11,000,000,000 we loaned Europe and have discounted to one-half that amount. We could do that for Europe. How about the veterans that saved Europe and are now forgotten while Europe demands from us complete cancellation of their debts?

BONUS SHOULD HAVE BEEN PAID LONG AGO

I did not expect to inject myself into this discussion. I helped draw the adjusted compensation bill, urged its cash payment then, and have actively supported it since. One speaker said payment of the bonus would only help a few of the unemployed. The public building and river bill that passed the House last week would only employ around 200,000, when the bonus payment would reach 4,000,000. Other speakers said inflation to pay the bonus bill would start the printing presses as in Germany. No one believes that. Those who voted for the Garner bill imperiled their country if so.

But we are told a handful of wet, bedraggled veterans over at Anacostia, begging for the bonus, are threatening Congress. That is not true, but only an excuse for refusing them some compensation. One million veterans back home out of employment and their families are waiting for aid. We sent these men to fight, took them from their jobs, and gave them a dollar a day. The bonus was only another dollar a day, while their friends at home received ten times a soldier's pay.

Veterans are asking for the payment of that promise. Never in all history was the need of these men greater. The wealthiest country in the world, that borrowed from twenty to thirty billion dollars to run the war, that never balanced its Budget then, is now advised by those who have always opposed this bonus that a payment now will bankrupt the Government. Mr. Chairman, I ask my colleagues not to indulge in hypocritical reasoning. Those who here enjoy $30 a day or more should not denounce these wet, ragged, bedraggled men soaked for days in the rain, who only ask for a dollar a day. They ask for bread for themselves and families. They ask it from the wealthiest country in the world, for which they fought. Among those who came back, a million or more are in dire need. They ask for bread, and Congress should not offer them a stone.

Thousands of these veterans are here. I concede some one is to blame. They are rain soaked, poorly dressed, hungry, and without jobs. Not one has asked me to vote for this bill. Many have come here, misguided, but hopeful of getting relief. They are here because they are out of employment and do not know where else to turn for relief. They are men who served your country and mine. Not one of them has a job. Their families dependent on them are back home. Four million veterans in round numbers with their families are entitled to relief. Possibly a dozen or more millions in all, counting families. Many of them are in need because without employment. We can not give them jobs. We all know that. Then, let us do the best we can and give them what Congress has promised would be given, this bonus. Let us cancel the debt. [Applause.]

GIVE THEM THEIR DUE

It is argued that the veteran's certificate is not due until 1945 and should be computed at its present cash value.

The Government has profited by 2 per cent interest annually from all those who borrowed on their certificates since loans were made, and this "bonus" will not pay the real debt owed by our people to veterans if doubled and redoubled in amount. Again it is said that only needy veterans should be paid when the Government is sorely pressed for many relief measures. That would be difficult if not impossible to determine when the present emergency requires immediate relief of distress and want by hundreds of thousands, of veterans and their families.

It is also argued that alleged "veterans" drafted into safety positions two or three months before the close of the war should not be classed with real veterans. As one who served in the Regular Army five years and double that time in my State's National Guard, I appreciate a distinction in service between "veterans," but it is better to err in giving limited bonus aid in all cases than to neglect the needy.

I was active, as stated, when the original adjusted compensation bill was before our committee, and favored immediate cash payment. We accepted a compromise, but many reasons were offered for cash payment then. One all-sufficient reason was that Congress drafted an army of 4,000,000 men to fight in Europe and they had no voice in that decision. The enlisted men then were given around a dollar a day for war service, as stated, with deductions from their small pay for insurance and dependents, while many of their civilian comrades remaining in safe places at home were paid from five to ten times or more the pittance given those we sent to France to fight.

If it was their duty to fight for those who stayed home, it is our duty to make some effort at just compensation now.

Last year, General Hines said to our committee, 300,000 veterans were then asking for jobs. Over the President's veto Congress granted an additional loaning privilege then and saved much suffering. To-day many hundreds of thousands of veterans are needy, out of jobs which Congress first took from them when they were drafted for war. Those who now would treat the jobless veterans as needless burdens are among those who cheered them on their way to France.

IF PATRIOTS THEN, THEY ARE PATRIOTS NOW

I remember how they marched through the Capital City 15 years ago, singing patriotic songs under the lead of song and cheer leaders. Well dressed, well fed, they were a fine military body of men. Brought here now, misguided by advisers, thousands of these veterans are again around the Capital, splendidly behaved, fine boys; but, poorly dressed, hungry, and without jobs. They do not ask for alms, but they sincerely believe a grateful Government should give them and the millions of veterans back home their promised "bonus" for themselves and needy dependents.

Tenfold their service pay would not compensate the average man who fought in the trenches where those 13,000 Wisconsin and Michigan troops of the Thirty-second Division suffered casualties, during which time the French termed them "Les terribles." Those not disabled in war have lost their jobs, and that is next to war. We were proud of these boys then, why not now?

The world is still topsy-turvy. Business is depressed, but this country has more natural resources and wealth than in 1917, and more than any other world power possesses. It is certain to swing back the pendulum to better times.

This session, Congress has furnished $2,000,000,000, if need be, to save railways, banks, and other businesses from bankruptcy, and I voted for the reconstruction bill as a necessary relief measure to save widespread disaster and inspire business confidence. We have voted many other needed relief measures this session and will vote more.

To win the war, as I have stated, we borrowed between twenty and thirty billion dollars. It will not bankrupt the Government to borrow sufficient money to pay the bonus to these men who won the war. Other means of payment are in the bill, but, whether inflation to stop deflation or a bond issue is needed, the bonus should be paid.

Not one man in ten who stayed home in 1917 with a good job would have exchanged places and hazards with their doughboy comrades at $5 a day or double that figure.

PAYMENT NOW WILL HELP PAY DEBTS OF VETERANS AND AID MILLIONS OF OTHERS

Payment of the bonus will help pay debts in every community and put in circulation money in every county, in every State in the country, not restricted to aid of veterans alone, for it will give general relief. It will also pay a Government obligation, and if these men were patriotic enough to fight in foreign trenches and battlefields in a war to end wars, as Congress required them to do, then the wealthiest Government in the world should be patriotic enough to pay them after the task is performed and when they are in need, and no sane man will question that need now.

I have opposed wasting public money by erecting extravagant post offices at every country crossroads or by digging deeper channels for commerceless rivers and creeks or flood-control profiteering, 80 per cent of which sometimes is extravagance and waste, but I can think of no more worthy and needed relief measure involving practically the same proposed expenditure than that which cares for veterans we drafted to fight our battles and who hold from us their Government's promise to pay.

The public will some day again shout for war and again forget those who make the sacrifice. That is human nature, but we should "balance the budget" debt to those who paid the price with hard-earned war service before another war comes. Other needed relief measures are urgent this session, and some have been passed, but I see none more pressing than this effort to cancel the bonus debt and save America's war veterans and their families from want and suffering.

Mr. VINSON of Kentucky. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. BROWNING].

Mr. BROWNING. Mr. Chairman, I have been somewhat disappointed in the contention that has been made here this morning and persisted in that this bill will be a charge on the Treasury of the United States.

The assertion is made that you can not issue money that is worth nothing without being a charge upon somebody. From the foundation of this Government our currency has been based on three things, and if the currency is increased it is always by one of three methods. You either buy silver, you buy gold, or you buy Government securities, and either one is something of intrinsic value. If Government bonds are not worth anything, then the credit of the United States is not worth anything.

I take the position that we have come to the point in our national existence when we must have an expansion of currency. I believe that for this reason: That the dollar is now worth from $1.50 to $1.60, compared with what it was worth in normal times. We know the need of expansion for another reason. My people who made debts on 20-cent cotton can not pay those debts on 4-cent cotton; that my people who made debts on $1.50 corn can not pay those debts on 25-cent corn. I insist the time has come when the currency must be expanded. I do not mean inflated, but where it must be put on a parity with the commodities we have to sell in order to get money.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. BROWNING. Yes.

Mr. STRONG of Kansas. Let me suggest that the dollar should be deflated.

Mr. BROWNING. Well, I think possibly that would be more in keeping with what we are trying to do. Here is our position: We must either expand the currency by the purchase of gold, by the purchase of silver, or by the purchase of Government securities.

These adjusted-service certificates are just as much an obligation on the part of this Government as any bond it ever issued and on which the Government's name was signed. I challenge those gentlemen who have said this is fiat money to get up here and say they are willing to repudiate the bonds—the adjusted-service certificates—the Government has issued. They are national obligations. If we are looking for a Government obligation to exchange for a circulating medium, what kind are we going to look for? Are you going to the banks that now have all the money hoarded and pay them money to put in their vaults for the bonds they hold, or are you going to pick out those securities that are scattered throughout the Nation, in the hands of people in every section of the country, and buy those? In other words, use those as an exchange for a circulating medium. I insist it is absolutely sound that we purchase those that are scattered all over the country and in the hands of those we know will not hoard the money, so that money will get into circulation and in some measure equalize the value of the dollar in comparison with commodities.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. BROWNING. Yes.

Mr. VINSON of Kentucky. Thereby transforming a non-negotiable security into a negotiable security?

Mr. BROWNING. That is all it does. I want to say to those who claim this is a charge against the Treasury that not only is it not a charge against the Treasury but it will mean a saving to the Budget of this country of $112,000,000 a year from now until 1945, because that is what the sinking fund is required to provide to meet these adjusted-service certificates when they become due.

Now, somebody says we are to issue bonds under this. That is true; and the only possible charge this could be against the people is 3½ per cent interest which these bonds will bear if and when they are sold. I hope they will be sold next year, because the dollar must get back to normal before they are sold. I know the people of this country would be glad if we could go back to the 1926 level and pay 3½ per cent interest on $2,000,000,000 in order to get the prices for commodities which we received then, and that is what this bill tends to do.

We passed the Reconstruction Finance Corporation act under which we extended credit to the banks; but it did not do any good except to save the life of a few banks that borrowed this money and paid it to those who hoarded money again. The President knows, and those in high official positions know, that hoarding is still going on, and this is the only effective effort we have made to place money in circulation that can not be hoarded.

Mr. COX. Will the gentleman yield?

Mr. BROWNING. Yes.

Mr. COX. If the pending bill carried a provision providing for the payment of these certificates by the issuance and sale of bonds would the gentleman favor it?

Mr. BROWNING. No. I am not in favor of that. I will say frankly to the gentleman that my position is that I am in favor of the payment of these adjusted-service certificates in advance of the time they mature because I believe that will help expand the currency so that people can trade and buy and sell the things they produce at fair prices. [Applause.]

You talk about balancing the Budget. The Budget has not been balanced and everybody knows it has not been balanced. I do not think it will ever be balanced at the rate we are going, even if you raised the taxes sky high, for the people can not pay them. That is the reason I voted against the tax bill. However, if you will pass this measure you will take $112,000,000 off the Budget and expand the currency so that people can pay taxes, and unless you do that you can not balance the Budget.

Mr. COX. If the general welfare is that which the gentleman is undertaking to serve, why would it not be better served if you would issue this currency and pay all Government expenses, thereby reducing the tax burdens on the people.

Mr. BROWNING. I am not advocating promiscuous issuance of fiat money with no basis. I am as sound as the gentleman from Georgia. I advocate the exchange of Government securities for circulating medium, with an absolute check on inflation. You will reduce the tax burdens by passing this measure, and that is what I have been talking about. I just told the gentleman that if you buy bonds belonging to these banks you only buy bonds from those who already have money hoarded. So what is the use of giving them additional currency if they are going to hoard it? However, if you will pass this measure the money that will go out as the result of it will not be hoarded by big banks, and it will be turned over 10 times in payment of debts. I believe that is the only way you can balance the Budget. My serious judgment is that we must make it possible for somebody to pay taxes.

Mr. COLTON. Will the gentleman yield?

Mr. BROWNING. Yes.

Mr. COLTON. Other countries have expanded their currency, and is it not a fact that commodity prices have not increased in those countries that have tried this experiment?

Mr. BROWNING. In all of them except one, and the gentleman can read in the hearings where the economists cited that one case.

Mr. COLTON. I did not understand the gentleman. It has not increased commodity prices?

Mr. BROWNING. It has increased them in all of these countries except one.

Mr. COLTON. I had understood it had not, except temporarily.

Mr. BROWNING. It has increased them.

The standard of value in the world to-day is the American dollar. It is not the gold dollar of 25.8 grains nine-tenths fine, it is the American dollar such as you handle in your pocket, if you happen to be lucky enough to have one. This is the trade standard of the world to-day, and you know that if you increase the number of them, this automatically increases the price of commodities because it cheapens the dollar, and those who stand here in the name of courage and say they are opposed to this measure because they want to be statesmen are willing to line up with those people who have precipitated this condition, and are willing to help them to carry it out to the fullest extent. [Applause.]

I am telling you, frankly, this condition we are in is not just a mysterious, recurrent cycle of some kind. It is a man-made condition. There is no natural or divine law on which you can call as the cause of this depression. Those interests who have the money of the country to-day hoarded are primarily responsible for the condition from which we are suffering, and that is the condition I want to help to remedy if I can. Naturally, the ones who now hold the money do not want it cheapened. I want to run every dollar of it out of hiding with this bill.

Mr. SIMMONS. Will the gentleman yield?

Mr. BROWNING. Yes.

Mr. SIMMONS. I have listened with much interest to the gentleman's statement, particularly that part that said this measure would not increase the tax burden or the obligation of the Treasury——

Mr. BROWNING. Make it brief, please.

Mr. SIMMONS. How does the gentleman explain the fact that it would increase the load by paying a 1945 debt now and paying 13 years of unaccrued interest?

Mr. BROWNING. Does the gentleman insist we would not have to meet the face value of these obligations in 1945?

Mr. SIMMONS. That is absolutely agreed.

Mr. BROWNING. Do you insist we would have to pay any interest on this currency that would be in circulation?

Mr. SIMMONS. I do not know anything about that. The gentleman was talking about the issuance of bonds.

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Chairman, I am certain that no bill during this session has been more painstakingly considered than this. There is not a Member of this House who has not been touched by the plight of the ex-service men who are out of work. Many of them are here. I have been down to their camps and talked with them. They are here because they do not know where else to turn. They tell me, "Give us a job and we will not ask for the bonus."

Their splendid discipline has won our admiration. Ragged as many of them are we can not forget that any one of them might be resting where the unknown soldier sleeps. They had as good a right to come to present their case to us as the international bankers. We would help them in any way we could which would not injure the country they have served so well.

Weeks before they came, on April 25, I spoke in their behalf before the Ways and Means Committee. I presented a plan which seemed to me to be sound, which would not have placed an additional burden on the Treasury and the taxpayers of the country. My suggestion was as follows:

> At the option of the veteran let him turn in his adjusted-service certificate, less any amount due on loans previously made, ascertain its "present value" at a low rate of interest, say 2 or 3 per cent.
>
> For such present value deliver to the veteran $50 (or possibly $25) coupon bonds, all due in 1945, bearing 2 or 3 per cent interest.
>
> It substitutes one obligation of the Government for another—bonds for adjusted-service certificates, both due in 1945, and both to the same creditor, the veteran. It does not increase the total obligation. If the credit of the Government is not impaired by the fact that adjusted-service certificates due in 1945 are outstanding, the substitution of baby bonds for a like amount, and a like maturity, would not seem capable of impairing confidence in the Government.
>
> It would relieve distress and bring hope in hundreds of thousands of homes. Creditors of the veteran—his grocer, his coal man, his merchant, his mortgage holder, his doctor—would accept the bonds as money, and, I think, in most cases without discount, both because it pays a debt which he is glad to receive and for patriotic reasons also. It would bring Government credit to the grass roots, to every township in America. Because these small bonds would pass from hand to hand, they would tend to produce a moderate degree of inflation or "reflation," which we all agree is imperative if commodity values are to be turned upward—without which buying, production, and employment will continue from hand to mouth. At the same time such inflation would not tend to get out of hand.

I suggested also, in order to prevent these bonds from going below par, that the Secretary of the Treasury be directed to use the sinking fund—already set up for the retirement of the certificates in 1945—in purchasing them at par in the open market.

This plan would not have increased the burden on the Government; it would not have been an inducement to those not in actual need to surrender their certificates; and yet, by giving the holders the present value of the obligation which has run seven years, it would have made available several hundred million dollars of negotiable obligations of the Government for the relief of distress. For the present value of the nonnegotiable obligation—the certificate maturing in 1945—it would have placed in the hands of needy men negotiable obligations maturing at the same time.

The other day the gentleman from North Carolina [Mr. BULWINKLE], who has a distinguished record as major in the One hundred and thirteenth Field Artillery of the American Expeditionary Forces, introduced a bill which carries out

the ideas I expressed before the Ways and Means Committee. I should be glad to support it. But the lines have been tightly drawn. A fair and reasonable adjustment will not be agreed to. It is "all or nothing"—and this despite the fact that the Patman plan has never had a Chinaman's chance of passage. It has been known for days that 55 or more Senators would never agree to it, that the President would veto it if it did pass, and that it could not become law over his veto.

There are those who offer the ex-service men something impossible to deliver and there are those who would agree on a fair adjustment which would give them all that their certificates are now worth, with a reasonable chance that it would become law. As between the two, I must let the veterans judge where their real friends are.

The Patman plan calls for paying now the full 1945 value to every certificate holder. Mr. Speaker, there are 550,000 living veterans of the World War who for one reason or another do not hold adjusted-service certificates. The proportion of unemployed among them is probably as great as among those who hold certificates. If this is a relief measure, it is evident that this bill can not help them.

In addition, there are 826,000 certificate holders who, because they are not in need, are employed, or have independent means of their own, have not borrowed on their certificates. The average 1945 value of their certificates is $1,000 each. This bill would therefore pay out at this time $826,000,000 to men who have not asked for it, who do not need it. Can you defend that payment before the farmers, the idle wage earners, the business men, and the taxpayers of the Nation in these days of distress and destitution everywhere? What would be their reaction to that? Why, gentlemen, we have just laid a billion-dollar tax bill on every gallon of gasoline, on every bank check, on every letter that goes in the mail—a terrific burden on every man and woman in America—and yet you propose to pay out almost an equal sum to the service men who do not need it, who have not asked for it. Is it possible that you can build good will among the American people for the legitimate purposes of veterans' organizations by any such proposition as that?

Contrast that vast sum with what we propose for the relief of destitution everywhere in this land. In the Garner bill $100,000,000 is to be placed in the hands of the President to prevent actual starvation. In the Wagner bill, which is supposed to have the approval of the President, $300,000,000 is to be made available to loan to States and municipalities to relieve distress. And yet the Patman bill proposes to pay to men who do not need it eight times as much in one instance, and nearly three times as much in the other, as we propose to set aside for the poor and needy among 120,000,000 people. I do not think you can defend that proposition back home before 8,000,000 idle wage earners, before millions of farmers whose toil does not earn their taxes, before merchants and manufacturers and railroad men staggering under a load of new taxes. To pay at this time a debt of $2,400,000,000 which does not fall due until 1945 would mean the immediate disbursement of about $1,300,000,000 of unaccrued interest.

I am certain that the service men of our country would not have Uncle Sam go out and visit one home where there is a widowed mother whose husband was not in the Army, where there are undernourished children, and refuse relief to them, and then go to a neighboring home where the man may have worn the uniform but who is in good health and in favorable circumstances, and give $1,000 to him and deny it to that widow and those children.

If the ex-service men alone were out of work, it would be a different story. But, unfortunately, there are millions of others who are out of work, and I can not convince myself that the payment of $2,400,000,000 to less than 4 per cent of the population of this country will not make it more difficult, if not impossible, to take care of the millions of non-service men and their families if this terrible depression continues. Relief on account of disabilities incurred in service is one thing. But relief on account of unemployment places every American on an equal footing. I can not see it any other way. If this depression keeps up, the Federal Treasury will be the last hope of a distressed people. Upon it we must depend if all else fails. If the Nation's credit is further contracted, as there is real danger that this proposal would do, the depression might easily become much worse.

Before we adjourn it seems certain that some plan will be agreed upon to get the idle wheels of industry off dead center. I do not know what that plan will be, nor do I know whether I will approve of all of it. But whatever it is, it will represent the collective judgment of Congress in trying to meet a great emergency that affects every class and section of the country. It will cost money, either spent directly or loaned by the Federal Treasury. If the bonus bill is passed in advance of that, it will, I fear, make the latter impossible of enactment.

A widespread misunderstanding seems to exist with reference to the adjusted certificates. Under the law of 1924 the credit was based on number of days in service, to which was added 25 per cent. In the average case this came to $500. This was treated as a single payment on a 20-year endowment life-insurance policy. In 20 years, at 4 per cent compounded, this bought a $1,000 policy, payable in full to the veteran at that time, or, if he died at any time, in full to his widow. Meantime the Government had 20 years in which to accumulate a fund to meet these certificates or insurance policies in 1945. If in 1925, at a time when the country as a whole was prosperous, it was decided not to pay the $500 in cash, how can we argue that in 1932 we should pay the full $1,000 when the National Treasury has a deficit of $3,000,000,000; when the wages of hundreds of thousands of Government employees, National, State, and municipal, are being slashed to balance the Budget of the Nation, the States, and municipalities of the entire country, and when the most onerous peace-time tax bill in history has been imposed upon a suffering people in order to preserve the credit of this Government?

Mr. Chairman, the gentleman from Texas has gone from one proposition to another. H. R. 1 called for raising the two and one-half billion by a bond issue. This is the proposition that the American Legion at its Detroit convention voted not to ask of the country at this time. He has abandoned that and now proposes to raise the money neither by taxation nor by borrowing, but by issuing Treasury notes. By so doing, he has bid for the support of those who would benefit by cheapening the dollar.

I am utterly opposed to tying up veterans' legislation with financial reform or monetary experimentation. I say this despite the fact that I myself believe that the dollar has become entirely too high and prices too low. It was for this reason that I supported the Goldsborough bill. But I do not think the two propositions should be tied together. I will tell you why. This bill will either cause inflation or further deflation. No one knows. The economists disagree. Disregard, if you wish, the economists employed by the big banks, by the Federal reserve. The fact remains that the leading advocates of the stabilization of the price level state that this is the worst way to go about it. Irving Fisher, for example says, "I am unalterably opposed to the Patman bill in principle." I do not know of any economist of national standing who favors it as a means of restoring the price level. But whether the soldiers' bonus bill will be a cure-all or bring ruin, I do not know. None of us know. I do not think the experts know. They are guessing on probabilities. The results are wholly unpredictable. They are dealing in futures.

If the bill brought benefit to the Nation, well and good. But suppose it did not. Suppose, as many say, it would, in these nervous times, cause a run on gold, a flight from the paper dollar, the hoarding of gold, both at home and abroad, the further contraction of credit, the closing of more banks, what then? Gentlemen, I say to you, as the friends of the ex-service men, that if this should be the unfortunate result, you would give the veterans of the World War a black eye before the American public which they would not recover from for a generation, if ever.

I do not want to subject the long term and legitimate policies of veterans' organizations—the care for the disabled,

the widows and orphans—to that hazard. Those who are willing to put them to that risk have more confidence in the infallibility of their powers of prophecy than I.

That is the way it looks to me. I may be wrong. But looking at it as I do I will not do anything that I conscientiously believe might permanently injure the true ends and long-view objectives of the veterans of this Nation.

It is by no means certain that the issuance of this money would start values upward. The great bulk of the money work of the country—90 per cent of it—is done by bank checks—by "deposit currency." The relationship between checks and cash is like that between dollars and dimes. If—and I do not say that would be the result, because I do not know—but if the issuance of two and one-half billions of currency caused the further shrinkage of bank deposits from hoarding by an equal or even less amount, the whole thing would be neutralized or made much worse.

If, on the other hand, it did cause a rapid inflation, you have other soldiers and their dependents to think of. I refer to the 1,400,000 persons—pensioners of all wars, from the War of 1812 down, soldiers' widows, the disabled veterans, the orphaned children drawing the benefits of war-risk insurance. If the dollar fell rapidly and prices rose, the monthly checks of nearly a million and a half veterans and their dependents would buy less food, less coal, less medical care, fewer clothes than those checks are buying now. In other words, if this bill does what its advocates claim for it, you will take purchasing power from the aged veteran, the widows, and the soldiers' orphans in order to give purchasing power to the able-bodied. It seems to me that this is an additional reason for not tying together monetary reform with veterans' legislation. It is inevitable that such a result would not be helpful in the good relations that should exist among all beneficiaries of veterans' legislation.

It is true that the Owen amendment provides that for the $2,400,000,000 currency issue an equal amount of 20-year 3½ per cent bonds are to be deposited with the Federal Reserve Board to be sold if prices rise beyond the 1926 level. It is evident, however, that if these bonds are sold and remain outstanding only to 1945—13 years—you then have added an interest charge of 13 years times 3½ per cent, or 45.5 per cent, or $1,092,000,000. This added to the $2,400,000,000 would make a total cost to the taxpayer of $3,492,000,000 in 1945.

If the bonds are not retired for 20 years the interest charge alone would be 70 per cent, or $1,680,000,000, or a total of $4,080,000,000. That gives some idea of the possible cost to the Government and its taxpayers from the passage of this bill according to its own terms and conditions. And yet the gentlemen say that the issuance of $2,400,000,000 of paper currency will cost us nothing except the expense of printing it.

I know how so many feel about saving Europe, about pouring in credit at the top, about the financial racketeers who proceeded with their stock split-ups, their market rigging, their blue-sky salesmanship to our inland banks and investors of worthless European and South American securities which went on unchecked and even encouraged in high places for a decade until it burst in ruin all over this country. It is the most shameless chapter of exploitation the world has ever known. It does not have my approval. I did not vote for the moratorium. I said at the time: "Who is going to balance our Budget?" The Reconstruction Finance Corporation has done some good. No one with a billion or two to spend could help doing some good with it. But it has not put men to work. I felt at the time that the same sum could have been spent to better advantage—in financing necessary work, public or private, that would immediately provide jobs or in advancing funds to the thousands of closed banks and building and loan associations so that men could have their own money to use and to spend. But that is over the dam. That much of our credit is gone. We are still in the woods and have not yet put a "chicken in every pot" or "two cars in every garage."

And so, Mr. Chairman, for the reason that I feel that the payment at this time and in the manner proposed by this bill of $2,400,000,000, the great bulk of which will not be due until 1945, would further deplete our resources of credit and confidence, would further arouse our almost frantic taxpayers against any other measures, public or private, to finance jobs for the unemployed millions of this Nation—veterans and nonveterans—I am constrained to vote against this bill.

Lincoln, in his second inaugural, said that we should "bind up the Nation's wounds, and care for him who shall have borne the battle, and for his widow and his orphan." This is my creed. Beyond that I hold that we must treat every American alike.

Mr. TREADWAY. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, I shall try in the brief time allotted me to discuss the three propositions which are set forth as justification for this bill. One, that it is a debt; second, destitution; and third, inflation.

If I should undertake to answer why it is not a debt, and should not be paid now, it would be utterly impossible for me to do it better than by using the speech of the gentleman from Tennessee [Mr. BROWNING], who spoke a moment ago, which appeared in the CONGRESSIONAL RECORD of January 29, page 2969. I quote in part from Mr. BROWNING'S speech:

> In view of these accomplishments I think Congress can justly say that in a large measure it has kept faith with the ex-service men of America. * * * A crisis was the reason for the creation of the class known as ex-service men. In that former crisis we gave instead of demanding. To cripple our Government when sorely pressed would be entirely out of keeping with the wonderful spirit that inspired our action in 1917–18, and I am afraid would tend to destroy some of the splendid reverence heretofore held for our service.

These were the words of Mr. BROWNING on January 29. Compare them with the words he uttered a moment ago.

Mr. BROWNING. Will the gentleman yield?

Mr. McGUGIN. No; I can not yield.

In 1925 Congress tried to meet this situation and agreed upon an average adjusted compensation of $498 per veteran, which forms the basis of an average adjusted-compensation certificate of $1,000. The reason the face of the average certificate is for $1,000 instead of $498 is on account of the accrued interest between 1925 and 1945, on the base amount of $498 in 1925 for the average veteran.

The accrued interest from now until 1945 is not due and is not a debt in any sense of the word. The payment of the bonus debt at this time involves a billion dollars of interest that has not accrued, and the only apparent justification for advance payment of it is that Congress is willing to pay out a billion dollars of the people's money, which is not due, in order to hold a block of votes for the coming election.

Now, as to the question of destitution. Mr. PATMAN said here yesterday that there are a million veterans out of employment. Well, there are 9,000,000 citizens out of employment. Are you going to pay out well over $2,000,000,000 in order to benefit 1,000,000 veterans in distress and leave 8,000,000 other citizens in just as great distress?

On the basis of Mr. PATMAN'S statement of 1,000,000 out of 4,000,000 veterans in distress, are you going to pay three men who are not in need because one is in need? Are you going to use one poor distressed veteran as a smoke screen for the excuse of paying three of us who do not need it?

There are some 60 or 70 of us veterans who are Members of this House. Should the Government pay us 13 years of unaccrued interest on our adjusted-service certificates, which interest is not due, and permit destitution to be the excuse? In my own case I hold a certificate for $1,580. On the basis of $1 a day for home service and $1.25 a day for foreign service, something like $680 was due me. The accrued interest on that amount by 1945 makes my certificate worth $1,580. My certificate of principal and accrued interest to date is not, under any reasonable process of figuring, worth over $850 to $900. I can not under any process of reasoning bring myself to believe that I am now entitled to this $600 of unearned interest. Least of all can I do it in the name of millions of distressed unemployed people in this country.

What I have said here of myself is equally applicable to every other veteran who is employed. Again I call your attention to the fact that, according to the statement of Mr. PATMAN, the father of this bill, there are only 1,000,000 veterans unemployed, which leaves more than 3,000,000 veterans who are employed and therefore not in distress.

If this is to remain a Christian Nation, of course the 1,000,000 veterans must be given an opportunity to live. In my judgment we are not going to spend millions but hundreds of millions of dollars during the next 10 or 15 months to alleviate human distress and suffering. Such a program must not be confined alone to the veterans. Destitution is not alone confined to veterans, and therefore relief for destitution must not be confined to veterans, especially when such a relief program includes paying interest not yet due to three veterans who are not in distress to every one who is in distress. What about the child who was born yesterday to a destitute mother? What about the aged and decrepit who in the closing days of their lives are suffering the pangs of hunger? If we pass this bill in the name of destitution, taking care of 3 who are not in need, thereby caring for 1 who is in need, and pass by 8 others who are in need, then this becomes a cruel bill rather than an act which is humanitarian.

Mr. Chairman, with the burden which is ahead of this Government to aid and assist millions who are in distress, this is no time for the Government of the United States to spend more than $2,000,000,000 of the people's money under the guise of human relief when in truth and in fact three-fourths of this money goes to those who are not in want.

As regards the question of inflation, I can not believe that it is safe for Congress arbitrarily to inflate the money of this country to the extent of $2,000,000,000 for the benefit of a class. If we inflate for the benefit of one class, we must extend the same blessing to any one of a half dozen classes in this country. We must do it for agriculture, which is being foreclosed and sold on the block. It will take a minimum of $9,000,000,000 to relieve agriculture. We must grant the same blessings to the 9,000,000 unemployed people in this country. We must bestow the blessings of inflation to the millions of city home owners whose homes are being foreclosed. All of this means upward of $20,000,000,000. When the inflation is started and the people of this country become obsessed with the idea that the Government can lift the burden from the backs of the people by the magic process of printing money, we may just as well set the limit not at $2,400,000,000, as provided by this bill, but around $20,000,000,000. No one will suggest that the money of this country could be inflated at any such a proportion without bringing financial chaos and human despair such as we have not yet known.

If we can meet Government obligations by the simple process of printing money, why should we have passed the revenue bill and picked the pockets of every citizen of the country down to the child buying chewing gum; the mother buying postage stamps to send a letter to her son, who is stranded among strangers; and penalizing the poor man when he writes a check to pay his grocery bill; and further taxing every bankrupt farmer for every gallon of gasoline he pours into his tractor?

It would have been so much better to have issued a billion dollars' worth of bonds and then issued currency against them if the plan in this bill is sound. If we can meet Government obligations by issuing bonds, then issuing currency against the bonds, then, Mr. Chairman, what a wrong was perpetrated upon the American people by Washington, Lincoln, Roosevelt, and Wilson. They all bled the people for taxes in order to support the Government. It would have been so much easier to have issued bonds, then issued currency against the bonds, except that those patriots knew that that plan, which is the plan set forth in this bill, would be a fraud upon the country.

It has been suggested that there is magic to this plan because the money will be scattered throughout the length and breadth of the land, yet none the less it goes to less than 4 per cent of the people. If the plan of issuing bonds and then the plan of issuing currency against them is sound, would it not have been more equal distribution and greater wisdom to have met our obligations by this plan rather than passing the revenue bill, which collects toll from every man, woman, and child in the United States? Since when is it greater wisdom and wider distribution to pass out money to 4 per cent of the people located in every section of the country than it is to refrain from reaching the hands of the Government into every pocket and taking money which is sorely needed for the maintaining of the family? [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield three minutes to the gentleman from Michigan [Mr. CLANCY].

Mr. CLANCY. Mr. Chairman, yesterday I voted for the resolution allowing debate on the so-called bonus payments because I believe it is the sensible and patriotic thing to do. I believe we should have this discussion to-day in view of the critical condition of the country at the present time. Free, frank debate may clear the surcharged air. But I shall vote against the second paper money Patman bill. I shall vote against the Owen amendment and against any bad or cheap money scheme, any fiat, or printing-press, money or free-silver scheme. I shall vote, if given the opportunity, for a straight, honest, honorable Federal bond issue, which has been the manner by which we have paid many of our debts in the past.

I should be much pleased to vote for the Kleberg beer and bonus taxation bill, which Mr. KLEBERG will propose to-morrow, and I indorse Mr. COCHRAN'S arguments to-day for bonus-beer taxation.

This movement for payment in full of the adjusted-compensation certificates immediately arose in my city.

DETROIT FAVORS PAY NOW

Detroit, and particularly my district in that city, has registered very strongly in favor of the immediate payment in cash of the adjusted-compensation certificates of World War veterans. There have been some individual expressions of Detroiters against immediate payment, but they have been drowned out by the almost unanimous roar of approval from organizations and individuals.

The Common Council of the City of Detroit, which is fully authorized to speak for the city, passed unanimously on February 16, 1932, a resolution calling for immediate payment, and this resolution was specifically addressed to myself and other Michigan Representatives in Congress, and we were requested to give favorable consideration to Patman bill, H. R. 1, which provides for immediate payment in cash of certificates through appropriations, but not through "fiat" money.

In the last Congress Mr. PATMAN'S bill, H. R. 3493, provided only for a straight bond issue.

The common council advocated payment as a—

Measure of relief to the many veterans of the city of Detroit, as well as elsewhere, who are in serious need and whose heroic services during the World War entitle them to the most favorable consideration.

The State senate, after full consideration, on April 12 of this year, passed the Gansser resolution requesting immediate payment.

The vote was almost unanimous—29 to 1—and was also passed as a relief measure—

To provide money for paying taxes and rent, buy clothing and shoes; pay accumulated debts; provide better food and the like, thereby putting several billion dollars into immediate circulation for stimulating business nation-wide.

VETERANS DEMAND PAY

Most veterans' organizations in Michigan have declared for the immediate cash payment.

The Michigan State convention of the American Legion at Pontiac, July 1 to 4, 1931, voted in favor of immediate payment of the certificates.

It is true the American Legion national convention at Detroit last fall did not declare for immediate payment and took an adverse stand, but the Wayne County American Legion of about 52 posts, including all of those in Detroit, since that time has declared for immediate payment.

Other veterans' organizations, such as the Veterans of Foreign Wars, the Disabled Veterans' Organization, and the Veterans' Political Association in Detroit and Wayne County are 100 per cent for the payment of the certificates in full in cash immediately.

Powerful newspapers in Detroit have been advocating the cash payment in full of the certificates immediately.

Many civic, political, and business organizations have passed resolutions along the same lines.

SOME INDIVIDUALS OPPOSE

I do not recall that any organizations in Detroit have passed resolutions against the immediate cash payment of the certificates and do not believe that any have done so, although I have been notified that a few individuals in Detroit are opposed to payment immediately.

Detroit has been hit harder by the world-wide depression and panic than any other American city. It is peculiarly a manufacturing and world-trade city; and with the collapse of trade and industry Detroit, which was formerly the most prosperous city in America, the wealthiest city per capita, the city with the highest standard of wages and the highest standard of living, was stricken as if by all the Biblical plagues of Egypt.

HOW DEMAND AROSE

It seems to be true that there are more veterans in Detroit per capita than in any other city of the country. Many veterans were inclined to roam after the war, and as Detroit paid the highest wages and offered the most attractive living inducements, thousands of veterans who formerly lived in other States and communities came to Detroit.

When thrown out of work for a long period, they finally found that the only asset left to them was their adjusted-compensation certificate.

The Government allowed them certain loans on the certificate at a cruel rate of interest, 6 per cent, compounded; thus if between 1924 and 1931 the veteran borrowed between 20 per cent to 25 per cent of his certificate, he found that the 6 per cent interest compounded ate up the remaining three-fourths of his certificate.

The Government borrowed at low rates of interest and loaned to the veteran at high rates of interest. National Commander Stevens, of the American Legion, recently called this racketeering and profiteering of the worst sort, which it truly was.

INTEREST RACKETEERING

I was the first Member of Congress to protest against this unfair interest rate and took up the question at the American Legion national convention in Boston in 1930 and secured through the Michigan delegation the passage through the convention of a resolution calling for 4 per cent interest. Congress responded by cutting the interest from 6 per cent to 4½ per cent. This meant a saving of hundreds of millions of dollars to borrowing veterans.

In 1931 Congress increased the percentage which a veteran might borrow on his certificate to 50 per cent, but the 4½ per cent interest compounded would still eat up the balance due the veteran on his certificate before 1945.

I believe that these are the prime reasons for the movement among the veterans for cash payment immediately: First, the great distress of over a million veterans, and the fact that they could not pawn or borrow any more on their one remaining asset, namely, the adjusted-compensation certificate, amounting in most cases to several hundred dollars. Second, the veteran found himself caught in the clutches of the money lender by borrowing the 50 per cent, and then found that the 4½ per cent interest compounded ate up by 1945 the remaining 50 per cent, and he demanded cash payment to save his balance.

Now, let me sum up. The majority of the expressions of individuals and organizations in Detroit are strongly in favor of the payment in cash immediately of the certificates. Secondly, many of the veterans are driven by necessity to fight for the cash payment, and nearly all the other veterans who are not in dire need are sympathizing with and standing by their buddies.

CLASHING PATMAN BILLS

But now let me make clear a peculiar situation; that is, a division in the ranks of those who are fighting for cash payment of the certificates immediately.

At the opening of Congress last December Representative WRIGHT PATMAN, of Texas, introduced H. R. 1, providing for the payment of the adjusted-compensation certificates in cash immediately, through appropriations.

For reasons best known to himself, he changed his attitude the next month, and on January 14, 1932, he introduced a revolutionary bill entirely different in principle from H. R. 1, known as H. R. 7726. This latter is known as the flat money bill, or as a bill which turns loose the printing presses of the Treasury Department to turn out a vast sum of money not secured as fully as all United States money issued before by proper gold reserves.

CHANGING MONEY STANDARD

Thus, Mr. PATMAN traded the rights of the veterans to full cash payment immediately of their certificates for an entirely different proposition, something infinitely more vast and complicated; namely, the changing of the money system of the United States.

His bill plainly tampers with the United States dollar and its value at home and abroad. He boldly recommended an inflated money scheme and shifted from one battlefield to another.

So far as I know, Mr. PATMAN did not take into his confidence when he made the revolutionary switch from one bill to another any considerable number of the Members of Congress who had been favoring for a couple of years a straight Federal bond issue or payment through appropriations, such as his H. R. 1 provided.

I OPPOSE FIAT MONEY

Certainly Mr. PATMAN did not consult me. I have always been opposed to unreasonable issues of paper money and I have always been opposed to free silver and such other inflationary money schemes.

I believe they spell disaster to the country and that such radical steps are not justified at this time in particular. I am emphatic in my belief that Detroit, which is particularly a manufacturing and world-trade city, would be immeasurably damaged by such a violent dislocation of United States money standards. I believe it would upset our domestic and foreign trade.

I am informed that when Mr. PATMAN appeared before the House Rules Committee recently to urge consideration of H. R. 7726 and inflationary amendments to it, such as the proposal of former Senator Robert Owen, he boldly stated that now his main purpose was not primarily to secure payment in full in cash immediately of the veterans' certificates, but to back a grander and more ambitious scheme, namely, a change in our money system which he hoped would bring about tremendous reforms in economic conditions throughout the country.

Unfortunately, the hearings before the Rules Committee in which Mr. PATMAN made this alleged statement were not printed, but I am informed by Mr. MICHENER, of Michigan, a member of the Rules Committee, that he made practically this statement.

It can be clearly seen that in the new Patman bill, H. R. 7726, which he substituted for H. R. 1 on January 14 of this year, there are two distinct purposes involved: First, the payment of the certificates in full in cash immediately; and, second, the changing of the standard of value of the American dollar.

One of the objects of the latter, of course, is the same as that of free silver or any fiat-money scheme, namely, to help the debtor class.

VETERANS LOSE BY FIAT MONEY

But the Patman scheme and the Owen scheme are two-edged swords. In the case of the veteran, he is the creditor and the Government is the debtor; and if these fiat-money schemes are aimed to help the debtor, they are aimed to help in this case the United States Government. Therefore, if the Government pays the veteran's $1,000 certificate with

a dollar which is worth 50 cents, 60 cents, or 70 cents, the Government really pays the veteran only $500, $600, or $700.

Mr. LAGUARDIA, of New York, was acute enough to analyze this situation, and yesterday he stated on the floor of the House that the veteran would not be paid the full value of his certificate with an inflated dollar.

It was strange to see Mr. LAGUARDIA and Secretary of the Treasury Ogden Mills, natural antagonists in fiscal matters, in agreement on this point, because Mr. Mills said before the Ways and Means Committee in testifying on the Patman bill that it provided for "a dishonest dollar." If the veteran is paid his certificate through a Federal bond issue, he gets $1,000 for a $1,000 certificate instead of the much lesser amount under the fiat scheme.

THE GOOD BEER BILL

If the veteran is paid through the Kleberg or Cochran bonus and beer for taxation amendment, he also gets $1,000 for a $1,000 certificate.

If the veteran is willing to compromise and take $500 or $600 or $700 for a $1,000 certificate, then I am quite confident a bill could be passed through Congress with the approval of the administration, settling the billions of dollars of claims through the veterans' certificates on the 50 per cent or 60 per cent or 70 per cent basis of the full value.

It would be a good bargain for the Government, because the Government and the taxpayers would save hundreds of millions of dollars and the so-called bonus cause would no longer be a football in national politics.

Of course, the boosters for the Patman bill claim that it is not fiat or printing-press money, such as that which ruined Germany and Russia and other countries which tried fiat money; but, as Mr. CELLER, of New York, pointed out to-day on the floor, the Patman and Owen fiat money is not redeemable in gold or silver, and, as Mr. CELLER stated, the definition of fiat or printing-press money the world over is that which is irredeemable in gold or silver.

LITTLE NELL CHANGES

The plan to have the adjusted-compensation certificates paid in full in cash immediately arose in Detroit. Little Nell was born in Detroit. We knew her as a straightforward girl when she appeared as a straight Federal bond issue, but we do not recognize as the same person the hussy who is now held out to us in the form of fiat or printing-press currency which is to redeem many other classes of people in the United States aside from the veterans.

Little Nell was sold "down the river," and now look how she has changed.

NO FREE SILVER

My city stands unalterably for sound money and the present standard dollar. We were violently opposed to Bryan's free-silver project which came in the middle of the panic of 1893–1898, and Detroit gave a large majority against the scheme in the elections of 1896.

We stand for sound money and we resist in times of panic schemes of other sections of the country to have unsound money or cheap money foisted upon us.

ABOLISHING GOLD STANDARD

Indeed, one of the chief backers in the House of the Patman scheme told me that the country would never be prosperous until it is thrown off the gold standard. In Detroit we think the abolition of the gold standard would bring a panic and a period of terror such as we have not yet witnessed. It would throw us out of the frying pan into the fire.

The gold standard is prescribed by law of Congress passed in 1900. If fair and honorable, you would have to change this law and before Congress could go through the process and change it, every individual who had currency or bonds or contracts payable in gold would seek to retain them in gold before the supply was exhausted. A run would take place and credit would collapse. Why use fiat money to throw the country off the gold standard?

Not only are most of our public bonds payable in gold, but most of our private bonds of American business are payable in gold. Many mortgages are payable in gold as are many contracts. All holders of these would be injured because gold would be more difficult to get.

All depositors, domestic and foreign, of course, would try while the legislation is being discussed in Congress to withdraw their gold deposits for they could exchange them later for several times their present value in dollars when the devaluation took place.

The situation is not now so terrible and hopeless that we should now hazard this dangerous experiment. We should not rock the boat.

All the tremendous reconstruction measures passed by Congress recently should have an effect to decrease unemployment and bring back prosperity.

AN UNJUSTIFIABLE SWITCH

In conclusion, it is most unfair to make the extremities of the veterans a cloak to change drastically our money system.

The sad part of the switch of Mr. PATMAN from H. R. 1 to H. R. 7726 is that the latter stands absolutely no chance of success, since it is a fiat or printing-press money scheme.

H. R. 1, as an appropriation bill, stands a better chance of passage by Congress, but yet it can not become law in the present Congress.

The Senate will probably not pass it. The President declares he will veto it.

The necessary two-thirds majority can not be obtained in the House or Senate to pass any full payment bonus bill now.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. RAGON. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. ESLICK].

Mr. ESLICK. Mr. Chairman, as a member of the Committee on Ways and Means it was my pleasure to support the Patman bill embodying the Owen amendment. The magnificent address of my colleague, Captain BROWNING, of Tennessee, presents my own views and my thought upon the financial end of this question more eloquently than I can present it. I want to talk about another element and feature entering into this debate.

I listened to my leader and chieftain the gentleman from Georgia [Mr. CRISP], with whom I seldom agree. I listened to the distinguished gentleman from New York [Mr. FISH], and he and I did agree in our red chase over the country, and that is about the only agreement we have had. I looked into the face of these two men as they stood here telling of the glories of the soldier. They were willing to pay him, but Shylock's bond was not yet due. They were all ready to pay. The soldier was great, he was good, he was glorious, but the bond was not yet due, and Shylock stood there and said, "Hands off," when it came to payment. May I not say to the gentleman from Georgia and the gentleman from New York that we have had other obligations. This may mean a revision of this contract. Did we not have the French and Italian debt-settlement bond to pay us money with 5 per cent interest, and when it came to a revision of these contracts you gentlemen, shoulder to shoulder, took from the par value of 100 cents and settled with Italy at 24 cents on the dollar, and with France at 46 cents on the dollar. You do not believe in revision now, but you revised to give away billions of the American taxpayers' money, and did you add a postscript to it in revising again? Did you know it would be necessary in 1931 to declare a moratorium and withhold from the Public Treasury $252,000,000 of the people's money? That is not all.

Mr. CRISP. Mr. Chairman, will the gentleman yield?

Mr. ESLICK. Yes.

Mr. CRISP. Does not the gentleman know that that money was loaned during the war to keep their armies in the field, and when they refused to pay we had to make the best settlement we could; that the only way to collect it if we did not do it was to send an army over to collect it?

Mr. ESLICK. That may be true, and these boys were there to protect the flag that your Government might live.

Mr. FISH. Mr. Chairman, will the gentleman yield for a question?

Mr. ESLICK. Oh, I can not give up all of my time. Then there is another thing. When your Government and the States granted charters to railroads and corporations of the country, did you have any provision that when bankruptcy looked over the hills you would rush into the American Congress and form a $2,000,000,000 corporation that you might save them from insolvency? You dipped your hand into the Federal Treasury and you took $500,000,000 from it and you based a credit with the Government, and the Treasury to-day is the sole purchaser of the obligations of the Reconstruction Finance Corporation—$2,000,000,000 to uphold these great corporations. Gentlemen, you were willing to reform these contracts, but when the American soldier comes you were unwilling to reform his contract and pay a hungry and a needy man. Oh, you tell me how good you have been to the soldier. Yes; you worked him at a dollar a day with a $10 civilian beside him, and when you discharged that civilian you gave him a bonus of $240, and the soldier $60—not enough to buy him a new suit of clothes and a clean pair of socks.

This is the history of it. I am told what other countries have done. England gave her men a bonus of $1,427; Belgium, $492; Canada, a private $600 and officers $972; France, $249; and Uncle Sam, the richest government in all the world, gave $60, with an I O U "that I will pay you 27 years after Armistice Day."

But, Mr. Chairman, I want to divert from the sordid. We hear nothing but dollars here. I want to go from the sordid side——

(At this point Mr. ESLICK collapsed and was carried from the Chamber by his colleagues.)

Mr. RAGON. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Chairman, I had intended to make reply to the argument of my devoted friend, the gentleman from Tennessee [Mr. ESLICK], who has just left the floor. Of course, under the circumstances, I shall, as far as possible, make no reference to anything he may have said, and whatever I do say I wish to be understood it is prompted by the arguments of other gentlemen who have participated in this debate. Gentlemen say that the adoption of this bill will impose no burden upon the taxpayers of the country. I am wondering, Mr. Chairman, from whence comes this Crœsus that is to bestow $2,400,000,000 upon the American Government. I have always been taught and have so understood that for every dollar the Government spends that a dollar is collected from the people by taxation. It is not true, Mr. Chairman, that this Government has been niggardly in its treatment of the soldiers. It is not true that this Government to-day owes the ex-service men $2,400,000,000 that it will not pay. This Government never has since its formation defaulted upon a single obligation. It has not defaulted in this particular instance.

The gentleman from Nebraska [Mr. SIMMONS] made reference to the treatment accorded the soldiers by other powers participating in the great World War. By way of illustration, and further by way of supplementing what the gentleman said, let me call attention to what has been done by other powers that participated in the war. The United States mobilized 3,400,000 soldiers. Three hundred and sixty thousand of them were killed or wounded. Of our appropriations there is 26.1 per cent of the Budget that goes to the ex-service man. The appropriation for the present year carries $1,072,000,000 for him.

Great Britain mobilized 6,600,000 men. There were 3,000,000 killed and wounded. The appropriation that she makes for this year for all of her war obligations to her service men and their dependents is $185,457,280, or 5.8 per cent of her national budget.

France mobilized 8,410,000 men. There were killed and wounded 5,500,000, and for this year her appropriation for the care of her soldiers and their dependents is $286,722,000.

Germany mobilized 8,410,000. There were killed and wounded 5,500,000 men. The appropriation for the soldiers and their dependents for the present year is the equivalent of $286,722,000, less than one-fourth the amount appropriated by the United States.

Great Britain, Germany, France, Italy, and Canada mobilized 34,190,360 men, and their total appropriation to meet obligations to their men and dependents arising out of the war is $891,190,360, 10 per cent less than that of the United States for like purpose. In the light of these facts, what becomes of the accusations of mistreatment of her soldiers made against our country?

It is not fair to the soldier and certainly it is not well for the country that he should be so grossly misinformed. He ought to be given the truth, that he might understand the meaning of what he has been led into. He does not want, or should not want, to impose upon his Government. He, in fact, is not responsible for this bill being here. He has simply permitted himself to be deceived and now is being used for somebody else's good. We all sympathize with him, but we must keep our balance in the interest of saving the country and protecting the rest of the people against the abuse carried in his demands that are embodied in this bill. This is a Government of all the people, and all the people, as a rule, love it and want to serve it, but it can not last long if we continue much longer in the direction in which we are going.

Mr. TREADWAY. Mr. Chairman, I yield three minutes to the gentleman from Ohio [Mr. MOUSER].

Mr. MOUSER. Mr. Chairman, I regret exceedingly that I can not conscientiously support this legislation. It is little wonder that the American people who support this Government believe that the American Congress is inconsistent. We have saddled on the backs of the American people a tax measure involving $1,100,000,000, containing the most obnoxious nuisance taxes that have ever been levied in peace times. If we can issue bonds, why is it necessary to further discourage the revival of business that employs labor by increasing the tax burden? Why did we not issue bonds instead of passing the obnoxious tax bill? Oh, they say, "This does not cost anything." If they must sell these bonds in order to make the dollar of the value of 1926, they must pay interest on the bond. Not only that, we are paying interest for a 12-year period until these adjusted certificates come due.

Mr. SCHAFER. Will the gentleman yield?

Mr. MOUSER. I can not yield now.

We tried to balance the Budget one day and unbalance it five days afterwards. It is little wonder that the American people, who are burdened by taxation to-day, say that the American Congress is inconsistent.

Mr. SCHAFER. Will the gentleman yield?

Mr. MOUSER. I can not yield now.

If we are going to help the unemployed, let us help all of the people. Everybody could not go to war in 1917. The men who stayed at home and supported their families were just as patriotic in taking care of those who would have been a public charge had they not supported them.

I regret that I can not support this legislation. I have always voted in the interest of the veterans and their dependents, but it is ill timed now to pick out any body of citizens by class and give them preferment when there are 8,000,000 heads of families in this country who are out of employment and in need. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. RAGON. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. WITHROW. Mr. Chairman, I realize the discussion to-day will change very few votes, because this matter has been argued for several weeks before the Ways and Means Committee and has been discussed very thoroughly among Members.

I am going to afford myself of this opportunity, due to the fact that Mr. JOHNSON, the gentleman from South Dakota,

several days ago, out of order because he was going to be absent for the convention, made the statement that he absolved himself of all responsibility for any injuries, sickness, or suffering caused by reason of the bonus march on the Capitol. The responsibility for any sickness, injury, and so forth, caused by the soldiers having made this pilgrimage to Washington rests upon those Members, the leaders of this Congress, who have deliberately delayed the consideration of this measure notwithstanding the fact they realize a majority of the Members of this House, as was shown yesterday in the vote, are in favor of its passage.

Although I am one of the many new Members of this Congress, in arguing with the older Members who are the leaders here, I have always been told that it is not right and it is not proper—it is not the theory of the House that a minority should obstruct a majority. But, gentlemen, throughout this session of Congress we have beheld the unholy spectacle of these same gentlemen deliberately obstructing this progressive piece of legislation which is in the interest of all the people of the United States; and the gentleman from South Dakota is a member of this minority. Congress itself is responsible for the soldiers coming here, because the veterans realized Congress was stalling and was not giving this measure, which was so vital to them and to the entire country, the proper and fair consideration it deserves. Some of the newspapers have tried to tag the bonus march on Washington as being a communist march; but the soldiers, as they did in 1917 and 1918, when they fought for their country, by their actions now have upset that argument entirely.

There are five reasons why I am particularly anxious to pay the adjusted-compensation certificates in cash now:

First. That morally this obligation is due now; had the Government paid the veteran interest from 1917 and 1918 when the services were rendered, instead of dating that interest as of 1925, and had the Government not deducted from the base compensation the $60 which the soldier was entitled to as compensation for the clothes that the Government took from him when he enlisted, and were the Government to pay the rate of going interest which the veteran has to pay, instead of the amount that an endowment policy from a private insurance company would earn, then the adjusted-compensation certificates would be due now.

Second. If we do not pay them now, those who have borrowed one-half the face value will have nothing to collect in 1945; in fact, they will be owing money to the Government.

Third. Because the payment now, under the Patman-Owen plan for controlled expansion, will tend to bolster up commodity prices which is the first essential of normal prosperity and will provide badly needed direct relief which will be equally distributed.

Fourth. Due to the fact that credits have been contracted we must expand our currency or resort to bartering as our forefathers did.

Fifth. Because the payment will not cost the taxpayers one additional cent.

Gentlemen, here is a direct challenge to your sincerity. Here is an opportunity to pay a just debt to loyalty and sacrifice.

The passage of this bill will not in any way impair the credit of the United States. On the other hand it will do an enormous amount of good, not only to the veteran, but also to the farmer and workingman because of the fact that there will be a resultant rise in commodity prices. [Applause.]

Mr. CRISP. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman, I voted for the discharge of the committee and for the rule providing for the consideration of the bonus, or adjusted compensation bill, believing that those who favor this legislation were entitled to have their day in court and an opportunity to present their cause and get a vote on their bill. However, I can not vote for the measure without doing violence to my conscience and my judgment.

Three million six hundred and seventy-five thousand one hundred veterans received adjusted-compensation certificates, of which 131,355 have been matured by the death of the veterans, which leaves outstanding 3,543,745 certificates held by that number of veterans. The Government has granted loans to 2,567,367 veterans. It is estimated that banks have made advancement on 150,000 additional certificates, making 2,717,367 certificates on which loans have been made. This leaves 826,378 veterans who have borrowed nothing on their certificates, from which we are justified in assuming that they are not in need, or are probably employed, or have other resources, and therefore are not interested in this legislation. The average face value of the adjusted-compensation certificates is approximately $1,000, and so by this bill you propose to pay $826,000,000 to 826,000 veterans who do not need and have not requested such payment.

Assuming that all veterans who have borrowed on their certificates are in distress, this bill proposes the payment of $2,400,000,000 for the relief of 2,717,367 persons, which is less than one-fourth of the number of unemployed men and women in America, or a little more than 2 per cent of our entire population.

According to the last report of the Secretary of the Treasury, the total money in circulation in the United States on June 30, 1931, was $4,821,933,293, or $38.86 per capita. The Patman bill calls for the payment of one-half of the total money in circulation in the United States to less than 3 per cent of our population. Under the Patman bill $19, or one-half of the present per capita circulation, would be required to redeem these certificates at the present time.

But it is proposed to start the presses and print $2,400,000,000 of new money to redeem these certificates, and to authorize the issue of a like amount of Government bonds when this flood of new paper money inevitably results in an abnormal and dangerous inflation. I am convinced that this plan would debase our currency, discredit our financial system, and cut in two, or reduce one-half, the value of the dollars the veterans would receive in exchange for their certificates.

I would like to give the veterans what they want. No one has more appreciation of their courage, patriotism, and sacrifices made for their country and civilization. They are entitled to the eternal gratitude of the American people. I will go as far as any red-blooded American in providing for the hospitalization, compensation, and relief of every veteran who is disabled. While these certificates are not due until 1945, I had intended to vote for their cash payment so as to aid the veterans in this emergency, and for all time to dispose of the bonus problem. But economic conditions are much worse than even the most pessimistic supposed, and are constantly getting worse. If the financial condition of the country would permit, I would gladly vote to redeem these certificates, because they are legal obligations of the Government, and I for one think the sooner the Government wipes the slate and gets rid of this exceedingly vexatious and explosive question the better it will be for all parties concerned. For these reasons I favor payment of the bonus; but not now, because the desperate condition of the country argues eloquently for delay until the frightful pall of depression is lifted.

Moreover, there is absolutely no chance for this bill to become a law at this session. I concede that it will pass the House, but no well-informed person in Washington believes that it will pass the Senate, but if it should, it will undoubtedly be vetoed by President Hoover, who has issued a public statement that if Congress passes this bill he will veto it. So you are having all of your work for nothing. I think the Members who are pushing this bill know the President will never approve it and that it can not be passed over the presitial veto. So why not be frank with the veterans and tell them that there is no chance for this bill to become a law at this session, because if it should pass both Houses the President will veto it when it reaches the White House. Why keep the veterans in suspense and in a state of expectancy when you

know there is no chance for this bill to become a law at this session?

I have no quarrel with my colleagues who are supporting this measure. I concede to them the same patriotism, the same devotion to country, the same desire to do the right thing which I demand they accord to me.

My sympathies from childhood have always been with the unfortunate and the distressed. My sympathies have always been and always will be with the veterans who followed our flag, bore the burden in the heat of the day, and who made a sacrifice it would be difficult to overappraise. But under present conditions in the United States I do not believe that this measure should be enacted at this time. This bill involves the payment of $2,400,000,000 to less than 3 per cent of our population.

We are in the midst of an unprecedented depression. Practically every vocational group is on the verge of disaster. Our mills and factories are closed because there is no market for their products. Eight or ten million men and women are idle, walking the streets, seeking employment, and begging for bread. Stagnation clogs every avenue of business. The buying power of 75,000,000 people has either been destroyed or substantially reduced.

Agriculture has been broken on the rock of insolvency, and the American farmers are rapidly being reduced to penury and drifting toward a condition of peasantry. Thousands of banks have either closed their doors or are unable to perform their usual functions or extend credit to their customers. The Treasury of the United States is practically bankrupt notwithstanding its receipts amount to approximately $4,000,000,000 annually. Under the Hoover administration taxes have been tremendously increased, although the present tax load is excessive and unbearable.

Our National Budget was $900,000,000 out of balance June 30, 1931, but Hoover and Mellon were as still as a mouse about it, and not one person in 10,000 ever heard about the $900,000,000 deficit which the administration paid by issuing bonds. The deficit for the fiscal year ending June 30, 1932, will be approximately $3,000,000,000, and to balance the books and defray its ordinary expenses for the last 12 months, the Government has been compelled to borrow approximately $3,000,000,000 in addition to our enormous national income. Do the American people realize that for the last nine months of the Hoover administration the Treasury Department has been borrowing on an average $300,000,000 monthly? When the Government is running $10,000,000 in debt every day it seems to me that we should hesitate a long time before assuming the immediate payment of an additional $2,400,000,000 on account of these certificates.

No matter what your views may be as to the propriety of having originally issued these adjusted-compensation certificates, we can not escape the fact that they were issued and are a legal obligation of the Government, though, by their terms, not payable until 1945. Now, if conditions were normal, if we were not in the midst of an unprecedented depression with no prospect of an early improvement in economic conditions, if the agricultural, industrial, and other vocational groups were enjoying even a moderate degree of prosperity, if our national income had not shrunk tremendously, if the revenues of the Government would furnish funds to meet this obligation, if the economic forces of the Nation were not paralyzed, if the people were able to pay additional taxes, if a safe and sane method of meeting and discharging this obligation were presented, one which would not involve us in more troublesome economic complications, then I would vote to redeem these adjusted-service certificates with cash, not only to help the veterans but on the theory that these certificates will have to be paid some time, and the sooner we pay and get them behind us, the better it will be for the Government and all parties concerned.

However, under present conditions I am convinced that the enactment of the pending bill and the immediate payment of the bonus will strain to the breaking point our financial and economic structures. To my way of thinking the issue of paper money and Government bonds to the amount of $2,400,000,000 to liquidate these bonus certificates will seriously threaten the integrity, efficiency, and usefulness of our financial system, unsettle business, strain, or perhaps wreck our security market, breed distrust, intensify existing timidity and fear, discredit and debase our currency, and drive our capital into hiding to such an extent as to paralyze productive industry and halt, or indefinitely delay, the return of normal conditions.

I am convinced that conditions will continue to get worse unless and until the buying power of the common people is restored, which can only be done by a stabilization of the market price of commodities on a higher level, especially farm products, that will not only return the cost of production but a reasonable profit over and above such production costs. The pending bill will not produce a natural, normal, or helpful expansion of our circulating medium, but a quick, mushroom, high-pressure inflation, the after effects of which will, in my opinion, be injurious to the country.

I am opposed to an inflation of our currency, but I favor a gradual and controlled expansion, which is a delicate undertaking and should not be attempted by rash or indirect methods, or under the guise of liquidating the obligations of the Federal Government to the World War veterans.

The gentleman from Tennessee [Mr. BROWNING], whose ability and accomplishments as a legislator I admire and respect, stated that the payment of the soldier bonus was only an incidental purpose of this legislation and that its main objective is the $2,400,000,000 expansion of our currency. If such expansion is necessary or desirable, why resort to this circuituous method? Why not present a bill, the avowed purpose of which is to bring about this expansion? A healthy, helpful, and permanent expansion of the currency and a consequent increase in commodity prices can not be brought about by the hocus-pocus, willy-nilly process proposed in the pending bill.

Moreover, I think this bill, if enacted, will hurt more than help the World War veterans as a class. It is unfortunate that this legislation is presented at a time when financial and economic conditions make it practically impossible to grant the veterans the desired relief. This legislation runs counter to public opinion. It is inopportune. If enacted, it will generate a spirit of hostility which I fear will be reflected in legislation making a drastic reduction of benefits to disabled veterans. There is a nation-wide sentiment in favor of dealing generously with all veterans, and with double generosity with those who are disabled. But there is a limit to the tax load which the American people can carry, especially in times like these.

If you should secure the enactment of this law, the reaction and aftereffects will not be beneficial to the veterans. Its enactment will augment the rapidly growing opposition to our present liberal policy toward our war veterans and their dependents. I hope this will not be the result, because this Nation can not afford to be parsimonious in dealing with those who were disabled in the service. But if the demands of those who hold the adjusted-service certificates are unreasonable and excessive, there will be a revulsion of public opinion, which might force a too-radical and drastic reduction of compensation benefits. If the credit of the Government is strained to the breaking point to redeem the adjusted-compensation certificates, the Government may be compelled to reduce hospitalization, compensation, and disability benefits, which would work a hardship on the disabled veterans and their dependents. I am sure the nondisabled veterans who hold adjusted-service certificates will not insist on the immediate cash redemption of their certificates if such action would directly or indirectly cause a reduction in the hospitalization and compensation benefits of their comrades who are disabled. While not so intended by the holders of the adjusted-service certificates, I am convinced that the immediate payment of these certificates will work an injury to their disabled comrades.

If I can read the signs of the times, I make bold to say that, in my humble opinion, the holders of these adjusted-service certificates are crowding the American people a little too hard and too far, and are thereby injuring their own

cause and making it more difficult for them to obtain adequate hospitalization, compensation, and disability benefits in the future. The full force of this reaction will fall on the disabled veterans and their dependents who are now the beneficiaries of the Nation's gratitude and generosity.

I have been a champion of just, liberal allowances to our veterans. I am their friend, and a true friend will unflinchingly stand by you when you are right and will tell you frankly when you are wrong, or about to adopt a policy which will be harmful to you in the future. I am trying to look around the corner and see the effects that will follow the enactment of this legislation. I am convinced that within a year the vast majority of World War veterans will realize that the demand for the immediate payment of the bonus at this time of nation-wide economic distress is a mistaken and short-sighted policy, which will not only cripple the Government but in the long run seriously injure the cause of the veterans.

The United States Government is paying the penalty for having muddled the bonus question, not once but often. In 1920, before I entered Congress, a settlement could have been made for $1,250,000,000. We have already paid $1,514,305,052 and still owe $2,400,000,000. What we have paid and what we still owe amounts to $3,914,305,052, which is $2,664,305,052 more than the bonus demands could have been settled for in 1920. The chance to make another good settlement was lost when Harding vetoed the bonus bill. The bonus issue again became acute in 1924, at which time the Ways and Means Committee estimated that the veterans' demands could be settled for $2,000,000,000. But Congress again refused to make a cash settlement and forced the veterans to accept certificates maturing in 1945.

On these certificates we have already paid $1,514,305,052, and still owe $2,400,000,000. So the adjusted compensation act will cost the American people $3,914,305,052, or nearly $2,000,000,000 more than the bonus claims could have been settled for in 1924, when the Republican organization in Congress, with whip and spur, forced the adjusted compensation law through Congress, in disregard of the wishes of the veterans, who asked for cash and not an insurance certificate payable in 20 years. If the Democratic plans had been adopted in 1920 or 1924 the Nation would have saved $2,000,000,000 and the bonus question would now be ancient history and out of our way.

When the bonus question was pending in Congress in 1923–24, I contended that if the United States Government owed the veterans anything it should make payment in cash, just as it made settlement with its other creditors. But by a policy of evasion and delay, the Government was maneuvered into a position where it admitted an indebtedness and issued its promise to pay approximately $4,000,000,000 in 1945, which was double the amount of cash the veterans would have accepted in 1924.

In 1920 the prosperity incident to the World War still continued; business was flourishing and billions of dollars flowed into the National Treasury. The Government at that time could easily have paid $1,250,000,000 and the bonus question would have been settled for all time. In 1924, when the World War Adjusted Compensation act was passed, the country was very prosperous, and the Government was collecting billions of dollars in revenue. At that time the bonus demands could have been settled for $2,000,000,000, which amount could have been paid without the people feeling the tax, and without causing even so much as a ripple on our financial seas. By making the kind of settlement that was made in 1924 the Government became obligated for $2,000,000,000 more than the veterans at that time demanded in settlement of their bonus claims.

Now, I repeat, the Government is stewing in its own grease because it did not frankly and fairly deal with the veterans when their claim for adjusted compensation was presented in 1920 and 1924. The Government could have settled with the veterans at that time for a small fraction of what we will ultimately pay to liquidate these adjusted-service certificates.

By a lack of courage and vision, and as a result of unnecessary and unwise delays, the Government maneuvered itself into a position that will compel it to pay $2,000,000,000 more than would have been required to settle these bonus claims in 1920 or 1924. Because these successive postponements and half-baked settlements have been so costly to the Government, I favor the liquidation of these certificates just as soon as an improvement in economic conditions will supply the necessary funds. The Government has confessed this debt and issued its obligations therefor. Every partial settlement, every equivocal adjustment but adds to the ultimate liabilities of the United States. But for the reasons that I have mentioned I am convinced that the passage of this bill at this time would be extremely unwise. I shall therefore vote "no" when the bill is put on its final passage, confident that my action will sooner or later be approved, not only by the great majority of the American people but by a large majority of veterans who, on sober second thought, will persuade themselves that the enactment of this legislation at this time would be a mistake.

Mr. CRISP. Mr. Chairman, will the gentleman yield a moment?

Mr. LOZIER. I yield.

Mr. CRISP. Mr. Chairman, I move that the committee now rise for the purpose of standing in recess.

The motion was agreed to.

Accordingly the committee rose; and the Speaker pro tempore [Mr. RAINEY] having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates and had come to no resolution thereon.

Mr. CRISP. Mr. Speaker, I ask unanimous consent that when the House meets to-morrow the pending bill be the unfinished business to be considered to-morrow as of to-day; that consideration of bills on the Private Calendar, in order to-morrow, be dispensed with and that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow.

The SPEAKER pro tempore. The gentleman from Georgia asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow morning; that consideration of bills on the Private Calendar, in order to-morrow, be dispensed with; and that the bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates be in order to-morrow as the unfinished business. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. NOLAN, for one week, on account of business.

SENATE ENROLLED BILLS SIGNED

The SPEAKER pro tempore announced his signature to enrolled bills of the Senate of the following titles:

S. 1768. An act to provide for the opening and closing of roads within the boundaries of the District of Columbia workhouse property at Occoquan, Fairfax County, Va.;

S. 3929. An act to authorize the Commissioners of the District of Columbia to close certain alleys and to set aside land owned by the District of Columbia for alley purposes;

S. 4396. An act to provide for readjustment of street lines and the transfer of land for school, park, and highway purposes, in the northeast section of the District of Columbia, and for other purposes;

S. 4106. An act to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes;

S. 4689. An act to authorize the closing of certain streets in the District of Columbia rendered useless or unnecessary, and for other purposes; and

S. 4736. An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States Navy Yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes.

RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 429. Joint resolution to amend 625 (a) of the revenue act of 1932.

APPOINTMENT OF SPEAKER PRO TEMPORE

H. Res. 264. Resolution electing HENRY T. RAINEY, Speaker pro tempore during the absence of the Speaker.

RECESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the House stand in recess for 10 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Accordingly (at 1 o'clock and 25 minutes p. m.) the House stood in recess until 1 o'clock and 35 minutes p. m.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore at 1.35 o'clock p. m.

THE LATE REPRESENTATIVE EDWARD E. ESLICK

Mr. DAVIS. Mr. Speaker, I make the sad announcement that our distinguished and beloved colleague, Representative EDWARD E. ESLICK, of Tennessee, has passed away. He died at his post of duty while addressing the House in favor of the pending bill providing for the payment of adjusted-service certificates.

I have in my hand a portion of the speech which he had prepared as a conclusion, and I ask unanimous consent that his remarks may be extended in the RECORD by inserting the remainder of his speech.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The matter referred to follows:

Mr. ESLICK. The 4,300,000 World War veterans were the flower of our manhood. They were our fighting men, picked from 24,000,000 within the draft age. They turned their faces to the east to fight upon the fields where the master warriors—Napoleon and Wellington—had battled more than a hundred years ago. They went from the fields of peace to the shambles of the bloody battlefields of modern war.

They went to battle that free government might live, that world civilization might continue, and human happiness exist. The destiny of mankind was intrusted to them, and they did not betray that trust. They carried with them a courage that proclaimed new military tactics to the Old World—that the American soldier knew how to advance, but never knew the code of retreat.

When they started over there, our people blessed them and promised them a home and the best when they returned—their places would be waiting for them. Some of them did not return. They are sleeping "over there." Many of them came back. Washington, the Capital City, greeted them, the great and victorious American Army, as they marched down Pennsylvania Avenue. Immortal Woodrow Wilson reviewed them.

Soon the tumult and the shouting died away and their places were not given back to them. Their jobs were gone. They must take up the broken thread of life again. They started anew on life's unfinished road. They have passed 13 mileposts since Armistice Day.

And there was another parade on Pennsylvania Avenue. There was no President, no Commander in Chief, to review the ragged remnants of Pershing's own. As the shadows of the night fell, the shadows of the greatest American Army came; as one writer says, "the ghosts of war-time glory," paraded again. These men were among the victors in the battles of war—but defeated in the battles of civil life. They were the representation of a million of their buddies in the great army of the wholly unemployed—hungry, down and out—and another half million of their buddies employed from one to three days a week. These men come to the American Congress and say, "You paid everybody else in cash—we ask no chairty. Be fair! Be fair to us!"

You say this is sentiment. I answer, yes; and ours is a patriotic, a sentimental people. Patriotism is born of sentiment. The monuments to the heroic dead proclaim the sentiment of our people. Bread for the living when hungry is a greater sentiment than stones for the dead. The payment of the veterans' certificates, which means bread to them and their families, is worth more than all the pomp and glory and flowers by the Tomb of the Unknown Soldier.

For one I shall vote that the veterans may have whatever comfort the payment of the balance of their certificates will bring to them.

Mr. BYRNS. Mr. Speaker, it is with the deepest sorrow that I announce the sudden passing of my colleague, the Hon. EDWARD E. ESLICK, of Tennessee. His death, occurring upon the floor of the House in the midst of a speech, came as a distinct shock to every Member of the House.

He was beloved and esteemed by every Member of the House, just as he was beloved and esteemed by every citizen in his State. No man was better known in Tennessee than ED ESLICK. No man was better loved in that State for his many splendid qualities of both mind and heart. For many years he has been prominent in the councils of the State, and when he came here as a Member in this House he quickly won a warm place in the hearts and in the affections of all his colleagues.

He was one of the most lovable characters I have ever known. I loved him devotedly, and this is true of every member of his delegation. He was quiet and reserved, but always sympathetic. He was a close student and a lover of the best in literature, and was one of the best-informed men I knew on every public question. He was an able and faithful representative of his people, and there is not one of them who will not feel a personal loss in his death.

On behalf of the entire House, I wish to extend the sincerest sympathy to Mrs. Eslick, his devoted and understanding wife, who was not only a comfort to him but a great help in his every undertaking.

He died as I know he would have preferred to die—here upon the floor of the House, the scene of his labors for a number of years and in the active discharge of his duties.

The Congress, the Nation, his State, and his congressional district have suffered a great loss in his passing.

Mr. Speaker, I need say no more, and I offer the resolution which I send to the Clerk's desk.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 265

Resolved, That the House has heard with profound sorrow of the death of Hon. EDWARD E. ESLICK, a Representative from the State of Tennessee.

Resolved, That a committee of 18 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

The SPEAKER pro tempore. The Chair will appoint the funeral committee to-morrow. The Clerk will report the balance of the resolution.

The Clerk read as follows:

Resolved, That, as a further mark of respect, this House do now adjourn.

The resolution was agreed to.

ADJOURNMENT

Accordingly (at 1 o'clock and 42 minutes p. m.) the House, in accordance with its previous order, adjourned until to-morrow, Wednesday, June 15, 1932, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

611. A letter from the Secretary of the Navy, transmitting a list of useless executive papers in the Navy Department that are no longer needed in connection with the transaction of public business and have no permanent value, and

requesting authority for the disposition thereof; to the Committee on Disposition of Useless Executive Papers.

612. A letter from the Secretary of War, transmitting a report dated June 13, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of, and review of report on, harbors at Block Island, R. I.; to the Committee on Rivers and Harbors.

613. A letter from the Secretary of War, transmitting a report dated June 11, 1932, from the Chief of Engineers, United States Army, on preliminary examination of East Branch of Shrewsbury River, N. J., from Highlands to Long Branch, and of East Branch of Shrewsbury River, N. J.; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. STEVENSON: Committee on Printing. Senate Concurrent Resolution 29. A concurrent resolution authorizing the printing and distribution of copies of the Federal laws relating to the veterans of the various wars; with amendment (Rept. No. 1620). Referred to the House Calendar.

Mr. FULBRIGHT: Committee on Flood Control. H. R. 11551. A bill to amend section 3 of an act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes," as amended; without amendment (Rept. No. 1622). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUTLER: Committee on the Public Lands. S. 763. An act to extend the provisions of the forest exchange act to lands adjacent to the national forests in the State of Oregon; without amendment (Rept. No. 1623). Referred to the Committee of the Whole House on the state of the Union.

Mr. NORTON: Committee on Agriculture. H. R. 12617. A bill to amend the Federal Farm Board act, approved June 15, 1929; without amendment (Rept. No. 1625). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CRUMP: Committee on Military Affairs. H. R. 6828. A bill for the relief of Caroline H. Adams; with amendment (Rept. No. 1621). Referred to the Committee of the Whole House.

Mr. McSWAIN: Committee on Military Affairs. S. 3602. An act authorizing the termination of a certain contract for the sale and purchase of the St. Johns Bluff Military Reservation, in Florida, and for other purposes; with amendment (Rept. No. 1624). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mrs. NORTON: A bill (H. R. 12627) authorizing the sale of certain lands no longer required for public purposes in the District of Columbia; to the Committee on Public Buildings and Grounds.

By Mr. McSWAIN: Resolution (H. Res. 266) directing the Clerk of the House to have blank forms of appointment prepared for the use of Members of the House; to the Committee on Accounts.

By Mr. TIERNEY: Joint resolution (H. J. Res. 432) directing the President of the United States of America to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

By Mr. KELLER: Joint resolution (H. J. Res. 433) to remove age limit as a qualification for employment; to the Committee on the Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COOPER of Ohio: A bill (H. R. 12628) for the relief of Howard E. Fairley; to the Committee on Military Affairs.

By Mr. FOSS: A bill (H. R. 12629) granting a pension to Catherine T. McNamara; to the Committee on Pensions.

By Mr. GIBSON: A bill (H. R. 12630) granting an increase of pension to Jane L. Morris; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12631) granting an increase of pension to Mary A. Glynn; to the Committee on Invalid Pensions.

By Mr. GILLEN: A bill (H. R. 12632) granting a pension to Roy Head; to the Committee on Pensions.

By Mr. KELLY of Pennsylvania: A bill (H. R. 12633) granting an increase of pension to Mira E. Hoffman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12634) granting a pension to Edward Bower; to the Committee on Invalid Pensions.

By Mr. KURTZ: A bill (H. R. 12635) granting an increase of pension to Annie E. Gamble; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12636) granting a pension to Emma Lathero; to the Committee on Invalid Pensions.

By Mr. MANLOVE: A bill (H. R. 12637) granting an increase of pension to Alice B. Davis; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 12638), for the relief of Frederick Dickens; to the Committee on Claims.

By Mr. PRALL: A bill (H. R. 12639) to correct the military record of John Stockle; to the Committee on Military Affairs.

Also, a bill (H. R. 12640) to correct the military record of Joel Bates; to the Committee on Military Affairs.

By Mr. SWING: A bill (H. R. 12641) granting a pension to Amelia Richie; to the Committee on Pensions.

By Mr. TURPIN: A bill (H. R. 12642) for the relief of Harry M. Delahoy, alias John Brown; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8286. By Mr. ANDREWS of New York: Petition of 100 residents of the fortieth district of New York, favoring an investigation by a committee to be appointed of all veterans' compensation and pension laws; to the Committee on Economy.

8287. Also, copy of resolution adopted by the Niagara County (N. Y.) Board of Supervisors, favoring the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8288. By Mr. AYRES: Petition of residents and farmers in and near Douglass, Kans., favoring the repeal of the farm marketing act and abolishing of the Federal Farm Board; to the Committee on Agriculture.

8289. By Mr. KVALE: Petition of Northwestern Retail Coal Dealers Association, Minneapolis, Minn., urging that a committee be immediately appointed by Congress carefully to investigate the workings of all phases of our antitrust laws, and to propose such legislation as will permit cooperative agreements between sellers to such extent as may be necessary; to the Committee on the Judiciary.

8290. Also, petition of Northwest Retail Coal Dealers Association, Minneapolis, Minn., protesting against the passage of the Shipstead-Mansfield bill; to the Committee on Rivers and Harbors.

8291. Also, petition of Northwestern Retail Coal Dealers Association, Minneapolis, Minn., protesting against enactment of Senate bill 2935; to the Committee on Interstate and Foreign Commerce.

8292. Also, petition of Northwestern Retail Coal Dealers Association, in convention at Minneapolis, urging relief from a tax burden which is already in many cases confiscatory,

and favoring a footage tax on all natural gas transported and used, both in State and interstate commerce; to the Committee on Ways and Means.

8293. By Mr. MAAS: Petition of the Mendota Chapter, Daughters of the American Revolution, St. Paul, Minn., opposing any proposal to reduce the personnel of the Army and Navy, or that may operate to handicap the administration of the national defense act as now constituted; to the Committee on Appropriations.

8294. By Mr. RUDD: Petition of W. L. T. H. Broadcasting Co., Brooklyn, N. Y., favoring the passage of the Sirovich copyright bill, H. R. 10976, and the Chindblom amendment; to the Committee on Patents.

8295. By Mr. ESTEP: Memorial of Pittsburgh Hotel Men's Association, of Pittsburgh, Pa., protesting against the proposed cafeteria in the new Federal building at Pittsburgh, Pa.; to the Committee on Labor.

8296. By Mr. STEWART: Resolution of the Senate and House of Assembly of the State of New Jersey, requesting the appropriation of sufficient funds to carry out the provisions of the national defense act of 1920 and its accompanying legislation; to the Committee on Appropriations.

8297. By Mr. TEMPLE: Petition of Gayle Booker, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8298. Also, petition of Joseph Cicero, 1204 Jefferson Avenue, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8299. Also, petition of Ed Crumrine, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8300. Also, petition of Robert Douglas, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8301. Also, petition of R. P. Evans, chief clerk George Washington Hotel, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8302. Also, petition of Roland Fleming, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8303. Also, petition of M. P. Hagen, 221 North Main Street, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8304. Also, petition of Mrs. N. C. Haines, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8305. Also, petition of J. W. Johnson, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8306. Also, petition of B. C. Ketterman, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8307. Also, petition of Pauline Lindsay, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8308. Also, petition of Minnie E. Mitchell, 153 North Franklin Street, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8309. Also, petition of Miss A. Porter, 98 West Beau Street, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8310. Also, petition of Flora Porter, 98 West Beau Street, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8311. Also, petition of Kathryn McGahan, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8312. Also, petition of Huetta Montgomery, 555 West Chestnut Street, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8313. Also, petition of Meril Noble, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8314. Also, petition of Helen Novak, 174 South Main Street, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8315. Also, petition of Charles Reed, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8316. Also, petition of Ethel Riddle, 150 West Spruce Street, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8317. Also, petition of Steve Shamitko, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8318. Also, petition of Mrs. Harry Robertson, 255 Jefferson Avenue, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8319. Also, petition of J. R. Smithson, room clerk, George Washington Hotel, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8320. Also, petition of Walter Swesky, 75 Woodland Avenue, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JUNE 15, 1932

The Senate met at 10 o'clock a. m.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., LL. D., offered the following prayer:

O God, who art revealed not only in the power that has scattered worlds like dust of gold through the heavens but also in the silent force that chains the stars; renew in us the sense of Thy presence in the mysterious life which lives in human thought, creates the worlds of imagination, and images perfection, that in Thy companionship we may walk as children of light. Unbosom Thine own Self to us in the love that toils and weeps and bleeds for the sorrows of mankind, that by this inward revelation we may be guided and inspired. Kindle our minds with thoughts divine, open wide the doors of our hearts, that we may welcome Thee as Master of our lives. Speak Thou through our lips to-day, that in this hour of serving Thee we may have peace and joy and fellowship one with another. We ask it through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Monday last, when, on request of Mr. MCNARY and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. MCNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Cutting	Johnson	Oddie
Bankhead	Dale	Jones	Patterson
Barbour	Davis	Kean	Robinson, Ark.
Blaine	Fletcher	Kendrick	Robinson, Ind.
Bratton	Frazier	Keyes	Schall
Brookhart	George	King	Sheppard
Broussard	Glass	La Follette	Smoot
Bulkley	Glenn	Logan	Thomas, Idaho
Byrnes	Gore	McGill	Thomas, Okla.
Capper	Hale	McKellar	Townsend
Caraway	Harrison	McNary	Trammell
Cohen	Hawes	Moses	Vandenberg
Coolidge	Hayden	Neely	Walsh, Mass.
Copeland	Hebert	Norbeck	Walsh, Mont.
Costigan	Howell	Norris	Watson
Couzens	Hull	Nye	

Mr. MCNARY. I wish to announce that the Senator from Rhode Island [Mr. METCALF] and the Senator from Maine [Mr. WHITE] are detained in a committee meeting.

Mr. SHEPPARD. I wish to announce that the senior Senator from Virginia [Mr. SWANSON] is detained from the Senate in attendance upon the disarmament conference at Geneva.

I also wish to announce that the senior Senator from Alabama [Mr. BLACK], the senior Senator from North Carolina [Mr. MORRISON], the junior Senator from North Carolina [Mr. BAILEY], and the junior Senator from Louisiana [Mr. LONG] are necessarily out of the city.

The VICE PRESIDENT. Sixty-three Senators have answered to their names. A quorum is present.

CREDIT UNIONS WITHIN THE DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1153) to provide for the incorporation of credit unions within the District of Columbia, which were, on page 7, line 15, after the word "share," to insert "but not more than 200 shares by any one individual," and on page 13, line 5, after the word "Columbia," to strike out "or 'Federal' or 'United States.'"

Mr. CAPPER. I move that the Senate concur in the House amendments.

The motion was agreed to.

QUINTANA PLACE IN THE DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 3911) to authorize the Commissioners of the District of Columbia to close Quintana Place, between Seventh Street and Seventh Place NW., which was, on page 1, line 4, after the word "authorized," to insert a comma and "on condition that the expense of moving and relocating the water main now existing be borne by the adjoining property owner, and without other expense to the District of Columbia."

Mr. CAPPER. I move that the Senate concur in the House amendment.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of the United Business Men's Association of Philadelphia (Inc.), Philadelphia, Pa., praying that all Federal agencies in Philadelphia, such as Quartermaster Stores and Headquarters, Grays Ferry Arsenal, the Frankford Arsenal, the League Island Navy Yard, customhouse, etc., may be fully maintained by the Government, which was referred to the Committee on Military Affairs.

He also laid before the Senate a letter from Mrs. Emily V. Lorraine, of New York City, N. Y., indorsing the policy of the Government in not recognizing the Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a letter from W. Henry Grant, of New York City, N. Y., relative to the Philippine question, which was ordered to lie on the table.

He also laid before the Senate a letter from F. S. Key-Smith, of Washington, D. C., expressing his views relative to the payment of the so-called soldiers' bonus and the presence of the bonus army in Washington, which was referred to the Committee on Finance.

He also laid before the Senate a telegram embodying a resolution adopted by the board of directors of the Broadway Association of New York City, N. Y., favoring retrenchment in governmental expenditures, the balancing of the Budget, the immediate modification of the Volstead Act so as to provide an additional source of revenue, and the repeal of the eighteenth amendment of the Constitution, which was ordered to lie on the table.

He also laid before the Senate a letter from Charles Mayer, of Orlando, Fla., submitting a statement relative to a proposed twentieth amendment to the Constitution, which would provide "that nothing contained in the eighteenth amendment, or in any enforcement laws pertaining thereto, shall apply to the Federal Government itself, or to any State government which may signify its desire to enter into a special copartnership therewith, for the purpose of providing governmental revenues from the manufacture and sale of alcoholic beverages, or to the rights of the people residing or being in any such State, to purchase and use within such State, the products so made," etc., which with the accompanying paper, was referred to the Committee on the Judiciary.

Mr. ROBINSON of Arkansas presented telegrams in the nature of memorials from Bob Snowden, Memphis, Tenn.; and T. W. Keesee, C. A. Wooten, A. C. Cobb, Jacob Thompson, George E. Blackburn, and C. M. Kirkman, of Helena, Ark., remonstrating against the passage of the bill (S. 4536) to amend the agricultural marketing act, approved June 15, 1929, and other similar measures, which were ordered to lie on the table.

REMEDIAL LEGISLATION URGED

Mr. COPELAND. Mr. President, I present a telegram embodying a resolution from the board of directors of the Broadway Association of New York City. I ask that it may be printed in the RECORD and referred to the Committee on Finance.

There being no objection, the telegram was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., *June 13, 1932.*

Hon. ROYAL S. COPELAND,
Senator from the State of New York,
Washington, D. C.:

The board of directors of the Broadway Association to-day unanimously passed the following resolution which we have the honor to transmit to you:

Whereas important matters are now pending before Congress relating to taxation revenues and various projects for relief from distress occasioned by the existing business depression; and

Whereas prompt and sound action by Congress is very necessary in the matters mentioned in order that confidence and normal business conditions may be restored; and

Whereas all revenues may not be received in the full amount anticipated under the new revenue act of 1932 passed by Congress during this month: Now, therefore, be it

Resolved, That the board of directors of the Broadway Association respectfully request that Congress take action in its present session as follows:

First. Materially reduce the cost of the Federal Government.

Second. Balance the Budget.

Third. Provide an additional source of revenue through immediate modification of the Volstead Act.

Fourth. Repeal the eighteenth amendment.

JOHN A. HARRISS,
President Broadway Association (Inc.).

DEPORTATION OF ALIEN COMMUNISTS

Mr. ODDIE. Mr. President, I ask that a letter from Edwin S. Bettelheim, jr., adjutant general of the Military Order of the World War, may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

JUNE 14, 1932.

Hon. TASKER L. ODDIE,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In order to avoid a multiplicity of mail to each of the individual Senators, I am asking you if you will be good enough to transmit this message from the Military Order of the World War by way of inserting this communication in the CONGRESSIONAL RECORD. We wish to advise our Senators from the various States that the Military Ordea of the World War, with its chapters disbursed throughout the States, is heartily in favor of the Dies bill (H. R. 12044) providing for the exclusion and expulsion of alien communists.

The delegates from the various chapters at the national convention assembled have urged the early adoption of the bill by the Congress in order to keep America for Americans.

Very sincerely yours,

EDWIN S. BETTELHEIM, Jr.,
Adjutant General.

EFFECT OF ECONOMY BILL ON RURAL CARRIERS

Mr. ODDIE. Mr. President, I ask permission to have inserted in the RECORD a letter from W. G. Armstrong, president National Rural Letter Carriers Association, setting out the inequalities in the economy bill as it affects the rural carriers of the country.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NILES, MICH., *June 15, 1932.*

Hon. TASKER L. ODDIE,
Senate Office Building, Washington, D. C.

MY DEAR MR. ODDIE: Fearful there still may be some Member of Congress who does not fully appreciate the injustice of the Senate furlough plan as it applies to the 41,597 rural letter carriers of the country, I am availing myself of your considerate invitation

to make a summation of the position of the National Rural Letter Carriers Association, together with an itemization of the communications I have directed on behalf of our membership of 39,556.

The National Rural Letter Carriers Association, from the outset, has firmly taken the position that any reduction in Government salaries would be a shortsighted policy, diminishing the purchasing power of the country on one hand and, on the other, causing governmental chieftains who take such scrupulous care of private contracts to virtually repudiate their much more solemn contract with its own employees.

Nevertheless our membership, composed as it is of a cross section of the most patriotic and conscientious Americans that can be found in the land, is keen enough to comprehend the problems facing our national legislators, and regardless of our convictions we have silently followed the perplexing and complex economy problems with which Congress has been wrestling.

We don't want a salary reduction. We know Congress doesn't want us to have one; and if we get one, it will be because it is the best judgment of Congress that such an act is imperative. That we know.

If a kind and liberal father had come to any one of us when we were boys and regretfully informed us he was pinched in finances and must cut our allowance, any selfish protest on our part on this score would have been highly inappropriate. So when Uncle Sam comes to us, pleading serious financial embarrassment, we are resigned to take whatever congressional medicine handed us with our customary service smile.

But Congress purposes to prescribe one kind of medicine for the vast majority of Government employees and an entirely different and more biting variety for all rural letter carriers.

The Government worker with a $2,100 salary is being asked under the furlough plan to give up $175 in exchange for 30 days' vacation. The rural letter carrier with a 34-mile route, drawing a basic salary of $2,100, is being asked to sacrifice $247.35, or $72.35 more, in exchange for but 15 days' vacation.

Our position on this proposed discrimination has been one of violent opposition ever since it was first forwarded to the House Economy Committee by the White House.

On April 14 we forwarded a letter to President Herbert Hoover, in which we forcefully outlined how the furlough plan was unfair to the carrier body.

On April 15 we addressed a protest to every Member of Congress, sharply contrasting the economy contribution proposed for all Government employees except rural letter carriers, citing figures to prove that as high as 27.57 per cent of a rural carrier's income would be taken from him under the furlough plan.

On April 16 a statistical table showing in detail the discrimination of the furlough plan as it applies to rural carriers was printed in our official organ and sent to every Member of Congress.

On May 21 we addressed a lengthy brief to the Senate Economy Committee, thoroughly covering the discouraging outlook for rural carriers if so drastic a deduction is made under the furlough plan.

On June 11, when we observed that the furlough plan evidently was being held in high esteem by some of the Senate and House conferees on the economy amendment, we hastened another general letter to all Members of Congress, "protesting vigorously the discrimination of the furlough plan," and pleading that the three-eighths in the present amendment be changed to nine-sixteenths.

On June 12 we circulated a mimeographed table among Members of Congress, again showing in detail the discrimination of the furlough plan as it applies to rural carriers.

On June 13 Representative JOHN COCHRAN, of Missouri, who has not a single rural carrier in his district, was forcibly impressed by the gross injustice proposed to be inflicted on rural carriers under the furlough plan, and he had inserted in the RECORD a plea in our behalf supported by a statistical table.

On June 14 Senator SAM G. BRATTON, of New Mexico, who steadfastly has stood for equitable salary reduction, had the same material inserted in the Senate RECORD.

We now feel that Congress is completely informed of the unhappy situation of rural carriers under the furlough plan as it passed the Senate.

Furthermore, we are heartened to the extent that we are confident that Congress will not countenance this discrimination.

If Congress finally decides that the furlough plan is the most expeditious method of economizing on Government salaries we merely implore that rural carriers be paid nine-sixteenths of their equipment allowance for the next fiscal year instead of three-eighths as now provided.

Thanking you for this opportunity of restating our position and enumerating the actions taken on behalf of our membership, we are,

Sincerely yours,

THE NATIONAL RURAL LETTER CARRIERS ASSOCIATION,
By W. G. ARMSTRONG, *National President*.

REPORTS OF COMMITTEES

Mr. ODDIE, from the Committee on Post Offices and Post Roads, to which was referred the bill (H. R. 8817) to provide for fees for entry of a publication as second-class matter, and for other purposes, reported it with an amendment and submitted a report (No. 829) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was recommitted the joint resolution (S. J. Res. 167) to carry out certain obligations to certain enrolled Indians under tribal agreement, reported it without amendment and submitted a report (No. 830) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, reported it with amendments and submitted a report (No. 831) thereon.

Mr. COOLIDGE, from the Committee on Claims, to which was referred the bill (S. 564) for the relief of the Charlestown Sand & Stone Co., of Elkton, Md., reported it without amendment.

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (S. 4082) to regulate the business of executing bonds for compensation in criminal cases and to improve the administration of justice in the District of Columbia, reported it with amendments and submitted a report (No. 832) thereon.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN) from the Committee on Enrolled Bills, reported that on the 14th instant that committee presented to the President of the United States the following enrolled bills:

S. 1768. An act to provide for the opening and closing of roads within the boundaries of the District of Columbia workhouse property at Occoquan, Fairfax County, Va.;

S. 3929. An act to authorize the Commissioners of the District of Columbia to close certain alleys and to set aside land owned by the District of Columbia for alley purposes;

S. 4106. An act to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes;

S. 4396. An act to provide for readjustment of street lines and the transfer of land for school, park, and highway purposes in the northeast section of the District of Columbia, and for other purposes;

S. 4689. An act to authorize the closing of certain streets in the District of Columbia rendered useless or unnecessary, and for other purposes; and

S. 4736. An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WHEELER:

A bill (S. 4884) to provide funds for cooperation with the school board at Brockton, Mont., in the extension of the public-school building at that place to be available to Indian children of the Fort Peck Indian Reservation; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 4885) providing for the advancement on the retired list of the Army of Robert Todd Oliver; to the Committee on Military Affairs.

A bill (S. 4886) granting a pension to Frank White (with accompanying papers);

A bill (S. 4887) granting an increase of pension to Virginia Parker (with accompanying papers);

A bill (S. 4888) granting an increase of pension to Nancy M. Smith (with accompanying papers); and

A bill (S. 4889) granting an increase of pension to Mira B. Morse (with accompanying papers); to the Committee on Pensions.

By Mr. McGILL:

A bill (S. 4890) granting a pension to Celia May; to the Committee on Pensions.

By Mr. HEBERT:

A bill (S. 4891) for the relief of Richard J. Rooney; to the Committee on Claims.

By Mr. REED:

A bill (S. 4892) to exclude certain employees of the Veterans' Administration from the operation of the civil service retirement act; to the Committee on Civil Service.

PHILIPPINE INDEPENDENCE—AMENDMENTS

Mr. JOHNSON submitted several amendments intended to be proposed by him to the bill (H. R. 7233) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, which were ordered to lie on the table and to be printed.

LOANS TO THE STATES—AMENDMENTS

Mr. FLETCHER and Mr. ASHURST each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 4755) to provide for grants and loans to the several States to aid in relieving unemployment, to facilitate the construction of self-liquidating projects, to provide for the construction of certain authorized Federal public-works projects, and for other purposes, which were ordered to lie on the table and to be printed.

PUBLIC-WORKS PROGRAM—AMENDMENT

Mr. ASHURST submitted an amendment intended to be proposed by him to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which was ordered to lie on the table and to be printed.

AMENDMENTS TO NAVAL APPROPRIATION BILL

Mr. NYE submitted two amendments intended to be proposed by him to House bill 11452, the naval appropriation bill, which were ordered to lie on the table and to be printed, as follows:

On page 55, in line 15, after the word "plants," to insert the following additional proviso:

"*Provided further*, That hereafter the schedule of wages of employees whose wages are adjustable to conform to the prevailing rate paid for similar classes of work in private employment, shall not be less than the present established rate of pay for any employee or for any trade or occupation as of the date when such rate was established in any Government establishment, nor shall the average pay be less for any trade or occupation in any Government establishment than it was upon the date when the present wage schedule became effective, nor shall the pay be indirectly reduced by the assignment of work to lower-paid employees."

On page 55, line 15, after the word "plants," to insert the following additional proviso:

"*Provided further*, That hereafter such amount of work required by the several departments and independent establishments of the Federal Government of the kind which heretofore has been let in whole or in part to private contractors shall be assigned to the several navy yards, arsenals, coast-guard stations, or other industrial plants owned and operated by the Federal Government, in accordance with which of these several Government establishments are best equipped to perform such work on an economical basis, as will insure the employment of not less than the maximum number of employees in such several trades and occupations as were employed at these several Government plants during the fiscal years 1931 and 1932."

BUCK PHONETIC SPELLING AND ABBREVIATING SYSTEM

Mr. SHEPPARD submitted the following resolution (S. Res. 237), which was referred to the Committee on Printing:

Resolved, That the Committee on Printing be, and hereby is, requested to investigate the Buck phonetic spelling and abbreviating system with a view to determining the advisability of its adoption by the Government of the United States in connection with its printing operations and to report the result of the investigation to the Senate.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTIONS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolutions:

On June 11, 1932:

S. 3765. An act to authorize the Secretary of War to lend War Department equipment for use at the Fourteenth National Convention of the American Legion at Portland, Oreg., during the month of September, 1932.

On June 14, 1932:

S. 1768. An act to provide for the opening and closing of roads within the boundaries of the District of Columbia workhouse property at Occoquan, Fairfax County, Va.;

S. 3929. An act to authorize the Commissioners of the District of Columbia to close certain alleys and to set aside land owned by the District of Columbia for alley purposes;

S. 4106. An act to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes;

S. 4396. An act to provide for readjustment of street lines and the transfer of land for school, park, and highway purposes, in the northeast section of the District of Columbia, and for other purposes;

S. J. Res. 41. Joint resolution granting consent of Congress to a compact or agreement between the Commonwealth of Pennsylvania and the State of New Jersey creating the Delaware River Joint Commission and specifying the powers and duties thereof; and

S. J. Res. 97. Joint resolution extending for one year the time within which American claimants may make application for payment, under the settlement of war claims act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.

REPORT OF THE GOVERNOR GENERAL OF THE PHILIPPINES

The PRESIDING OFFICER (Mr. VANDENBERG in the chair) laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on Territories and Insular Affairs:

To the Congress of the United States:

As required by section 21 of the act of Congress approved August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands," I transmit herewith, for the information of the Congress, the report of the Governor General of the Philippine Islands, including the reports of the heads of the departments of the Philippine government, for the calendar year 1931.

I concur in the recommendation of the Secretary of War that this report be printed as a congressional document.

HERBERT HOOVER.

THE WHITE HOUSE, *June 15, 1932.*

[NOTE.—Report accompanied similar message to the House of Representatives.]

MISS JOSEPHINE ROCHE, NEW TYPE OF INDUSTRIAL LEADER

Mr. COSTIGAN. Mr. President, Colorado is a State of mystical and matchless mountains, and fertile valleys, and plains. It is the birthplace of rivers which bind together sunrise and sunset seas. It is a vast storehouse of marble, silver, gold, and other precious natural resources. But above all its other possessions it rightly values its citizens and rejoices when the paths taken by its men, women, and children lead to eminence.

Among the State's leaders of the younger generation is one who has advanced to merited national prominence by self-sacrificing courage and human vision in one of our country's most disorganized and inefficient industries.

Without specifying her other fine activities, Miss Josephine Roche, of Denver, is entitled to particular mention for significant contributions to wholesome industrial relations. She is not only unique as an able and efficient president of a large operating Colorado coal company but also because she brought to her difficult task a program of voluntary cooperation for labor and capital, the virtues of which she has increasingly demonstrated. She is a prophet of a new and

wiser social order. She practices the industrial democracy she preaches, and she preaches with penetrating and discriminating intelligence. In recognition of her qualities and services Smith College, one of New England's best known educational institutions, is this month justly planning to confer on Miss Roche an honorary degree.

I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a radio address delivered in Colorado in the spring of this year by Miss Roche. It gives some indications of the essential nature of her industrial message.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

HUMAN VALUES AND BUSINESS PROGRESS

No previous generation, probably, has been so perplexed, so driven, as ours, but none has ever been justified in holding higher hopes if it could but reconcile itself to making a brave and judicious use of its growing resources, material and intellectual. Intelligence has well been called "the untested hope" in its application to human welfare. No one would deny, it has been well said, that intelligence is the light of the world, the chief glory of mankind, but we dread its indifference to respectable opinions and to what we deem the "well-tried wisdom of the ages." It has taken several centuries to bring intelligence to a comparatively free functioning in the field of natural science, where it has produced marvelous results. Employed in regard to rocks and stars, plants and animals, and in the investigation of mechanical and chemical processes, intelligence has completely reversed man's notions of the world and opened new vistas of power and progress. But the process of emancipating natural science from the bondage of prejudice, taboo, and tradition was long and painful and filled with sacrifices.

In the field of economics and human relations the application of intelligence is in its first stages. On no other basis, surely, can our present situation of economic chaos and human misery be explained. As we review our third winter of unparalleled depression, with vast numbers of our citizens on a disaster relief basis, facing facts and the application of intelligence to them becomes our only hope. Too frequently our personal discontent does not extend to any critical questioning of the general situation in which we find ourselves. Those who reassure us by insisting that the good old times will come again, we are all too quick to honor and respect; those who disturb us with searching criticism and suggestions of new efforts are too often objects of our suspicion. A great modern historian has said: "There have been obstructionists in all times, busily if unconsciously engaged in ratifying existing ignorance and mistakes and discouraging creative thought!" These persons are very busy to-day in the field of social and economic relations.

To-day's so-called crisis is not a thing emerging suddenly but is the culmination of economic developments and conditions which have long been in evidence and pointing clearly to the present outcome. But for the most part the American people have refused to heed these warnings, preferring to be misled as to the country's real condition, and to be dazzled by the feverish and superficial spectacle of stock-market fortunes, and by the vast gains of a specially privileged few. Only, it would seem, when social ills have been dramatized by spectacular suffering and by enormity in their extent, do we arouse ourselves, and then too often it is only for purposes of immediate alleviation rather than for intelligent and constructive dealing with causes.

The amazingly swift mechanical and scientific advances of the past few years have multiplied, through machinery, the productivity of industry. And human labor to-day, even when not displaced by the machine, is receiving less and less proportionately of its share in this increased production. Department of Commerce figures, for example, show that from 1920 to 1926 the aggregate output of workers in industry increased 34 per cent, but the volume of wages of workers decreased 30 per cent and that in the decade ending in 1929, while real wages increased only 13 per cent, the returns to all industry increased 72 per cent and dividends on industrial and rail stocks increased by 285 per cent, twenty-two times as fast as wages. During eight years, 1920–1928, the portion of the national income received by persons in the income group of $2,000 a year or less dropped from 20 per cent to 6⅓ per cent; while in this same period, according to Internal Revenue Bureau figures, individuals each with net incomes of over $1,000,000 a year grew from 33 to 513. The wage loss of workers in 1930, as compared with 1929, was reported to be $9,000,000,000. At the end of 1931 it was estimated at about $20,000,000,000 below 1929.

If we use intelligence, if we think at all, we must realize that prosperity comes only when goods are sold; goods are sold when people have money to buy; and the people who chiefly make the markets are the farmers, the wage earners, the small-salaried men and women who constitute over 80 per cent of our public. Only as their buying power is adequate can products be sold and business be restored.

Those of us who wish to build rather than to tear down, to conserve rather than uproot, to save rather than waste human, scientific, and economic values, must accept the task of patiently pointing out the facts, of opening minds, whenever possible, to an acceptance of truth, and to a willingness to apply in the field of industry and economics the knowledge and intelligence which have, in the field of natural science, liberated and so vastly aided mankind.

Talking about things usually is very much easier than doing things—and people often applaud social utterances while they shrink from identification with, or open approval of, any activity based on an application of those utterances. To-day it is an encouraging sign that people are beginning not only to demand facts, but to think in terms of constructive industrial policies and methods. Public support is more and more being given to those business concerns committed to policies bringing security both to investors and workers.

This is not the time to review even briefly some of the incidents in modern industrial experience which show this trend of public opinion, but they are numerous. The experience of the Rocky Mountain Fuel Co. is an illustration. It is now being generally discussed throughout the country in business, professional, and financial circles, as well as by educators, workers, and farmers.

The Rocky Mountain Fuel Co., operating six mines, is the second largest coal company in Colorado. It is the largest producer of lignite coal in the State, and the only coal company in the northern field with mines on all railroads.

Slightly more than four years ago the company announced its present industrial policy. That policy is based on recognition of the public interest involved in mining and marketing coal, on fair market practices, and on union-labor contracts, under which cooperation has been substituted for hostility and waste. Long years of warfare between coal operators and miners have been the story of Colorado's coal industry, and when the Rocky Mountain Fuel Co. took this action of union recognition it marked a complete reversal of the company's previous attitude, which had been similar to the wasteful and antisocial practices prevalent in the industry, not only in Colorado but generally. Meeting with the coal miners' union delegates in 1928, the company signed with them a declaration under which it has operated ever since, the preamble of which reads:

"We, the signers of this document, seeking a new era in the industrial relations in Colorado, unite in welcoming this opportunity to record the spirit and principles of this agreement.

"Our purposes are:

"To promote and establish industrial justice;

"To substitute reason for violence, confidence for misunderstanding, integrity and good faith for dishonest practices, and a union of effort for the chaos of the present economic warfare;

"To avoid needless and wasteful strikes and lockouts through the investigation and correction of their underlying causes;

"To establish genuine collective bargaining between mine workers and operators through free and independent organization;

"To stabilize employment, production, and markets through cooperative endeavor and the aid of science, recognizing the principle that increased productivity should be mutually shared through the application of equitable considerations to the rights of workers and to economic conditions affecting the operators and the business of the company;

"To assure mine workers and operators continuing mutual benefits, and consumers a dependable supply of coal at reasonable and uniform prices;

"To defend our joint undertaking against every conspiracy or vicious practice which seeks to destroy it, and in all other respects to enlist public confidence and support by safeguarding the public interest."

What have been the concrete results of this union management cooperation? Can a program succeed, based as ours is on a recognition of the rights of the public, of the rights of investors to a fair return on money invested, and of the rights of workers to independent organization, fair wages and security? The facts speak for themselves:

First. Operating costs have steadily been reduced. A decrease of 26 cents per ton since the company's present policy was put into effect has resulted from the new relations between miners and management.

Second. Production and sales have increased during a period when State coal production has shown a steady drop. In 1931, while Colorado's coal tonnage declined 21 per cent below 1930, the Rocky Mountain Fuel Co. not only maintained but increased its production 2.4 per cent. The average number of days worked by all mines in the State was 144. The company's six mines averaged 180 days; its 5 northern field mines 198 days, or 54 more days than the State average, and the public has responded to this general welfare policy.

Third. Improved production and business have been achieved while miners' incomes have been safeguarded at approximately $1,800 a year.

Further, the communities in which the mines operate have had an appreciable share in the beneficial results of the joint program. The high wages paid are spent in markets for goods and products of factories and farms to the immediate business advantage of the State and region in which they operate.

Equally important with the fair wage scale, and basically essential to such results as ours, is the recognition of mutual rights. Out of such recognition, voluntary on both sides, has come the relationship which is to-day translating into realities the words of the contract. Meeting together as free parties and with the

same end in view of a joint task, the frequent conferences held between miners' union committees and company officials, superintendents, department heads, and salesmen have resulted in many valuable suggestions for improved operating methods, and for extension of markets. The miners not only produce coal but also help market that coal. They tell the story to their communities of what union-mined coal means to miners and the community. They point out, for example, that their union wage scale has distributed nearly one and a quarter million dollars a year in their communities; and that they and the company jointly have endeavored to prevent unfortunate and wasteful reductions of miners' wages and purchasing power long familiar in other sections.

The fact that the business soundness as well as human decency of the joint enterprise has been proved has aroused widespread interest, and expressions of many economists and progressive leaders in industry declare that we are demonstrating the practicality of new values, new standards, and new relations in industry.

LEGISLATIVE ABILITY IN CONGRESS

Mr. NYE. Mr. President, I ask leave to have published in the RECORD an article by Dr. Arthur MacDonald, of the city of Washington, entitled "Legislative Ability in Congress," including a study of the Senate of the Sixty-second Congress.

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

LEGISLATIVE ABILITY IN CONGRESS, INCLUDING A STUDY OF THE SENATE OF THE SIXTY-SECOND CONGRESS

(By Dr. Arthur MacDonald, Washington, D. C., formerly fellow of Johns Hopkins University)

In at least three-fourths (probably nine-tenths of cases) the Members of Congress who are most active, and also most successful in getting bills enacted into law, resolutions passed, and amendments adopted show the most legislative acumen or ability. There are always exceptions to this rule, but they only prove the rule. In general, a Member who introduces a bill and gets it enacted into law must devote much attention to the bill in the different stages through which it must pass before being enacted into law. This study is not concerned about the nature of the bill, resolution, or amendment, whether good or bad. A bill that subsequently proved to be a bad one might require more ability to get enacted into law than a good bill. In short, and in the long run, legislative success amounts to legislative ability, as in business it is the delivery of the goods that decides.

The method of estimating legislative ability, to be considered, and as illustrated in Tables 1 and 2, will be found not to be arbitrary but to be based on actual results, and where that is not possible, upon the experience of those who have been long connected with both House and Senate.

SKEPTICISM AS TO ESTIMATING LEGISLATIVE ABILITY

While it may be admitted that, in general, legislative success spells legislative ability, yet there may be much skepticism as to estimating such success or ability by any method of calculation.

In any new effort in a line of study, especially when made for the first time anywhere, whether meritorious or not, there naturally arises some skepticism which may go so far as to make such study appear to be a freak. But most all new lines of research may be liable to be considered as very doubtful, if not visionary or freakish, and some are; but the mere fact of their newness is, of course, no proof of this.

The older Members of Congress form more or less of a club, or are like classmates in college; they know each other well; especially is this true in the Senate. If any experienced Member should be asked to name the first 20, 30, or 50 men in Congress who are doing most of the legislative work he would find little difficulty in telling. Though, in certain cases, there might be some difference of opinion, the great majority of the names mentioned would be undisputed. Such a general agreement as to who are doing most of the legislative work in Congress can not only be expressed in words but can be estimated approximately (though perhaps roughly) in figures. If there be some doubt here, it may be stated that in the Senate of the Sixty-second Congress, which the author studied (a study of the United States Senate, published in Metron (International Journal of Statistics), Padova, Italy, 1923, 80, 23 pages; also by the Anthropological Society of Bombay, India; also in Spanish in Revista Argentina de Ciencias Politicas are VIII, t. 15, Buenos Aires, Argentina), those most experienced and least liable to be prejudiced were asked to name the first 30 Senators who were doing most of the work in the Senate. Comparing the lists named with the list based upon the author's estimate, depending upon percentages of legislative results, there was very little difference practically. The same method of estimating legislative ability is used here, with the addition of allowing something for initial legislative activity, which was not done in the former study.

In talking with Members the author has noticed in a few a tendency (which is natural and probably unconscious) to base their opinion of estimating legislative ability mainly upon their own experience; this is instructive, and to a certain extent desirable, from the point of view of science. It seemed to be assumed that the purpose was an exact estimate of legislative ability, which, of course, is not the case; in fact, it is probably impossible to make an exact estimate; though this be true, it does not follow that a rough approximate estimate may not be made.

To estimate legislative ability in Congress is easier than to determine standing of students in college, because in Congress more data are recorded upon which the estimate is based.

It sometimes happens that a Member introduces a bill which is reported and passed by the House and reported in the Senate, but fails to become law because of late report by the committee or too much pressure for other bills, or shortness of session, or filibuster. The bill was a good one; there really was no serious objection to it, and in a normal course of events would have become law. Later the same bill, with few changes, is introduced by a member of the opposite party who have come into control of Congress. The bill is enacted into law, and the Member who first introduced it and is the real author gets no credit for it. But this is a very exceptional case, and only strengthens the general rule that Members must work continually for their bills if they expect other Members to help to enact them into law.

Another Member introduced a bill, a copy of which was incidentally sent to the White House, and was returned with the approval of the President. It was, therefore, made in committee a part of a large general bill which was reported out in the name of the chairman of the committee, who introduced the general bill. Of course, the real author of this bill, which was inserted into the general bill, received no credit publicly. But there are many Members with such legislative ability whose good work in different committees is not known generally, and for which no credit can be given by any method of estimating legislative ability. In fact, these able Members are not seeking personal credit but are only desirous to help all they can in enacting good laws. This, in fact, is the experience of many of the best men in Congress, and is generally so distributed that it is fair to all, or almost all, and, not being possible to estimate it, it can be omitted. These gentlemen are often chairman of important committees or leaders in their party, and have special opportunity to receive credit, by virtue of their high position and standing, for reporting of bills, or making motions and amendments, or for number of subjects discussed and frequency of remarks on floor, all of which are given due credit in Table 2 for initial legislative activities. These special opportunities for receiving credits serve to a large extent as an offset to the good work chairman and leaders do in committee, for which no credit is recorded.

THE MERIT OF SENIORITY

But some Member may say that high positions as leaders, and chairmen of committees, are due mainly to being in Congress a long time; that is, to seniority, and are not due to any special ability. It is true that the seniority of itself gives many advantages and has much weight. But seniority, in nine cases out of ten, has much merit, for it depends mainly and ultimately on legislative success and political ability. For any Member to so act in Congress and at home, as to receive the majority of votes of his district or State for many years, shows political and legislative insight, which means ability, that consists in so adapting himself to both his congressional and district environment as to have the voters choose him to represent them, time and again, and this often, in spite of strong opponents in nomination in the primary, as well as in the election, who watch all of his work in Congress, always emphasizing and publishing his defects and mistakes in his district or State, but seldom or never mentioning the good work he does in Congress; yet he still remains, and often withstands even a political landslide against his own party.

The people instinctively know him, and sooner or later his opponents become weary of attacking him, though they usually are alert for any opportunity to criticize him. Such seniority shows legislative ability and political sagacity; legislative ability is put first, for any mistakes here are more serious and sure to be published, and often embellished for home consumption, and, whatever effect legislative errors produce, it reaches more the leading voters of the community who can usually influence the people, if they so desire, but often, to their credit, do not make the effort, as they prefer to let well enough alone in politics and not take chances on what an unknown opponent will do in Congress, not to mention the fact that a new Member must start at the bottom and is usually not able to accomplish much at first.

In short, it may be said that politics is a specialty, and to be successful in it, as in any specialty, ability and experience are required. There are exceptions, but again they only emphasize the rule. The conclusion is that seniority is, in the last analysis, almost wholly based upon legislative ability and political acumen, and whatever advantage it affords in an estimate of legislative ability should be given due credit.

It sometimes happens, but rarely, that a district will replace its Representative in Congress by a man whom they acknowledge is inferior. But their reason is that they prefer a man who represents them to one who does not, though he be superior; that is, a Representative or Senator must be a good politician as well as a statesman. The author once asked a distinguished Senator (to whom he had written a letter) if he had received the letter. The

Senator said, "There are more than 300 unanswered letters upon my desk; for three weeks all my time has been required to defend the President as his spokesman."

Through such neglect of his correspondence (not to mention the want of a good secretary who could answer most of his letters) he had made so many discontented in his State that some time before election he announced that he would not be a candidate for reelection. Knowing that he would have strong opposition, he preferred this course to taking chances of closing a long and distinguished public service by defeat. So he gracefully, and doubtless wisely, retired with honor. Yet, everyone, including his opponents, acknowledged that his statesmanship was of the highest order. Thus again it is seen that seniority required good politics as well as high-class statesmanship, and, as already noted, the legislative activities from advantages growing out of seniority should have due credit.

ESTIMATING LEGISLATIVE SUCCESS IN ABILITY

TABLE 1.—*Results of legislative ability in percentages*

	Reported	Passed Senate	Passed House	Passed both houses	Enacted into law	Adopted
Number of column	1	2	3	4	5	6
Private bills	3.2	2.4	2.6	1.8	1.8	
Public bills	5.7	3.3	4.5	2.7	2.4	
Amendments (pension bills)					9.8	48.9
Motions and resolutions						64.2

SCALE OF UNIT VALUE

Number of column	7	8	9	10	11	12
Private bills	58	76	71	100	100	
Public bills	32	55	40	66	77	
Pension bills					18	
Amendments						4
Motions and resolutions						3
Appointments and designations						10

In Table 1 is given the main basis upon which legislative success or, in general, ability is estimated. The estimate is based upon the difficulty in getting bills reported, through either House, or enacted into law, or resolutions or amendments adopted; in short, the difficulty of getting results in any of the legislative stages through which any kind of bill or resolution or amendment may pass.

Table 1 is divided into two parts, one part giving the percentages of bills introduced which are enacted into law (column 5) or reported (column 1) or passed Senate (column 2), or House (column 3), or both Houses (column 4); also percentages of amendments, motions or resolutions introduced which are adopted (column 6).

The second part of the table consists in a scale of credit marks, or units of value, based upon the percentages in the first part of the table. Thus, for the 89 Members of Congress studied, 1.8 per cent (column 5) of private bills introduced were enacted into law; 2.4 per cent of public bills introduced were enacted into law (column 5). The private bills were the most difficult to have enacted into law. If for every private bill enacted into law we allow 100 marks or units of value, then we must allow 77 marks for every public bill enacted into law. For, if 1.8 per cent for a private bill is given 100 marks, 2.4 per cent for a public bill will receive 77 marks—that is, 1.8 divided into 2.4 per cent is 1.3, and this divided into 100 equals 76.9, or 77.1. Again, 4.5 per cent of public bills passed the House (column 3); this divided by 1.8 equals 2.5, which divided into 100 equals 40 credit marks or units of value (column 9). So 48.9 per cent of amendments introduced were adopted; this divided by 1.8 equals 27.1, which divided into 100 gives 3.69, which we will call 4, meaning 4 credit marks. (In all cases where the decimal is 6 or more we give it the next number, so as to avoid fractions.)

All these results are not arbitrary, but are based upon the degree of difficulty of the different stages of legislation through which it passes until enacted into law.

INITIAL LEGISLATIVE ACTIVITY

There are Members of Congress who may not succeed in getting but few or no bills passed or amendments and resolutions adopted, but who are quite earnest in what may be called initial legislative activity; they may introduce many bills, and propose amendments to improve bills, trusting to get something done that may assist in legislation. Others make a point of watching legislation and frequently opposing it, if not blocking it, because they believed it is not for the public good. There are still others who feel it their duty to speak frequently on the floor so that the whole country may know the objections to and defects in whatever comes before Congress. There are also a very few who appear not only not to do anything, but not even to make any effort; they may feel discouraged or disgruntled or have concluded that they do not like the work at all and are not adapted to it; these, of course, would stand low in any estimate of legislative success or ability. Some have gone to such an extreme as to introduce bills to abolish either House or Congress itself.

It would seem that initial legislative activity should have some consideration in estimating legislative ability. The author consulted, as to his method with many who have had extensive experience in accounting for and recording initial legislative activities in both Houses. The following table (Table 2) gives the results:

TABLE 2.—*Initial legislative activities*

	Units of value
Petitions and memorials presented	¼
Private bills (including pension bills) introduced	½
Public bills and joint resolutions submitted	1
Motions and resolutions submitted	1
Number of subjects discussed on floor	1
Frequency of remarks on floor	1
Amendments submitted in advance or offered on floor	2
Reports for committees made by Member	5
Appointments and designations	10

In Table 2 are given the names of the various initial legislative activities in the order of their estimated value. It will be noted that four types of activity have the same credit mark or unit of value, because in such an estimate, fine distinctions should not be made, as the main purpose is a general approximate workable schedule.

Examining Table 2 in detail it will be noted that the introduction of a public bill, or joint resolution, or submission of simple resolution or motion, each count one unit of value or credit; likewise the number of subjects discussed on the floor, each count one; also the frequency of remarks on floor—that is, the number of different times remarks or speeches (without regard to length of time occupied) are made on the floor, each time counts one. As the Member speaking on different subjects is necessarily doing it publicly and submits himself to criticism, one unit at least should be allowed, the idea being to put the credits as low as feasible for initial legislative activity. Thus, one-fourth of a unit is given for every petition and memorial, and one-half of a unit for every private or pension bill introduced.

Amendments submitted in advance, or offered on the floor, are each counted two units, due to the fact that, in general, they probably require more legislative tact (ability) than mere introduction of public bills or resolutions.

Five units are allowed for each report by a Member from a committee. Some reports deserve much more; but, considering various reports as a whole, it was thought that five units would be about fair. For appointments and designations 10 units for each are allowed. An appointment to be a conferee on a large and important bill is a high legislative honor and usually, if not always, means a thorough knowledge of the bill, due to much experience and study of it in committee on the part of the Member appointed. Such an appointment deserves more than 10 units. Appointments, as chairmenships of special committees, to study some important matter, and report on it, or to make investigations of some irregularities, or public scandal, deserve more than 10 units. But there are other appointments, more or less formal, as attendance at funerals of Members, which deserve but one unit, if they do that. Also designations which are practically appointments vary much. So, on a general consideration of all kinds of appointments and designations it was thought that about 10 units for each one would be fair.

Distinctions might be made between different kinds of appointments and different credits given, but it would in many cases be too fine and too arbitrary. One thing may be said in regard to credits for appointments and designations, that certain leaders of experience who receive most of the appointments do not, as a rule, introduce many bills or resolutions, or get many through, because their time is taken up mostly in important committee work, for which they get little or no credit; but the 10 credits for each appointment act as an offset to make up for the lack of credits for high-class committee work, for which they receive no credit marks, and which could not be given them as work in committees is often more or less confidential.

Another question might arise as to difference between House and Senate, because Senators have more opportunities for legislative activities than Representatives, being much fewer in number, and passing upon all legislation coming from the House. But there are nearly three times as many bills, resolutions, and amendments introduced in the House than in the Senate (69th Cong.: 18,312 in House, 6,417 in Senate), for which credit is given in the House not only for the introduction, but for every further legislative advance of the bills, many of which never reach the Senate, affording no possibility of Senators receiving credit from them. Moreover, the House makes many more committee reports than the Senate (69th Cong.: House, 2,161; Senate, 1,717), for each of which five credits are allowed. But, nevertheless, admitting that Senators have more opportunities for credit marks, it must be remembered that usually it is much more difficult to become a Senator than a Representative, for the gaining of a senatorship is based not only on high standing at home and political acumen (ability), but often on previous successful and extensive experience either in the House of Representatives or in the State legislature. Since the chairmanship of a committee (as we have seen) affords special opportunities for legislative activity, giving

credits, so being a Senator likewise furnishes special legislative advantages.

There is a further question as to advantages to a Member in receiving credits who belongs to the majority party in control of Congress. There is no doubt that this affords many advantages in gaining successful legislation and possibly more opportunity for legislative activity. But such advantages are more or less counterbalanced by the fact that minority Members, not being responsible for legislation, can attack it at every opportunity by making motions and amendments and frequent remarks, for all of which activities they receive credits, and frequently such opposition may show much legislative acumen or ability.

Moreover, some majority Members, who disagree with their leaders on some measure, refrain from making similar attacks on account of loyalty to their party, and lose such opportunities, while the minority Members may be encouraged by their own party to make such attacks, not to mention the fact that such activity whether merely partisan or not, often furnishes good material for home consumption, making the Member more popular in his district or State. In brief, Members by virtue of being of the minority party, are more encouraged to increase their legislative activity, especially the initial type, for which credits are given. But, notwithstanding such advantages, if it be admitted that the minority Members are still at a disadvantage, they could be allowed a certain percentage of increase in their credits in general, which might vary a little, according to special conditions in the Congress or session of the same Congress. Such percentage for increase of credits could be easily determined with approximate fairness to all. Moreover, the fact of one Member having 5 or 10 more credits than another would signify little or nothing, but when the difference gets to be larger it begins to have some significance, which increases as the difference increases. It might be added that in the Senate of the Sixty-second Congress, studied by the author, 5 Democratic Senators were among the first 20 Senators. Also in this study Table 7 shows seven Democratic Senators to stand higher than the Republican Senators (in majority party).

We have endeavored to give all the main difficulties or objections that might be urged against estimating legislative success or ability. After all has been said, it will be found that on the whole, for every disadvantage in one respect there is most always a counterbalancing advantage in another respect, for which we have tried to provide our schedule for unit values or credits. In short, as frequently indicated, the main purpose of the schedule is to give a rough but approximate estimate of legislative ability, which we deem feasible from our experience in a study of the Senate of the Sixty-second Congress, and we feel that many objections to estimating legislative ability are not based upon any serious study of the subject, but upon special and exceptional experiences, if not a general prejudice against any estimate whatever. When psychology began to measure thought and feeling, it encountered many similar objections that might be raised against estimating legislative ability. But objections of this nature will disappear, as they did in psychology. (With another American, the author measured in thousandths of a second, how long it takes to think, feel, or make a judgment. This was one of the first efforts of its kind, and was made 40 years ago in Wundt's laboratory at Leipsic.)

If anyone will examine Table 4 of article in Medical Times for November, 1928, where each of the 89 Members studied is ranked according to the number of his credit marks, beginning with the lowest, 14, and so on in order up to the highest, 2,412, he will realize the impossibility of knowing whom any one of these numbers represents. In fact, the author could not tell, unless he referred to the originals, which he has laid away to keep, in case any Member studied desired to know his own record, which, of course, would be given him.

Now, to illustrate the actual estimation of legislative success or ability, let us take the case of one Member, as shown in Table 3, where all the items (from 1 to 37) are given that can be marked for credits. Thus, beginning at the top of Table 3, this Member introduced 83 public bills and joint resolutions; now, looking at Table 2, giving the schedule for initial legislative activities, we find 1 unit of value or credit given for each bill or joint resolution introduced, which makes 83 units of value; there were 22 amendments offered by this Member; looking at Table 2, again, we find 2 units allowed for each amendment, making 44, and so on through the first part of Table 3. Now, passing on to the second part of the table for results of legislative activities, we note that of the public bills and joint resolutions introduced by this Member, three never went further than to be reported; looking at the schedule in Table 1 for results of legislative activities, we find (column 7) 32 credits for public bills reported, making 96 units, and so on, until we reach the end of the table, where the total is given of 2,403 units. Thus, by referring to Tables 1 and 2, we find a number of credits allowed for any item in Table 3.

TABLE 3.—*Initial legislative activities*

No.		Units of value
1. Number of case	89	-----
2. Public bills and joint resolutions introduced	89	83
3. Private bills introduced	39	19½
4. Pension bills introduced	51	25½
5. Amendments offered	22	44
6. Motions and resolutions submitted	85	85
7. Petitions and memorials presented	34	3½
8. Number of subjects discussed on floor	265	265
9. Frequency of remarks on floor	653	653
10. Committee reports	25	125
		1,308
RESULTS OF LEGISLATIVE ACTIVITIES		
11. Public bills and joint resolutions reported only	3	96
12. Public bills and joint resolutions passing House only	0	0
13. Public bills and joint resolutions passing Senate only	3	165
14. Public bills and joint resolutions passing both Houses	1	66
15. Public bills and joint resolutions enacted into law	1	77
16. Concurrent resolutions passing Senate only	0	0
17. Concurrent resolutions passing House only	0	0
18. Concurrent resolutions passing both Houses	0	0
19. Senate resolutions adopted	0	0
20. Private bills reported only	0	0
21. Private bills passing Senate only	0	0
22. Private bills passing House only	0	0
Number of case	89	
23. Private bills passing both Houses only	0	0
24. Private bills enacted into law	0	0
25. Pension bills reported only	0	0
26. Pension bills passing Senate only	0	0
27. Pension bills passing House only	0	0
28. Pension bills passing both Houses only	0	0
29. Pension bills enacted into law	8	144
30. Appointments and designations	24	240
31. Amendments adopted	34	136
32 Motions agreed to	73	219
33. Resolutions (except joint resolutions) passed	4	12
34. Quorum calls	---	---
35. Yea-and-nay calls	---	---
36. Quorum and yea-and-nay calls	---	---
37. Total number of units of value	---	2,463

TABLE 5.—*Political parties compared*

No.	DEMOCRATS	Average credits
32 Representatives		250
7 Senators		953
39 All		376
	REPUBLICANS	
39 Representatives		265
11 Senators		899
50 All		404

If we had all Members of Congress, we could compare State delegations with each other (always relative, of course, to the number in each delegation); also groups of Members from the South, North, East, or West; also according to length of service or continuous service, and all such groups both with and without regard to political party. This might tend to encourage a healthy rivalry between States in legislative work, if not more carefulness in such work.

As already indicated, this whole study, with its results, can serve only as an illustration of initial research work in what may be called legislative anthropology. It is therefore hoped that similar studies of other legislative bodies may be undertaken, not only in our State legislatures but in the parliaments of other countries, so that eventually we may have a foundation for the development of a comparative legislative anthropology, with the United States in the lead.

As all legislative bodies are usually competitive in their activities, success is necessarily connected with merit. Also most legislative activities are not arbitrary, but all have certain causes and follow a law yet unknown, which may in the future be discovered, and lead to changes in rules of legislative procedure.

EXPLANATORY STATEMENT

Legislative anthropology is an effort to make a study of those persons who are politically successful; many of them are statesmen. It is all the more necessary, for this class of citizens are often underrated and unjustly so. Take, for example, Congress, where thirty-five or more thousand bills are introduced every Congress; from one to two thousand of these bills are enacted into law; that leaves some thirty-three thousand that fail. On the average, about 100 persons are interested in each bill; this means several millions of dissatisfied or disgruntled citizens for every Congress, and this has been going on for many years. Such dissatisfaction is cumulative, making persons anticongressional. In addition to all this, the faults and mistakes of members of a legislature are published (usually exaggerated) as often as they come up for election. If the lawyer's errors, the doctor's mistakes, and the preacher's faults were published from time to time, how would these gentlemen compare with members of a legislature or parliament?

THE UNITED STATES SENATE OF THE SIXTY-SECOND CONGRESS

INTRODUCTION

There are three general ways of studying man—first, as an individual; second, as many individuals; and, third, as an organization.

The scientific study of man as an individual is comparatively recent;[1] the method is intensive. The study of man as many individuals, has been undertaken mainly in anthropology.[2] Investigations of this nature have been made upon large numbers of school children and also upon soldiers,[3] especially in examination of recruits in military service.[4] The study of man as an organization is sometimes undertaken from a psychological point of view, but very little scientific study of modern civilized man as an organization has been done. This, however, is not true in the case of animals; thus, in any encyclopedia you can find out much exact information as to the workings and results of beehives and anthills. One reason why we have relatively so much more definite knowledge about animals than man is because animals have been studied by much more scientific methods. Modern psychology, however, is presenting more definite results and more rational ways of investigating man.

The tacit assumption in this whole study is that all organizations of men, especially those of long standing and still more particularly those that result from competitive methods, are not haphazard, but act according to laws, most all of which are yet unknown. So the acts of the Senate as a whole are not accidental, but also work according to laws yet unknown. These, like all other laws, will be discovered not only through extensive, but more especially by scientific intensive study. Leading historians assume that the movements of history, including that of each nation, go by as yet unknown laws. If this be true, this power of law naturally controls all subordinate organizations, until it finally reaches the individual, who is the unit of the social organism. The scientific study of the individual shows that the effects upon him of both heredity and environment are also based upon laws of which we know very little.

THE SENATE OF THE UNITED STATES—THE TRAITS OF HUMAN NATURE THAT GUIDE ITS SENATORS

There is no more important organization of man in America than the United States Senate. This, with the additional fact that all its proceedings are carefully recorded, is one of the main reasons we have made this organization an object of study. It would be almost impossible for one person to make an intensive study of a large number of Senates of different Congresses, owing to the large amount of computations required. So the Senate of three sessions of the Sixty-second Congress was selected. It is, perhaps, as normal a Senate as any; and while the results here obtained only refer to the Sixty-second Senate, nevertheless they may suggest ideas applicable to other Congresses. As a rule, the value of such studies and the probable truth of the conclusions would be proportionate to the number of Congresses studied. As in the case of all scientific study, names of persons and personalities are not necessary in the present inquiry.

QUORUM AND YEA-AND-NAY CALLS IN GENERAL

Before considering the attendance of divisions of Senators, or of individual Senators, on quorum and yea-and-nay calls, we may observe the general attendance of the Senate as a whole, as indicated in Table 1. In the first two lines of Table 1 are given the number of quorum and yea-and-nay calls for each session, and in the next two lines the total number of answers at all the quorum and yea-and-nay calls at such session.

If we multiply the number of Senators[5] (80) by the number of quorum calls for the first session, for instance, which is 70, we obtain 5,600, which represents 100 per cent of attendance, as the actual attendance on quorum calls in the first session was 3,705; this divided by 5,600 gives 66, the percentage of attendance of the Senate as a whole on quorum calls for the first session. The percentage for the other sessions, and for the yea-and-nay calls, are found in a similar manner.

Observing the last two lines of Table 1, it will be seen that the per cent of attendance both on quorum and yea-and-nay calls in the first session is considerably higher than in the other sessions, the lowest figures being in the second session. That is to say, the Senators attend quorum calls 10 per cent better in the first session than in the second session, and 4 per cent better in the third session than in the second session. Their attendance on yea-and-nay calls is 13 per cent more in the first session than in the second and 10 per cent more than in the third. Why, then, the relatively high per cent of attendance on quorum and yea-and-nay calls in the first session? We are unable to say. It might be due to the fact, that in the first sessions legislation has not as yet taken sufficiently definite form, so that some Senators attend that otherwise might not, had they known more about the matters in question, and to what extent they were interested as would be more the case in the second and long session when they might choose not to be present, because of other more pressing matters, at the time, or in which they were more interested. The higher percentage of attendance in the third session than in the second session may be due to the fact that the last session is crowded with much important legislation, and also that Senators are more on the lookout for the passage of their bills, as it may be their last chance. But as said, we are not certain as to the causes of these general changes in quorum and yea-and-nay calls. Had we the statistics of several, or of a large number of Congresses with which to make comparisons, it might be possible to determine definitely the causes.

It will be noted also that the (see last line last column of table) attendance of Senators on yea-and-nay calls is 10 per cent higher than on quorum calls. This refutes the idea that Senators desire to avoid recording their vote, but at the same time appear to be present. Yet eight (10 per cent) Senators (Table 5) shows a higher relative attendance at quorum than at yea-and-nay votings.

TABLE 1.—*Quorum and yea-and-nay calls*

Senate	First session	Second session	Third session	All 3 sessions
Quorum calls	70	197	124	391
Yea-and-nay calls	92	186	109	387
Answers to quorum calls	3,705	8,830	5,978	18,513
Answers to yea-and-nay calls	5,748	9,693	5,953	21,394
Per cent of attendance at quorum calls	66	56	60	59
Per cent of attendance at yea-and-nay calls	78	65	6	69

QUORUM AND YEA-AND-NAY CALLS AND POLITICAL DIVISIONS

The per cent of attendance of political divisions of the Senate on quorum and yea-and-nay calls for each session and for all sessions is given in Table 2. These percentages are worked out as has been indicated in Table 1.

The Democratic and Republican Senators, the conservative and progressive Republicans, each and all have a higher percentage of attendance at yea-and-nay calls than at quorum calls. The Senate as a whole is 10 per cent higher in its attendance on yea-and-nay calls than in quorum calls, as already indicated.

Republican Senators show a higher percentage of attendance on both quorum and yea-and-nay calls for each session than Democratic Senators, and for all three sessions they are 7 per cent higher on quorum calls and 11 per cent higher on yea-and-nay calls than the Democrats. That the majority party attends better is to be expected, but how much less per cent the minority would be expected to have would depend upon a comparison with other Congresses.

TABLE 2

Sessions	Number	Per cent of attendance			
		First	Second	Third	All
Quorum calls:					
Senate	80	66	56	60	59
Democrats	34	60	53	54	55
Republicans	46	71	58	65	62
Conservative Republicans	34	70	59	64	63
Progressive Republicans	12	72	54	66	61
Yea-and-nay calls:					
Senate	80	78	65	68	69
Democrats	34	77	63	63	66
Republicans	46	78	67	72	77
Conservative Republicans	34	78	66	68	70
Progressive Republicans	12	78	70	80	75

Comparing the progressive Republicans with the conservative Republicans as to quorum calls, the progressives show higher percentages for the first and third sessions, but for all three sessions the conservative Republicans lead. As to yea-and-nay calls, the progressive Republicans are distinctly higher for each session except the first, and for all three sessions have a percentage of 75 over against 70 per cent for the conservative Republicans.

Why the progressive Republicans should have a lower percentage for quorum calls and a higher percentage for yea-and-nay calls than the conservative Republicans is not clear. It will be noted that the progressives' lead for yea-and-nay votings is 5 per cent, while the conservatives lead in quorum calls by only 2 per cent. Here again the study of the Senate proceedings of many Congresses would make clear whether progressive movements show similar results from general laws or are simply tentative, due to special conditions at the time.

[1] See study (by author) Émile Zola, giving results of numerous specialists in Juvenile Crime and Reformation, Senate Document No. 532, Sixtieth Congress, 1st session.

[2] See Experimental Study of Children (by author) in Annual Report of Commissioner of Education, 1897-98; also Man and Abnormal Man (by author). Senate Document 187, Fifty-eighth Congress, 3d session.

[3] See Physical and Mental Examination of American Soldiers (by author), Modern Medicine, February, 1921, Chicago; also in Indian Medical Record, January, 1921, Calcutta, India; also in Tidskrift for Militaer-Medicin Christiania, 5th heft. 1920.

[4] Also Anthropometry of Soldiers (by author) in Medical Record, Dec. 14, 1918; also in Proceedings of Anthropological Society of Bombay, India, read Wednesday, June 30, 1920.

[5] Senators have been omitted in this study, who had been absent a long time, or who had only recently come to the Senate. This left 80 Senators.

TABLE 3.—*Attendance at all sessions*

Further division of Senators	Number	Per cent of attendance at—	
		Quorum calls	Yea-and-nay calls
Senators who were business men	17	61	66
Senators who were professional	63	58	69
Chairman of important committees	13	66	69
Senate	80	59	69
Democrats	34	55	66
Republicans	46	62	77
Conservative Republicans	34	63	70
Progressive Republicans	12	61	75

Table 3 gives the per cent of attendance at all sessions combined, of Senators who were engaged in some business before entering the Senate, Senators whose occupation was professional, and also Senators who are chairmen of important committees. The second part of the table is a repetition of a part of Table 2.

It will be noted that Senators who were business men have a higher per cent (61) of attendance at quorum calls, but a lower per cent (66) of attendance at yea-and-nay calls than Senators who had professional occupations, whose percentages are respectively 58 for quorum calls and 69 for yea-and-nay calls. If this should be true of the Senates of many Congresses, the explanation might be that business men are more regular in their work than professional men, and attendance at quorums is more a test of regularity than attendance at yea-and-nay voting.

As to chairmen of important committees, it will be seen from the table that they show the highest per cent (66) of all for attendance at quorum calls, but have a comparatively low per cent (69) of attendance at yea-and-nay calls as compared with the remaining Republicans, whose per cent is 77. It is to be remembered that the chairmen of important committees in this Congress were all Republicans.

DISPOSITION ON BILLS AND RESOLUTIONS OF THE SENATE OF THE SIXTY-SECOND CONGRESS

Table 4 gives a summary of the different kinds of bills and their general history showing both number and per cent introduced, reported, passed Senate and enacted into law, and those not acted upon during three sessions of the Sixty-second Senate.

More than half (53 per cent) of the bills introduced are pension bills, about one-fifth (21 per cent) public bills, and a few less (18 per cent) private bills.

About five-sixths (87 per cent) of the private bills are not acted upon at all; also, about two-thirds (64 per cent) of the public bills and one-half of the pension bills are not acted upon.

Only 2½ per cent of private bills and 10 per cent of public bills are enacted into law, but 44 per cent of pension bills become law. In general, more than half (58 per cent) of all the bills and joint resolutions fail of passage.

That is, summing up this table in a general way, private bills are the most difficult to have enacted into law, public bills come next, then joint resolutions, then pension bills, then concurrent resolutions, and finally, the least difficult of all, Senate resolutions.

TABLE 4

Nature of bills and resolutions	Introduced		Reported		Passed Senate		Enacted into law		Not acted upon	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Private bills	1,519	16	184	12	152	10	38	2.5	1,335	87
Public bills	1,731	21	612	35	527	30	172	10	1,119	64
Joint resolutions	152	2	------	------	64	42	37	24	88	57
Pension bills	4,388	53	------	------	2,191	50	1,940	44	2,197	50
Concurrent resolutions	37	4	------	------	25	67	[1] 21	[1] 56	12	32
Senate resolutions	475	56	------	------	354	74	------	------	121	26
Total	8,302	100	------	------	3,313	39	2,208	26	4,872	58

[1] Concurrent resolutions are deducted from total, to base percentage upon.

TABLE 5.—*Legislative activity of the Senate of the Sixty-second Congress and its results; also estimate of legislative ability*

Senators ranked in public legislation according to units of value for ability	Initial legislative activities								Results of various legislative activities														Percentage of attendance at—			Results from scale of units of value		
	Public bills and joint resolutions introduced	Private bills introduced	Pension bills introduced	Amendments offered	Motions and resolutions submitted	Petitions and memorials presented	Number of subjects discussed on floor of Senate	Frequence of remarks on floor of Senate	Number of reports made for committees	Public bills reported only	Public bills passing Senate only	Public bills enacted into law	Joint resolutions passing Senate only	Joint resolutions enacted into law	Concurrent resolutions passing Senate only	Concurrent resolutions passing Senate and House	Senate resolutions adopted	Private bills reported only	Private bills passing Senate only	Private bills enacted into law	Pension bills passed Senate only	Pension bills enacted into law	Honors bestowed by appointments and designations	Quorum calls	Yea-and-nay calls	Quorum and yea-and-nay calls	For public legislative activity	For private legislative activity	For both public and private legislative activity
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
1. Republican	155	8	27	62	106	235	178	495	74	23	44	14	2	4	1	0	25	1	2	2	0	25	20	69	78	71	993	395	1,388
2. Republican	95	35	122	124	14	61	91	222	99	0	20	10	0	1	0	1	6	2	7	2	4	59	11	76	90	83	442	789	1,231
3. Republican	66	14	49	36	27	100	83	234	64	7	18	7	0	1	0	0	6	7	18	1	1	33	17	70	77	74	396	353	749
4. Republican	53	18	15	18	7	156	16	40	31	6	16	8	0	0	0	0	7	5	16	7	0	6	12	91	89	90	391	61	452
5. Republican	50	18	43	25	96	9	177	507	70	4	12	7	1	1	0	3	15	2	3	0	4	15	11	89	94	91	372	303	675
6. Republican	66	15	63	8	7	46	10	38	24	0	17	8	0	0	0	0	2	0	1	0	1	47	13	29	39	34	342	312	654
7. Progressive Republican	43	5	89	18	20	10	97	423	15	7	7	7	0	0	0	0	8	0	0	0	5	50	5	66	77	69	304	325	629
8. Republican	39	21	51	69	93	94	174	555	47	3	7	4	1	3	0	0	14	1	6	0	4	23	18	74	87	80	245	328	573
9. Republican	32	11	51	32	18	66	55	275	19	0	4	7	1	1	0	0	7	0	3	1	5	31	7	68	86	77	244	386	630
10. Republican	48	24	33	21	21	73	129	638	69	3	10	2	1	4	0	0	9	0	4	1	2	8	29	64	58	61	224	258	482
11. Democrat	66	35	32	37	23	15	51	123	28	5	5	5	2	0	0	0	5	3	5	1	0	17	7	22	42	32	215	387	602
12. Democrat	35	119	19	22	20	16	45	84	88	1	4	5	0	0	0	0	8	0	2	1	2	8	11	63	74	68	188	172	360
13. Democrat	9	4	2	13	11	3	54	119	9	0	2	6	0	0	0	0	3	0	0	0	0	2	8	44	51	48	175	12	187
14. Republican	27	11	17	34	22	102	99	259	30	2	6	2	1	1	2	0	10	0	4	2	0	12	6	67	81	74	164	372	536
15. Republican	53	73	294	36	45	83	40	99	14	1	8	2	0	0	0	1	12	5	5	1	19	73	15	45	58	52	161	858	1,019
16. Democrat	15	13	9	31	10	6	133	480	6	4	5	2	2	2	0	0	3	0	0	0	5	3	25	76	70	73	159	49	208
17. Republican	46	33	113	69	22	25	104	485	77	2	5	4	0	0	0	0	1	1	3	0	16	81	20	68	65	67	157	601	758
18. Progressive Republican	26	16	36	14	18	21	41	120	15	0	9	2	2	1	0	0	4	0	1	1	3	22	4	69	80	74	156	272	528
19. Democrat	34	18	48	22	102	298	23	31	29	7	5	2	0	1	0	0	0	1	3	1	6	24	10	73	86	79	149	369	518
20. Republican	30	33	98	50	16	11	136	585	7	2	3	1	0	4	0	0	15	0	5	2	5	35	7	72	65	68	148	550	698
21. Progressive Republican	19	6	53	29	7	26	21	131	18	1	2	4	0	0	1	0	6	0	1	0	15	27	3	69	90	79	144	217	361
22. Progressive Republican	30	6	24	20	3	89	25	63	28	1	7	3	0	0	0	0	1	0	1	0	1	21	11	75	83	79	141	156	297
23. Democrat	21	7	5	19	33	19	68	327	7	1	3	4	0	1	0	0	0	2	1	0	0	3	1	74	90	82	141	83	224
24. Republican	20	6	17	10	4	5	28	99	66	0	5	3	0	1	0	3	1	0	1	0	2	10	7	70	62	67	140	95	235
25. Progressive Republican	20	11	17	30	31	81	53	168	20	0	6	3	1	0	0	0	2	1	4	1	1	10	2	27	37	32	135	265	400
26. Republican	26	93	427	22	36	58	59	161	28	0	3	3	2	0	0	0	6	1	2	1	19	134	17	64	65	65	132	1,069	1,201
27. Republican	19	34	151	20	16	34	62	216	15	0	4	2	0	2	0	1	8	0	1	0	7	22	11	42	57	50	130	192	322
28. Progressive Republican	22	11	38	16	12	3	20	38	15	4	3	2	0	0	0	0	7	0	4	0	1	15	6	43	81	54	123	190	313
29. Democrat	61	13	30	29	10	19	5	7	2	0	4	3	0	1	0	1	4	0	1	0	1	14	11	27	48	37	123	114	237
30. Republican	57	37	232	24	31	160	82	382	7	1	10	1	0	1	0	0	0	0	2	2	12	67	5	43	43	43	122	692	814
31. Progressive Republican	12	11	52	24	5	50	82	294	55	1	0	1	0	0	0	1	18	0	3	0	7	33	4	86	98	92	115	408	523
32. Progressive Republican	18	10	53	11	5	24	69	216	95	0	4	2	0	0	0	0	10	0	0	3	0	41	7	64	79	72	112	546	658

TABLE 5.—*Legislative activity of the Senate of the Sixty-second Congress and its results; also estimate of legislative ability*—Continued

Senators ranked in public legislation according to units of value for ability	Initial legislative activities								Results of various legislative activities													Percentage of attendance at—			Results from scale of units of value		
	Public bills and joint resolutions introduced	Private bills introduced	Pension bills introduced	Amendments offered	Motions and resolutions submitted	Petitions and memorials presented	Number of subjects discussed on floor of Senate	Frequence of remarks on floor of Senate	Number of reports made for committees	Public bills reported only	Public bills passing Senate only	Public bills enacted into law	Joint resolutions passing Senate only	Joint resolutions enacted into law	Concurrent resolutions passing Senate only	Concurrent resolutions passing Senate and House	Senate resolutions adopted	Private bills reported only	Private bills passing Senate only	Private bills enacted into law	Pension bills passed Senate only	Pension bills enacted into law	Honors bestowed by appointments and designations	Quorum calls	Yea-and-nay calls	Quorum and yea-and-nay calls	For public legislative activity	For private legislative activity	For both public and private legislative activity
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
33. Democrat	11	15	42	15	18	15	44	78	3	1	0	4	0	0	0	0	0	0	1	2	1	20	10	37	56	47	107	350	457
34. Democrat	16	5	6	7	17	6	16	112	26	0	3	3	0	0	0	0	2	0	1	0	0	3	10	74	83	79	107	43	148
35. Republican	5	4	29	16	8	46	30	117	20	0	2	2	0	0	0	2	10	1	0	0	4	18	12	61	62	61	105	148	252
36. Republican	17	16	51	26	8	84	45	97	25	1	3	1	2	3	0	0	3	2	1	2	5	21	9	48	49	48	104	416	523
37. Progressive Republican	27	1	15	14	2	11	52	131	4	0	2	3	1	0	0	0	1	0	0	0	3	7	4	65	78	72	100	57	157
38. Democrat	19	27	8	23	22	120	49	196	15	0	5	2	0	0	0	0	1	0	2	0	0	0	7	70	82	77	97	50	143
39. Republican	12	7	120	15	8	56	8	10	17	0	3	2	0	0	0	0	5	0	1	0	4	37	7	75	80	77	89	267	356
40. Republican	13	20	10	13	7	105	34	97	92	0	3	2	0	0	0	0	5	0	4	1	0	3	2	28	44	36	89	218	307
41. Republican	14	12	30	18	3	17	47	225	26	0	6	1	1	1	0	0	3	0	1	0	1	19	6	68	79	74	88	144	232
42. Democrat	15	63	53	24	21	54	65	173	10	0	1	3	0	0	0	0	0	0	1	0	1	13	9	74	84	79	83	103	186
43. Progressive Republican	18	18	52	31	25	39	82	266	22	1	2	0	2	0	0	0	9	0	4	0	0	27	10	70	78	74	82	262	344
44. Democrat	25	32	14	7	11	15	28	82	16	0	6	0	0	1	0	1	6	0	3	0	1	0	13	74	76	75	80	80	160
45. Progressive Republican	14	14	90	16	4	61	10	21	1	0	2	0	0	0	0	0	3	0	1	0	7	29	7	55	64	59	75	234	309
46. Democrat	7	8	117	25	10	10	84	401	2	1	1	0	0	0	0	0	3	0	0	0	5	57	1	64	84	74	74	367	441
47. Democrat	11	16	25	28	21	21	61	164	10	0	2	2	0	0	0	0	1	0	1	0	0	16	3	38	59	49	69	121	190
48. Democrat	14	2	4	7	4	27	10	15	16	0	7	0	0	0	0	0	1	0	0	0	0	4	14	53	60	57	69	24	93
49. Democrat	13	11	3	31	14	18	130	538	7	0	4	1	0	1	0	0	3	1	1	0	1	0	2	36	50	43	68	50	118
50. Democrat	19	43	8	31	4	84	33	88	18	3	1	1	0	0	0	1	3	0	0	0	0	0	3	63	75	69	67	0	67
51. Democrat	11	26	14	13	7	19	21	35	3	0	2	2	0	0	0	0	0	2	2	0	2	4	5	50	68	59	66	74	140
52. Republican	12	40	152	10	14	86	23	62	17	0	5	1	0	0	0	0	0	0	1	3	17	107	5	47	61	54	65	1,052	1,117
53. Republican	21	12	109	9	2	9	14	19	17	0	1	2	0	0	0	0	2	1	0	0	1	59	1	53	56	55	64	379	443
54. Democrat	13	29	123	9	2	9	14	19	6	1	4	1	0	0	0	0	1	1	0	0	2	22	5	45	54	50	64	142	206
55. Democrat	13	14	135	11	14	144	41	86	3	0	2	1	0	1	0	0	4	0	0	1	11	80	16	63	83	73	63	635	698
56. Republican	12	18	64	25	9	127	33	84	25	1	2	1	0	0	0	2	1	0	4	1	2	48	10	67	77	72	58	468	527
57. Democrat	4	2	25	18	15	65	53	177	12	0	0	1	0	0	0	0	11	0	0	0	2	10	3	45	67	56	58	70	128
58. Democrat	29	9	13	31	9	52	45	70	4	0	5	0	0	0	0	1	4	0	1	0	2	5	7	64	83	74	56	65	121
59. Republican	10	2	117	3	0	51	0	0	4	0	7	0	0	0	0	0	0	0	0	0	2	62	0	53	53	53	56	382	438
60. Democrat	4	34	4	10	11	6	18	33	7	0	1	1	0	0	0	0	7	0	0	0	1	0	4	37	42	40	54	5	59
61. Democrat	5	63	1	3	0	9	27	44	11	0	3	1	0	0	0	0	0	0	1	1	0	1	7	73	78	75	49	131	180
62. Republican	14	5	4	2	38	13	48	106	18	1	1	0	0	0	0	0	3	4	0	0	1	1	2	8	66	64	65	45	117	162
63. Democrat	16	13	20	27	9	36	43	118	10	1	3	0	0	0	0	0	3	0	1	1	0	14	6	79	92	86	40	209	249
64. Democrat	7	0	1	6	8	29	42	106	6	1	0	1	3	0	0	0	2	0	0	0	0	1	4	52	59	56	38	11	49
65. Republican	3	3	20	9	6	40	16	89	2	1	0	1	0	0	0	0	1	0	1	0	0	18	5	97	98	98	35	133	168
66. Democrat	3	11	1	18	13	1	81	251	0	1	1	0	1	1	0	0	1	0	0	0	0	1	14	36	33	34	34	11	45
67. Democrat	9	2	1	41	13	5	80	293	5	2	0	0	0	1	0	0	3	0	0	0	0	0	9	38	55	51	33	0	33
68. Democrat	4	15	153	9	5	75	18	65	3	0	0	0	0	0	0	0	10	0	1	0	6	46	3	41	60	50	30	301	331
69. Republican	12	6	50	14	15	116	51	118	18	0	1	0	0	0	0	0	6	0	0	0	3	26	4	75	89	78	29	156	185
70. Republican	1	1	83	3	0	22	14	31	8	0	0	1	0	0	0	0	1	0	0	0	4	16	1	44	58	51	28	116	144
71. Progressive Republican	18	1	41	22	17	38	41	175	7	1	1	0	0	0	0	0	4	0	0	0	2	27	9	41	64	53	27	177	204
72. Republican	11	7	109	11	2	118	6	29	7	0	2	0	0	0	0	0	1	0	1	0	16	32	1	58	69	67	19	297	316
73. Republican	7	9	91	9	5	77	7	44	21	1	0	0	0	0	0	0	3	0	0	0	6	62	12	78	78	78	16	407	423
74. Democrat	8	1	2	10	1	7	23	59	49	1	0	0	0	0	0	0	3	1	0	0	0	1	4	74	85	80	16	26	42
75. Democrat	6	40	7	13	1	0	10	47	1	1	1	0	0	0	0	0	0	0	0	0	0	2	8	36	50	43	15	12	27
76. Democrat	10	10	12	15	12	54	65	109	9	0	1	0	0	0	0	0	1	2	0	0	1	9	7	83	88	85	11	99	110
77. Democrat	8	27	4	4	4	2	5	9	2	0	1	0	0	0	0	0	1	1	0	0	0	1	7	42	46	44	11	26	37
78. Republican	3	20	37	16	1	33	0	0	4	0	0	0	0	0	0	0	1	0	3	0	0	26	1	46	61	54	3	331	334
79. Republican	1	1	4	6	1	14	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	3	0	41	39	40	3	43	46
80. Democrat	1	8	14	3	2	8	15	86	2	0	0	0	0	0	0	0	0	0	0	0	0	7	4	35	49	42	0	42	42
Total	1,859	1,517	4,408	1,936	1,315	4,054	3,769	13,277	1,796	106	355	181	26	39	4	21	358	43	129	43	262	1,932	471				9,818	20,030	29,848
Average	23.2	19.0	55.1	24.2	16.4	50.6	47.1	166.0	22.4	1.3	4.4	2.3	0.32	0.49	0.05	0.16	4.5	0.5	1.5	0.5	3.3	24.1	5.9	59	69	64	122.7	250.4	373.1

Some Senators are omitted on account of long absence during this Congress.

GENERAL TESTS OF SENATORIAL ACTIVITIES

Table 5 may be regarded as the basis for general tests of senatorial activities. In column 1 the Senators are numbered from 1 to 80, according to their rank in success with public legislation. The rank of each Senator in column 1 is based upon the figures in column 28, which in turn depend upon the scale for legislative ability in Table 2. The figures in columns 2 to 9, inclusive, refer to what may be called initial activity, showing the degree of willingness of the part of each Senator to undertake legislative work. One indication of this is the number of public bills and joint resolutions introduced by each Senator (column 2). Another sign is the number of private and pension bills introduced (columns 3 and 4), then come number of amendments offered (column 5), motions and resolutions submitted (column 6), and petitions and memorials presented (column 7). Initial legislative activity is not only indicated by the introduction of bills, or offering of amendments or submitting of motions, but by the number of subjects discussed and frequency (not length) of remarks on the floor of the Senate as shown for each Senator in columns 8 and 9 of Table 5.

In columns 10 to 24, inclusive, are presented the results of various legislative activities, showing, for each Senator, the number of reports made in general for committees (column 10), and in particular on public bills (column 11) and private bills (column 19).

In column 12 are the number of public bills introduced by each Senator, which only passed the Senate but went no farther. Column 13 gives for each Senator the number of public bills introduced by him, which not only passed the Senate but the House also, and were enacted into law. Columns 14 and 15 show figures for joint resolutions introduced by each Senator which either passed the Senate only or were enacted into law. The number of concurrent resolutions introduced which were agreed upon by the Senate but not by the House will be found in column 16; those which succeeded still further, and were passed by both House and Senate, appear in column 17. In column 18 are the number of simple Senate resolutions introduced which were adopted by the Senate. In columns 19 to 23, inclusive, are the figures for each Senator, showing the results or degrees of success in his private legislative activities; that is to say, for instance, the number of private bills which he introduced which were reported only but did not progress further (column 19), or passed the Senate only after being reported (column 20), or as indicated in column 21, succeeded still better and were enacted into law.

In columns 22 and 23 will be found the number of pension bills introduced which passed the Senate only, or those which succeeded better and were enacted into law. Column 24 indicates number of appointments and designations bestowed upon Senators, which practically are honors, such as appointments upon

committees to wait upon the President or to represent the Senate or their party in any capacity.

The faithfulness of Senators in their attendance on quorum and yea-and-nay calls, or both combined, are indicated by percentages in columns 25, 26, and 27. Columns 28, 29, and 30 show the rank of each Senator for success in public and private legislative activity and both together.

FREQUENCY OF REMARKS IN THE CONGRESSIONAL RECORD

In the first part of Table 6 are given the number of pages in the CONGRESSIONAL RECORD on which remarks occur of Democratic, Republican, progressive Republican, and conservative Republican Senators, with their averages. All figures in this table are based upon those in column 9, Table 5. The highest average, 242 (Table 6), is that the progressive Republicans, which may illustrate the general truth that those who are the most aggressive for reform or change of methods or of conditions must talk the most frequently; thus the average frequency of remarks for the conservative Republicans is only 167 as compared with 242 of the progressive Republicans.

Next to the lowest average for frequency of remarks in the CONGRESSIONAL RECORD is that of the Democrats, who were the minority party. But the minority does not consider itself responsible for legislation, and has less interest in it and generally less need to talk.

TABLE 6

Some divisions of Senators	Number	Number of pages in CONGRESSIONAL RECORD on which remarks occur	
			Average
Democrats	34	4,698	138
Republicans	46	3,622	187
Progressive Republicans	12	2,914	242
Conservative Republicans	34	5,708	167
With university education	20	5,662	233
With college education	38	5,591	147
With common-school education	22	3,067	139
Business men	17	1,925	113
Professional men	63	11,395	180
Chairman of important committee	13	2,807	215

THE BEST EDUCATED SPEAK THE MOST FREQUENTLY IN THE SENATE

In the second half of Table 6 the Senators are classified according to their educational opportunities, as those with (1) university, (2) collegiate, and (3) common-school education. Those best educated talk most frequently, showing an average of 233, and those with only a common-school education showing the lowest average, 139. In general, the frequency of remarks in the CONGRESSIONAL RECORD varies according to the degree of education. The fact that professional men average (180) much higher than business men, whose average is 113 (the lowest of all), confirms this statement. Business men talk the least, probably for two reasons; first, they are not as well educated as other Senators, and second, the habits of business life tend to action rather than talk.

The chairman of an important committee, whose average is 215, stands third for frequency of remarks, due probably to the necessity of speaking often and answering questions when in charge of the commitee bills on floor of the Senate.

PREVIOUS LIFE OF SENATORS

Table 7 presents a summary of details as to lives of Senators before entering the Senate, as given by the Senators themselves in the Congressional Directories for the Sixty-second Congress.

Beginning with the first line of the table, we note that more than half of the Senators (67 per cent) were reared in the country, 33 per cent being reared in the city. As to education, the largest number (47 per cent) had received a collegiate training, 28 per cent had only been in the common school, and 25 per cent had university training. Under the head of "Occupation," it will be seen that the great majority (71 per cent) were lawyers. Distinguishing between business and professional life, 21 per cent belonged to the former and 79 per cent to the latter.

TABLE 7.—*Life of Senators previous to entering the Senate*

	Number	Per cent
Reared in city	26	33
Reared in country	54	67
Education:		
University	20	25
Collegiate	38	47
Common school	22	28
Occupation:		
Lawyers	57	71
Bankers	7	8
Farmers	6	7
Teachers	[1]13	16
Miscellaneous	[1]13	16
Business life	17	21
Professional life	63	79

[1] Some Senators report several occupations.

TABLE 7.—*Life of Senators previous to entering the Senate*—Con.

	Number	Per cent
Legislative experience:		
With	51	64
Without	29	36
In public office:		
Experience	48	60
No experience	32	40
Political honors:[2]		
Senators receiving them	34	42
Senators without them	46	53
Severe political defeats	12	15
Legislative service:		
In House of Representatives	26	32
In State legislature	36	45
Executive service:		
Governors	23	28
Members of Cabinet	2	
United States departmental service	8	10
Prosecuting attorneys	17	21
Mayors	3	
In Army and Navy	9	11
Both legislative and executive experience	23	28
Judges	6	7

[2] Delegate to national convention, etc. Some honors given while in Senate.

A distinct majority (64 per cent) had legislative experience before entering the Senate, and as many as 32 per cent had served in the House of Representatives, which, as we shall see later, is a valuable preparation for the Senate. Fifteen per cent had suffered previous serious political defeats. Some of the best Senators were among this number.

A good majority of Senators (60 per cent) had experience in public office. The 42 per cent of Senators receiving political honors as delegates to the national convention are usually strong party men. As seen from the table under the head on "Executive service," a relatively large number of Senators (28 per cent) have been governors of their States before entering the Senate, furnishing the Senator with a practical knowledge of the wants of his State. It would be interesting to know if such Senators held their seats in the Senate longest. This step from governor to Senator is a frequent one. Another good practical preparation for the Senate (also frequent) is experience as district attorney, then membership in the House of Representatives, and finally coming to the Senate. This is indicated from the fact, as seen from the table, that 21 per cent of the Senators have been district attorneys and 32 per cent Members of the House of Representatives.

DEMOCRATS AND REPUBLICANS COMPARED

It may not be without interest to make a few comparisons of a psychological and educational nature between the Democratic and Republican Senators, as shown in Table 8.

TABLE 8

	Number	Per cent
Democrats born in the city	9	26
Democrats born in the country	25	74
Republicans born in the city	17	37
Republicans born in the country	29	63
Democrats who are business men	5	14
Democrats who are professional men	29	86
Republicans who are business men	12	26
Republicans who are professional men	34	74
Democrats with university training	12	35
Democrats who have college training	13	38
Democrats who have common-school training	9	27
Republicans with university training	8	17
Republicans with college training	25	54
Republicans with common-school training	13	29

Of the Democratic Senators, 74 per cent were reared in the country, as over against 63 per cent of Republicans; 86 per cent of Democrats are professional men and 14 per cent business men, while 74 per cent of the Republicans are professional men and 26 per cent business men; that is about 10 per cent more Democrats than Republicans were reared in the country, and also about 10 per cent more Democrats than Republicans are professional men. While the Democrats greatly excel the Republicans in university training (35 per cent over against 17 per cent) the Republicans excel the Democrats in college training (54 per cent over against 38 per cent).

ESTIMATE OF LEGISLATIVE SUCCESS

As seen from Table 9, the last part of which is taken from Table 4, private bills were the most difficult to have acted upon in this Congress. Whether this be true generally could only be determined by a study of many Congresses. Only 2½ per cent of private bills were enacted into law. If we take the private bills as a criterion and let 2½ per cent equal 100 units of value, then dividing 2½ by the different per cents for the different classes of bills, we will have a scale of evaluation based upon the actual results obtained, that is a scale which is not arbitrary. This scale is presented in Table 9.

TABLE 9.—*Percentages and scale of units*

	Per cent reported	Per cent passed Senate	Per cent became law	Scale for		
				Reported	Passed Senate	Enactment into law
Private bills	12	10	2½	20	25	100
Public bills	35	30	10	7	8	25
Joint resolutions		42	24		6	10
Pension bills		50	44		5	6
Concurrent resolutions		67	56		3	4
Senate resolutions		74			2	

Thus, if every private bill passed counts 100; as 10 per cent of public bills were enacted into law, then every public bill enacted into law will count 25; as 24 per cent of joint resolutions passed, each joint resolution passed will count 10. That is, the more difficult it is to have action taken on any class of bills, the more that action counts in the scale.

Let us now, as an example, work out the standing of Senator No. 1, the highest of all as recorded in Table 5. Beginning with column 12 we note that Senator No. 1 was successful in having 23 public bills, introduced by him, reported out of committee only; if we revert to the scale of values in the second part of Table 9, we find that each public bill reported out only, counts 7, making 23 bills reported out, 161 units of value, based upon our standard of 100 units of value for every private bill enacted into law, as already explained.

Column 12 of Table 5 shows that 44 of the public bills introduced by Senator No. 1 passed the Senate only. Reverting to the scale in Table 9, we find that each public bill which passes the Senate ccunts 8, making for 44 bills, 352. Column 13 of Table 5 gives 14 public bills of Senator No. 1 enacted into law; reverting to the scale of Table 9, we find that each public bill enacted into law counts 25, so that 14 bills would make 350. Column 14 gives two joint resolutions as passing Senate only; according to the scale, each joint resolution passing Senate only, counts 6, making 12. Column 15 shows four joint resolutions were enacted into law; according to the scale each joint resolution enacted into law counts 10, making 40. Column 16 gives one concurrent resolution agreed to in Senate only which, according to the scale, makes 3. Column 18 gives 25 Senate resolutions agreed to which, according to scale (each counting 3), makes 75. Adding all these results as follows—

Public bills reported out, 23×7	161
Public bills passed Senate only, 44×8	352
Public bills enacted into law, 14×24	350
Joint resolutions passed Senate only, 2×6	12
Joint resolutions enacted into law, 4×10	40
Concurrent resolutions passed Senate, 1×3	3
Senate resolution agreed to, 25×3	75
	993

We have a total number of units of value for the public legislative results or success of Senator No. 1, which is 993. The results for each Senator have been worked out in a similar way for success in private legislative activity (column 29, Table 5), and for both public and private combined (column 30, Table 5).

DIFFICULT TO ESTIMATE A SENATOR'S STANDING

The difficulties of estimating the standing of a Senator for legislative success by any scale are evident at once and naturally produce skepticism. However, the attempt here is at best intended to be only approximate; that is, the difference of a few units between Senators would have little or no significance, but if it were a larger number it would have a certain weight. If, from a study of several Congresses, a Senator were shown to have relatively a similar standing, this would strengthen the value of the estimate.

TABLE 10

Political divisions	Number	Number of units for public legislative success	Average
Democrats	34	2,603	76
Republicans	46	7,215	156
Progressive Republicans	12	1,514	126
Conservative Republicans	34	5,701	167
Democrats, 2,603 plus 50 per cent (1,301)	34	3,904	114

Table 10 gives an estimate of the political divisions of Senators as to their success in public legislative activity. This estimate is made according to the scale given in the second part of Table 9. In the third column of Table 10 are given the total number of units of success for each of the political divisions; this total divided by the number of Senators in each political division gives the averages. As will be noted, the Democrats, who were the minority party in this Congress, average 76, being nearly 50 per cent less than 150 which is the average for the Republicans.

There are obvious reasons for this great difference in successful public legislative activity between the Democrats, or minority party, and the Republicans, or majority party. The majority party have all the important chairmanships; the majority party are held responsible for the legislative program and naturally desire to have charge of the bills, especially those which seem to have some chance of passing. This goes so far sometimes that if a minority member has worked out and introduced such a bill, a majority member will introduce practically the same bill. For it is not considered good politics to have popular bills passed which bear the names of minority members. Such cases, however, are very infrequent and are only mentioned to illustrate how jealous the majority party are of their control of legislation.

Since for these and other reasons connected with the prestige of the majority party, the minority are at great disadvantage, and since they average 50 per cent less (76) than the majority (156) in successful public legislative activity, and assuming this to be an average or normal Congress, it would seem just, in order to effect such disadvantages, to allow the minority 50 per cent increase. In all further estimates of public legislative success, therefore, we will add to the standing of each Democrat 50 per cent of his units of value. These units of value are given in Table 5, column 28. Thus, Senator No. 12, for instance, has 188 units of value; adding 50 per cent of 188 to 188 makes 282 as his standing for success in public legislative activity.

TABLE 11

Division of Senators	Number	Average units for public legislative success
Business men	17	106
Professional men	63	144
Chairmen of important committees	13	208
Remaining Republicans	33	138
Senators reared in the city	26	130
Senators reared in the country	54	143

Table 11 gives the standing for success in public legislative activity of Senators who were business men, professional men, chairmen of important committees (all Republicans), and remaining Republicans; also the degree of success of Senators reared in the city as compared with those reared in the country.

From the last column of the table, it will be seen that professional men as Senators are more successful in their public legislative activity than Senators who were business men, showing an average of 144 over against 106. This is to be expected as professional men, especially lawyers, are better equipped. The average of 208 for chairmen of important committees is very high as compared with that of the remaining Republicans, which is 138. This may be partially due to the fact that the chairmen sometimes introduce public bills for the committee, rather than for themselves. Still, the fact of being a chairman of an important committee is a credit.

PREVIOUS SERVICE IN HOUSE OF REPRESENTATIVES

Taking all the Senators who have served in the House of Representatives and considering their average for successful public legislative activity, we find it to be 177. This suggests the beneficial influence upon Senators of having had service in the House of Representatives previous to entering the Senate. For if we consider in contrast with this the average 119, which is that of Senators without previous legislative experience of any kind, the significance of the high average of 177 is evident.

Working out in a similar manner the average for Senators who have received political honors as delegates to a national political convention, we find their average to be 148, which is relatively high. As these Senators are usually strong party men, there is no indication that their interest in politics, as such, affects their faithfulness to their work in the Senate.

EDUCATION AND LEGISLATIVE ACTIVITY

Table 12 gives the average standing for success in public legislative activity of Senators with university education (124) as compared with Senators having merely a common-school training. It will be seen that the degree of success in both public and private legislation varies inversely with education, that is, the better educated the Senator, the less his success in legislative activity.

TABLE 12

Senators divided according to educational qualifications	Number	Per cent	Average units of value for results of legislative activity		
			Public	Private	Both
Senators with university education	20	25	124	142	266
Senators with college education	38	47	130	286	416
Senators with common school	22	28	184	286	470

This does not mean, of course, that education necessarily has anything to do with this result as a cause. There are many other things in the character of the men themselves that might act as causes. It may be said, however, that education sometimes tends to make men more reserved in their opinions and so less aggressive and intense in action.

CONCLUSIONS AS TO THE SENATE OF THE SIXTY-SECOND CONGRESS

While the following conclusions apply only to the Senate of the Sixty-second Congress, they nevertheless create a presumption in favor of their application to other Congresses. If, upon investigation of the Senate of a large number of Congresses, these conclusions prove applicable with some modifications that might be expected, their general truth might be established. But at present they can only be held as tentative.

A further advantage in the study of many Senates would be that other and subclassifications of Senators would be made possible on account of larger numbers, furnishing a statistical basis for additional analysis. Such study might not only cause some rules of Congress to be changed, but also serve as a basis for better legislation.

1. The Senate of the Sixty-second Congress may be called a normal Senate, like many others.
2. Senators attend quorum and yea-and-nay calls better in the first and third sessions than in the second session of Congress.
3. The Senate, as a whole, is 10 per cent higher in its attendance on yea-and-nay calls than on quorum calls, refuting the idea that Senators as a class avoid voting.
4. Progressive Republicans show a higher per cent of attendance on yea-and-nay calls, but a lower per cent on quorum calls, than conservative Republicans.
5. Senators who are business men attend quorum calls more, but yea-and-nay calls less, than Senators who are professional men.
6. Chairmen of important committees have the highest per cent of all for attendance at quorum calls.
7. Private bills are the most difficult to enact into law (2½ per cent), public bills come next (10 per cent), then in their descending order come pension bills, concurrent resolutions, and finally Senate resolutions, which are the least difficult. But—
8. In general, more than half of the legislation initiated in the Senate receives little or no attention.
9. As to frequency of remarks on the floor of the Senate the progressive Republicans have the highest average.
10. The frequency of remarks on the floor of the Senate varies according to degree of education. This is confirmed by the fact that,
11. Professional men average much higher than business men in their frequency of remarks on the Senate floor.
12. The great majority of Senators (79 per cent) are professional men as distinguished from business men (21 per cent); and a large majority (67 per cent) were reared in the country.
13. While the Democrats excel the Republicans in university education, the Republicans excel the Democrats in college training.
14. Senators without previous legislative experience are less successful in legislation.
15. Senators who are strong party men do not allow their political interests to affect their faithfulness in senatorial duties.

PROPOSED COMMITTEE ON VETERANS' AFFAIRS

The VICE PRESIDENT. Morning business is closed.

Mr. BROOKHART. Mr. President, I move that the Senate proceed to the consideration of Senate Resolution 26, being Order of Business No. 617 on the calendar.

The VICE PRESIDENT. Let the resolution be reported for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 26) submitted by Mr. BROOKHART December 9, 1931, and from which the Committee on Rules was discharged April 21, 1932, as follows:

Resolved, That so much of paragraph 1 of Rule XXV of the Standing Rules of the Senate as reads "Committee on Pensions, to consist of 11 Senators" is amended to read as follows:

"Committee on Veterans' Affairs, to consist of 13 Senators, to which shall be referred all legislation and other matters relating to pensions, Government life insurance, and death or disability compensation, hospitalization, and allowances of persons in the military or naval service of the United States and their beneficiaries, and all legislation and other matters relating to the National Home for Disabled Volunteer Soldiers, and its branches."

Mr. FRAZIER. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from North Dakota?

Mr. BROOKHART. I yield.

Mr. FRAZIER. I am very strongly in favor of the resolution of the Senator from Iowa, but I think there are some bills on the calendar which should be considered and which probably will take no time, whereas the resolution of the Senator from Iowa will probably take considerable time.

Mr. BROOKHART. I do not think the resolution will take any time now, I will say to the Senator.

The VICE PRESIDENT. The Chair will state that the motion is not debatable.

Mr. McNARY. Mr. President, I had intended this morning to make a request for unanimous consent with respect to the consideration of bills on the calendar and as to where we should commence. I shall suggest the matter to the Senator from Iowa. I ask unanimous consent that the Senate begin the consideration of the calendar with Order of Business No. 621, which is the order following that at which we stopped when the calendar was last under consideration. That will permit us to go through with the calendar.

Mr. BROOKHART. I will agree to that if it does not interfere with my motion. I have made a motion to take up Calendar No. 617. If we can begin with that order of business, I will agree to the request.

Mr. McNARY. I would not want to commence the consideration of the calendar to include a bill or resolution which went over when the calendar was last considered. I do not want to retrace our steps, but to go through the calendar to-day, beginning with the order of business following the one which was last considered.

Mr. BROOKHART. Order of Business No. 617, which was debated day before yesterday, was not concluded.

The VICE PRESIDENT. The question is on the motion of the Senator from Iowa.

Mr. ROBINSON of Arkansas. Mr. President, I understand the motion is not debatable.

The VICE PRESIDENT. It is not.

Mr. ROBINSON of Arkansas. But may I make a brief statement, as other Senators have done so?

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. ROBINSON of Arkansas. Mr. President, a number of Senators who are interested in this resolution did not know that it was to be called up this morning. In fairness to them, I think they should have an opportunity of being present, and I will therefore suggest the absence of a quorum.

Mr. BROOKHART. I gave notice to them that I would press this resolution at every opportunity. It has been here for two years; so I think we ought not to wait on account of the Senator's suggestion.

Mr. ROBINSON of Arkansas. I feel that it is proper and fair that they be informed that the resolution is being taken up on motion at this time. I therefore suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Cutting	Johnson	Oddie
Bankhead	Dale	Jones	Patterson
Barbour	Davis	Kean	Robinson, Ark.
Blaine	Fletcher	Kendrick	Robinson, Ind.
Bratton	Frazier	Keyes	Schall
Brookhart	George	King	Sheppard
Broussard	Glass	La Follette	Smoot
Bulkley	Glenn	Logan	Thomas, Idaho
Byrnes	Gore	McGill	Thomas, Okla.
Capper	Hale	McKellar	Townsend
Caraway	Harrison	McNary	Trammell
Cohen	Hawes	Moses	Vandenberg
Coolidge	Hayden	Neely	Walsh, Mass.
Copeland	Hebert	Norbeck	Walsh, Mont.
Costigan	Howell	Norris	Watson
Couzens	Hull	Nye	

The VICE PRESIDENT. Sixty-three Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Iowa.

Mr. WATSON. Mr. President, may I proceed for five minutes by unanimous consent?

The PRESIDENT pro tempore. The Senator from Indiana requests unanimous consent to speak for five minutes. Is there objection? The Chair hears none, and the Senator from Indiana is recognized.

Mr. WATSON. Mr. President, I voted for the resolution of the Senator from Iowa in the Committee on Rules, and

I favor it; but I have knowledge of the fact that, if taken up, it would be debated until 2 o'clock and nothing would be accomplished. Therefore I wish to ask the Senator to wait until a different time to bring it up, until, say, 12 o'clock, because I am sure that nothing will be accomplished this morning in the way of the adoption of the resolution.

Mr. BROOKHART. I ask unanimous consent that the resolution be made the unfinished business immediately following the disposition of the pending farm bill.

The PRESIDENT pro tempore. Is there objection?

Mr. WATSON. Mr. President, in view of the fact that the appropriation bills are coming on apace, one after another, as rapidly as they can be brought in from the committee, it appears to me that they ought to be proceeded with.

I will say to the Senator that I shall do anything in my power to help him secure consideration for his resolution at the proper time, and we shall have an abundance of time; we are not going to get away from here to-morrow.

Mr. BROOKHART. I went through to the end of the last session on some such assurances.

Mr. WATSON. The Senator did not have such assurances from me.

Mr. BROOKHART. Yes; the Senator was strongly of the opinion that we could have the resolution considered.

Mr. WATSON. I was with the Senator in spirit, but I was not with him in action.

Mr. BROOKHART. Mr. President, I ask unanimous consent——

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. WATSON. Yes.

Mr. ROBINSON of Arkansas. The press reports indicate——

The PRESIDENT pro tempore. The Chair will assume that the debate may proceed by unanimous consent.

Mr. ROBINSON of Arkansas. The debate is proceeding by unanimous consent. The Senator from Indiana secured consent to speak for five minutes, and the five minutes have not expired.

Mr. WATSON. This is part of the five minutes.

Mr. ROBINSON of Arkansas. The statement is attributed to the Senator from Oregon [Mr. McNARY] that the Congress will adjourn next Saturday. I should like to have some further advice and information about that in view of the situation of the calendar.

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Oregon?

Mr. WATSON. I yield.

Mr. McNARY. I am still hopeful that we shall conclude our work by next Saturday; I still cling to that grim hope; and if all of us were of the same opinion that I am, we would stay here until we did finish on next Saturday. But whether we shall do so or not I can not at this time prophesy.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Indiana yield to me for just one further statement?

Mr. WATSON. Certainly; with pleasure.

Mr. ROBINSON of Arkansas. I must characterize my good friend the Senator from Oregon as an amazing optimist. [Laughter.]

Mr. WATSON. At all events, Mr. President, whatever may be the desire and hope of my friend from Oregon, and whatever may be the outcome, I was going to say that I do not believe anything can be accomplished by debating the resolution of the Senator from Iowa at this time. I believe that two hours or an hour and a half will simply be wasted in discussion, when, if he will bide his time, we will endeavor to have the resolution brought up in order and let it take its chances in the Senate.

Mr. BROOKHART. I will ask unanimous consent, then, that at 12 o'clock the Senate proceed to vote on the resolution and any amendments thereto. I do not want to consume time unnecessarily.

Mr. SMOOT. I shall object to that.

The PRESIDENT pro tempore. Objection is made.

Mr. JONES. Mr. President, I wish to suggest to the Senator from Iowa that in any unanimous consent he may ask he should except the consideration of appropriation bills so as not to interfere with them.

Mr. BROOKHART. My last request was that a vote be taken at 12 o'clock, which would not interfere with anything.

Mr. JONES. I understand that, but that was objected to.

Mr. BROOKHART. Then, I ask unanimous consent that the Senate proceed to an immediate vote on any amendments and on the resolution itself without debate.

Mr. SMOOT. I did not hear the request.

Mr. BROOKHART. I ask unanimous consent that the Senate proceed immediately to vote on any amendments and on the resolution itself without debate.

The PRESIDENT pro tempore. That is the pending question, anyway.

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. KING. The pending question, I understand, is on the motion of the Senator from Iowa that the Senate take up for consideration the resolution named by him?

The PRESIDENT pro tempore. The question is on the motion to proceed to the consideration of Order of Business 617, being Senate Resolution 26.

Mr. SMOOT. Mr. President, I should object to that. The Senator from Pennsylvania [Mr. REED] is absent, and will not be able to be here for three-quarters of an hour. He desires to be present when the resolution is considered.

The PRESIDENT pro tempore. The motion is in order. The question is on the motion of the Senator from Iowa.

Mr. BROOKHART. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Couzens	Jones	Patterson
Bankhead	Cutting	Kean	Robinson, Ark.
Barbour	Dale	Kendrick	Robinson, Ind.
Blaine	Davis	Keyes	Schall
Bratton	Fletcher	King	Sheppard
Brookhart	Frazier	La Follette	Smoot
Broussard	George	Logan	Thomas, Idaho
Bulkley	Glenn	McGill	Thomas, Okla.
Bulow	Gore	McKellar	Townsend
Byrnes	Hale	McNary	Trammell
Capper	Harrison	Metcalf	Vandenberg
Caraway	Hawes	Moses	Walsh, Mass.
Cohen	Hayden	Neely	Walsh, Mont.
Connally	Hebert	Norbeck	Watson
Coolidge	Howell	Norris	White
Copeland	Hull	Nye	
Costigan	Johnson	Oddie	

The PRESIDENT pro tempore. Sixty-six Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Iowa [Mr. BROOKHART] that the Senate proceed to the consideration of Senate Resolution 26. On this question the yeas and nays are demanded. Is the demand sufficiently seconded?

The yeas and nays were not ordered.

Mr. LA FOLLETTE. I call for a division.

On a division, Mr. BROOKHART's motion was rejected.

THE CALENDAR

The PRESIDENT pro tempore. The calendar, under Rule VIII, is in order.

Mr. McNARY. Mr. President, I now renew my request that we commence with the calendar where we left off day before yesterday, with Order of Business No. 621.

The PRESIDENT pro tempore. Is there objection?

Mr. LA FOLLETTE. I object, Mr. President.

The PRESIDENT pro tempore. Objection is made. The clerk will state the first bill on the calendar.

The first business on the calendar was the bill (S. 88) to authorize the Postmaster General to investigate the condi-

tions of the lease of the post-office garage in Boston, Mass., and to readjust the terms thereof.

Mr. BLAINE. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 268) to amend subdivision (c) of section 4 of the immigration act of 1924, as amended, was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2642) to establish a commission to be known as a Commission on a National Museum of Engineering and Industry was announced as next in order.

Mr. KING (and other Senators). Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1856) to provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation, and/or similar districts other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The resolution (S. Res. 166) to print the pamphlets entitled "Draft of Mooney-Billings Report" and "Appendix Containing Official Documents" was announced as next in order.

SEVERAL SENATORS. Let that go over.

The PRESIDENT pro tempore. The resolution will be passed over.

The bill (S. 3696) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, a similar bill has already passed the Senate, and I presume this bill should go over.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). The bill will be passed over.

The bill (S. 3377) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, was announced as next in order.

SEVERAL SENATORS. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 15) to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals, in the State of Alabama, to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Let that go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 572) to provide that the United States shall cooperate with the States in promoting the general health of the rural population of the United States and the welfare and hygiene of mothers and children was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1058) repealing various provisions of the act of June 15, 1917, entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes" (40 Stat. L. 217), was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). The bill will be passed over.

The bill (S. 97) to protect trade-mark owners, distributors, and the public against injurious and uneconomic practices in the distribution of articles of standard quality under a distinguishing trade-mark, brand, or name was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 80) authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens was announced as next in order.

Mr. KING. Mr. President, the Senator from Pennsylvania [Mr. REED] is interested in that matter. In his absence, I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1039) establishing additional land offices in the States of Montana, Oregon, South Dakota, Idaho, New Mexico, Colorado, and Nevada, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 13) to authorize the merger of street-railway corporations in the District of Columbia, and for other purposes, was announced as next in order.

Mr. ROBINSON of Arkansas (and other Senators). Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1251) relating to the making of loans to veterans upon their adjusted-service certificates was announced as next in order.

Mr. VANDENBERG. At the request of the Senator from Pennsylvania [Mr. REED], I ask that the bill may go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 34) to provide for review of the action of consular officers in refusing immigration visas was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

INDIANS OF WASHINGTON, IDAHO, AND MONTANA

The Senate proceeded to consider the bill (S. 1523) for the relief of certain tribes or bands of Indians in the States of Washington, Idaho, and Montana, which had been reported from the Committee on Indian Affairs, with amendments.

Mr. ROBINSON of Arkansas. Mr. President, apparently there is an adverse report on this bill.

Mr. FRAZIER. Mr. President, I may say that the department always makes adverse reports on any Court of Claims measure for the Indians. This is in accord with the usual bills to allow the Indians to go into the Court of Claims. It is just giving them their day in court. It takes several years to decide a case of this kind. I believe these Indians are entitled to it, and I should like to see the bill passed.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill? The Chair hears none. The amendments of the committee will be stated.

The amendments were, on page 1, line 10, after the words "in the," to strike out "State" and insert "States," and on page 2, line 1, after the word "Washington," to insert "and Idaho," so as to make the bill read:

Be it enacted, etc.,

First. That jurisdiction is hereby conferred upon the Court of Claims, with right of appeal to the Supreme Court of the United States, to consider, determine, and render judgment on all legal and equitable claims against the United States of the Okanogan, Methow, San Poells or Sanpoeilles, Nespelem, Colville, and Lake Tribes or Bands of Indians residing in the State of Washington; and the lower, middle, and upper tribes or bands of Spokane Indians residing in the States of Washington and Idaho; and the Cowlitz Tribe or Band of Indians residing in the States of Washington and Idaho; and the Lower Pend O'Reille or Lower Kahlis-

pell or Lower Calispell Tribe or Band of Indians residing in the States of Washington, Idaho, and Montana, for lands and hunting and fishing rights claimed to be existing in said tribes or bands of Indians by virtue of aboriginal occupancy and possession, and their alleged right to hunt in the common hunting ground created by article 3 of the treaty of October 17, 1855 (11 Stat. L. 657), between the United States and the Blackfeet and other Indian tribes, which said lands and hunting and fishing rights are alleged to have been taken from said tribes or bands of Indians by the United States without compensation therefor, and all claims of said lower, middle, and upper tribes or bands of Spokane Indians of the State of Washington arising out of the treaty of March 18, 1887, approved July 13, 1892 (27 Stat. L. 120), between said Indians and the United States, including the diversion or misapplication of moneys appropriated by Congress for the fulfillment of said treaty, and also any legal or equitable setoffs, or counterclaims, including gratuities, which the United States may have against the said tribes or bands, all claims and defenses to be considered without regard to lapse of time; the jurisdiction hereby conferred, except that relating to said common hunting ground, being limited to the location of the lands and hunting and fishing rights therein of said respective tribes or bands of Indians shown in Gov. I. I. Stevens's map of the Indian Nations and Tribes of the Territory of Washington, and of the Territory of Nebraska, compiled March, 1857, and now a part of the files of the office of the Commissioner of Indian Affairs as map No. 187, and by the Fourteenth Annual Report, Bureau of American Ethnology, part 2, pages 731 to 734, and Map LXXXVIII at pages 716 and 717, and being also limited to any of said lands and hunting and fishing rights not heretofore relinquished by said tribes or bands of Indians by treaty or agreement with the United States.

Second. That suit under this act may be brought severally by said respective tribes or bands of Indians or may be joined in a single action, and shall be begun by the filing of a petition within five years from the date of the approval of this act, said petition to be verified by the attorney or attorneys employed by the claimant Indians under contracts executed and approved in accordance with existing law. The claimant Indians shall be parties plaintiff and the United States shall be party defendant, and such suit or suits shall on motion of either party be advanced on the docket of the Court of Claims and of the Supreme Court of the United States.

Third. The compensation to be paid the attorneys for the claimant Indians shall be determined by the Court of Claims in accordance with the terms of said approved contracts and shall be paid out of any sum or sums found and adjudged to be due said Indians, but in no event shall said compensation exceed 10 per cent of the amount of any judgments rendered in favor of said Indians, said compensation to be exclusive of all actual and necessary expenses in prosecuting said suits, which said expenses shall be paid out of such judgments on accounts passed on and approved by the said Court of Claims. The balance of any such judgments shall be placed in the Treasury of the United States to the credit of the Indians entitled thereto and draw interest at the rate of 4 per cent per annum.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 939) to limit the jurisdiction of district courts of the United States was announced as next in order.

Mr. COPELAND. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2842) to authorize construction of the Casper-Alcova division, North Platte project, Nebraska-Wyoming, was announced as next in order.

Mr. COSTIGAN. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 4080) to regulate the manufacture and sale of stamped envelopes was announced as next in order.

SEVERAL SENATORS. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

QUALIFICATIONS OF PRACTITIONERS OF LAW IN THE DISTRICT

The bill (S. 3223) relative to the qualifications of practitioners of law in the District of Columbia was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, I inquire what are the changes in existing law that this bill contemplates.

Mr. KING. Mr. President, the present law is wholly inadequate, and my recollection is that there is no general statute dealing with this question.

Mr. ROBINSON of Arkansas. I think this bill should receive consideration. It is manifestly intended to deny nonresident lawyers the opportunity to participate in litigation in the District of Columbia. The thought is suggested to me that the bill ought to be considered somewhat carefully. I suggest that it go over.

The PRESIDING OFFICER. The bill will be passed over.

HIGH-SCHOOL BUILDING, SHANNON COUNTY, S. DAK.

The bill (S. 2340) to provide funds for cooperation with the school board of Shannon County, S. Dak., in the construction of a consolidated high-school building to be available to both white and Indian children, was announced as next in order.

Mr. KING. Let that go over.

Mr. NORBECK. Mr. President, I hope the Senator will withhold his objection.

Mr. KING. I will withhold it. I should like an explanation of the bill from the Senator.

Mr. NORBECK. This is really an effort to do something practical along the line of educating the Indians. I have maintained that 90 per cent of the money we have spent in educating them has been wasted. This is to get a school that will teach the vocational arts, and a place where the white people and the Indians will join in the school. It is located on a reservation that has a county unit system of schools where the county will cooperate with the Government and have a joint school. The department to which it has been referred speaks very highly of it. They did say that they thought the Government could not afford to pay out so much money at this time; but this is just an authorization. We are not asking for an appropriation.

Mr. McKELLAR. How much is authorized to be expended out of the appropriation?

Mr. NORBECK. One hundred and fifty thousand dollars.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

Mr. KING. I think that measures of this kind ought to come from and through the Committee on Appropriations, who have in charge the Indian appropriation bill. I notice that the Indian Bureau is recommending appropriations oftentimes for the Indians outside of the general appropriation bills dealing with the Indians throughout the United States. Pretty soon we will have a large appropriation bill, as we have now, for the Indians, from twenty-five to thirty-four million dollars; and then, because the Bureau of Indian Affairs expend so much needlessly and wastefully and extravagantly in administration, they introduce or support measures calling for appropriations for the Indians independently of the Indian appropriation bill.

Mr. NORBECK. But the Senator will agree with me that the usual way of legislating on this matter has been through the Committee on Indian Affairs.

Mr. KING. Yes.

Mr. NORBECK. That is where this bill comes from. I hope the Senator will not object. If, on the other hand, when the appropriation comes up, he feels that it is too big, there are plenty of chances to consider it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of $150,000 for the purpose of cooperating with the Public School Board of Shannon County, S. Dak., for the construction and equipment of a consolidated public high-school building at Pine Ridge, S. Dak.: *Provided*, That said school shall be conducted for both white and Indian children, without discrimination, and that practical training for vocations and home economics be provided, and that the cost of education of white children shall be defrayed by the State and local public-school authorities, in accordance with such agreement or agreements as may be made between the Secretary of the Interior and State or local officials, and any and all sums of money obtained by reason of such agreement or agreements shall be available for reexpenditure for support and maintenance of said school.

BILLS, ETC., PASSED OVER

The bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control,

to prevent the undue diversion of funds into speculative operations, and for other purposes, was announced as next in order.

Mr. BLAINE. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The resolution (S. Res. 60) to hear and determine the contest of George M. Pritchard against Josiah W. Bailey for a seat in the Senate from the State of North Carolina was announced as next in order.

Mr. McNARY. Mr. President, in the absence of the Senator from California [Mr. SHORTRIDGE], I think the matter should go over.

Mr. BORAH. Mr. President, the Senator from New Mexico [Mr. BRATTON] is objecting to that course. A matter of this nature ought to be disposed of at some time.

Mr. McNARY. I ask, then, that it be temporarily passed over until his return to the Chamber.

The PRESIDING OFFICER. The resolution will be temporarily laid aside.

PROPOSED COMMITTEE ON VETERANS' AFFAIRS

The resolution (S. Res. 26) changing the name of the Committee on Pensions to the Committee on Veterans' Affairs, and defining its jurisdiction, was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The resolution will be passed over.

Mr. BROOKHART. Mr. President, I move that the Senate proceed to the consideration of the resolution.

Mr. KING. That is in violation of the unanimous-consent agreement, as I understand it.

Mr. LA FOLLETTE. No unanimous-consent agreement was entered into.

The PRESIDING OFFICER. The Chair is informed that no unanimous-consent agreement was entered into.

Mr. VANDENBERG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Reed
Austin	Cutting	Jones	Robinson, Ark.
Bankhead	Dale	Kean	Robinson, Ind.
Barbour	Davis	Kendrick	Schall
Blaine	Dill	Keyes	Sheppard
Borah	Fletcher	King	Smoot
Bratton	Frazier	La Follette	Thomas, Idaho
Brookhart	George	Logan	Thomas, Okla.
Bulkley	Glass	McGill	Townsend
Byrnes	Glenn	McKellar	Trammell
Capper	Gore	McNary	Tydings
Caraway	Hale	Metcalf	Vandenberg
Carey	Harrison	Moses	Wagner
Cohen	Hawes	Neely	Walsh, Mont.
Connally	Hayden	Norris	Watson
Coolidge	Hebert	Nye	Wheeler
Copeland	Howell	Oddie	White
Costigan	Hull	Patterson	

The PRESIDING OFFICER. Seventy-one Senators having answered to their names, there is a quorum present.

The question is on agreeing to the motion of the Senator from Iowa [Mr. BROOKHART] that the Senate proceed to the consideration of Senate Resolution 26.

Mr. CUTTING. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is absent from the city. I transfer that pair to the junior Senator from Oregon [Mr. STEIWER] and vote "yea."

Mr. McNARY (when his name was called). On this vote I have a pair with the junior Senator from North Carolina [Mr. BAILEY]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence I transfer that pair to the junior Senator from California [Mr. SHORTRIDGE] and vote "yea."

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. SMITH], who is necessarily absent from the Senate. In his absence I transfer that pair to the junior Senator from Connecticut [Mr. WALCOTT] and vote "yea."

The roll call was concluded.

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON], which I transfer to the junior Senator from Maryland [Mr. GOLDSBOROUGH], and vote "yea."

Mr. GLASS. I have a general pair with the senior Senator from Connecticut [Mr. BINGHAM], which I transfer to the junior Senator from South Dakota [Mr. BULOW], and vote "nay."

Mr. McNARY. I announce the following general pairs:

The Senator from Iowa [Mr. DICKINSON] with the Senator from Kentucky [Mr. BARKLEY];

The Senator from West Virginia [Mr. HATFIELD] with the Senator from North Carolina [Mr. MORRISON]; and

The Senator from Delaware [Mr. HASTINGS] with the Senator from Alabama [Mr. BLACK].

I am not advised how any of these Senators would vote on this question.

Mr. TOWNSEND (after having voted in the negative). I transfer my general pair with the Senator from Tennessee [Mr. McKELLAR] to the Senator from Colorado [Mr. WATERMAN], and let my vote stand.

Mr. McNARY. I desire to announce that the Senator from Minnesota [Mr. SHIPSTEAD] is necessarily detained from the Senate. If present, he would vote "yea."

Mr. SHEPPARD. I wish to announce that the Senator from Nevada [Mr. PITTMAN], the Senator from South Dakota [Mr. BULOW], the Senator from Illinois [Mr. LEWIS], and the Senator from Tennessee [Mr. McKELLAR] are necessarily detained on official business.

Mr. COPELAND (after having voted in the affirmative). I have a general pair with the senior Senator from Ohio [Mr. FESS], who is absent on very important business. I transfer that pair to the junior Senator from Illinois [Mr. LEWIS], and allow my vote to stand.

The result was announced—yeas 49, nays 20, as follows:

YEAS—49

Ashurst	Copeland	Howell	Schall
Austin	Costigan	Hull	Sheppard
Barbour	Couzens	Johnson	Thomas, Idaho
Blaine	Cutting	Jones	Thomas, Okla.
Borah	Dale	Kean	Trammell
Bratton	Davis	La Follette	Vandenberg
Brookhart	Dill	McGill	Wagner
Bulkley	Fletcher	Neely	Watson
Byrnes	Frazier	Norris	Wheeler
Capper	Glenn	Nye	White
Caraway	Hale	Oddie	
Carey	Hawes	Patterson	
Connally	Hayden	Robinson, Ind.	

NAYS—20

Bankhead	Gore	King	Robinson, Ark.
Cohen	Harrison	Logan	Smoot
Coolidge	Hebert	Metcalf	Townsend
George	Kendrick	Moses	Tydings
Glass	Keyes	Reed	Walsh, Mont.

NOT VOTING—27

Bailey	Fess	McNary	Steiwer
Barkley	Goldsborough	Morrison	Stephens
Bingham	Hastings	Norbeck	Swanson
Black	Hatfield	Pittman	Walcott
Broussard	Lewis	Shipstead	Walsh, Mass.
Bulow	Long	Shortridge	Waterman
Dickinson	McKellar	Smith	

So Mr. BROOKHART's motion was agreed to, and the Senate resumed the consideration of the resolution (S. Res. 26) changing the name of the Committee on Pensions to the Committee on Veterans' Affairs and defining its jurisdiction, which is as follows:

Resolved, That so much of paragraph 1 of Rule XXV of the Standing Rules of the Senate as reads "Committee on Pensions, to consist of 11 Senators" is amended to read as follows:

"Committee on Veterans' Affairs, to consist of 13 Senators, to which shall be referred all legislation and other matters relating to pensions, Government life insurance, and death or disability compensation, hospitalization, and allowances of persons in the military or naval service of the United States and their beneficiaries, and all legislation and other matters relating to the National Home for Disabled Volunteer Soldiers, and its branches."

The PRESIDING OFFICER. The junior Senator from Michigan [Mr. VANDENBERG] has an amendment pending, which will be stated.

The CHIEF CLERK. On page 1, line 3, after the word "amended," insert the words "effective at the beginning of the second session of the Seventy-second Congress."

Mr. NORRIS. Mr. President, I want to have a vote on the amendment. I am opposed to it myself. As I understand it, the effect of the amendment is to postpone the going into effect of the change until next December.

Mr. VANDENBERG. The Senator is entirely correct.

Mr. NORRIS. I see no reason why it should not go into effect now.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan.

Mr. HALE. Let us have the yeas and nays.

Mr. WALSH of Montana. Mr. President, I take it that it will be quite impossible for any committee to consider veterans' legislation at this session, and I was wondering whether the actual effect of the change would not be deferred under any circumstances until December?

Mr. VANDENBERG. Mr. President, that is precisely the theory upon which I submitted the amendment at the last session of the Senate which considered the resolution.

Mr. NORRIS. Mr. President, of course nobody knows, I suppose, how long we are going to be here; but I know of no reason why the committee should not consider legislation at this session. I myself have two or three bills pending before the Finance Committee which I think ought to receive consideration and ought to be acted on at this session. I do not want to take the time of the Senate now to discuss it, because I realize, under the parliamentary situation, that nothing would better please those who are opposed to the resolution than for somebody to occupy the time until 12 o'clock, when, under the rule, the resolution would have to go over.

I do not understand why the new committee could not do some very effective work at the present session of Congress. If we stay here, as we probably will, for a couple of weeks longer, we could get some action of the Senate on some of the pending bills. For instance, there is a bill pending to change the rate of interest that must be charged the veterans. At the present time the Government is making a profit, charging 5 per cent interest. It seems to me that is an outrageous thing. There are several bills pending to lower the rate of interest. There is no reason why such bills should not be considered and enacted into law at this session.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. KING. Mr. President, I would like to have an explanation of the amendment which is pending.

Mr. VANDENBERG. Mr. President, I am in hearty accord with the suggestion of the Senator from Nebraska and do not myself desire to interfere with a conclusive vote. Therefore I have taken no time upon the amendment. It was offered when the resolution was last before the Senate on the theory, first, that the committee will have to be reorganized, in view of the fact that its membership is being increased in number. Secondly, if we are to be here only a week or 10 days or 2 weeks longer, my theory is that the reorganization of the committee would deter action upon veterans' legislation rather than to facilitate it, inasmuch as the entire proceeding would have to start de novo. It is on that theory, and on the theory that it is the orderly thing to reorganize committees at the beginning of a session, that I submitted the amendment.

Mr. KING. May I ask the Senator from Michigan whether he understands, if the resolution shall be agreed to, that it supersedes the existing committee and creates a new committee, or whether it merely transfers the existing Pensions Committee to the status of the new committee under the resolution with the number to be augmented by appointment from both sides of the aisle.

Mr. VANDENBERG. The Senator from Iowa answered that question a few days ago by a statement that the theory of the proceeding is the creation of a de novo committee, but obviously the natural thing would be to transfer the personnel of the Pensions Committee, as it now exists, as a nucleus of the new committee. Certainly I have no thought in offering the amendment to indicate any objection to that method of organization, because I would not for a moment reflect upon the personnel of the Pensions Committee.

Mr. KING. I am trying to ascertain whether automatically the Pensions Committee would function under the amended rule or would continue to function under the present rule.

Mr. VANDENBERG. I prefer to let the Senator from Iowa [Mr. BROOKHART], the author of the resolution, explain it.

Mr. KING. I shall be glad to have the Senator from Iowa answer my inquiry.

Mr. BROOKHART. Mr. President, the resolution entirely abolishes or discontinues the Pensions Committee and creates a new committee, which will be organized as a new committee. There is no automatic transfer of any membership from one to the other.

Mr. KING. Upon the adoption of the resolution, if it shall be adopted, would the present Pensions Committee cease to function, or would it await reorganization by the Senate, because, as the Senator knows, appointments to the various committees are made by the Senate, of course, upon the recommendation of the leaders of the respective parties.

Mr. BROOKHART. The present Pensions Committee, of course, would cease to function and the new committee would take over all the jurisdiction it has at the present time.

Mr. KING. Then for the moment, or for some little time, there would be two committees functioning, the committee created by the resolution and the old Pensions Committee.

Mr. BROOKHART. No; I think not. I think the moment the Pensions Committee would cease to exist the new committee would come into being.

Mr. KING. Then the resolution would repeal the rule which has created or provided for the existing Pensions Committee?

Mr. BROOKHART. Yes; it changes that rule and makes a new rule entirely, creating a new committee entirely, and transfers the jurisdiction of all veterans' affairs to the new committee, whereas those affairs are now scattered around among three or four committees.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan.

Mr. HALE. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). I have a general pair with the senior Senator from Ohio [Mr. FESS]. I transfer that pair to the Senator from Illinois [Mr. LEWIS] and vote "yea."

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is necessarily absent. Therefore I withhold my vote.

Mr. MCNARY (when his name was called). Again announcing my pair with the junior Senator from North Carolina [Mr. BAILEY], I withhold my vote.

Mr. ROBINSON of Indiana (when his name was called). Making the same announcement with reference to the transfer of my general pair with the junior Senator from Mississippi [Mr. STEPHENS] to the junior Senator from California [Mr. SHORTRIDGE], I vote "nay."

The roll call was concluded.

Mr. JONES. I understand that my general pair, the senior Senator from Virginia [Mr. SWANSON], if he were present, would vote as I expect to vote. Therefore I feel at liberty to vote. I vote "yea."

Mr. GLASS. Making the same announcement as on the previous vote, I vote "yea."

Mr. McNARY. I desire to announce the following general pairs:

The Senator from Iowa [Mr. DICKINSON] with the Senator from Kentucky [Mr. BARKLEY];

The Senator from West Virginia [Mr. HATFIELD] with the Senator from North Carolina [Mr. MORRISON];

The Senator from Indiana [Mr. WATSON] with the Senator from South Carolina [Mr. SMITH];

The Senator from Delaware [Mr. HASTINGS] with the Senator from Alabama [Mr. BLACK]; and

The Senator from Maryland [Mr. GOLDSBOROUGH] with the Senator from Nevada [Mr. PITTMAN].

I am not advised how any of these Senators would vote on this question.

The result was announced—yeas 39, nays 32, as follows:

YEAS—39

Austin	Dale	Jones	Reed
Bankhead	Davis	Kean	Robinson, Ark.
Barbour	Dill	Kendrick	Smoot
Bratton	George	Keyes	Townsend
Bulkley	Glass	King	Tydings
Carey	Gore	Logan	Vandenberg
Cohen	Hale	Metcalf	Wagner
Connally	Harrison	Moses	Walsh, Mass.
Coolidge	Hebert	Oddie	White
Copeland	Howell	Patterson	

NAYS—32

Ashurst	Costigan	Johnson	Sheppard
Blaine	Couzens	La Follette	Steiwer
Borah	Cutting	McGill	Thomas, Idaho
Brookhart	Fletcher	McKellar	Thomas, Okla.
Broussard	Frazier	Neely	Trammell
Byrnes	Hawes	Norris	Walcott
Capper	Hayden	Robinson, Ind.	Walsh, Mont.
Caraway	Hull	Schall	Wheeler

NOT VOTING—25

Bailey	Glenn	Morrison	Stephens
Barkley	Goldsborough	Norbeck	Swanson
Bingham	Hastings	Nye	Waterman
Black	Hatfield	Pittman	Watson
Bulow	Lewis	Shipstead	
Dickinson	Long	Shortridge	
Fess	McNary	Smith	

So Mr. VANDENBERG'S amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the resolution as amended.

Mr. ASHURST. Mr. President, when the resolution was before the Senate a day or two ago, observing that many persons had an aversion to the cabalistic number 13, I offered an amendment to increase the membership of the committee to 15.

The PRESIDING OFFICER. Does the Senator from Arizona renew his amendment?

Mr. ASHURST. I renew the amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from Arizona will be stated.

The CHIEF CLERK. On page 1, line 5, it is proposed to strike out "13" and insert "15," so that it will read:

Committee on Veterans' Affairs to consist of 15 Senators.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona.

Mr. BROOKHART. Mr. President, so far as I am concerned, I have no objection to that amendment.

Mr. KING. Mr. President, in view of the fact that there has been considerable complaint that some of the committees are too large, that they do not function properly, and that it is difficult to get the quorum, does the Senator think it is wise to make the committee so large? I have no particular opinion one way or the other in this matter, but the Senator from Arizona knows there has been considerable criticism because of the large membership of many of the important committees of the Senate.

Mr. ASHURST. Mr. President, I am of the opinion in view of the vast importance of the proposed committee—and it is going to be a committee of transcendent importance—it should be composed of 15 members.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona.

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the resolution as amended.

Mr. GORE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Keyes	Robinson, Ind.
Austin	Davis	King	Schall
Barbour	Dill	La Follette	Sheppard
Blaine	Fletcher	Logan	Steiwer
Brookhart	Frazier	McGill	Thomas, Idaho
Bulkley	George	McKellar	Thomas, Okla.
Bulow	Glenn	McNary	Townsend
Byrnes	Gore	Metcalf	Trammell
Capper	Hale	Moses	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hawes	Norbeck	Wagner
Cohen	Hayden	Norris	Walcott
Connally	Hebert	Nye	Walsh, Mass.
Coolidge	Howell	Oddie	Walsh, Mont.
Copeland	Hull	Patterson	Watson
Costigan	Johnson	Pittman	Wheeler
Couzens	Jones	Reed	White
Cutting	Kendrick	Robinson, Ark.	

Mr. McNARY. I desire to announce that the Senator from Washington [Mr. JONES], the Senator from Utah [Mr. SMOOT], the Senator from Louisiana [Mr. BROUSSARD], and the Senator from New Mexico [Mr. BRATTON] are detained in the Committee on Appropriations.

The PRESIDING OFFICER. Seventy-one Senators having answered to their names, a quorum is present. The question is on agreeing to the resolution of the Senator from Iowa as amended.

Mr. REED. Mr. President, on Monday, at a time when not very many Senators were present, I called attention to a compilation made by the clerk of the Finance Committee showing the number of bills having to do with veterans' legislation upon which that committee had acted. The American Legion or some representative of it in Washington had prepared a statement which tended to show superficially that the Finance Committee had been singularly indolent in its handling of proposed veterans' legislation. That statement, as presented by the Senator from New Mexico [Mr. CUTTING], purported to give the figures up to about the middle of May. At my request the clerk of the Committee on Finance prepared an accurate statement up to Monday of this week—and the circumstances have not changed since Monday—which statement shows that there have been referred to the Finance Committee general and special bills dealing with veterans' legislation to the number of 170. Of those, 99 have been referred to subcommittees and 34 have been acted upon by the Finance Committee as a whole without reference; that is to say, 133 bills have been acted upon by the Finance Committee out of the 170 which have been referred to that committee by the Senate. Of the 34 which were acted upon directly, all were special bills proposing the building of hospitals at particular localities in the United States. No town has been too humble to ask for the erection of a veterans' hospital on its outskirts, and 34 bills to that effect have been introduced.

At the last session of Congress we fought that matter out with the House of Representatives. They sent us a sort of pork-barrel veterans' hospital construction bill, directing the Veterans' Administration to build a certain number of hospitals in the particularly named towns, they assuming thereby to know more about the needs of the veterans than the hospitalization bureau of the Veterans' Administration. The Senate took a contrary position, and said that it was going to treat those cases exactly as it treats river and harbor projects; that it had had enough of the pork-barrel method of building veterans' hospitals. So the Senate appropriated an increased sum, but put in a direct provision that it should be expended for the construction of hospitals at those points in the United States where the Federal Board for Hospitalization found the need to be greatest. That bill went to conference, and we had a very bitter fight over it. Finally the Senate won, and it had the backing of the great veterans' organizations that wanted to see hospitals built without regard to politics where the veterans needed them most.

The 34 bills of this character which had been sent by the Senate to the Finance Committee all did violence to that solemnly adopted policy of the Senate and of the Congress, and, consequently, there was no need to refer them to subcommittees, but the Finance Committee as a whole acted upon those 34 bills and tabled every one of them. I am sure that the good sense of the Senate and of the country will commend our action in so doing.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from New Mexico?

Mr. REED. I yield.

Mr. CUTTING. I do not want to take the Senator's time, but I merely wish to point out that the figures which I presented the other day, which were derived from the Legion, showed that 168 veterans' bills had gone to the committee, of which the committee had reported 6 favorably. The Senator from Pennsylvania said that that must be entirely erroneous, that he remembered a great many more bills than that which had been reported favorably, and yet, from the figures which he has just presented, it is clear that exactly 6 bills have been reported favorably out of the 170, rather than 6 out of 168, which is the statement I made on Monday.

Mr. REED. Can the Senator give me the page reference to his statement. I have been looking for it, but have been unable to find it.

Mr. CUTTING. It is on page 12757 of the RECORD of June 13.

Mr. REED. I thank the Senator. The Senator's figures were that 168 bills had been referred to the committee and that was correct, no doubt, as of the date on which the statement was prepared. He stated that 39 were reported adversely without hearing.

My impression is, Mr. President, that there were hearings given in some of the cases. I know that I myself was a subcommittee in the case of perhaps a dozen of them, and I heard the veterans and heard Senators who favored the bills in two or three of the cases.

Mr. CUTTING. It is true, is it not, Mr. President, that no hearings have been held by the whole committee during this session of Congress on any proposed veterans' legislation?

Mr. REED. No hearings have been held by the whole committee; that is quite true; but that is common in the case of the committees of the Senate. It is quite common for committees to appoint subcommittees to hear witnesses. We know that that is done by the Claims Committee and we know that it is done by the Committee on Naval Affairs and by the Committee on Military Affairs. The very necessities of the case require that the testimony be taken by a subcommittee instead of the full committee. At this very moment a subcommittee of the Committee on Banking and Currency is studying the operations of the stock exchanges. It is not practicable for all of the members of the committee to give up all of their other work and undertake a particular task of that sort, and it would not do any good for them to do it.

The Senator from New Mexico, on page 12757, stated that of these bills, 39 were reported adversely without hearing. The number reported adversely, according to the clerk of the Finance Committee, was 45.

He then states that 11 were reported adversely by the committee and subsequently recommitted to the committee. Those, I think, were principally bills that had been introduced by the junior Senator from California [Mr. SHORTRIDGE], whose very serious illness at that time made it seem unfair to act adversely upon them in his absence. It was not that the committee had changed its mind, but it was trying to be considerate to him, and therefore sent the bills back to the committee. Since his recovery—which we are all glad to see—the Senate has been so pressed that there has been no chance to take action on his bills.

The Senator then says that two were tabled in the committee. I do not know how that impression got out. As a matter of fact, 34 were tabled in the committee, and they were these hospital bills that I have spoken about.

The Senator then said that on 110 bills the committee had taken no action. As a matter of fact, the committee has taken action on all but 37 out of the 170 bills that were before it.

Finally, he says:

> On just six has favorable action been taken.

And that is correct.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. REED. I yield to the Senator.

Mr. BROOKHART. The only action taken on 99 of these bills was to refer them to a subcommittee, was it not?

Mr. REED. Oh, no, oh, no! Of those subcommittee bills, 45 have already been reported adversely and six favorably. Fifty-one of them, therefore, have been reported to the Senate, have been acted upon by the Senate, or are now on the Senate Calendar. Practically all of them have been acted upon.

Mr. BROOKHART. That is 51 out of 170.

Mr. REED. Why, yes. Does the Senator suggest some other action on those 34 hospital bills? If so, what action?

Mr. BROOKHART. I would not suggest any action without knowing about them.

Mr. REED. I have just tried to describe them. They are bills commanding the erection of veterans' hospitals in particular towns, in violation of the policy of the Congress laid down after long discussion last year. The Senator surely does not want us to violate that policy, does he?

Mr. BROOKHART. Even if I did not, I think the other committee could handle it quite as well as the Finance Committee, with its overworked condition.

Mr. REED. The Finance Committee is not complaining of being overworked. The Senator is making all the complaint for that committee.

Mr. BROOKHART. The reason why the Finance Committee does not complain is because, for some reason, it wants to hold this jurisdiction.

Mr. REED. Exactly.

Mr. BROOKHART. When it does not any more belong to that committee than does the jurisdiction of the Military Affairs Committee.

Mr. REED. Ah, but we have always had it. The World War veterans' act was handled by the Finance Committee, and it is only natural that its subsequent amendments should be handled by it.

Mr. ROBINSON of Indiana. Mr. President——

Mr. BROOKHART. It seems to me that we fully understand this situation. Why not have a vote on it, and let us see what the Senate thinks about it?

Mr. REED. Do we understand it? The Senator has just made a wholly erroneous statement about the action taken by the committee.

Mr. BROOKHART. The Senator only found 51 bills out of 170 there; and 99, according to the first statement I understood him to make, were just referred to a subcommittee.

Mr. REED. That is right; and 51 of them have already been reported to the Senate.

Mr. BROOKHART. All but six unfavorably.

Mr. REED. All but six unfavorably; and I am going on to describe those in a minute.

Mr. BROOKHART. As I compare the statements, the Senator has made his worse for the committee than what the Senator from New Mexico put in.

Mr. REED. Quite the contrary. The Senator from New Mexico said there were 110 bills unacted upon. I am just showing that there are only 37 bills unacted upon.

Mr. BROOKHART. Those simply referred to a subcommittee are unacted upon. The Senator can not claim action on those. That is only a preliminary step toward action.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Indiana?

Mr. REED. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. I just want to say to the Senator from Pennsylvania that the veterans of the country have no confidence in the present system, as he perfectly well knows. There is not a veterans' organization in the country that believes they get a square deal under the present system.

The veterans' organizations of the country have been seeking this change. They have been begging Members of the Senate to vote for a change, to have a committee that would consider their legislation, which they feel at present is pigeon-holed and not considered. That being true, I think it is scarcely fair for the Senator from Pennsylvania, brilliant as he is, to attempt to discredit the intelligence of other Members of the Senate. I think other Members of the Senate, perhaps, have studied this question, perhaps not quite as deeply and profoundly as the Senator from Pennsylvania but enough to know something about what it all means. Therefore I plead with the Senator—and I think I can speak for the veterans of the country in making this plea—to let the Senate express its will on this question before 12 o'clock.

There are only 20 minutes yet to go. I ask the Senator, just in all decency, to give the rest of us Members here, along with himself, credit for some intelligence in connection with this legislation, this proposed change in rules. Just let the Senate express its will on this question. I think perhaps it might find expression of its desire just as easily without any further advice from the Senator from Pennsylvania. I am not sure. I know that advice would be welcomed by the Senate; but, since time is of the essence, I am wondering if the Senator will not let us vote on this question now and at least let the veterans of America know that they have had a vote on this proposition, which they have been pressing here for the last two years.

Mr. REED. Yes, Mr. President; I have heard that story often before.

Mr. ROBINSON of Indiana. The Senator has; and in the seven years I have been here the Senator has invariably taken the position that I think is against their best interests. The Senator never hesitates to take a very prominent position when the financial interests of the country are before the Senate with proposed legislation. Why should the Senator interpose himself against this vote now, after years of pleading on the part of the veterans of America, the veterans of the wars of the country? No other Senator, I think, attempts any interposition. Why should the Senator interpose himself now between the veterans and a vote on this proposition, which they feel is necessary for their own best interests—those who have bared their breasts to the foes of the country and never have hesitated for a moment or faltered?

The Senator is a veteran himself, and a distinguished veteran. I give him great credit for the service he has rendered his country. I do him honor here in the presence of the Senate and the country; but why will not the Senator now permit a vote on this question in which his comrades are interested, and let other Members of the Senate express their desires and their will in the matter, without any further advice from the Senator?

Mr. REED. Mr. President, has the Senator finished his question?

Mr. ROBINSON of Indiana. Yes. That was my comment as to what the Senator said, that he had been hearing this for years; and I am agreeing with him that he has, and I assume he will hear it for years still in the future unless something is done.

Mr. REED. The Senator has finished his question, has he?

Mr. ROBINSON of Indiana. Yes. That is in answer to the Senator's observation. That is the end of my statement.

Mr. REED. I shall be glad to yield to the Senator if he has anything further to say.

Mr. ROBINSON of Indiana. Will the Senator permit a vote, then?

Mr. REED. I shall be glad to yield to the Senator to say anything else, but when he has finished I want to reply to him. I do not want to start to reply until he has finished.

Mr. ROBINSON of Indiana. The Senator could reply better, perhaps, if I took my seat. I assume that that is what he means.

Mr. REED. I am glad to talk to the Senator standing, sitting, kneeling, or in any other position.

Mr. ROBINSON of Indiana. Why does not the Senator just go ahead, then, and proceed?

Mr. REED. I shall as soon as I am permitted to go ahead in my own time.

The VICE PRESIDENT. The Senator from Pennsylvania has the floor.

Mr. REED. Mr. President, first as to the statement that the veterans of the country know that I have been opposing their interests. I will grant you that I have not been waving the bloody shirt and howling for the veterans in season and out, with justice or without. I have not been voting for bonus bills for those men who were not disabled, because I feel that veterans like myself, who came out of the war with a whole skin, are owed nothing by their country. We did only what was a matter of course for us to do. We came out without any injury whatever. I came out physically better than I went in, and the country owes me nothing.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania further yield to the Senator from Indiana?

Mr. REED. I yield to the Senator.

Mr. ROBINSON of Indiana. But about four million of them went in, or approximately that number went in, and continued their service throughout——

Mr. REED. So did I.

Mr. ROBINSON of Indiana. At the rate of $30 a month, a dollar a day, the enlisted men.

Mr. REED. Yes.

Mr. ROBINSON of Indiana. And many of them left positions that were paying them $100 a month or more.

Mr. REED. Yes.

Mr. ROBINSON of Indiana. And after the war was over, immediately we reimbursed the railroads for all they had suffered in loss of income during the war, millions, hundreds of millions of dollars. We did not ask them to wait until 1945. We paid them cash—cash.

We readjusted the earnings of civil employees here in Washington and throughout the Government service, because they had had small earnings during the war. I think the lowest any of them got was $250 as a bonus, as readjustment. I do not quarrel with that. I think it was perfectly proper to do it. We recognized that it was a debt the country owed these people who had refrained from taking the big wages that were possible during the war. But we paid them cash. We did not ask them to wait until 1945.

So, finally the lad who was serving for $30 a month, a dollar a day, trenching in mud, many of them; often without food; stopping bullets on the other side, many of them—and equal honor and glory to those on this side, whether they served here or there; they were ready to serve and ready to die, if it were necessary, and to take their places right in the line—"Well," they thought, "maybe, perhaps, since the Government is readjusting the railroads' earnings, and readjusting the earnings of the civilian employees, maybe the Government might add a little to the dollar a day we got for the length of time we were in the service at $30 a month." So they asked the Government to do something for them; and in 1924 the Government said, in effect: "Yes; you are right. We will add about $2 a day to your pay." That means $3 a day for stopping bullets and for being willing to give their lives to the country. "We will give you $3 a day—approximately $2 in readjustment." That was in 1924. "But you boys are patriots. You will have to wait"—evidently feeling that they had not done enough yet—"you will have to wait until 1945 for yours. We paid the railroads cash; that is true. We paid cash to the civilian employees in readjustment; that is true; but you, who made possible the preservation of this Government and this very building in which we stand, whose action gave it substance and continued its being, will have to wait until 1945."

Finally the Congress did say, "We will loan you some money. We will loan you 50 per cent of the amount of your

certificates at the rate of 4½ per cent interest. It is costing the Government only 2 per cent, but we will lend you your own money at 4½ per cent." We loaned it to them. Now they are asking not for a bonus but they are asking for the payment of the debt the Government owes them. It has been said that the debt will not be due until 1945; it was due the day the armistice was signed. There is no question about it in the world. If the Government owed them the money it says it owed them, the readjustment should have been made then. There was no occasion to wait until 1945.

The Senator possibly did come out of the service himself in excellent shape, but he need only look around the least bit to find thousands and hundreds of thousands who came out of the service wrecked, mentally, many of them, many of them physically, and I am pleading for them, and through this legislation now to change this rule, I am pleading that they might have a committee which would at least be responsive to their pleas and at least show some friendship toward them.

Mr. REED. That is the kind of speech, Mr. President, that we have been hearing here——

Mr. ROBINSON of Indiana. Not from the lips of the Senator from Pennsylvania, however.

The VICE PRESIDENT. Senators must address the Chair if they want to interrupt, and the Chair will again suggest that Senators should interrupt only to ask questions.

Mr. REED. Mr. President, it is very hard for me to finish within the time that I had allotted to myself when so much of my time has been taken by the Senator from Indiana. It makes it very difficult for me to condense into a few minutes the thoughts I was trying to express to the Senate.

What I meant to say, however, in reply to the Senator's fifteenth or sixteenth question—I have lost count of them—was that he is not alone in thinking about those who are maimed and disabled and crippled, because while the Senator was talking about them I was acting for them.

As chairman of the committee on the investigation of the Veterans' Bureau, I had an active share in sending Director Forbes to jail, in preparing, and drafting, and introducing, and managing through the Senate the World War veterans' act of 1924, the act under which these maimed and disabled veterans are getting the compensation which they are receiving to-day, the act under which these hospitals are being built.

The Senator implies I have done nothing for the disabled veterans.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. ROBINSON of Indiana. I have suggested nothing of the kind.

Mr. REED. The Senator certainly said that I had done nothing for those who were maimed and disabled.

Mr. ROBINSON of Indiana. No; I do not think the RECORD will show that I said any such thing. But I do say the Senator's record speaks for itself.

Mr. REED. I hope it does.

Mr. ROBINSON of Indiana. Here is the record made, and I invite the attention of the Senator to his own record for the past seven years. That is all I undertook to say about anything the Senator had done.

The Senator says he has been acting. He is acting now. Does he think he is acting in their interest at this moment, in refusing to permit a vote on this resolution of the Senator from Iowa before 12 o'clock comes, knowing that it can not after that hour be voted on, in all probability, at this session, when he knows that his own comrades throughout the country, and their representatives in the veterans' organizations, desire it?

Mr. REED. If the Senator will permit me to answer, I think that if they knew the facts, the Senate and our comrades in the service and the country as a whole would not approve the passage of this resolution, and it is my duty to give them the facts.

Mr. ROBINSON of Indiana rose.

Mr. REED. I hope the Senator will bear with me just a moment. This resolution has been floating around the Senate for six months and a half. Why did not its advocates press it up to passage when there was time to debate it reasonably and fully? Why did they not undertake to make it the unfinished business, instead of bringing it up in the middle of a busy calendar when debate was limited, as it is now?

Mr. BROOKHART. Mr. President——

Mr. REED. It is not my fault that the Senator from Iowa did not move to bring up his resolution until the last busy days of the session.

I yield to the Senator.

Mr. BROOKHART. I tried all through the last session to bring this resolution up, and I have been trying all through this session to get it up. Most of the time I was dealing with the leader on this side, the Senator from Indiana [Mr. WATSON], and he seemed to be favorable to it, but the Senator from Pennsylvania was kept in the background.

Mr. REED. The Senator never thought I favored his resolution.

Mr. BROOKHART. This morning the Senator was absent, and delay was again urged on account of the absence of the Senator from Pennsylvania. I used every reasonable diplomatic way I know about to get this resolution up for consideration at the last session, and also at this session, and it has been jockeyed around and debated. This is the second time it has been filibustered up to 12 o'clock.

Mr. REED. Mr. President, the Senator amazes me. The last time the resolution was up was on Monday. I was not recognized, and I did not say a word in my own time, during all the period the resolution was up. The Senator himself filibustered his resolution.

Mr. BROOKHART. Another Senator was detailed to do the filibustering that time. This time it seems to fall on the Senator from Pennsylvania.

Mr. REED. Who was that Senator, pray?

Mr. BROOKHART. The Senator from Mississippi.

Mr. REED. He spoke only 10 minutes. I listened to him with great interest.

Mr. BROOKHART. That is all the time he had to take to beat it, and, of course, he only took what time he had to take.

Mr. REED. But the advocates of the resolution talked 50 minutes, and then resent the Senator from Mississippi talking 10 minutes. What kind of gag rule is that?

Mr. BROOKHART. I did not take two minutes, myself, on the motion and turned it over to the filibusters as quickly as I could.

Mr. REED. The friends of the resolution must have been doing the filibustering, then.

Mr. President, let us see what kind of results we would get if we did what the Senator from Iowa wants us to do, and create this special committee. There has been such a committee in the House for several years. The Senator from Iowa wants to duplicate it here, and he has given the impression to the veterans of the United States that they would profit by the change.

So far in this session—and we have been in session for six months and a half—we have received only two bills, either general or special, from the House dealing with veterans' affairs.

Mr. CUTTING. Mr. President, would the Senator mind telling the Senate just what those two bills were?

Mr. REED. I can find out.

Mr. CUTTING. Is it not true that one of the bills is the widows and orphans' bill, which has been advocated by all the ex-service men's organizations at this session to a greater extent than any other piece of legislation?

Mr. REED. Yes; and the pendency of the bonus bill has probably done more to prevent its being acted on than anything else.

Mr. CUTTING. Has the Committee on Finance given any hearings to ex-service men's organizations on the widows and orphans' bill?

Mr. REED. Not so far as I know. One of the bills to which I referred as having been sent over from the House is H. R. 8578, to provide for pension allowances for widows and children and dependent parents of the veterans of the World War.

Understand me, Mr. President, widows and children and dependent parents of veterans of the World War are receiving compensation to-day if the veteran dies from anything connected with his war service. This bill, about which the Senator from New Mexico speaks, would give compensation to veterans' widows, children, and dependent parents in case the veteran dies of something totally disconnected from the World War.

If he should be hit by a street car to-morrow, under this bill, if it were enacted, his widow and children would receive compensation. If he was killed by an enemy bullet, or if he was taken ill in the service and was disabled or died as a result, his family is now receiving compensation. This bill deals only with non-service-connected deaths.

Mr. CUTTING. Mr. President, is it not a fact that if it had not been for the action taken by the Senator from Pennsylvania in the session of 1930 the veteran who has a non-service-connected disability would not himself be receiving any compensation?

Mr. REED. That is true.

Mr. CUTTING. Why should not the widows and orphans of those whom the Senator himself has put on the roll be treated just the same as the widows and orphans of those who were on the rolls before?

Mr. REED. I am afraid I do not understand the meaning of the Senator's question. It is true that I, who am accused by the Senator from Indiana of never doing anything for the veteran, introduced the bill, which was enacted, under which disability allowances are now being paid for non-service-connected disabilities. The question is, in the bill of which the Senator from New Mexico speaks, whether we shall extend that system and pay pensions to the widows and the children and the dependent parents of veterans, if those veterans died from something having nothing to do with the war. That is the first bill.

The second bill (H. R. 8173) provides for the renewal of the 5-year level premium term Government insurance policies for an additional 5-year period without medical examination. From my own experience, I know something about that.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WALSH of Massachusetts. The Senator has referred to veterans' bills pending before the Committee on Finance. I would like to make some inquiries of the Senator, so that the RECORD may be better understood.

In the first place, are not the overwhelming number of bills pending before the committee so-called private bills?

Mr. REED. Oh, yes; quite so.

Mr. WALSH of Massachusetts. They are bills introduced in behalf of veterans whose cases have been heard by the Veterans' Administration, and the Veterans' Administration has decreed that they were not legally entitled to service-connected compensation or disability allowances.

Mr. REED. That is correct.

Mr. WALSH of Massachusetts. Or they are cases which have been in the courts and have been adjudicated against the veterans?

Mr. REED. That is correct.

Mr. WALSH of Massachusetts. I want to inquire of the Senator how many letters he has received in connection with those bills during the present session of Congress. As for myself, I do not think I have received half a dozen.

Mr. REED. I would not undertake to guess, but it is very few, letters only from those who were interested.

Mr. WALSH of Massachusetts. In regard to these private bills, is the record of the Committee on Finance any different from that of other committees which have private bills pending before them?

Mr. REED. No; not one bit.

Mr. WALSH of Massachusetts. My secretary yesterday informed me that my office had approximately 100 private bills pending before committees, most of them pending before the Committeee on Military Affairs and Naval Affairs, and that only a few have been acted on at this session. He has been most diligent, I may say, as the Senator knows in connection with the Committee on Military Affairs, in contacting with the committees and trying to get action from the committees. In some of the cases no action ought to be taken. They are petitions that reports from the Army and Navy Departments indicate have not the merit that justifies favorable and special legislation.

Mr. REED. Of course, that is so.

Mr. WALSH of Massachusetts. Is not that the situation exactly in the Committee on Finance, that the great bulk of the bills are private bills, upon which it is really not expected by the Senators who introduce the bills that action will be taken?

Mr. REED. I know that is so. Let me give the Senate two typical cases, one of which came to me as a subcommittee of the Committee on Finance, the other having come up the other day in the Committee on Military Affairs.

Mr. President, if the hour of 12 o'clock arrives while I am speaking, I am going to ask for recognition under whatever business may be pending then.

The VICE PRESIDENT. The Chair will state to the Senator that he can not be taken from the floor. He will have the floor.

Mr. REED. I thank the President.

This is the kind of bill we get, and the country ought to know it. In the Finance Committee there was referred to me, as a subcommittee, a bill to give the full $10,000 of war-risk insurance to the estate of a man who allowed his insurance to lapse in 1923. He did not pay another nickel of premium after 1923, although he was perfectly able-bodied, and was not sick at all, as far as the record showed. He was hit in a traffic accident in 1929, and his relatives induced some Senator to introduce a bill to revive that insurance, which he deliberately allowed to lapse six years before. The very Senator who introduced that bill did not expect that we would act favorably on it.

Mr. GORE. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. GORE. I wish to express the hope that the Senator might find time and take occasion to answer a point raised by the Senator from Indiana. He made a very eloquent plea in behalf of the disabled soldiers, those who stopped bullets, suffered wounds, and incurred other injuries in the military service of their country. I want to say that I concur in all that he said in behalf of those disabled veterans.

I am a new man here, however, and I am not as familiar with veterans' legislation as I ought to be and hope to be. The Senator from Pennsylvania is a veteran himself, he is chairman of the Committee on Military Affairs of the Senate, and a member of the Senate Finance Committee. I think that the soldiers who incur disability in line of military duty are entitled not only to justice but to generosity at the hands of this Government. I think not only that, but that their widows and their orphans who survive them are entitled to just and generous treatment. Any man whose earning capacity was impaired during the war, or whose life was spoiled on account of his military service, is entitled to reparation as far as governments can make reparation. We can not help the dead but we can help the surviving dependents of the dead.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). The hour of 12 o'clock having arrived the Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. A bill (S. 4536) to amend the agricultural marketing act, approved June 15, 1929, the pending question being the amendment offered by the junior Senator from Wisconsin [Mr. BLAINE] on page 18, line 11, to strike out the words "as directed by the Federal Farm Board."

Mr. REED. Mr. President, answering the Senator from Oklahoma, I would say that I agree with every word he has said. During the 10 years of my service here I believe I have been at least as active as any other Member of the Senate in securing not only justice but generosity for those who were disabled as a result of their war services, and for the relatives of those who died as a result of war-time disability.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield further to the Senator from Oklahoma?

Mr. REED. I yield.

Mr. GORE. I intended to add that if the Government has been either derelict or niggardly in its duty toward such disabled veterans, it of course merits reprobation. I will go farther and say if the Government has been derelict toward any group of our veterans, it of course merits criticism. Would the Senator be good enough to review the record of legislation enacted for the benefit of World War veterans so that we can pass judgment upon that point?

Mr. REED. Mr. President, it would take too long, I am afraid, to make a complete review of all we have done for our disabled veterans. Much of it has been forgotten in these days. The hundreds of millions of dollars that we paid out in vocational training after the armistice is all forgotten now. Many, many millions that have been spent in hospitalization of veterans whose disability almost certainly had nothing to do with the war are all forgotten now. We have been generous almost to the point of absurdity in order that we might not be unjust to some meritorious case.

I wonder if the country realizes that under the present law a veteran who went crazy at any time prior to January 1, 1925, is conclusively presumed to be insane because of his war service, although he may have spent no more than a week in the service and may have spent all of that week in some quiet training camp out in the Middle West or in an office here in Washington? It is conclusively presumed that that one week's peaceable service caused his insanity if it occurred prior to December 31, 1924, although that service may have been of the most normal and natural kind, although he may have been a doctor on recruiting service, living at home overnight, doing normal work in his office, but commissioned during the day, and he may have served only a week before the armistice. If such a man got tuberculosis as late as December, 1924, he is conclusively presumed to be tubercular and therefore compensable because of the week that he served back in 1918.

If that is not generosity, I do not know what is. As a result of it our annual bill for the veterans amounts to more than a billion dollars. No nation in history was ever so generous to its military veterans. Our bill each year amounts to more than the aggregate that is spent by Great Britain, by Germany, by France, and by Italy combined. As to those countries, most of whom were in the war four years, but three years in the case of Italy, who all had ten times as many casualties as we had, their total expenditures for veterans' relief each year added together amounts to less than we alone are spending for our veterans.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. I yield.

Mr. GORE. Was that legislation handled in the House by the World War Veterans' Committee or the Ways and Means Committee or the Pensions Committee? There are several committees in the House vested with power to consider veterans' legislation.

Mr. REED. I do not understand the jurisdictional lines between the House committees. I know that the bonus bill was handled by the Ways and Means Committee. Why it was not handled by the World War Veterans' Committee I do not know, but it was the Ways and Means Committee that did the work in relation to that bill. The two bills they have sent to us, one dealing with term insurance—which, by the way, I hope will pass—and the other dealing with pensions for widows and orphans of non-service-connected cases, were handled by the World War Veterans' Committee in the House.

Mr. GORE. Was the legislation to which the Senator refers as being so generous handled in the Senate by the Pensions Committee or was it handled by the Finance Committee?

Mr. REED. It was handled by the Finance Committee.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Massachusetts?

Mr. REED. Certainly.

Mr. WALSH of Massachusetts. The two bills which the Senator has just mentioned are the only bills pending before the Finance Committee in favor of which there has been any agitation, are they not?

Mr. REED. I think that is true, with the exception of perhaps a dozen letters that have come to me from people who stand to benefit by the special bills if they are passed.

Mr. WALSH of Massachusetts. And they have only been before the committee a very short time, having come from the House recently?

Mr. REED. Yes; those two bills. The widows' pension bill came to the Senate on May 3 and the term insurance bill came on May 17.

Mr. President, one week after I came to the Senate, in August, 1922, I had the effrontery to rise in the Senate and make a speech against the bonus bill which was then pending. I have been fighting it ever since, and as long as I am in the Senate I am going to continue to fight the payment of bonuses to men who incurred no disability. But beginning at that same time—with the generous and able help of the Senator from Massachusetts [Mr. WALSH], I would like to say in passing—I have worked steadily and constantly for the disabled men and for the relatives of those who were killed in action or who have since died as a result of disability. Of that record I am proud. If the Senator from Iowa [Mr. BROOKHART] or the Senator from Indiana [Mr. ROBINSON] disagrees with me, I am sorry; but I am not going to change.

Mr. WALSH of Massachusetts. Mr. President, I do not rise to make any defense of the Finance Committee, but I can not allow the occasion to pass, in view of what has been said in debate, without paying tribute to the conscientious and able and patriotic service on the Finance Committee of the Senator from Pennsylvania [Mr. REED]. I have not agreed with his attitude on some of the problems dealing with veterans. I am not often in sympathy with his general political philosophy. But I do say, from my observation as a Member of this body, that I have found no Senator more industrious, more conscientious, and more courageous in his devotion to the public service, or more capable of arguing his studied convictions than the able Senator from Pennsylvania. I could speak at length in commendation of his public service from many years of observation of his labors in connection with veterans' legislation and as a member of the Finance Committee. He does not need any word of commendation from me or any other Senator. His record as a painstaking, diligent, and able Senator speaks for itself. I could not allow the occasion to go by without giving vent to the admiration that I have for him, regardless of political or other fundamental differences over public questions. I may say in this connection, too, that I think we have all been edified by the fine manner in which he has stood here on the floor of the Senate, often alone, taking uncomplainingly blow after blow, doing his duty as he sincerely believed was in the interest of his fellow men.

Mr. President, I do think that the Committee on Finance ought to have taken action in some of the matters that have been pending before them and upon which they have not taken action. I think the committee is subject to some criticism. I wish that our meetings had been called more frequently and that a wider opportunity had been presented to discuss some of the veterans' bills pending before the committee. I think the mere agitation of this matter has been helpful in drawing attention of the committee to the importance of the problem. I hope that before the session closes the bills pending before the Finance Committee in which the veterans' organizations are particularly interested will be reported and decisions made by the Senate.

Mr. LA FOLLETTE. Mr. President, I wish to make a brief comment on the general subject matter which has been under discussion during the morning hours.

I have before me the calendar of the Finance Committee of June 13, 1932. I have made what I must confess is a hasty calculation, but there were 234 bills or joint resolutions, according to docket numbers, referred to the committee between the meeting of the Congress in December, 1931,

and down to and including June 8, 1932. This includes not only legislation dealing with veterans but legislation dealing with all other subjects over which the Finance Committee exercises jurisdiction. Eliminating the bills creating hospitals in various sections of the country, which were acted on as the Senator from Pennsylvania [Mr. REED] stated by a general motion proposed in the committee to decline consideration of any bills providing for the creation of hospitals at particular points, I calculate that there are 119 bills and joint resolutions which have been referred to the Finance Committee during this session of Congress which have not been reported to the Senate. The number mentioned covers all manner of subjects, as I stated a moment ago, which are the subject of consideration by the Finance Committee.

I also wish to say that so far as I know this is the only major committee in the Senate which does not have a regular weekly meeting day. It meets only on call of the chairman. I believe I have been on this committee for approximately two years. Since I have been a member of the committee there has never been a call of the calendar of the committee.

The record disclosed by the calculations which I have just stated is typical of the record of the committee during the last session of Congress, except that at the last session, if my recollection serves me correctly, there was a much larger number of bills and joint resolutions which were introduced by Senators and referred to the Finance Committee or which came over from the House of Representatives and were referred to that committee.

In view of the criticism which has been leveled at the committee—and which I must confess I believe entirely justified, not only concerning veterans' legislation but concerning important bills which have been introduced dealing with other subjects and referred to that committee—I ask unanimous consent, as part of my remarks, to insert in the CONGRESSIONAL RECORD the calendar of the Finance Committee, so that all Senators may have it readily available for reference. I ask this also in view of the statements which have been made concerning the resolution introduced by the Senator from Iowa [Mr. BROOKHART].

The PRESIDING OFFICER. Without objection, it is so ordered.

The Finance Committee calendar is as follows:

COMMITTEE ON FINANCE, UNITED STATES SENATE—LEGISLATIVE CALENDAR, SEVENTY-SECOND CONGRESS, FIRST SESSION, JUNE 13, 1932 (No. 11)

Committee—Reed Smoot, of Utah (chairman); James E. Watson, of Indiana; David A. Reed, of Pennsylvania; Samuel M. Shortridge, of California; James Couzens, of Michigan; Henry W. Keyes, of New Hampshire; Hiram Bingham, of Connecticut; Robert M. La Follette, jr., of Wisconsin; John Thomas, of Idaho; Wesley L. Jones, of Washington; Jesse H. Metcalf, of Rhode Island; Pat Harrison, of Mississippi; William H. King, of Utah; Walter F. George, of Georgia; David I. Walsh, of Massachusetts; Alben W. Barkley, of Kentucky; Tom Connally, of Texas; Thomas P. Gore, of Oklahoma; Edward P. Costigan, of Colorado; and Cordell Hull, of Tennessee. I. M. Stewart, Clerk.

Subcommittee (in charge of veterans' legislation): Reed Smoot, of Utah (chairman); David A. Reed, of Pennsylvania; Samuel M. Shortridge, of California; Walter F. George, of Georgia; and David I. Walsh, of Massachusetts.

Calendar

Docket No.	By whom presented to the Senate and date of reference to the committee	No. of bill	Title	Departments or subcommittees and date of reference	Action
1	Mr. Oddie, Dec. 9, 1931.	S. 37	To prohibit the importation of any article or merchandise from the Union of Socialist Soviet Republics.	Treasury Department, Dec. 17, 1931 State Department, Jan. 15, 1932	Report received Jan. 12, 1932. (Noncommittal.) Report received Mar. 8, 1932. (Noncommittal.)
2	Mr. Capper, Dec. 9, 1931.	S. 103	For the relief of Joseph C. Shaw	Veterans' Administration, Dec. 17, 1931 Subcommittee (Smoot), Jan. 29, 1932	Report received Jan. 12, 1932. (Noncommittal.) Reported unfavorably Feb. 24, 1932. Report No. 298.
3	Mr. Capper, Dec. 9, 1931.	S. 104	For the relief of Frederick Roland Hickey.	Veterans' Administration. Dec. 29, 1931 Subcommittee (Smoot), Jan. 29, 1932	Report received Jan. 12, 1932. (Noncommittal.) Reported unfavorably Feb. 24, 1932. Report No. 299.
4	Mr. Hatfield, Dec. 9, 1931.	S. 139	To extend benefits under the World War veterans' act, 1924, as amended, to the dependents of the late Leonidas B. Linger.	Veterans' Administration, Dec. 17, 1931	
5	Mr. Hatfield, Dec. 9, 1931.	S. 140	To extend certain benefits to Robert Smith Watson.	do Subcommittee (Smoot), Jan. 29, 1932	Report received Dec. 28, 1931. (Unfavorable.) Reported unfavorably Feb. 24, 1932. Report No. 300.
6	Mr. Hatfield, Dec. 9, 1931.	S. 141	To authorize the erection of a U. S. Veterans' Bureau hospital in northern West Virginia.	Veterans' Administration, Dec. 17, 1931	Report received Feb. 6, 1932. (Adverse.)
7	Mr. Black, Dec. 9, 1931.	S. 272	Relating to loans to veterans upon their adjusted-service certificates.	do Subcommittee (Smoot), Jan. 29, 1932	Report received Jan. 21, 1932. (Adverse.) S. 1251, identical, reported favorably Mar. 24, 1932. (See Docket No. 44.)
8	Mr. Bulkley, Dec. 9, 1931.	S. 323	Granting compensation to Harriet M. McDonald.	Veterans' Administration. Dec. 29, 1931 Subcommittee (Smoot). Jan. 29, 1932	Report received Jan. 8, 1932. (Unfavorable.) Reported favorably with amendment Feb. 24, 1932. Report No. 294. H. R. 3703 substituted and passed Senate Mar. 10, 1932.
9	Mr. Davis, Dec. 9, 1931.	S. 400	For the relief of Joseph M. McCullough.	Veterans' Administration, Dec. 29, 1931	Report received Jan. 11, 1932. (Case on appeal; action to be deferred until further report.)
10	Mr. Bingham	S. 424	To amend sec. 5 of the act entitled "An act to provide a government for the Territory of Hawaii," approved Apr. 30, 1900.	Department of Interior and Treasury Department, Dec. 17, 1931.	Report received from Interior Jan. 23, 1932. Accomplished by Public No. 116, Seventy-first Congress.
11	do	S. 425	To authorize enlargement of the Veterans' Bureau hospital in the State of Connecticut.	Veterans' Administration, Dec. 17, 1931	Report received Feb. 6, 1932. (Adverse.)
12	Mr. Thomas of Oklahoma. Dec. 9, 1931.	S. 505	For the relief of Walter S. Rodgers	do Subcommittee (Smoot), Jan. 29, 1932	Report received Jan. 26, 1932. (Adverse.) Reported adversely Feb. 24, 1932. Report No. 301.
13	Mr. Hull, Dec. 9, 1931.	S. 555	To repeal the so-called flexible tariff provision.	Treasury Department, Dec. 17, 1931	Report received Jan. 9, 1932. (Noncommittal.)
14	Mr. McKellar, Dec. 9, 1931.	S. 587	For the relief of Erite Jones and Melissa Williams.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Smoot), Apr. 1, 1932	Preliminary report received Jan. 28, 1932. Report received Mar. 25, 1932. (Adverse.)
15	Mr. McKellar, Dec. 9, 1931.	S. 588	To amend the World War veterans' act, 1924.	Veterans' Administration, Dec. 17, 1931	Report received Mar. 8, 1932. (Adverse.) Request from Senator McKellar Mar. 16, 1932, that bill be tabled.
16	Mr. McKellar, Dec. 9, 1931.	S. 589	Providing insurance relief for certain World War soldiers.	do Subcommittee (Smoot), Mar. 18, 1932	Report received Feb. 18, 1932. (Adverse.)
17	Mr. McKellar, Dec. 9, 1931.	S. 623	Providing for the payment by the Government of attorneys' fees in certain suits growing out of governmental insurance policies issued to service men or ex-service men; to the Committee on Finance.	Veterans' Administration, Dec. 17, 1931 Subcommittee (Smoot), Feb. 10, 1932	Report received Feb. 8, 1932. (Adverse.) Reported adversely Feb. 24, 1932. Report No. 302.
18	Mr. Smoot, Dec. 9, 1931.	S. 694	To authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet.	Veterans' Administration, Dec. 17, 1931 Subcommittee (Smoot), Jan. 29, 1932	Report received Dec. 28, 1932. (Favorable.) Reported favorably Feb. 24, 1932. Report No. 296. Passed Senate Mar. 10, 1932.
19	Mr. Smoot, Dec. 9, 1931.	S. 695	Authorizing additional hospital and domiciliary facilities for veterans of all wars.	Veterans' Administration. Dec. 17, 1931 Subcommittee (Smoot), Jan. 29, 1932	Report received Jan. 16, 1932. (Secs. 1 to 5, accomplished by Public Act 868, 71st Cong.; noncommittal as to sec. 6.) Reported favorably with amendments Feb. 24, 1932. Report No. 295. Recommitted to committee Mar. 1, 1932.

Calendar—Continued

Docket No.	By whom presented to the Senate and date of reference to the committee	No. of bill	Title	Departments or subcommittees and date of reference	Action
20	Mr. Smoot..... Dec. 9, 1931.	S. 696	To authorize the settlement of the indebtedness of the German Reich to the United States on account of the awards of the Mixed Claims Commission, United States and Germany, and the costs of the United States army of occupation.	Treasury Department, Dec. 17, 1931...	Report received Jan. 15, 1932. (Similar bill passed 71st Cong., approved June 5, 1930.)
21	Mr. Smoot..... Dec. 9, 1931.	S. 697	To authorize reimbursement of Dr. B. W. Black, formerly a commissioned officer of the U. S. Public Health Service, for travel performed subsequent to June 7, 1924, under orders of the Secretary of the Treasury issued prior to that date.	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Walsh), Jan. 29, 1932..	Report received Jan. 29, 1932. (Noncommittal.) Reported adversely Mar. 7, 1932. Report No. 394.
22	Mr. Smoot..... Dec. 9, 1931.	S. 698	To amend an act authorizing the incorporation of the Smithsonian Institution.	Smithsonian Institution, Jan. 22, 1932..	Report received Jan. 25, 1932. (Adverse.)
23	Mr. McNary..... Dec. 9, 1931.	S. 791	For the relief of Clarence J. Burris....	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Reed), Jan. 29, 1932...	Report received Jan. 16, 1932. (Adverse.) Reported adversely Feb. 24, 1932. Report No. 286.
24	Mr. McNary..... Dec. 9, 1931.	S. 792	For the relief of Nancy Catherine McBride.	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Reed), Jan. 29, 1932...	Report received Jan. 8, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 287.
25	Mr. McNary..... Dec. 9, 1931.	S. 793	For the relief of Mildred F. Evans and W. A. Evans.	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Reed), Jan. 29, 1932...	Report received Jan. 12, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 288.
26	Mr. McNary..... Dec. 9, 1931.	S. 794	Granting an increase of compensation to Tryphosa E. Abrams.	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Reed), Jan. 29, 1932...	Report received Jan. 15, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 289.
27	Mr. McNary..... Dec. 9, 1931.	S. 795	To remit the duty on machinery imported by the State of Oregon for the use of the State flax industry.	Treasury Department, Dec. 17, 1931...	Report received Jan. 12, 1932. (Noncommittal.)
28	Mr. McNary..... Dec. 9, 1931.	S. 796	To authorize the erection and equipment of a U. S. Veterans' Bureau hospital at Klamath Falls, Oreg.	Veterans' Administration, Dec. 17, 1931..	Report received Feb. 6, 1932. (Adverse.)
29	Mr. Walsh of Massachusetts. Dec. 9, 1931.	S. 828	Granting compensation to David Samuel Goldstein.	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Reed), Jan. 29, 1932...	Report received Jan. 13, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 281.
30	Mr. Walsh of Massachusetts. Dec. 9, 1931.	S. 829	Granting compensation to Philip R. Roby.	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Reed), Jan. 29, 1932...	Report received Jan. 14, 1932. (Noncommittal.)
30a	Mr. Norris..... Feb. 5, 1932.	S. 929	Relating to the taking of depositions in cases arising under sec. 19 of the World War veterans' act, 1924, as amended.	----------	Reported from Judiciary Committee Feb. 2, 1932. Report received from Veterans' Administration Feb. 11, 1932. (Adverse.) Reported favorably with an amendment Mar. 24, 1932. Report No. 476.
31	Mr. Norris..... Dec. 9, 1931.	S. 946	To authorize the issuance of bonds for the purpose of highway construction and to provide revenue for the retirement of such bonds.	Treasury Department, Dec. 17, 1931...	Report received Mar. 7, 1932. (Adverse.)
32	Mr. Norris..... Dec. 9, 1931.	S. 947	To refund the duty on a carillon of bells imported for the First Plymouth Congregational Church, Lincoln, Nebr.	Treasury Department, Dec. 29, 1931...	Report received Jan. 15, 1932. (Adverse.)
33	Mr. Steiwer..... Dec. 9, 1931.	S. 961	To amend sec. 201 of the World War veterans' act, 1924, as amended, to provide allowances to widows and orphans of certain veterans.	Veterans' Administration, Dec. 17, 1931.. Subcommittee (Smoot), Feb. 10, 1932..	Report received Feb. 1, 1932. (Adverse.)
34	Mr. Swanson..... Dec. 9, 1931.	S. 1103	To extend the benefits of the World War veterans' act, 1924, and acts amendatory thereof, to Thomas Beverly Campbell.	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Reed), Jan. 29, 1932...	Report received Jan. 12, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 282.
35	Mr. Capper..... Dec. 9, 1931.	S. 1156	For the relief of Lyda F. Foster.....	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Reed), Jan. 29, 1932...	Report received Jan. 15, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 283.
36	Mr. Capper..... Dec. 9, 1931.	S. 1157	For the relief of Catherine McLinden.	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Reed), Jan. 29, 1932...	Report received Jan. 12, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 284.
37	Mr. Capper..... Dec. 9, 1931.	S. 1158	For the relief of Cordelia Evangeline Mitchell.	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Reed), Jan. 29, 1932...	Report received Jan. 7, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 285.
38	Mr. Copeland..... Dec. 9, 1931.	S. 1199	To amend sec. 24 of the trading with the enemy act, as amended.	Treasury Department, Dec. 17, 1931...	Report received Jan. 15, 1932. (Favorable.)
39	Mr. Smoot..... Dec. 9, 1931.	S. J. Res. 17.	Authorizing the postponement of the date of maturity of the principal of the indebtedness of the French Republic to the United States in respect of the purchase of surplus war supplies.	....do.....	Report received Jan. 15, 1932. (Similar resolution passed 71st Cong., approved Oct. 17, 1929.)
40	Mr. Smoot..... Dec. 9, 1931.	S. J. Res. 18.	Substituted by S. J. Res. No. 37.....	----------	
41	Mr. Smoot..... Dec. 9, 1931.	S. J. Res. 19.	Designating the first United States narcotic farm to be established near Lexington, Ky., as the Stephen G. Porter Institute.	Treasury Department, Dec. 29, 1931...	Report received Jan. 12, 1932. (Adverse; substitute suggested.)
42	Mr. McNary..... Dec. 9, 1931.	S. J. Res. 23.	To provide for refunding to the State of Oregon tariff duties paid on an Etrich tow-preparing machine, type "V."	Treasury Department, Dec. 17, 1931...	Report received Jan. 12, 1932. (Adverse.)
43	Mr. Johnson..... Dec. 10, 1931.	S. Res. 19	Authorizing the Finance Committee of the Senate to investigate the sale, flotation, and allocation by banks, banking institutions, corporations, or individuals of foreign bonds or securities in the United States.	----------	
44	Mr. Barkley..... Dec. 10, 1931.	S. 1251	Relating to the making of loans to veterans upon their adjusted-service certificates.	Veterans' Administration, Dec. 17, 1931.. Subcommittee (Bingham), Jan. 29, 1932.	Report received Jan. 22, 1932. (Adverse.) Reported Mar. 29, 1932. Report No. 488.
45	Mr. Capper..... Dec. 10, 1931.	S. 1309	To amend the revenue act of 1928 by the addition thereto of a section imposing a special, additional tax on the profits derived from short sales of stocks, bonds, and/or other securities.	Treasury Department, Dec. 17, 1931...	Report received Mar. 19, 1932. (Adverse.)
46	Mr. Capper..... Dec. 10, 1931.	S. 1310	Granting compensation to John Frost..	Veterans' Administration, Dec. 29, 1931.. Subcommittee (Bingham), Jan. 29, 1932.	Report received Jan. 12, 1932. (Noncommital.) Reported adversely Feb. 24, 1932. Report No. 308.

Calendar—Continued

Docket No.	By whom presented to the Senate and date of reference to the committee	No. of bill	Title	Departments or subcommittees and date of reference	Action
47	Mr. Hatfield Dec. 10, 1931.	S. 1387	Granting an increase of compensation to Abbie Doty.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Bingham), Jan. 29, 1932	Report received Jan. 7, 1932. (Adverse.) Reported adversely Feb. 24, 1932. Report No. 309.
48	Mr. Hull Dec. 10, 1931.	S. 1393	To authorize the erection of a Veterans' Bureau hospital in middle Tennessee and to authorize the appropriation therefor.	Veterans' Administration, Dec. 17, 1931	Report received Feb. 6, 1932. (Adverse.)
49	Mrs. Caraway Dec. 10, 1931.	S. 1403	For the relief of Rhetta H. Guild	Veterans' Administration, Dec. 29, 1931 Subcommittee (Bingham), Jan. 29, 1932	Report received Jan. 12, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 310.
50	Mr. Jones Dec. 10, 1931.	S. 1487	For the relief of Belle Piper Miller	Veterans' Administration, Dec. 29, 1931 Subcommittee (Bingham), Jan. 29, 1932	Report received Jan. 15, 1932. (Noncommittal.) Tabled.
51	Mr. Jones Dec. 10, 1931.	S. 1488	Granting compensation to Charles A. Bussard.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Bingham), Jan. 29, 1932	Report received Jan. 12, 1932. (Noncommittal.) Reported adversely Feb. 14, 1932. Report No. 311.
52	Mr. Watson Dec. 10, 1931.	S. 1528	For the relief of the State of Indiana	Veterans' Administration, Dec. 29, 1931 Subcommittee (Smoot), Feb. 10, 1932	Report received Feb. 2, 1932. (Adverse.) Reported adversely Feb. 24, 1932. Report No. 297. Recommitted Mar. 10, 1932.
53	Mr. Smoot Dec. 10, 1931.	S. J. Res. 37.	Providing for the filling of vacancies in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress.		Reported to Senate Jan. 16, 1932. Passed Senate Jan. 16, 1932.
54	Mr. Smoot Dec. 10, 1931.	S. J. Res. 38.	To authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932, and their repayment over a 10-year period beginning July 1, 1933.	Treasury Department, Dec. 17, 1931	H. J. Res. 147 substituted. Reported favorably; Report No. 19. Signed by President Dec. 23, 1931. Public Resolution No. 5.
55	Mr. Smoot Dec. 14, 1931.	S. 1560	To authorize and direct the Secretary of the Treasury to accept silver in payment of foreign debts.	Treasury Department, Dec. 29, 1931	Report received Feb. 1, 1932. (Adverse.)
56	Mr. Wheeler Dec. 14, 1931.	S. 1583	To amend the World War veterans' act as amended.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Smoot) Mar. 18, 1932.	Report received Feb. 19, 1932. (Noncommittal.)
57	Mr. Bratton Dec. 14, 1931.	S. 1601	To further extend the benefits of hospitalization under the World War veterans' act, 1924, as amended, to certain veterans of the Spanish-American War, the Philippine insurrection, and the Boxer rebellion.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Smoot), Feb. 10, 1932	Report received Feb. 6, 1932. (Adverse.) Tabled.
58	Mr. Bratton Dec. 14, 1931.	S. 1602	For the relief of George Harry Stranahan.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Bingham), Jan. 29, 1932	Report received Jan. 12, 1932. (Noncommittal.) Reported adversely Feb. 24, Report No. 312.
59	Mr. Bratton Dec. 14, 1931.	S. 1603	To amend sec. 19 of the World War veterans' act, as amended.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Walsh), Feb. 10, 1932	Report received Feb. 8, 1932. (Adverse.) Reported adversely Feb. 25, 1932. Report No. 317.
60	Mr. Bratton Dec. 14, 1931.	S. 1604	To amend subdivision (7) of sec. 202 and sec. 500 of the World War veterans' act, 1924, as amended.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Smoot), Mar. 18, 1932	Report received Feb. 13, 1932. (Adverse.)
61	Mr. Dill Dec. 14, 1931.	S. 1637	To create the United States monetary conference committee, to prescribe the duties thereof, and for other purposes.	Treasury Department, Dec. 29, 1931	Report received Mar. 9, 1932. (Adverse.)
62	Mr. Morrison Dec. 14, 1931.	S. 1670	Granting Harry P. Cooper the privilege of filing application for benefits under the emergency officers' retirement act.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Bingham), Jan. 29, 1932	Report received Jan. 12, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 313. Recommitted Mar. 10, 1932.
63	Mr. Jones Dec. 14, 1931.	S. 1675	To amend sec. 19 of the World War veterans' act.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Walsh), Feb. 10, 1932	Report received Feb. 8, 1932. (Adverse.) Reported adversely Mar. 2, 1932. Report No. 361.
64	Mr. Reed Dec. 14, 1931.	S. 1696	To amend the World War veterans' act, 1924, as amended.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Reed), Apr. 1, 1932	Report received Mar. 29, 1932. (Adverse.)
65	Mr. Reed Dec. 14, 1931.	S. 1697	To provide for the establishment of a permanent medical service in the Veterans' Administration.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Reed), Mar. 18, 1932	Report received Mar. 2, 1932. (Noncommittal.)
66	Mr. Shipstead Dec. 14, 1931.	S. 1711	Relating to the war-risk insurance of Olaf O. Quarve.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Bingham), Jan. 29, 1932	Report received Jan. 15, 1932. (Noncommittal.) Tabled.
67	Mr. Barkley Dec. 14, 1931.	S. 1716	To confer additional jurisdiction on the U. S. Board of Tax Appeals, and for other purposes.	Treasury Department, Dec. 29, 1931	Report received Mar. 28, 1932. (Adverse.)
68	Mr. Barkley Dec. 14, 1931.	S. 1717	For the relief of the American-La France & Foamite Corporation of New York.	do	Report received Jan. 23, 1932. (Adverse.)
69	Mr. Shortridge Dec. 14, 1931.	S. 1835	Granting disability allowance to Harvey Wilson.	Veterans' Administration, Dec. 29, 1931 Subcommittee (Bingham), Jan 29, 1932	Report received Jan. 13, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 314. Recommitted Apr. 29, 1932.
70	Mr. Shortridge Dec. 14, 1931.	S. 1836	For the relief of William D. Barbee	Veterans' Administration, Dec. 29, 1931 Subcommittee (George), Jan. 29, 1932	Report received Jan. 12, 1932. (Noncommittal.) Reported adversely Feb. 26, 1932. Report No. 337. Recommitted Apr. 29, 1932.
71	Mr. Shortridge Dec. 15, 1931.	S. 1879	Granting compensation to Willard Henry Amlaw.	Veterans' Administration, Dec. 29, 1931 Subcommittee (George), Jan. 29, 1932	Report received Jan. 8, 1932. (Noncommittal.) Reported adversely Feb. 26, 1932. Report No. 338. Recommitted Apr. 29, 1932.
72	Mr. Shortridge Dec. 15, 1931.	S. 1880	Granting compensation to A. L. Anderson.	Veterans' Administration, Dec. 29, 1931 Subcommittee (George), Jan. 29, 1932	Report received Jan. 12, 1932. (Noncommittal.) Recommitted Apr. 29, 1932.
73	Mr. Shortridge Dec. 15, 1931.	S. 1881	Authorizing the payment of war-risk insurance to Laura E. DeArmoun.	Veterans' Administration, Dec. 29, 1931 Subcommittee (George), Jan. 29, 1932	Report received Jan. 19, 1932. (Noncommittal.) Reported adversely Feb. 26, 1932. Report No. 339. Recommitted Apr. 29, 1932.
74	Mr. Shortridge Dec. 15, 1931.	S. 1882	For the relief of Paul Little	Veterans' Administration, Dec. 29, 1931 Subcommittee (George), Jan. 29, 1932	Report received Jan. 15, 1932. (Noncommittal.) Reported adversely Mar. 1, 1932. Report No. 357.
75	Mr. Shortridge Dec. 15, 1931.	S. 1883	For the relief of Stephen Sawyer	Veterans' Administration, Dec. 29, 1931 Subcommittee (George), Jan. 29, 1932	Report received Jan. 16, 1932. (Adverse.) Reported adversely Mar. 1, 1932. Report No. 358.

Calendar—Continued

Docket No.	By whom presented to the Senate and date of reference to the committee	No. of bill	Title	Departments or subcommittees and date of reference	Action
76	Mr. Shortridge, Dec. 15, 1931.	S. 1884	Granting disability allowance to Dan V. Smith.	Veterans' Administration, Dec. 29, 1931. Subcommittee (George), Jan. 29, 1932.	Report received Jan. 15, 1932. (Adverse.) Reported adversely Feb. 26, 1932. Report No. 340. Recommitted Apr. 29, 1932.
77	Mr. Shortridge, Dec. 15, 1931.	S. 1885	Granting compensation to John Spiropoulos.	Veterans' Administration, Dec. 29, 1931. Subcommittee (George), Jan. 29, 1932.	Report received Jan. 14, 1932. (Noncommittal.) Reported adversely Mar. 1, 1932. Report No. 359.
78	Mr. Shortridge, Dec. 15, 1931.	S. 1886	Granting an increase of compensation to Addie Weeks.	Veterans' Administration, Dec. 29, 1931. Subcommittee (George), Jan. 29, 1932.	Report received Jan. 8, 1932. (Noncommittal.) Reported adversely Feb. 26, 1932. Report No. 341. Recommitted Apr. 29, 1932.
79	Mr. Sheppard, Dec. 16, 1931.	S. 1974	For the relief of Albert T. DeBaum, jr.	Veterans' Administration, Dec. 29, 1931. Subcommittee (Reed), Mar. 18, 1932.	Report received Feb. 13, 1932. (Noncommittal.)
80	Mr. Steiwer, Dec. 16, 1931.	S. 2000	To aid agriculture by exempting from income tax income from agricultural loans, and for other purposes.	Treasury Department, Dec. 29, 1931.	Report received Apr. 18, 1932. (Adverse.)
81	Mr. Metcalf	S. 2007	To authorize the erection of a United States veterans' hospital in Rhode Island and to authorize an appropriation therefor.	Veterans' Administration, Dec. 29, 1931.	Report received Feb. 6, 1932. (Adverse.)
82	Mr. Capper, Dec. 16, 1931.	S. 2010	For the relief of Dewey Newman	do. Subcommittee (George), Jan. 29, 1932.	Report received Jan. 14, 1932. (Noncommittal.)
83	Mr. Watson, Dec. 17, 1931.	S. 2145	To extend the time for the refunding of certain taxes erroneously collected under the acts of June 13, 1898, and Oct. 22, 1914.	Treasury Department, Dec. 29, 1931.	Report received Feb. 18, 1932. (Adverse.)
83a	Mr. Kean, Jan. 12, 1932.	S. 2170	To amend an act entitled "Settlement of war claims act, 1928."	Treasury Department, Jan. 13, 1932.	Report received Feb. 6, 1932. (Adverse.)
84	Mr. Shortridge, Dec. 17, 1931.	S. 2185	To amend sec. 19 of the World War veterans' act, 1924, as amended.	Veterans' Administration, Dec. 29, 1931. Subcommittee (Walsh), Feb. 10, 1932.	Report received Feb. 8, 1932. (Adverse.) Reported adversely Feb. 25, 1932. Report No. 334.
85	Mr. Shortridge, Dec. 17, 1931.	S. 2186	To amend sec. 200 of the World War veterans' act, as amended.	Veterans' Administration, Dec. 29, 1931. Subcommittee (Bingham), Mar. 18, 1932.	Report received Feb. 13, 1932. (Adverse.)
86	Mr. Shortridge, Dec. 17, 1931.	S. 2187	To authorize the erection of a Veterans' Bureau hospital for women in the State of California, and to authorize the appropriation therefor.	Veterans' Administration, Dec. 29, 1931.	Report received Feb. 6, 1932. (Adverse.)
87	Mr. Shortridge, Dec. 17, 1931.	S. 2188	To authorize appropriations for construction at the Pacific Branch of the National Soldiers' Home, Los Angeles County, Calif., and for other purposes.	do.	Do.
88	Mr. Shortridge, Dec. 17, 1931.	S. 2189	To authorize the erection of an addition to Veterans' Bureau Hospital No. 104 at San Fernando, Calif., and to authorize the appropriation therefor.	do.	Do.
89	Mr. Shortridge, Dec. 17, 1931.	S. 2190	To amend sec. 300 of the World War veterans' act, 1924, as amended.	do. Subcommittee (Walsh), Jan. 29, 1932.	Report received Jan. 7, 1932. (Noncommittal.) Reported adversely Mar. 7, 1932. Report No. 395. Recommitted Apr. 29, 1932.
90	Mr. Hastings, Dec. 17, 1931.	S. 2201	For the refund of estate tax erroneously collected.	Treasury Department, Dec. 29, 1931.	Report received Mar. 3, 1932. (Adverse.)
91	Mr. Barkley, Dec. 17, 1931.	S. 2213	Reducing the rates of taxation on tobacco products.	do.	Report received Nov. 8, 1932. (Adverse.)
92	Mr. Barkley, Dec. 17, 1931.	S. 2214	To amend sec. 501 of the revenue act of 1926, as amended.	do.	Report received Jan. 27, 1932. (Adverse.)
93	Mr. Shortridge, Dec. 17, 1931.	S. J. Res. 59.	To extend the statute of limitations, and for other purposes.	do.	Report received Feb. 18, 1932. (Adverse.)
94	Mr. Gore, Dec. 17, 1931.	S. Res. 102	Re flotation in America of foreign loans.	State Department, Dec. 29, 1931.	List received Dec. 31, 1931.
95	Mr. Gore, Dec. 17, 1931.	S. Res. 103	Re communications of foreign debtor governments.	Treasury Department, Dec. 29, 1931.	Letter from Treasury received Jan. 22, 1932.
96	Mr. Sheppard, Dec. 18, 1931.	S. 2292	For the relief of Col. Frank B. Parker.	Veterans' Administration, Dec. 29, 1931. Subcommittee (Walsh), Jan. 29, 1932.	Report received Jan. 8, 1932. (Unfavorable.) Reported adversely Mar. 1, 1932. Report No. 355. Recommitted Mar. 2, 1932.
97	Mr. Sheppard, Dec. 18, 1931.	S. 2293	Including dependent sisters within classes of persons entitled to automatic insurance under the war risk insurance act.	Veterans' Administration, Dec. 29, 1931. Subcommittee (Walsh), Jan. 29, 1932.	Report received Jan. 4, 1932. (Noncommittal.) Reported adversely Feb. 29, 1932. Report No. 348.
98	Mr. McGill, Dec. 19, 1931.	S. 2324	To extend the time for allowing suits on insurance contracts under sec. 19 of the World War veterans' act, 1924, as amended.	Veterans' Administration, Dec. 29, 1931. Subcommittee (Walsh), Feb. 10, 1932.	Report received Feb. 8, 1932. (Adverse.) Reported adversely Feb. 25, 1932. Report No. 335. Recommitted Mar. 4, 1932. Hearing Mar. 16, 1932.
99	Mr. Jones, Dec. 21, 1931.	S. 2350	To stabilize the value of imports from countries changing their monetary standards, and for other purposes.	Treasury Department, Dec. 29, 1931.	
100	Mr. Jones, Dec. 22, 1931.	S. 2373	Authorizing payment to Peter C. McCartin of allotments made to his children under the veterans' act of 1924.	Veterans' Administration, Dec. 29, 1931. Subcommittee (Walsh), Feb. 10, 1932.	Report received Feb. 9, 1932. (Adverse.) Reported adversely Mar. 1, 1932. Report No. 356.
101	Mr. Jones, Dec. 22, 1931.	S. J. Res. 65.	Extending the benefits of sec. 202 (10) of the World War veterans' act.	Veterans' Administration, Dec. 29, 1931. Subcommittee (Walsh), Feb. 10, 1932.	Report received Feb. 8, 1932. (Adverse.) Reported adversely Mar. 2, 1932. Report No. 362.
102	Mr. Fletcher, Jan. 4, 1932.	S. 2433	Authorizing refund of 50 per cent of the duties collected upon certain carillons and parts thereof.	Treasury Department, Jan. 11, 1932.	Report received Mar. 12, 1932. (Adverse.)
103	Mr. McGill, Jan. 4, 1932.	S. 2440	To amend sec. 19 of the World War veterans' act, 1924, as amended (relating to suits on insurance claims).	Veterans' Administration, Jan. 11, 1932. Subcommittee (Walsh), Mar. 18, 1932.	Report received Feb. 27, 1932. (Adverse.)
104	Mr. Wheeler, Jan. 4, 1932.	S. 2487	To establish a bimetallic system of currency employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes.	Treasury Department, Jan. 11, 1932.	Report received Jan. 30, 1932. (Adverse.)
105	Mr. Vandenberg, Jan. 4, 1932.	S. 2492	To authorize the erection of a 362-bed addition to the U. S. Veterans' Administration hospital at Camp Custer, Mich.	Veterans' Administration, Jan. 11, 1932.	Report received Feb. 6, 1932. (Adverse.)

Calendar—Continued

Docket No.	By whom presented to the Senate and date of reference to the committee	No. of bill	Title	Departments or subcommittees and date of reference	Action
106	Mr. Jones, Jan. 4, 1932.	S. 2517	To authorize the erection of a 300-bed addition to the U. S. Veterans' Administration hospital at American Lake, Wash.	Veterans' Administration, Jan. 11, 1932.	Report received Feb. 6, 1932. (Adverse.)
107	Mr. Harrison, Jan. 4, 1932.	S. 2524	For the relief of Ike F. Kearney	do Subcommittee (Walsh), Jan. 29, 1932.	Report received Jan. 26, 1932. (Adverse.) Reported adversely Feb. 25, 1932. Report No. 318.
108	Mr. Wagner, Jan. 4, 1932.	S. 2527	For the relief of Edwin P. Hulsberger.	Veterans' Administration, Jan. 11, 1932. Subcommittee (Bingham). Feb. 10, 1932.	Report received Feb. 2, 1932. (Noncommittal.) Committee discharged and referred to Committee on Military Affairs Feb. 18, 1932.
109	Mr. Wagner, Jan. 4, 1932.	S. 2528	To extend the benefits of the World War veterans' act, 1924, as amended, to John Melville.	Veterans' Administration, Jan. 11, 1932. Subcommittee (Walsh), Jan. 29, 1932.	Report received Jan. 19, 1932. (Noncommittal.) Reported adversely Mar. 7, 1932. Report No. 396.
110	Mr. Frazier, Jan. 4, 1932.	S. 2566	For the relief of Newdigate Moreland Owensby.	Veterans' Administration, Jan. 11, 1932. Subcommittee (Walsh), Jan. 29, 1932.	Report received Jan. 28, 1932. (Noncommittal.) Reported adversely Feb. 25, 1932. Report No. 319.
111	Mr. Frazier, Jan. 4, 1932.	S. 2567	For the relief of Angus M. Whatley	Veterans' Administration, Jan. 11, 1932. Subcommittee (Walsh), Jan. 29, 1932.	Report received Jan. 25, 1932. (Adverse.) Reported adversely Feb. 29, 1932. Report No. 349.
112	Mr. Frazier, Jan. 4, 1932.	S. 2568	For the relief of John B. McLamb	Veterans' Administration, Jan. 11, 1932. Subcommittee (Walsh), Jan. 29, 1932.	Report received Jan. 20, 1932. (Noncommittal.) Reported adversely Feb. 29, 1932. Report No. 350.
113	Mr. Broussard, Jan. 4, 1932.	S. 2594	To authorize the erection of a 250-bed addition to the U. S. Veterans' Administration hospital at Alexandria, La.	Veterans' Administration, Jan. 11, 1932.	Report received Feb. 6, 1932. (Adverse.)
114	Mr. Watson, Jan. 4, 1932.	S. 2597	For the relief of the Peoples Trust & Savings Co. of Fort Wayne, Ind.	Treasury Department, Jan. 11, 1932.	Report received Feb. 29, 1932. (Adverse.)
115	Mr. Watson, Jan. 4, 1932.	S. 2598	For the relief of the Security Trust Co., of Indianapolis, Ind.	do	Do.
116	Mr. Hale, Jan. 4, 1932.	S. 2615	For the relief of Henry Stanley Wood	do	Report received Feb. 18, 1932. (Adverse.)
117	Mr. Borah, Jan. 5, 1932.	S. 2630	To provide for "ounce" coins and "ounce" Treasury notes, to revive world trade and commerce, and to make possible the payments of debts, foreign and domestic.	do	Report received Feb. 12, 1932. (Adverse.)
118	Mr. Jones, Jan. 5, 1932.	S. 2657	To secure to unemployed American citizens the right to work advantageously for themselves in the production and mutual exchange of food, shelter, clothing, and commodities.	Treasury Department and Labor Department, Jan. 11, 1932.	Finance Committee discharged, referred to Committee on Manufactures Jan. 20, 1932. Report received Mar. 19, 1932. (Adverse.) Referred to Committee on Manufactures.
119	Mr. Walsh of Massachusetts. Jan. 5, 1932.	S. 2675	Providing for an emergency circulation fund, and for other purposes.	Treasury Department, Jan. 11, 1932.	
120	Mr. Couzens, Jan. 6, 1932.	S. 2694	For the relief of the Union Guardian Trust Co., successors to Union Trust Co., of Detroit, Mich.	do	Report received Feb. 29, 1932. (Adverse.)
121	Mr. Couzens, Jan. 6, 1932.	S. 2695	For the relief of the Detroit Security & Trust Co., successors to Security Trust Co., of Detroit, Mich.	do	Do.
122	Mr. Robinson of Indiana. Jan. 6, 1932.	S. 2702	Granting compensation to the widow and minor children of Francis C. Oxley.	Veterans' Administration, Jan. 11, 1932. Subcommittee (Reed), Mar. 18, 1932.	Report received Mar. 11, 1932. (Adverse.)
123	Mr. Glenn, Jan. 6, 1932.	S. 2718	To authorize the erection of a 532-bed addition to the U. S. Veterans' Administration hospital at North Chicago, Ill.	Veterans' Administration, Jan. 11, 1932.	Report received Feb. 6, 1932. (Adverse.)
124	Mr. George, Jan. 6, 1932.	S. J. Res. 76.	Authorizing the President to reorganize the executive agencies of the Government.		Reported favorably with amendment Feb. 2, 1932. Report No. 157.
125	Mr. Brookhart, Jan. 7, 1932.	S. 2731	To authorize the erection of a 300-bed addition to the U. S. Veterans' Administration hospital at Knoxville, Iowa.	Veterans' Administration, Jan. 11, 1932.	Report received Feb. 6, 1932. (Adverse.)
126	Mr. Thomas of Oklahoma. Jan. 8, 1932.	S. 2797	To provide for the restoration of forfeited rights under the World War veterans' act, 1924, and for other purposes.	do Subcommittee (Reed), Mar. 18, 1932.	Report received Feb. 12, 1932. (Adverse.)
126a	Mr. Fletcher, Jan. 16, 1932.	S. 2809	To amend sec. 301 of the World War veterans' act; 1924, as amended, by act approved June 2, 1926.	Veterans' Administration, Jan. 18, 1932. Subcommittee (Reed), Mar. 18, 1932.	Do.
127	Mr. Walsh of Massachusetts and Mr. Coolidge. Jan. 9, 1932.	S. 2818	To authorize the erection of a U. S. Veterans' Administration hospital at or near the city of Boston, in the State of Massachusetts.	Veterans' Administration, Jan. 11, 1932.	Report received Feb. 6, 1932. (Adverse.)
128	Mr. Wheeler, Jan. 9, 1932.	S. 2826	For the relief of Benjamin F. Johnson.	do Subcommittee (Bingham), Feb. 10, 1932.	Preliminary report received Jan. 28, 1932. Report received Feb. 8, 1932. (Noncommittal.) Reported adversely Feb. 24, 1932. Report No. 315.
129	Mr. Walsh of Massachusetts. Jan. 13, 1932.	S. 2955	To amend the World War veterans' act, 1924, as amended.	Veterans' Administration, Jan. 14, 1932. Subcommittee (Walsh), Feb. 10, 1932.	Report received Feb. 2, 1932. (Favorable.) Reported favorably Feb. 25, 1932. Report No. 333. Passed Senate Mar. 10, 1932.
130	Mr. Hawes, Jan. 13, 1932.	S. 2966	To authorize the erection of an addition to the U. S. Veterans' Administration hospital at Jefferson Barracks, Mo.	Veterans' Administration, Jan. 14, 1932.	Report received Feb. 6, 1932. (Adverse.)
131	Mr. Capper, Jan. 16, 1932.	S. 3052	For the relief of George A. Banta	Veterans' Administration, Jan. 18, 1932. Subcommittee (George), Feb. 10, 1932.	Report received Feb. 5, 1932. (Noncommittal.) Reported adversely Feb. 26, 1932. Report No. 342.
132	Mr. Watson, Jan. 16, 1932.	S. 3061	Extending jurisdiction to the United States Court of Claims in suits arising from the issuance of seaman's insurance by the Bureau of War Risk Insurance of the Treasury Department during the period between June, 1917, and June, 1920.	Treasury Department, Jan. 18, 1932. Veterans' Administration, Mar. 8, 1932. Subcommittee (Bingham, Metcalf, and Barkley), Mar. 24, 1932.	Report received from Comptroller General Feb. 5, 1932. (Adverse.) Report received from Treasury Department Mar. 7, 1932. (Adverse.) Report received from Veterans' Administration Mar. 17, 1932. (Adverse.)
133	Mr. Gore, Jan. 16, 1932.	S. 3062	Relating to actions against the United States on contracts of war-risk insurance.	Veterans' Administration, Jan. 18, 1932. Subcommittee (George), Apr. 1, 1932.	Report received Mar. 25, 1932. (Adverse.)
134	Mr. Thomas of Oklahoma. Jan. 16, 1932.	S. 3074	Granting consent to the several States to tax property employed and business done in interstate commerce.	Treasury Department, Jan. 18, 1932. Department of Commerce, Mar. 23, 1932.	Report received Mar. 19, 1932. (Noncommittal.)

Calendar—Continued

Docket No.	By whom presented to the Senate and date of reference to the committee	No. of bill	Title	Departments or subcommittees and date of reference	Action
135	Mr. Lewis, Jan. 19, 1932.	S. 3136	Granting World War adjusted-service compensation to Barbara Weiland.	Veterans' Administration, Jan. 20, 1932. Subcommittee (Reed), Mar. 18, 1932.	Report received Feb. 13, 1932. (Adverse.)
136	Mr. Steiwer, Jan. 20, 1932.	S. 3150	Relating to the rate of interest on loans to veterans under the World War adjusted compensation act, as amended.	Veterans' Administration, Jan. 22, 1932. Subcommittee (Bingham), Mar. 18, 1932.	Report received Feb. 26, 1932. (Adverse.)
137	Mr. Fess, Jan. 20, 1932.	S. 3151	To authorize reinstatement of war-risk insurance of John D. Deardourff, deceased.	Veterans' Administration, Jan. 22, 1932. Subcommittee (George), Feb. 10, 1932.	Report received Feb. 2, 1932. (Adverse.) Reported adversely Feb. 26, 1932. Report No. 343.
138	Mr. Reed, Jan. 20, 1932.	S.Res. 143	To investigate the effect of depreciation of foreign currency values upon importations of important commodities into the United States.	Treasury Department, Jan. 22, 1932.	S. Res. 156 substituted and reported favorably with amendment Feb. 2, 1932. (See Docket No. 159.)
139	Mr. Tydings, Jan. 21, 1932.	S. 3181	To authorize the erection of an 854-bed addition to the U. S. Veterans' Administration hospital at Perry Point, Md.	Veterans' Administration, Jan. 22, 1932.	Report received Feb. 6, 1932. (Adverse.)
140	Mr. Capper, Jan. 21, 1932.	S. J. Res. 86.	To provide for the levying of a tariff on crude petroleum and its by-products.	Treasury Department, Jan. 22, 1932.	Report received Feb. 13, 1932. (Noncommittal.)
141	Mr. Johnson, Jan. 25, 1932.	S. 3244	To authorize the erection of a U. S. Veterans' Administration hospital in the inland region of the State of California.	Veterans' Administration, Jan. 30, 1932.	Report received Feb. 6, 1932. (Adverse.)
142	Mr. Johnson, Jan. 25, 1932.	S. 3245	To authorize the erection of a 250-bed addition to the U. S. Veterans' Administration hospital at Livermore, Calif.	do	Do.
143	Mr. Johnson, Jan. 25, 1932.	S. 3246	To authorize the erection of a U. S. Veterans' Administration hospital in southern California, and to authorize appropriation therefor.	do	Do.
144	Mr. White, Jan. 25, 1932.	S. 3268	For the relief of Joseph J. Fortin	do. Subcommittee (Bingham), Mar. 18, 1932.	Report received Mar. 3, 1932. (Adverse.)
145	Mr. Copeland, Jan. 25, 1932.	S. 3272	To provide for the entry, under bond, of exhibits of arts, sciences, and industries.	Treasury Department, Jan. 30, 1932.	Report received May 9, 1932. (Adverse.)
146	Mr. Glenn, Jan. 25, 1932.	S. 3283	To authorize the construction of personnel quarters and kitchen at the Veterans' Administration home, Dwight, Ill., and to authorize appropriation therefor.	Veterans' Administration, Jan. 30, 1932.	Report received Feb. 6, 1932. (Adverse.)
147	Mr. Neely, Jan. 25, 1932.	S. 3284	Granting compensation to Ella R. Trussell.	do. Subcommittee (Bingham), Mar. 18, 1932.	Report received Feb. 13, 1932. (Adverse.)
148	Mr. Reed, Jan. 26, 1932.	S. 3301	To authorize the erection of a 295-bed addition to the United States Veterans' Administration hospital at Coatesville, Pa.	Veterans' Administration, Jan. 30, 1932.	Report received Feb. 6, 1932. (Adverse.)
149	Mr. Reed, Jan. 26, 1932.	S. 3302	To authorize the erection of a U. S. Veterans' Administration hospital for colored veterans, and to authorize the appropriation therefor.	do	Do.
150	Mr. Jones, Jan. 26, 1932.	S. 3303	To protect American labor and industry from competition of products of convict, forced, and indentured labor.	Treasury Department, Jan. 30, 1932.	
151	Mrs. Caraway, Jan. 26, 1932.	S. 3319	To authorize the erection of a 150-bed Veterans' Administration home at Hot Springs, Ark., and to authorize appropriation therefor.	Veterans' Administration, Jan. 30, 1932.	Do.
152	Mr. Thomas of Oklahoma, Jan. 27, 1932.	S. 3336	To amend sec. 200 of Title II of the World War veterans' act, 1924, as amended.	do. Subcommittee (Bingham), Mar 18, 1932.	Report received Feb. 18, 1932. (Adverse.)
153	Mr. Fess, Jan. 27, 1932.	S. 3341	To authorize the erection of a permanent occupational therapy building at the U. S. Veterans' Administration hospital at Chillicothe, Ohio.	Veterans' Administration, Jan. 30, 1932.	Report received Feb. 6, 1932. (Adverse.)
154	Mr. Shipstead, Jan. 28, 1932.	S. 3355	To authorize the construction of a convalescent hospital or home at the U. S. Veterans' Administration hospital, Fort Snelling, Minn., and to authorize an appropriation therefor.	do	Do.
155	Mr. Shipstead, Jan. 28, 1932.	S. 3356	To authorize the erection of a 250-bed addition to the United States Veterans' Administration hospital at St. Cloud, Minn.	do	Do.
156	Mr. Bulkley, Jan. 28, 1932.	S. 3373	To authorize the construction of a new general kitchen at the Veterans' Administration home, Dayton, Ohio, and to authorize appropriation therefor.	do	Do.
156a	Mr. Broussard, Feb. 22, 1932.	S. 3403	For the relief of Ralph Edward Bertheaud.	Veterans' Administration, Feb. 25, 1932. Subcommittee (Bingham), Mar. 18, 1932.	Report received Mar. 9, 1932. (Adverse.)
157	Mr. Broussard, Feb. 1, 1932.	S. 3404	To authorize the erection of a U. S. Veterans' Administration hospital at or near the city of New Orleans, in the State of Louisiana.	Veterans' Administration, Feb. 10, 1932.	Report received Feb. 20, 1932. (Adverse.)
158	Mr. Nye, Feb. 1, 1932.	S. 3410	To authorize the construction of an administration building at the U. S. Veterans' hospital, Fargo, N. Dak., and to authorize appropriation therefor.	do	Do.
159	Mr. Reed, Feb. 1, 1932.	S. Res. 156	Investigation by the Tariff Commission of the effect of depreciated currencies upon imports and exports.		Introduced as a substitute for S. Res. 143. Reported favorably with amendment Feb. 2, 1932.
160	Mr. Robinson of Indiana, Feb. 2, 1932.	S. 3450	Granting compensation to the widow and minor children of Lloyd B. Tupper.	Veterans' Administration, Feb. 10, 1932. Subcommittee (Walsh), Mar. 18, 1932.	Report received Feb. 29, 1932. (Adverse.)

Calendar—Continued

Docket No.	By whom presented to the Senate and date of reference to the committee	No. of bill	Title	Departments or subcommittees and date of reference	Action
161	Mr. Jones..... Feb. 3, 1932.	S. 3464	To amend the World War adjusted compensation act, 1924.	Veterans' Administration, Feb. 10, 1932. Subcommittee (Walsh), Apr. 1, 1932...	Report received Mar. 22, 1932. (Adverse.)
162	Mr. Schall..... Feb. 3, 1932.	S. 3478	For the relief of Kenneth Morlan Hall and Mary Jane Hall.	Veterans' Administration, Feb. 10, 1932. Subcommittee (Walsh), Mar. 18, 1932.	Report received Feb. 29, 1932. (Adverse.)
163	Mr. Norris..... Feb. 4, 1932.	S. 3500	To amend the World War veterans act, 1924, as amended.	Veterans' Administration, Feb. 10, 1932.	Report received Mar. 26, 1932. (Adverse.)
164	Mr. Copeland..... Feb. 5, 1932.	S. 3519	To amend sec. 461 of the tariff act of 1930.	Justice Department, Mar. 29, 1932.....	Report received Apr. 19, 1932. (Adverse.)
165	Mr. Shipstead..... Feb. 5, 1932.	S. 3529	Relating to the payment of compensation for the death or disability of women citizens of the United States who served in base hospitals overseas.	Treasury Department, Feb. 10, 1932... Veterans' Administration, Feb. 10, 1932. Subcommittee (Smoot), Apr. 1, 1932...	Preliminary report received Feb. 20, 1932. (Investigation to be made before final report.) Report received Mar. 22, 1932. (Adverse.)
166	Mr. Jones..... Feb. 8, 1932.	S. 3543	For the relief of Robert Emil Taylor...	Veterans' Administration, Feb. 10, 1932.	Report received Apr. 27, 1932. (Favorable.) Reported favorably May 10, 1932. Report No. 674.
167	Mr. Copeland..... Feb. 8, 1932.	S. 3555	For the relief of Alexander Gilchrist, jr.	.....do..... Subcommittee (Walsh), Mar. 18, 1932...	Report received Feb. 19, 1932. (Unfavorable.)
168	Mr. Smoot..... Feb. 8, 1932.	S. J. Res. 97.	Extending for one year the time within which American claimants may make application for payment, under the settlement of war claims act of 1928 of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.	.....	Letter received, dated Feb. 2, 1932, from Treasury. (Favorable.) Reported favorably May 9, 1932. Report No. 669. Passed Senate June 8, 1932.
169	Mr. Robinson of Indiana. Feb. 9, 1932.	S. 3581	For the relief of George B. Fall.....	Veterans' Administration, Feb. 10, 1932.	Report received May 11, 1932. (Adverse.)
170	Mr. Shipstead..... Feb. 9, 1932.	S. 3582	For the relief of John M. Finkelson....	.....do..... Subcommittee (Walsh), Mar. 18, 1932.	Report received Mar. 1, 1932. (Adverse.)
171	Mr. Bingham..... Feb. 9, 1932.	S. 3585	Relating to the granting of Federal aid to State and Territorial homes for the support of disabled soldiers and sailors of the United States.	Veterans' Administration, Feb. 10, 1932.	Report received Apr. 21, 1932. (Noncommittal.)
172	Mr. McGill..... Feb. 10, 1932.	S. 3591	To amend the World War veterans' act, 1924, as amended.	Veterans' Administration, Feb. 12, 1932.	Report received Apr. 11, 1932. (Adverse.)
173	Mr. Bulkley..... Feb. 10, 1932.	S. 3600	Granting relief to Clarence Loveberry.	.....do.....	Report received Apr. 26, 1932. (Adverse.)
174	Mr. Johnson..... Feb. 15, 1932.	S. 3642	Relating to the premium rate on certain policies of Government insurance.	Veterans' Administration, Feb. 25, 1932. Subcommittee (Walsh), Mar. 18, 1932.	Report received Mar. 12, 1932. (Adverse.) Supplemental report as to cost received Apr. 1, 1932.
175	Mr. Byrnes..... Feb. 16, 1932.	S. 3666	To amend sec. 19 of the World War veterans' act, 1924, as amended.	Veterans' Administration, Feb. 25, 1932. Subcommittee (George), Mar. 18, 1932.	Report received Mar. 5, 1932. (Adverse.) Tabled indefinitely Mar. 24, 1932.
176	Mr. Byrnes..... Feb. 16, 1932.	S. 3667	To amend sec. 19 of the World War veterans' act, 1924, as amended.	Veterans' Administration, Feb. 25, 1932. Subcommittee (George), Mar. 18, 1932.	Report received Mar. 7, 1932. (Adverse.) Tabled indefinitely Mar. 24, 1932.
177	Mr. Davis..... Feb. 17, 1932.	S. 3678	To convert into a diagnostic center U. S. Veterans' Bureau Hospital No. 49 at Philadelphia.	Veterans' Administration, Feb. 25, 1932.	Report received Mar. 5, 1932. (Adverse.)
178	Mr. Neely..... Feb. 17, 1932.	S. 3704	To extend benefits of World War veterans' act, 1924, as amended to Dr. Rush F. Farley.	.....do..... Subcommittee (George), Mar. 18, 1932.	Report received Mar. 10, 1932. (Adverse.)
179	Mr. Smoot..... Feb. 18, 1932.	S. 3722	To extend the requirement for Federal income-tax exemption for disability allowance purposes under the World War veterans' act, as amended July 3, 1930, to aliens or residents of the Philippine Islands.	Veterans' Administration, Feb. 25, 1932. Subcommittee (Smoot), Mar. 18, 1932...	Letter received, dated Feb. 17, 1932, from Veterans' Administration recommending bill. Report received Mar. 5, 1932. (Favorable.)
180	Mr. Thomas of Oklahoma. Feb. 23, 1932.	S. 3766	To amend subdivision (7) of section 202 of the World War veterans' act 1924, as amended, in respect to persons suffering from tuberculosis.	Veterans' Administration, Feb. 25, 1932. Subcommittee (George), Mar. 18, 1932.	Report received Mar. 4, 1932. (Adverse.)
181	Mr. Sheppard..... Feb. 23, 1932.	S. 3776	For the relief of Margaret A. Douglas.	Veterans' Administration, Feb. 25, 1932. Subcommittee (George), Mar. 18 1932.	Report received Mar. 14, 1932. (Adverse.)
182	Mr. Costigan..... Feb. 24, 1932.	S. 3781	To authorize the reconditioning of the buildings of the U. S. Veterans' Administration hospital at Fort Lyon, Colo.	Veterans' Administration, Feb. 25, 1932.	Report received Mar. 5, 1932. (Adverse.)
183	Mr. Gore..... Feb. 24, 1932.	S. 3785	To amend World War adjusted compensation act, 1924, as amended.	.....do.....	Report received Apr. 21, 1932. (Adverse.)
184	Mr. Cutting..... Feb. 24, 1932.	S. 3797	Granting compensation to Mary Griffin.	.....do..... Subcommittee (George), Mar. 18, 1932.	Report Received Mar. 5, 1932. (Adverse.)
185	Mr. Cutting..... Feb. 24, 1932.	S. 3798	Granting compensation to Farrel E. Plymate.	Veterans' Administration, Feb. 25, 1932. Subcommittee (George), Mar. 18, 1932.	Do.
186	Mr. Sheppard..... Feb. 24, 1932.	S. 3803	For the relief of Edward N. Jerry.....	Veterans' Administration, Feb. 25, 1932.	
187	Mr. Dill..... Feb. 24, 1932.	S. 3804	To prevent discrimination against American ships and ports and for other purposes.	Treasury Department, Feb. 25, 1932....	
188	Mr. Copeland..... Feb. 25, 1932.	S. 3819	Granting permits for the importation or manufacture for nonbeverage purposes of spirituous liquors of particular kind or quality where the supply in the United States is insufficient to meet the current need therefor.	.....	Letter received, dated Feb. 17, 1932, from Treasury Department recommending bill. Letter received from Attorney General, dated Feb. 20, 1932. (Noncommittal.)
189	Mr. Neely..... Feb. 25, 1932.	S. 3820	For the relief of Elva Gertrude Jones...	Veterans' Administration, Feb. 26, 1932.	Report received Mar. 18, 1932. (Adverse.)
190	Mr. Steiwer..... Feb. 26, 1932.	S. 3837	To amend World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War.	Veterans' Administration, Feb. 29, 1932.	Report received Apr. 26, 1932. (Adverse.)
191	Mr. Trammell..... Feb. 29, 1932.	S. 3849	To authorize the erection of a 200-bed addition to U. S. Veterans' Administration hospital, at Lake City, Fla.	Veterans' Administration, Mar. 14, 1932.	Report received Mar. 21, 1932. (Adverse.)
192	Mr. Thomas of Oklahoma. Mar. 1, 1932.	S. 3874	To provide for immediate payment of World War adjusted-service certificates and for other purposes.	Veterans' Administration, Mar. 14, 1932. Treasury Department, Mar. 22, 1932...	Do. Report received May 11, 1932. (Adverse.)
193	Mr. Watson..... Mar. 2, 1932.	S. 3886	To authorize the purchase of tobacco from funds heretofore or hereafter appropriated for the Veterans' Administration.	Letter received, dated Feb. 23, 1932, from Veterans' Administration recommending bill. Subcommittee (George). Mar. 18, 1932.	Report from Veterans' Administration received Mar. 21, 1932. (Favorable.) Reported favorably Mar. 24, 1932. Report No. 473.

Calendar—Continued

Docket No.	By whom presented to the Senate and date of reference to the committee	No. of bill	Title	Departments or subcommittees and date of reference	Action
194	Mr. Brookhart, Mar. 4, 1932.	S. 3934	For the relief of Leo Emil Tiede	Veterans' Administration, Mar. 14, 1932.	Report received Apr. 13, 1932. (Adverse.)
195	Mr. McKellar, Mar. 8, 1932.	S. 3976	For the relief of Ellen B. Christian	do	Report received Apr. 1, 1932. (Adverse.)
196	Mr. Wagner, Mar. 8, 1932.	S. 3995	For the relief of Samuel Diamond	do	Report received Apr. 21, 1932. (Adverse.)
197	Mr. Bailey, Mar. 10, 1932.	S. 4012	For the relief of Mrs. Mance Hardy	do Subcommittee (Smoot), Apr. 1, 1932.	Report received Mar. 26, 1932. (Adverse.)
198	Mr. Shipstead, Mar. 10, 1932.	S. 4021	Granting additional war-risk insurance to Anna Christine Jones.	Veterans' Administration, Mar. 14, 1932.	Report received Apr. 11, 1932. (Adverse.)
199	Mr. Jones, Mar. 11, 1932.	S. Res. 137	Authorizing investigation by Tariff Commission of foreign competitive conditions relating to lumber and lumber by-products industries.	Treasury Department, Mar. 14, 1932. Tariff Commission, Mar. 17 1932	Report received Mar. 24, 1932. (Noncommittal.) Report received Mar. 28, 1932. (Noncommittal.)
200	Mr. Capper, Mar. 12, 1932.	S. 4053	For the relief of James K. Cubbison	Veterans' Administration. Mar. 14, 1932.	Report received Apr. 7, 1932. (Adverse.)
201	Mr. McKellar, Mar. 14, 1932.	S. 4077	To amend section 19 of the World War veterans' act, 1924, as amended, relating to actions against the United States on insurance claims.	Veterans' Administration. Mar. 19, 1932.	Report received Apr. 21, 1932. (Adverse.)
202	Mr. Robinson of Indiana. Mar. 15, 1932.	S. 4092	For the relief of Myron M. Andrews	do Subcommittee (Smoot), Apr. 1, 1932.	Report received Mar. 26, 1932. (Adverse.)
203	Mr. Wagner, Mar. 15, 1932.	S. 4096	Relating to the premium rate on certain policies of Government insurance.	Veterans' Administration, Mar. 19, 1932.	Report received Apr. 1, 1932. (Adverse.)
204	Mr. Robinson of Arkansas. Mar. 23, 1932.	S. 4184	To restore the right to compensation to Roberta K. Dillan.	Veterans' Administration, Apr. 2, 1932.	Report received Apr. 21, 1932. (Adverse.)
205	Mr. Thomas of Oklahoma. Mar. 28, 1932.	S. 4231	To protect American supply of oil, and maintenance of adequate foreign and domestic markets.	Treasury Department, Apr. 2, 1932.	
206	Mr. Wagner, Mar. 29, 1932.	S. 4237	For the relief of John F. Aughinbaugh	Veterans' Administration, Apr. 2, 1932.	Do.
207	Mr Sheppard, Mar. 29, 1932.	S. 4247	To amend World War adjusted compensation act.	do	Report received May 19, 1932. (Adverse.)
208	Mr. Walsh of Montana. Apr. 1, 1932.	S. 4288	To amend sec. 19 of the World War veterans' act, 1924, as amended.	do	Report received Apr. 7, 1932. (Adverse.)
209	Mr. Norbeck, Apr. 4, 1932.	S. 4306	For the relief of Charles R. Wicker	Veterans' Administration, May 14, 1932.	Report received June 7, 1932. (Adverse.)
210	Mr. Thomas of Oklahoma. Apr. 11, 1932.	S. 4350	To provide for the immediate payment of adjusted-service certificates, and for other purposes.	do Treasury Department, May 14, 1932. do	Report received June 2, 1932. (Adverse.)
211	Mr. Steiwer, Apr. 11, 1932.	S. 4354	To prohibit the importation of articles from certain countries, and for other purposes.		
212	Mr. Neely, Apr. 11, 1932.	S. 4366	For the relief of Emma Susan McMurdo.	Veterans' Administration, May 14, 1932.	Report received June 1, 1932. (Adverse.)
212a	Mr. Shortridge, Apr. 11, 1932.	S. J. Res. 143.	For the admission, free of duty, of equipment for the games of the Tenth Olympiad.	Treasury Department, June 4, 1932.	
213	Mr. Oddie, Apr. 12, 1932.	S. 4367	To enable the collection of import duties on foreign-made goods entering the Virgin Islands through parcel-post mail.	Treasury Department, May 14, 1932.	Report received June 4, 1932. (Favorable.) Reported favorably May 25, 1932. Report No. 730.
213a	Mr. Brookhart, Apr. 14, 1932.	S. 4398	Granting an increase of pension to William Blades.	Veterans' Administration, June 4, 1932.	
214	Mr. Hatfield, Apr. 21, 1932.	S. 4436	To amend sec. 305 (a) of the tariff act of 1930, and secs. 211, 245, and 312 of the Criminal Code as amended.	Treasury Department, May 14, 1932.	Report received June 4, 1932. (Noncommittal.)
215	Mr. Connally, Apr. 21, 1932.	S. 4448	To decrease interest rates on adjusted-compensation loans.	Veterans' Administration, May 14, 1932.	
216	Mr. Brookhart, Apr. 29, 1932.	S. 4528	For the relief of Donald E. Snyder	do	Report received May 26, 1932. (Adverse.)
217	Mr. George, May 2, 1932.	S. 4546	For the relief of Lindsay Hinesley	do	Report received June 9, 1932. (Adverse.)
218	Mr. Norris, May 4, 1932.	S. 4569	Relating to loans to veterans on their adjusted-service certificates.	do	
219	Mr. Norris, May 4, 1932.	S. 4570	Relating to the payment of premiums on certain contracts of Government life insurance.	do	Report received June 10, 1932. (Adverse.)
220	Mr. Dickinson, May 5, 1932.	S. 4585	Granting an annuity to Samuel R. Stone.	do	Report received June 3, 1932. (Adverse.)
221	Mr. Walsh of Montana. May 12, 1932.	S. 4640	To amend sec. 19 of the World War veterans' act of 1924, as amended.	do	Report received May 24, 1932. (Adverse.)
222	Mr. Morrison, May 16, 1932.	S. 4666	Relating to the rate of interest on loans to veterans under the World War adjusted compensation act, as amended.	Veterans' Administration, June 3, 1932.	
223	Mr. Sheppard, May 19, 1932.	S. 4703	To authorize the free importation into the United States of goods bartered for farm products.	Treasury Department, June 3, 1932.	
224	Mr. Thomas of Oklahoma. May 21, 1932.	S. 4723	For the relief of Henry Charles O'Dell.	Veterans' Administration, June 3, 1932.	
225	Mr. Walcott, May 21, 1932.	S. 4724	For the refund of income and profits taxes erroneously collected.	Treasury Department, June 3, 1932.	
226	Mr. Smith, May 24, 1932.	S. J. Res. 166.	To authorize the Reconstruction Finance Corporation to purchase certain State teachers' salary certificates.	do	
227	Mr. Wagner, May 24, 1932.	S. 4747	To provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea.	do	
228	Mr. Hull, May 24, 1932.	S. 4750	To amend the tariff act of 1930, and for other purposes.	do	
229	Mr. Bingham, June 2, 1932.	S. 4803	For the relief of David C. McIntyre	Veterans' Administration, June 3, 1932.	
230	Mr. Jones, June 4, 1932.	S. 4820	To provide for the appointment of deputy collectors of the Internal Revenue Service.	Treasury Department, June 7, 1932.	

Calendar—Continued

Docket No.	By whom presented to the Senate and date of reference to the committee	No. of bill	Title	Departments or subcommittees and date of reference	Action
231	Mr. McGill..... June 8, 1932.	S. 4845	To amend sec. 301 of the World War veterans' act, 1924, as amended by act approved June 2, 1926.	Veterans' Administration, June 11, 1932.	
232	Mr. Fletcher..... June 8, 1932.	S. 4853	To prohibit the importation of articles from certain countries, and for other purposes.	Treasury Department, June 11, 1932..	
233	Mr. Shortridge..... June 8, 1932.	S. J. Res. 175.	To exempt admission to the Olympic games from the admissions tax.	.....do.....	
234	Mr. Watson..... June 8, 1932.	S. 4854	For the relief of John Maley Graham..	Veterans' Administration, June 11, 1932.	

House bills referred to Finance Committee

Docket No.	Date of reference to the Committee	No. of bill	Title	Subcommittees and date of reference	Action
1000	Dec. 17, 1931.....	H. R. 5821	To provide for the taxation of incomes in the District of Columbia, to repeal certain provisions of law relating to the taxation of intangible personal property in the District of Columbia, and for other purposes.	.....	Finance Committee discharged; referred to Committee on the District of Columbia Dec. 19, 1931.
1001	Dec. 18, 1931.....	H. R. 5822	To provide a tax on the transfers of estates of decedents.	.....	Do.
1002	Jan. 11, 1932.....	H. R. 6662	To amend tariff act of 1930 and for other purposes.	.....	Reported to Senate unfavorably Jan. 28, 1932. Report No. 146. Passed Senate amended Apr. 1, 1932. Approved by House Apr. 14, 1932, and sent to President.
1003	Apr. 4, 1932.....	H. R. 10236	To provide revenue, equalize taxation, and for other purposes.	.....	President's veto message received May 11, 1932.
1004	May 3, 1932.....	H. R. 8578	To amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War.	.....	Reported to Senate favorably May 9, 1932. Report No. 665.
1005	May 9, 1932.....	H. J. Res. 336.	Construing section 503 (b) of the tariff act of 1930.	.....	Reported favorably with an amendment May 25 1932. Report No. 728.
1006	May 17, 1932.....	H. R. 8173	To provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination.	.....	
1007	May 21, 1932.....	H. R. 927	For the relief of the estate of Franklin D. Clark.	.....	
1008	June 7, 1932.....	H. R. 10825	To authorize the transfer of certain lands in Fayette County, Ky., to the Commonwealth of Kentucky.	.....	

Mr. LA FOLLETTE. Mr. President, as I conceive the functions of committees of the Senate, they are not designed for the purpose of pigeonholing or chloroforming legislation which it happens a majority of a committee does not favor. My conception of the function of a committee of the Senate is to obtain available information concerning all proposed legislation referred to it, to give it consideration, and then report the findings of the committee to the Senate, where a majority of the entire body may determine whether or not it agrees with the finding of a majority of the committee.

Since I have been a member of the Finance Committee I have on several occasions made an effort to have the committee set a definite day for meeting each week during the session, and to provide for the calling of the calendar, so that measures referred to the committee which may not meet the approval of the chairman or of other members of the committee might have an opportunity for their day in court before the committee and then an opportunity for consideration on the floor of the Senate. When the committee meets again in December I shall again renew my effort to secure an orderly, intelligent, and speedy consideration of measures that are referred to the committee rather than to have the fate of bills determined by the will of the chairman.

Mr. COUZENS. Mr. President, I rise to correct some misunderstandings which apparently are had by the Senator from Wisconsin. There are very few committees which have regular days for meeting. For instance, the Interstate Commerce Committee has no regular day for meeting, and upon repeated attempts to secure a quorum for meetings of that committee I have been unsuccessful. We have had pending before that committee for five or six months a bill to regulate motor trucks and motor busses which are operated in interstate commerce. I have called repeated meetings but have been unable to obtain a quorum and, therefore, have been unable to get action. We have also had before us a bill that passed the other House some time ago with respect to the regulation of lotteries by radio and other matters connected with radio transmission, but we have been unable to get a quorum to consider the measure.

I desire also to take issue with the Senator from Wisconsin with respect to the number of bills that are referred to committees. For instance, during my service here it has been the policy of practically every committee of which I know not to take up for serious consideration any pending legislation that is not urged by its author; in other words, a call of the calendar, so far as the Interstate Commerce Committee is concerned, has been had a number of times, and on each occasion the question has been asked, "Is the author of the bill pressing for the consideration of the measure?" When the answer has been in the negative, the committee has invariably passed the bill over. That is my experience so far as my committee work is concerned; and I have been here nearly 10 years. I make no defense of the Finance Committee as to some of these matters; but, in justice, I do say, as one of its members for a number of years, that we have not taken up legislation unless there has been an urgent request from the author of the legislation or some general public interest in it.

Mr. LA FOLLETTE. Mr. President, will the Senator from Michigan yield to me?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Wisconsin?

Mr. COUZENS. Yes.

Mr. LA FOLLETTE. Mr. President, I should like to call the attention of the Senator from Michigan to a case in point illustrative of the manner in which the Finance Committee transacts its business. The Senator from Nebraska [Mr. NORRIS] introduced a bill. He urged it upon the attention of the committee, and on the floor of the Senate called attention to the fact that the committee had not acted upon it, and, finally, in order to blast that bill out of the committee, had to move on the floor of the United States Senate that the committee be discharged from the further consideration of the measure. This is an indication that the committee has no consideration for the author of the bill or for its importance when it declines to give consideration to an important measure introduced by a Senator, regardless of what the committee's attitude on the bill may be. The point I make is that the committees with which I am familiar—the working committees, that is—do have regular meeting days and do endeavor to keep their calendars clear.

Mr. COUZENS. Mr. President, I wish to say, in response to the statement of the Senator from Wisconsin, that I said at the inception of my remarks that I made no defense of the Finance Committee, because I thought it had been negligent in some matters. The instance to which the Senator refers seems to have been exceptional. For example, during all the years I have been on the Finance Committee I know of no effort which has been made to discharge it from the consideration of a particular measure because of lack of attention to it, unless it be the case to which the Senator from Wisconsin refers. As to the Committee on Interstate Commerce, however, of which I am chairman, I can speak with more authority. I know of no bill having been introduced by any Senator or any bill that has come from the other House which has been sent to that committee that has failed to receive consideration upon the request either of the author or of any member of the committee.

I confess, as I think the chairman of every other committee will confess, that there are usually a great many bills on the calendar of the committee in which there is no great interest and as to which there is no demand or request for consideration. It is perfectly obvious to every member of an active committee that it is not expected to take up each bill and give it careful consideration unless the author of the bill so requests or unless there is some public interest which demands that action should be taken. There is no use trying to disguise the situation. We all know that that is the general practice. When Senators are not sufficiently interested in their own bills to urge consideration by the committees to which they are referred, it can hardly be expected that the committees, with the voluminous number of bills before them, will take them up and give them consideration.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Virginia?

Mr. COUZENS. I yield.

Mr. GLASS. May I inquire of the Senator from Michigan as to the status of the bill prohibiting lottery advertisements over the radio?

Mr. COUZENS. I will be very glad to tell the Senator as to that. I called a meeting of the committee for 10 o'clock this morning to consider that measure; the committee room has been open all morning in an effort to get a quorum, but without success. The bill was passed by the House of Representatives, came to the Committee on Interstate Commerce, and was promptly taken up. The committee made numerous amendments, one of them to insert in the bill a fee system providing that broadcasting stations, according to power, should pay a license fee, and also that there should be fees for operators and for amateur stations and for others engaged in the radio broadcasting or receiving business. Then the committee amended the lottery provision as it passed the House in some respects, the details of which I do not at the moment recall, and also made some amendments with respect to political advertising. The committee then authorized the chairman to report the bill to the Senate, and the bill was reported to the Senate. Afterwards there was a great protest—and I think properly so—that the committee had acted in fixing the license fees without any hearings being held as to the fairness of the fees proposed. After considerable complaint with respect to that matter, the chairman, on his own authority, recalled the bill to the committee. The bill came back to the committee and is now before it. On several occasions the chairman has called meetings for the purpose of taking up that bill and removing the controversial questions and reporting it back to the Senate but has been unable to secure a quorum to do so.

Mr. GLASS. Of course the Senator understands that in my inquiry there was no implication of neglect.

Mr. COUZENS. I understand that.

Mr. GLASS. I merely wanted to know the status of the bill.

Mr. COUZENS. That is the status of the bill; and I feel very badly that action has not been taken at this session, but I want to disclaim any responsibility. The cause for nonaction has been due to the rush and the early morning meetings of the Senate and inability to secure a quorum to enable the committee to act.

Mr. CUTTING. Mr. President, whenever anyone discusses the creation of a new committee to deal with legislation affecting veterans' affairs or the transfer of such legislation to a committee which obviously ought to deal with it, the members of the present subcommittee of the Finance Committee take it as a personal reflection on their efforts. There is no such suggestion in my mind or in the minds of others who think that all the different problems affecting veterans' legislation ought to be handled by the same committee, as is done in the House of Representatives.

On Monday I offered some figures presented to me by officials of the American Legion with regard to the disposition which the subcommittee of the Finance Committee has made of the 168 veterans' bills which have come before it. This letter was written on May 23. As the Senator from Pennsylvania correctly pointed out, two more bills have been referred to the committee since that time; so that the record now is that 170 veterans' bills have been referred to the subcommittee of the Finance Committee. In every other respect the figures which I presented to the Senate on Monday are entirely correct.

The Senator from Wisconsin has just presented the legislative calendar of the Finance Committee for publication in the RECORD, which will show the accuracy of the statement which I made on Monday.

Mr. President, it is quite true, as the Senator from Massachusetts [Mr. WALSH] has stated, that many of these bills are what might be called private bills in which the Senate as a whole has no great interest, and which could be referred to subcommittees and disposed of promptly; but I should like to call the attention of the Senate to the fact that all the bills before that subcommittee are not in that class by any means.

I find here, for instance, S. 623 introduced on December 9 by Mr. MCKELLAR, providing for the payment by the Government of attorneys' fees in certain suits growing out of governmental insurance policies issued to service men or ex-service men, reported adversely.

On December 14 the senior Senator from New Mexico [Mr. BRATTON] introduced S. 1603, to amend section 19 of the World War veterans' act, 1924, as amended. This bill was reported adversely on February 25, 1932.

On December 17 the junior Senator from California [Mr. SHORTRIDGE] introduced S. 2185, which was referred to the Finance Committee, to amend section 19 of the World War veterans' act, 1924, as amended. It was reported adversely on February 25.

On December 17, 1931, Mr. SHORTRIDGE introduced S. 2186, to amend section 200 of the World War veterans' act, as amended. This was reported adversely on March 7, and recommitted on April 29.

On February 4, 1932, the Senator from Nebraska [Mr. NORRIS] introduced S. 3500, to amend the World War vet-

erans' act, 1924, as amended. This was reported adversely on April 19.

On February 16 the Senator from South Carolina [Mr. BYRNES] introduced S. 3666, to amend section 19 of the World War veterans' act, 1924, as amended. It was tabled indefinitely on March 24.

On the same date Mr. BYRNES also introduced S. 3667, to amend section 19 of the World War veterans' act, 1924, as amended. This was tabled indefinitely on March 24.

On May 12 Mr. WALSH of Montana introduced S. 4640, to amend section 19 of the World War veterans' act of 1924, as amended. No action has been taken on that bill.

On May 16 Mr. MORRISON introduced S. 4666, relating to the rate of interest on loans to veterans under the World War adjusted compensation act, as amended. No action has been taken on that bill.

On June 8 Mr. MCGILL introduced S. 4845, to amend section 301 of the World War veterans' act, 1924, as amended by act approved June 2, 1926. No action has been taken on that bill.

Mr. President, not one of the bills I have just read is what could, by any stress of the imagination, be called a private bill. Every one of them deals with a subject of general interest to the ex-service men. Under those circumstances it is perfectly inexcusable that during this session no hearing has been held by the Finance Committee, or by any subcommittee thereof, before which representatives of the American Legion or other ex-service men's organizations have been allowed to appear.

Ever since I have been a Member of the Senate the veterans' organizations have urged the appointment of a standing committee to handle veterans' affairs. As has been shown by the votes in the last few days, an overwhelming majority of the Senate is in favor of taking up this subject and of voting on it. We have had no opposition to it except from those who are responsible for denying by the ex-service men's organizations hearings on the legislation which they consider essential.

The Senator from Iowa [Mr. BROOKHART] at the beginning of this session introduced Senate Resolution 26, which has been under discussion. It was referred to the Committee on Rules. No action was taken by that committee.

On April 21, on motion of the Senator from Iowa, the Committee on Rules was discharged, and this bill was placed on the calendar. From that date until the present there has been an attempt to bring up this bill at every morning session, and each time some technical objection has been raised or it has been defeated by a filibuster.

To say that a committee which deals with the basic financial problems of the country, with the tariff and taxation, has had no time at this session to consider the grave problems concerned with veterans' legislation is not a reflection on the membership of the committee. The only criticism which I make of the attitude of the committee is that I can not conceive why they should insist on taking over so much extra work which does not in any way come within their province. The only explanation I have found is the statement made by the Senator from Pennsylvania [Mr. REED] on Monday, in answer to the Senator from Kentucky [Mr. BARKLEY], when the Senator from Pennsylvania said:

> We are now spending about $1,000,000,000—a thousand million dollars—a year for veterans' relief. We have given more generously to our veterans than any nation in the world ever did at any time in history. That takes 25 per cent of the entire National Budget of the Federal Treasury. Ought it not to be the Finance Committee, which has to plan for raising that money by taxation, that has charge of these bills for pouring out the money to the veterans?

If that is an argument, Mr. President, then, of course, the legislation which comes before the Military Affairs Committee, the Naval Affairs Committee, the Post Office Committee, and many of the standing committees of the Senate should on the same grounds be referred to the Finance Committee. In fact, to carry the argument one step farther, we should abolish our Appropriations Committee altogether, and have all these questions referred to the Finance Committee. That is not a system which has commended itself to the Congress in the past or one which is likely to commend itself in the future.

The facts are perfectly plain that at this session, out of 170 veterans' bills which have been referred to the Finance Committee, just 6 have been reported favorably. I am going to take a moment to set forth what these six particular bills were.

The first one was S. 695, introduced by the Senator from Utah [Mr. SMOOT]. The title of the bill was, "A bill authorizing additional hospital and domiciliary facilities for veterans of all wars." The substance of the bill was entirely different from the title. The substance of the bill was a pay cut in hospital allowances for disabled veterans. It was a proposal which has been voted down repeatedly on the floor of the Senate.

The bill was reported out by the Senator from Utah without any action by the committee, and after considerable pressure by the Senator from Wisconsin [Mr. LA FOLLETTE] it was recommitted to the Committee on Finance.

The second bill reported favorably was the insurance deposition bill, S. 929. I think Senators will remember the determined fight which was put up in this Chamber by the senior Senator from Nebraska [Mr. NORRIS] before it was possible to obtain a favorable report on that bill. The Senator from Nebraska fought for this measure for several months. After it came up on the floor it had to be debated at great length. It was a bill to which there could be no legitimate opposition; and it ought not to have required any lengthy discussion, either in the committee or on the floor of the Senate.

The third bill reported favorably was S. 1251, giving adjusted-compensation certificates a loan value from date of issue. This was a bill introduced by the Senator from Kentucky [Mr. BARKLEY]. It was referred to a subcommittee consisting of the Senator from Connecticut [Mr. BINGHAM]. The bill was reported to the Senate Calendar on March 29, 1932, after the Senator from Alabama [Mr. BLACK] had threatened to move the discharge of the committee from further consideration of that legislation. After reaching the floor of the Senate it was objected to on April 11 by the Senator from Connecticut [Mr. BINGHAM], the member of the Finance Committee to whom it had been referred as a subcommittee.

The other bills are of minor importance. One is S. 2955, to apportion retirement pay for dependents, a bill which passed the Senate on March 10; S. 3543, a private bill reported favorably to the Senate and afterwards passed; and S. 3886, a bill of the Senator from Indiana [Mr. WATSON] to allow the Administrator of Veterans' Affairs to expend funds for tobacco. This bill passed the Senate on April 11.

That is the complete record up to date of the Finance Committee of the Senate on veterans' legislation during this session of Congress.

I think this brief analysis will convince any Member of the Senate who studies it of the necessity for the creation of a new committee to deal with veterans' affairs.

Of course, the members of the Finance Committee have been busy. It is just because they have been necessarily busy with other matters that they have not been able to give this legislation the time which it needs. But that, Mr. President, is no reason why the Senate of the United States should continue to deal with the problems of veterans' legislation in any such fashion as it has done in the past.

The Senator from Pennsylvania [Mr. REED] talked at some length this morning about the widows and orphans' bill, a bill which passed the House more than a month ago and has been buried in the Senate committee. The Senator from Pennsylvania may, of course, be right, and the overwhelming majority of the Senate membership may be wrong. There is no getting away from that possibility; but, regardless of whether the Senator from Pennsylvania is right or wrong on the merits of that or any other particular piece of legislation, the fact remains that those who have studied the problem of the veteran ought to have been at

least granted a hearing; that the bill should have come before the Senate with a report, favorable or adverse as the case may be; and that the Senate should have been given a chance to vote on it.

I entirely agree with what the Senator from Wisconsin [Mr. LA FOLLETTE] said just now. Committees are not places in which to chloroform bills which members of the committee dislike. Sooner or later the Senate has a right to express its opinion on legislation of this character, or legislation of any other important character. That is why the veterans of the United States insist on a committee which shall at least give them a hearing, which shall at least allow them to place their point of view before the committee and, through the committee, before the membership of the Senate.

I can say, for my own part, that I intend to do everything in my power to press for a vote on the Brookhart resolution before the close of the present session of Congress.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House insisted upon its amendment to the bill (S. 3847) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings, disagreed to by the Senate; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. CONNERY, Mr. GREEN, Mr. RAMSPECK, Mr. WELCH, and Mr. KOPP were appointed managers on the part of the House at the conference.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Mr. JOHNSON. Mr. President, I have waited during the morning hour in the hope that an unobjected bill that has been passed by the House and which has been recommended by the department might be reached and passed, because it is important that it should be passed. It proposes to grant a right of way to the Metropolitan Water District of Southern California to enable them to construct a new aqueduct, for which they have voted $220,000,000 in bonds. The bill was written by the department; it has been approved by the department; it has passed the House; and the Senate committee has unanimously reported it to the Senate. I ask unanimous consent that it may be considered and acted upon at this time. The bill to which I refer is Order of Business 856, being House bill 10048.

The VICE PRESIDENT. Is there objection?

Mr. HOWELL. I inquire of the Senator from California if the consideration of the bill will lead to any discussion?

Mr. JOHNSON. I do not think it will lead to any discussion. If so, I will withdraw the request.

There being no objection, the bill (H. R. 10048) granting to the Metropolitan Water District of Southern California certain public and reserved lands of the United States in the counties of Los Angeles, Riverside, and San Bernardino, in the State of California, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, subject to the reservation, until their disposition is hereafter expressly directed by law, of all minerals except earth, stone, sand, gravel, and other materials of like character, there is hereby granted to the Metropolitan Water District of Southern California, a public corporation of the State of California, all lands belonging to the United States, situate in the counties of Los Angeles, Riverside, and San Bernardino, in the State of California, including trust or restricted Indian allotments in any Indian reservation or lands reserved for any purpose in connection with the Indian Service, which have not been conveyed to any allottee with full power of alienation, which may be necessary, as found by the Secretary of the Interior, for any or all of the following purposes: Rights of way; buildings and structures; construction and maintenance camps; dumping grounds; flowage; diverting or storage dams; pumping plants; power plants; canals, ditches, pipes, and pipe lines; flumes, tunnels, and conduits for conveying water for domestic, irrigation, power, and other useful purposes; poles, towers, and lines for the conveyance and distribution of electrical energy; poles and lines for telephone and telegraph purposes; roads, trails, bridges, tramways, railroads, and other means of locomotion, transmission, or communication; for obtaining stone, earth, gravel, and other materials of like character; or any other necessary purposes of said district, together with the right to take for its own use, free of cost, from any public lands, within such limits as the Secretary of the Interior may determine, stone, earth, gravel, sand, and other materials of like character necessary or useful in the construction, operation, and maintenance of aqueducts, reservoirs, dams, pumping plants, electric plants, and transmission, telephone, and telegraph lines, roads, trails, bridges, tramways, railroads, and other means of locomotion, transmission, and communication, or any other necessary purposes of said district. This grant shall be effective upon (1) the filing by said grantee at any time after the passage of this act, with the register of the United States local land office in the district where said lands are situated, of a map or maps showing the boundaries, locations, and extent of said lands and of said rights of way for the purposes hereinabove set forth; (2) the approval of such map or maps by the Secretary of the Interior, with such reservations or modifications as he may deem appropriate; (3) the payment of $1.25 per acre for all Government lands conveyed under this act other than for the right of way for the aqueduct; and (4) for all lands conveyed in Indian reservations or in Indian allotments which have not been conveyed to the allottee with full power of alienation, the district shall pay for the benefit of the Indians such just compensation as may be determined by the Secretary of the Interior: *Provided*, That said lands for rights of way shall be along such locations and of such width, not to exceed 250 feet, as in the judgment of the Secretary of the Interior may be required for the purposes of this act: *And provided further*, That said lands for any of said purposes other than for rights of way for the aqueduct may be of such width or extent as may be determined by the Secretary of the Interior as necessary for such purposes.

SEC. 2. Whenever the lands or the rights of way are the same as are designated on any map heretofore filed by said district or by the city of Los Angeles in connection with any application for a right of way under any statute of the United States, which said application is still pending, or has been granted, and is unrevoked and has been transferred to and is now owned by said district, then upon the approval by the Secretary of the Interior of any such later map with such modifications and under such conditions as he may deem appropriate the rights hereby granted shall, as to such lands or rights of way, become effective as of the date of the filing of said earlier map or maps with the register of the United States local land office.

SEC. 3. If any of the lands to which the said district seeks to acquire title under sections 1 and 2 of this act are in a national forest, the said map or maps shall be subject to the approval of the Secretary of Agriculture so far as national-forest lands are affected; and upon such approval and the subsequent approval by the Secretary of the Interior, title to said lands shall vest in the grantee upon the date of such subsequent approval.

SEC. 4. Said grants are to be made subject to the rights of all claimants or persons who shall have filed or made valid claims, locations, or entries on or to said labels, or any part thereof, prior to the effective date of any conflicting grant hereunder, unless prior to such effective date proper relinquishments or quitclaims have been procured and caused to be filed in the proper land office.

SEC. 5. On the cessation of use of the land granted for the purposes of the grant the estate of the grantee or of its assigns shall terminate and revest in the United States.

AMENDMENT OF AGRICULTURAL MARKETING ACT

The Senate resumed the consideration of the bill (S. 4536) to amend the agricultural marketing act, approved June 15, 1928.

Mr. FRAZIER. Mr. President, the amendment is to strike out part of lines 11 and 12, on page 18, the words "as directed by the Federal Farm Board." The entire sentence reads:

The remaining, or surplus portion, if any, shall be exported, withheld from market, or otherwise disposed of as directed by the Federal Farm Board, except that it shall not be disposed of in the domestic market.

The amendment of the Senator from Wisconsin would have but little bearing on the paragraph, as I see it, but I can see no objection to the part the Senator moves to strike out remaining in the bill. The farmer who does not want to dispose of the surplus by export has the privilege of withholding it from the market by keeping it on the farm, or, if he wants to, disposing of it through other methods which might be prescribed by the Federal Farm Board. Inasmuch as the Federal Farm Board is the organization on which this bill confers the power of carrying out the provisions of the measure, I believe the amendment should be rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

Mr. COUZENS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Sheppard
Austin	Cutting	Johnson	Shipstead
Bankhead	Dale	Jones	Shortridge
Barbour	Davis	Kean	Smoot
Blaine	Dill	Kendrick	Thomas, Idaho
Borah	Fletcher	King	Thomas, Okla.
Brookhart	Frazier	McGill	Townsend
Bulkley	Glass	McKellar	Trammell
Byrnes	Glenn	McNary	Vandenberg
Capper	Goldsborough	Moses	Wagner
Caraway	Gore	Neely	Walcott
Carey	Hale	Norbeck	Walsh, Mont.
Cohen	Harrison	Norris	Watson
Connally	Hayden	Nye	Wheeler
Coolidge	Hebert	Pittman	White
Costigan	Howell	Schall	

The VICE PRESIDENT. Sixty-three Senators having answered to their names, there is a quorum present.

The question is on agreeing to the amendment offered by the junior Senator from Wisconsin [Mr. BLAINE], which the Secretary will report.

The LEGISLATIVE CLERK. On page 18, lines 11 and 12, the Senator from Wisconsin moves to strike out the words "as directed by the Federal Farm Board."

The amendment was agreed to.

Mr. BLAINE. Mr. President, on yesterday an amendment I offered, on page 18, line 13, was adopted, to strike out the period after the word "market" and insert the words "unless perishable, and farm products subject to processing and preserving." I ask unanimous consent to reconsider the vote by which the amendment was agreed to.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote is reconsidered.

Mr. BLAINE. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 18, line 13, after the word "market," the Senator from Wisconsin moves to insert a colon and the words "*Provided*, That the surplus of perishable commodities, livestock, and poultry, and the products thereof may be sold in the domestic market."

Mr. KING. Mr. President, may I ask the Senator just what commodities would be embraced within the terminology of the amendment?

Mr. BLAINE. All fruits and vegetables and perishables.

Mr. KING. Would that include meats?

Mr. BLAINE. I have included cattle and their products, which includes meats; poultry and its products, which includes eggs; and dairy-cattle products, which includes butter and milk and all the products of dairy cows. In other words, this would permit the sale in the western market of the surpluses of all perishable commodities and all meat products and products of animals.

Mr. KING. May I ask the Senator another question? Would it permit, as an illustration, the sale of the dairy products produced in the Senator's State, or in Minnesota, or in Maine, to Canadians, just across the line?

Mr. BLAINE. It would permit the sale to Canadians and permit of the sale of the surplus within the United States in any State from any State.

Mr. KING. As I understood the amendment as it was read, it limited the sale of these surplus commodities to continental United States.

Mr. BLAINE. No. The Senator will observe that the language I am proposing to amend is, "except that it shall not be disposed of in the domestic market." I make the exception that all these commodities may be sold in the domestic market.

Mr. KING. That is the point I make. May they be sold outside of the domestic market—in Canada or Mexico, for instance?

Mr. BLAINE. Earlier provisions in the same paragraph provide for sale in the foreign market—the export market. That is provided for.

Mr. KING. The effect of the Senator's amendment—and I hope I will be pardoned for repetition—will be to withdraw from the operation of Title III of this bill all perishable commodities, including fruits and vegetables and dairy products and meat products.

Mr. BLAINE. The amendment would accomplish this purpose; it would permit the sale of all products the Senator has mentioned in the domestic market, which the bill, as it stands, prohibits.

Mr. KING. What jurisdiction would the Farm Board have over the commodities?

Mr. BLAINE. No jurisdiction, because the language which would have given the Farm Board jurisdiction has been stricken out.

Mr. KING. Then a person would not need to have a license in order to buy or to sell the commodities to which the Senator has referred?

Mr. BLAINE. Not perishables and the other products enumerated.

Mr. KING. They comprise everything, so far as I can understand, except cotton, and perhaps rice and wheat, and possibly some other cereals, although I am not sure.

Mr. BLAINE. Mr. President, the amendment includes all of those commodities which must be sold within a reasonable time after they are harvested or produced in order to save their value. The purpose is to permit the sale of those commodities anywhere.

Mr. KING. I am not quite sure as to the implications of the amendment; but any amendment which the Senator has suggested, and many more which might be suggested, would greatly improve Title III; indeed, the bill would be greatly improved if Title III were eliminated.

The PRESIDING OFFICER (Mr. COUZENS in the Chair). The question is on agreeing to the amendment offered by the junior Senator from Wisconsin [Mr. BLAINE].

Mr. WHEELER. Mr. President, I would like to have the attention of the Senator from Wisconsin. As I understand it, his amendment adopted a moment ago provided that the words in line 11, page 18, "as directed by the Federal Farm Board," should be stricken from the bill.

Mr. BLAINE. That is correct.

Mr. WHEELER. In the event that language is stricken from the bill, it seems to me that something would have to take its place, because upon some body must devolve the responsibility of deciding these questions; and when that language is stricken out, without something being substituted in its place, it seems to me the paragraph is made practically without any effect.

Mr. BLAINE. No, Mr. President. I am opposed to permitting any public authority to determine what shall be done with the surplus of a farm commodity. That must be left to the cooperatives and to the individual farmers. This is substantive law as it now stands. The cooperatives and the individual farmers will have the freedom of selling in the export market or withholding from the market or, if the amendment is adopted, selling a surplus of perishable commodities and those commodities which must be sold very shortly after their production in order to save the value, provided that the same may be sold in the domestic market.

Mr. WHEELER. The section would read:

> The remaining, or surplus portion, if any, shall be exported, withheld from market, or otherwise disposed of.

Is it the Senator's idea that no one should have any power in any direction to say whether or not it should be sold or withheld?

Mr. BLAINE. My conviction is that there should be no public authority having power to determine what may be done with the surplus products.

Mr. WHEELER. The trouble with the matter is that if we do not have some responsible authority to make the statement as to whether there is a surplus we are going to have a lot of different organizations who are not going to know. It seems to me that by striking out that provision without substituting some authority in its place and giving some one the power and authority, the Senator is absolutely nullifying the effect of the whole provision.

Mr. BLAINE. If the Senator had been in the Chamber yesterday when I discussed that amendment—I do not now remember whether he was or not——

Mr. WHEELER. No; I was unable to be present.

Mr. BLAINE. He would not be raising the question he is raising this morning. I pointed out clearly that no public authority should have the right to tell a farmer that he must destroy every third row of cotton or dispose of every tenth dairy cow or destroy his milk or destroy his fruit or any other commodity. I am unwilling to place in the hands of public authorities the right to compel a farmer to destroy any portion of his crop, of whatever character it may be.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Wisconsin.

The amendment was agreed to.

Mr. BORAH. Mr. President, I desire to move to amend by striking from the bill section 14, on pages 18 and 19 and down to and including line 7, page 20.

Mr. President, this motion is designed to eliminate from the bill—with a few changes which will have to be made later owing to some references in other parts of the bill to this portion of the bill—what is known as the allotment plan.

There are those who think the allotment plan would prove the most effective method for aiding agriculture. I am not committing myself at this time against the plan. If an allotment plan can be worked out which would seem to be in the interest of agriculture, I shall hold myself free to support it. But I am very clear that as these provisions come to us they are unworkable, and I am equally clear that they are in direct conflict with the provisions of the Constitution. I do not think we do our duty to the farmer by passing an unworkable and unconstitutional law.

If there were any doubt with reference to the constitutionality of the bill, I think the argument that the matter should go to the Supreme Court would be a sound argument; but I do not think there is any doubt about it. I think it is so manifestly true that the President would be compelled to take cognizance of it in considering the signing of the bill or in a veto of the bill, and we would have no opportunity to sustain ourselves in the courts. Therefore I move to strike out the provision known as the allotment provision with the view that we may more thoroughly deal with it in the future. By greater study we may be able to save the principle under which the plan is based.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Idaho.

Mr. KING. Mr. President, may I inquire of the Senator from Idaho whether all the provisions of section 15, found on pages 20, 21, and 22, are essential to be retained or may not they, or at least some of them, be excised?

Mr. BORAH. Some of them will have to be removed, but it will be noted that in section 15, Title I, Title II, and Title III are mentioned. We would not want to strike out all of those because there are references there to Title I and Title II. By another motion we can strike out that portion of it which relates to Title III.

Mr. BLAINE. Mr. President, briefly I desire to sum up the proposition generally:

The amendments I have offered remove the objection respecting the lack of power of the Congress to regulate intrastate commerce, or commerce within a State. It seems, therefore, that the only constitutional objection that may be lodged against the provisions as they now stand is the objection to that provision requiring the purchaser of the commodities to purchase them at a price less than that fixed by the Federal Farm Board. As the Senator from Idaho [Mr. BORAH] has suggested, the provision which would compel a purchaser to pay a price not less than the price fixed by the Federal Farm Board would not be sustained by our courts.

There are valuable provisions in the allotment plan as it now stands, viz, the provision requiring the Federal Farm Board to ascertain and make public the part of domestic production of any agricultural product which is needed for domestic consumption, and to ascertain the cost of production of farm commodities. Those two provisions are, of course, constitutional. There is no doubt that Congress has the power to direct the Federal Farm Board to ascertain the cost of production of farm commodities and to make public the facts which they may find respecting the cost of production, and also to make public, after ascertainment, the facts as to the part of domestic production of any agricultural product which is needed for domestic consumption.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Oklahoma?

Mr. BLAINE. I yield.

Mr. GORE. I would like to ask the Senator from Wisconsin if he does not think that the Department of Agriculture is already equipped and qualified to obtain the data referred to through the various agencies which it has in every part of the United States? Would it not be sufficient to direct that department to procure the information desired?

Mr. BLAINE. The Department of Agriculture now, if given authority, could carry out what is proposed by the first provision of section 14 of the bill; but I am not disposed to quibble over the proposition whether it should be the Department of Agriculture or the Federal Farm Board. At any time the Congress may direct that the Department of Agriculture shall carry out the directions which are proposed to be given to the Federal Farm Board, and eliminate the Federal Farm Board from the provisions of the law. But I am not concerned with whether it is the Federal Farm Board or the Department of Agriculture that may have imposed upon it the duty to ascertain the cost of production of farm products and to make public the part of domestic production of agricultural products which is needed for domestic consumption. That would be valuable information and all that would be a valid enactment if Congress passes the bill.

I do not want to lead any farmer to believe that Congress can fix the price of farm commodities or any other commodities in any attempt to regulate interstate commerce. Of course, there are those who contend that Congress has the power to regulate rates that may be charged by railroads. That is an entirely different proposition. The power of Congress in that case rests upon other fundamentals of the Constitution.

Mr. President, I do not want to hold out to the farmers of this country that Congress can fix the price of farm products. To do so would only leave the farmers later on to find that they had been betrayed. There is no doubt in my mind that Congress can not go into any price-fixing arrangement under the cloak of exercising the power to regulate commerce among the several States.

If Congress has the power to fix prices, this may be a good time to determine that question; but I doubt very much if the Federal Farm Board would ever attempt to exercise such power. I do not contend that the Federal Farm Board would have such power, and the attempt to confer it upon the Federal Farm Board would result in a nullity; in other words, there would be no law to that effect.

Mr. FRAZIER. Mr. President, will the Senator from Wisconsin yield to me?

Mr. BLAINE. I will yield when I finish this statement. We would have left, however, the very substantial provision requiring the Federal Farm Board to ascertain the cost of production of farm commodities, and I think that would mean all farm commodities, notwithstanding the amendments. That is a substantial provision.

There is also the provision requiring the Farm Board to ascertain and make public the portion of domestic production in any agricultural product which is needed for domestic consumption. Those are two substantial provisions, and, of course, would be valid enactments if Congress should see fit to make them, and would be valuable in advising the country as to the actual cost of production of products on the farm, in which, of course, all the people of the United States are very deeply interested.

At the present time there is no official information of a character that can be depended upon as to the cost of pro-

duction of agricultural products. I assume that if that provision of the bill should be adopted the Federal Farm Board would set up rules respecting the factors that go into the cost of production. I assume they would include a reasonable rate of return upon the capital investment of the farmer, then the actual operating expenses of the farmer; and I assume that one of the factors would be the labor performed not only by the individual farmer himself but as well by his wife and his children. Usually upon farms the farm is operated by the entire family, all of them participating in the production of farm commodities. So I assume that those items would be factors in ascertaining the cost of production.

In the case of farms that are encumbered, I assume that the average rate of interest upon the mortgages would be taken into account in ascertaining the interest charge that is levied upon agriculture. I also assume that another factor would be the amount of taxes that are paid by agriculture. All of those factors—and I have not enumerated all factors that will enter into the question of the cost of production—would be taken into consideration by the Federal Farm Board in ascertaining the facts as to the cost of production.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. BLAINE. I yield.

Mr. BORAH. I think there is a great deal in what the Senator says about the desire to have some ascertainment, if practicable, of the cost of production of farm products, but I certainly do not want the Federal Farm Board to make that ascertainment.

Mr. BLAINE. Mr. President, the Federal Farm Board may not be the best equipped agency to make the ascertainment for the Government; I have no prejudices in the matter. I think as much of the Federal Farm Board as I do of the Department of Agriculture.

Mr. BORAH. That is not very much.

Mr. BLAINE. In fact, my affections—and I have very deep consideration for all public officials—I think will balance as between the two departments. I am not speaking in a personal way of those departments nor of their respective personnels. Probably officially the Federal Farm Board is as well equipped and is as competent to ascertain the facts about which I have been speaking as is the Department of Agriculture; but I have no concern as to which department may ascertain those facts.

Mr. President, I do not want to continue the debate further, except to emphasize that, with the outline I have given, as I understand the provisions of Title III, after the adoption of the amendments which I proposed, the Congress has not the power under the guise of regulating interstate commerce to fix prices, and that if such power is conferred by the bill it is a nullity.

I do not want to represent to the agricultural interests of this country that Congress has any power to fix prices under the guise of the regulation of interstate commerce. However, I am perfectly willing to vote that the power respecting the ascertainment of the cost of production shall be lodged in the Federal Farm Board, and I think that the cost of production of farm products should be ascertained.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Idaho [Mr. BORAH].

Mr. THOMAS of Oklahoma. Mr. President, it is discouraging to try to present any proposition with only some 10 Members of the Senate on the floor.

Mr. McNARY. Mr. President, would the Senator like to have a quorum called?

Mr. THOMAS of Oklahoma. No, Mr. President. I know that the Senator would suggest the absence of a quorum but let me suggest to the distinguished Senator that if that should be done the Members would come from the radio where they are listening to the proceedings of a great national convention, they would come from their slumbers in the adjoining rooms; they would cease the telling of their stories for a moment; hide the butts of their cigars and cigarettes, and answer to the roll call, and then hie themselves back to the places whence they came. I do not desire to disturb their peaceful slumbers and other pleasant diversions at this time.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. FRAZIER. I should like to ask the Senator if he does not think that the pending agricultural bill is of sufficient importance to disturb the slumbers of some Senators who have been sleeping on the job ever since they have been here so far as agriculture is concerned?

Mr. THOMAS of Oklahoma. I agree entirely with the statement of the Senator from North Dakota, and I find myself in a position where I must oppose the motion made by the distinguished Senator from Idaho.

I have just received a letter from the president of one of the three great organizations that are responsible for this bill being before the Senate and before the Congress. This bill is before this body because three great farm organizations have gotten together and asked the committee to report it favorably so that it may be considered. These three organizations are the Grange, the Farm Bureau Federation, and the National Farmers' Union.

This is the first bill, Mr. President, so far as I remember, in the support of which the three farm organizations have been in unison, and it occurs to me, inasmuch as the Congress has no plan for the relief of agriculture and inasmuch as the three farm organizations have submitted this plan, that we should at least give it every possible consideration and pass it and let it take its course with the courts.

It has been suggested here that the bill is unsound, uneconomic, unscientific, unconstitutional, and it has even been suggested that it is only a pleasant dream. Well, Mr. President, these reasons are urged against every bill to which Senators object; but if we had a bill pending before the Senate affecting money or affecting bonds, every seat would be filled and the leaders on each side of this aisle would be here watching the progress of the legislation in order that the interests those bills were intended to serve might be protected.

The letter to which I refer is signed by John A. Simpson, president of the National Farmers' Union and is addressed to myself. I read:

WASHINGTON, D. C., *June 15, 1932.*

Hon. ELMER THOMAS,
United States Senator, Washington, D. C.

DEAR SENATOR: I have presented the allotment plan contained in the McNary bill to more than 200 farm audiences ranging from a few hundred to a good many thousands and covering 21 States. I have presented the bill to chambers of commerce and other civic organizations. I presented it to the State board of agriculture in our State in one of their meetings. In all these presentations the plan was indorsed, and not one person in the multiplied thousands got such misunderstanding of the provisions of the bill as many Members of the Senate seem to have.

The bill is so simple that if I had not been present and heard the remarks of Senators I would not have believed it possible for any man to get such conception of the bill.

The bill provides, first, for getting cost of production for that portion of farm crops used in domestic consumption.

Second. It provides that the remaining portion will take the world market at the time and place of any delivery by the producer.

Third. The Government deals only with the purchaser, and does this through a license control system.

Fourth. The licensee settles for each delivery by the producer on a basis of paying the Government fixed price for the portion needed for home consumption (which price is the same during the crop year) and the world price for the remainder at that place on that day.

Fifth. There is no regulation of the farmer in this bill.

Sixth. There is no expense to the Government except administration. The Government did this very thing for wheat of the 1919 crop at a very small expense.

Farmers for wheat and cotton are not getting more than one-fourth cost of production. They are getting less than cost for every product they sell. If it is right for the home folks to pay the farmer's cost for that portion of the crop the home folks use, then this bill is right.

Under present marketing conditions the farmer has nothing to say about the prices of his products. Speculators on the exchanges name the prices. This bill takes that authority away from the speculator in the portion used in home consumption. Senators, in the name of humanity, in the name of the general welfare of this Nation, rescue us from the price fixing of our products by the speculators on the exchanges.

I suggest that if any amendments to the bill would make it read more clearly, as I have outlined above, that you offer such amendments.

Yours truly,

JOHN A. SIMPSON,
President National Farmers' Union.

During the reading of the letter—

Mr. NYE. Mr. President, will the Senator repeat who is the author of the letter?

Mr. THOMAS of Oklahoma. The letter is addressed to myself, and signed by John A. Simpson, president of the National Farmers' Union, and is dated June 15, 1932.

After the conclusion of the reading of the letter—

Mr. THOMAS of Oklahoma. Mr. President, it has been charged upon the floor of the Senate that this bill is not perfect. I should like to ask the Senate what bill in its inception is ever found to be perfect. After years of investigation, the Banking and Currency Committees of the respective Houses finally brought out what is known as the Federal reserve act. That act was passed in 1916, if I remember correctly, and from 1916 until the present time the Federal reserve act has been amended no less than 25 separate times, and even now there is pending before this body a measure proposing a complete overhauling of the Federal reserve act.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. FRAZIER. I just want to observe that the Federal reserve act gives the bankers the privilege of setting the interest rates, the exchange rates, and the value of money itself.

Mr. THOMAS of Oklahoma. Yes, Mr. President.

Mr. FRAZIER. And yet do we see Congress doing anything to set the price of farm products?

Mr. THOMAS of Oklahoma. During the last few moments we have heard discussion here complaining about some governmental tribunal having the power to fix prices. The Constitution provides that the Congress shall have power to coin money and regulate the value thereof. The Congress has delegated that power to the Federal Reserve Board, and the Federal Reserve Board has so handled the finances that to-day the value of a dollar, measured in farm commodities, is $2.03; and measured by a wholesale list of commodities, the dollar to-day is worth $1.53.

It is contended that there is no constitutional authority for delegating to any board the power to fix prices. Well, Mr. President, let me reason just a moment on that proposition.

If this bill should be passed, the Federal Farm Board would have the power to find and announce the cost of production of farm commodities. That would be done by making computations over a wide range of elements—a computation of the investment in the first instance, a computation of the cost of seed, a computation of the cost of labor, a computation of the cost of harvesting, and the cost of delivering these commodities to the market. Those items would make up the cost of production. Has not the Congress the power to delegate power to some department or agency to ascertain and announce the cost of producing farm commodities?

The Constitution, in the preamble, provides that the entire document is called into existence for the benefit of the general welfare. For the general welfare we must have food. In order to have food, the food must be produced. Some one must produce this food. Under our system we call the men and women who produce food farmers. In order for these farmers to produce the food, and do it over a period of years, they must at least get the cost of production. If they do not get cost it is only a question of time until their surplus, their equities, will have been exhausted, and they will cease to be farmers and cease to have the ability to produce food; and in that eventuality the general welfare would be injured, if not entirely destroyed.

So, reasoning by analogy, it is my contention that under the general-welfare clause Congress has the power to fix the price of farm commodities at least at the cost of production, and that is only a living wage for the things that the farmers produce.

As I said in the beginning, this bill is here because of the activities of three great farm organizations. It is the first time that these three farm organizations have been able to agree upon a specific piece of legislation. The Congress itself has no plan to help the farmers.

At this point I call attention to my colleagues on this side of the aisle to what the Democrats of the Nation had to say in their platform adopted at Houston only four short years ago. I read from the Democratic platform under the title "Agriculture," as follows:

Virulent hostility of the Republican administration to the advocates of farm relief and denial of the right of farm organizations to lead in the development of farm policy must yield to Democratic sympathy and friendliness.

Mr. President, my colleagues, having no plan of their own, when the farm organizations come here and present a plan are absent, and those who speak are almost uniformly against the plan.

I read again from the Democratic platform, speaking about the President now:

While he has had no constructive and adequate program to offer in its stead, he has twice vetoed farm-relief legislation and has sought to justify his disapproval of agricultural legislation partly on grounds wholly inconsistent with his acts making industrial monopolies the beneficiaries of Government favor.

Again I read:

Producers of crops whose total volume exceeds the needs of the domestic market must continue at a disadvantage until the Government shall intervene as seriously and as effectively in behalf of the farmer as it has intervened in behalf of labor and industry. There is a need of supplemental legislation for the control and orderly handling of agricultural surpluses, in order that the price of the surplus may not determine the price of the whole crop. Labor has benefited by collective bargaining and some industries by tariff. Agriculture must be as effectively aided.

The Democratic Party in its 1924 platform pledged its support to such legislation. It now reaffirms that stand and pledges the united efforts of the legislative and executive branches of Government, as far as may be controlled by the party, to the immediate enactment of such legislation and such other steps as are necessary to place and maintain the purchasing power of farm products and the complete economic equality of agriculture.

Mr. President, this bill conforms 100 per cent to the principles thus laid down; and yet when the bill is brought here, complying with the platform adopted by my party, I find the leaders on my side opposing the legislation! If they were present, I would pause to ask them what they had to offer in its stead.

No doubt the Chicago Republican Convention now in session will adopt some program with regard to farm relief, and the only plan or program they have, so far as I know, is this identical bill.

When the Democratic convention meets in Chicago a few days hence, unless something new is developed between this time and that, this will be the only bill before that convention; and if the convention choose to adopt any declaration in behalf of the farmer, they are limited to the principles of this bill, and the principle is the cost of production. Any Senator who opposes this bill stands before the country in opposition to the farmer receiving the cost of production for the things that he raises to sell, to pay his taxes or pay his interest, and to support himself and his family.

Mr. President, I am opposed to the motion submitted by the distinguished Senator from Idaho [Mr. BORAH], and I sincerely trust that same will not prevail.

Mr. BROOKHART. Mr. President, I spoke at some length upon this bill at the time it was approved by the Committee on Agriculture and Forestry, and I do not care to traverse the ground I covered at that time. However, I will make a few observations in reference to the amendment proposed by the Senator from Idaho [Mr. BORAH]. He may be right in his claim that this allotment plan is unconstitutional, and he may be wrong, because nobody knows about these constitutional questions until the Supreme Court has had the last guess on them. Since the Supreme Court has assumed that power, I have ceased to worry about the constitutionality of these things to any great extent myself. I pass that responsibility on to them.

If this provision is constitutional, it is the most effective part of the bill, the only part of the bill which would give to agriculture its cost-of-production price.

Some time ago the great farm organizations agreed upon the basic idea that they should have such a legislative set-up, such funds, and such authority as to enable them to handle the exportable surplus of agriculture and give to the farmers a cost-of-production price, with a cooperative profit, at least on that portion of the production that is consumed in the domestic market.

Mr. President, I think that when the farm organizations came to the Congress with that proposition they had fulfilled their duty to their membership and to the farmers of the country. I think it was then the duty of the Congress to formulate the legislation which would carry out that policy.

Pursuing that idea, I myself drafted a farm bill, which was based largely upon the old original Norris-Sinclair bill. It maintained the equalization-fee proposition of the McNary-Haugen bill and the debenture proposition that was passed by the United States Senate; however, in a modified form.

It was impossible to get the committee to really consider the bill. I went before the House committee and presented it quite fully there, but it seemed to be impossible to get a report on it from that committee. Finally, as I deemed it, neglecting the duty of legislators, the members of the committee put the matter up to the farm organizations to formulate a measure and come in with a detailed bill. The farm organizations, not being experts as legislators, not being lawyers, have formulated and presented this 3-way bill.

Mr. President, this bill may be filled with defects; in fact, I think it is. I pointed them out in my discussion before. But, under the present circumstances, I am willing to try it and see what it will produce.

I would be glad to see a revolving fund provided in sufficient amount to handle the entire exportable surplus of the staple agricultural products. I think that is absolutely necessary in order to give the farmers the cost of production which they have figured out and demanded.

In handling this surplus with a revolving fund, there may be some losses in the disposal of it in the world market; and, of course, finally that surplus will have to be sold in some world market.

Mr. DAVIS. Mr. President——

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Iowa yield to the Senator from Pennsylvania?

Mr. BROOKHART. I yield.

Mr. DAVIS. How much of a revolving fund would be needed to carry on this marketing program?

Mr. BROOKHART. The chairman of the Farm Board testified in committee hearings that a billion dollars, in addition to the amount already provided, would be sufficient to handle the entire exportable surplus of the big staple crops.

Mr. DAVIS. That means an appropriation by the Government of a billion dollars to provide a revolving fund?

Mr. BROOKHART. Yes.

Mr. DAVIS. Would it be repaid to the Government?

Mr. BROOKHART. Yes. We will keep that intact. We will provide some method of making up the losses, either through the debenture or the equalization fee, and the losses to the Government of course would come through debenture payments, and not through the establishment of a revolving fund.

Mr. DAVIS. As I understand it, under this 3-way program of farm relief, the Federal Farm Board can adopt any one of the three ways.

Mr. BROOKHART. Any one of the three; but in this bill the extra billion dollars of revolving fund, which I think necessary, is not provided. I think that will drive the Farm Board to the necessity of putting on both the equalization fee and the debenture. The debenture that is provided in this bill is about one-fourth enough to protect a cost-of-production price, and I think not more than that.

At the time the debenture was first offered prices were much higher than they are now, and it would come nearer, of course, protecting the cost-of-production price than it would starting with the low level of present prices.

Mr. KING. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. KING. I am interested in a statement made by the Senator a moment ago, and I do not want to misunderstand the able Senator from Iowa. The statement I referred to was, as I understood the Senator, that the Government might sustain losses in the operation of this measure. I was wondering whether the Senator contemplated losses which the Government would have to pay if the equalization-fee features of the bill were accepted and put into effect.

Mr. BROOKHART. If the equalization-fee proposition works, there will be no losses for the Government to pay, because the equalization fee is a euphonious name for a tax on farmers.

Mr. KING. Suppose it does not work and the equalization fee is wholly inadequate to meet the losses sustained. Would resort then be had to the Treasury of the United States to meet those losses?

Mr. BROOKHART. Under the debenture proposition resort would be had to the Treasury in the amount of the debenture, as provided in this bill, if they adopted that plan along with the equalization fee. That would limit the Government liability under this bill.

Mr. KING. I am not speaking of the debenture, for the moment.

Mr. BROOKHART. There are no other liabilities provided in this bill upon the Government except the debenture.

Mr. KING. Will the Senator permit me to invite his attention—and I am doing it for information—to page 6, under Title I, lines 5 to 8, inclusive, which, with the permission of the Senator, I shall read:

> The United States shall not be liable, directly or indirectly, upon agreements under this title in respect of agricultural commodities, in excess of the amounts available in the stabilization, premium insurance, and revolving funds.

Do not those words contemplate that there is liability on the part of the Government which the Treasury of the United States would be compelled to meet?

Mr. BROOKHART. That is the liability provided in the present farm marketing act. I think that creates no new liability under this act.

Mr. KING. The Senator knows that the present farm marketing act does not provide for the equalization fee. It provides for a direct subsidy out of the Treasury of $500,000,000.

Mr. BROOKHART. Oh, yes; but that is the law now. That is not this measure.

Mr. KING. I understand; but supplementing that law would come the equalization fee, and if I interpret these words aright there would be an obligation resting upon the Government which would be in addition to any obligations created by the farm marketing act.

Mr. BROOKHART. No; I think the Senator has that turned around.

Mr. KING. I hope so.

Mr. BROOKHART. I think the equalization fee would have a tendency to relieve the Farm Board of its present liability rather than to extend it.

Mr. KING. The Senator does admit that if the equalization-fee proposition were put into effect, and the other elements of this bill were eliminated, and there were losses, the Government would have to pay those losses?

Mr. BROOKHART. Under the old law; yes.

Mr. KING. Is there any authorization under the old law by which losses sustained under this equalization-fee provision should be met out of that $500,000,000 revolving fund?

Mr. BROOKHART. The Senator does not quite get the bearing of the proposition. Under the old law they can go ahead and perform all of those stabilization transactions, and there is no equalization fee to relieve the Government. This adds relief in the way of an equalization fee, and to that extent reduces the liability under the present law.

Mr. KING. If the Senator will pardon me, I think this is supplemental legislation, and while perhaps there is an umbilical cord which should unite them, nevertheless the losses there would not be met out of the equalization fee, and the losses which would result from the operations under the equalization-fee provision would not be met out of the $500,000,000 revolving fund.

Mr. BROOKHART. The Senator still does not get the idea. Under the old law they could go ahead with the stabilizing operations and have the losses, just the same as they can under this measure, but under this measure they would have the equalization fee brought in to help cover those losses, so the Government liability would be reduced rather than increased, so far as the equalization fee is concerned.

Mr. KING. The Stabilization Corporation set up and the organization set up under the farm marketing act are not to be extinguished, or their liabilities are not to be diminished, by reason of anything that is carried in either of the provisions of this bill, and, I repeat, if the Senator will pardon me, this legislation is supplemental to that, merely multiplying the avenues for operation for the supposed relief of farmers, and at the same time entailing additional obligations upon the Government.

Mr. BROOKHART. There is a very remarkable provision under the old law, that the losses are to be covered by loans against future profits; but I count that just the same exactly as a loss. I do not reason it out any other way.

Mr. KING. With respect to that observation, I am in entire accord with the able Senator.

Mr. HOWELL. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. HOWELL. Under this measure the equalization fee will meet the losses which are now being sustained by the Federal Farm Board for similar operations.

Mr. BROOKHART. I think that is correct. That is the idea as I understand it.

Mr. DAVIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Pennsylvania?

Mr. BROOKHART. I yield.

Mr. DAVIS. As I understand it the law provides that an equalization fee, in an amount equivalent as nearly as may be, shall be collected upon the importation of any food product derived in whole or in part from an agricultural commodity imported into the United States for consumption therein. What revenue will that produce?

Mr. BROOKHART. I do not know the amount of money it will produce. I have not checked that, but that is a part of the plan to place the burden on all food products whether imported or not.

Mr. DAVIS. That would probably absorb all the revenues from those customs duties from imported foodstuffs.

Mr. BROOKHART. No; that would add to the equalization fee, as I understand it. That is an equalization fee collected on imports, to which certainly no one would object.

Mr. DAVIS. In other words, the equalization fee collected on imports will go into a fund to be helpful to the farmers of the United States?

Mr. BROOKHART. It will be added to the equalization fee collected on domestic production.

Mr. KING. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Utah?

Mr. BROOKHART. I yield.

Mr. KING. We know that the Government of the United States is liable for the $500,000,000 which has been appropriated for the Farm Board. Under the equalization-fee provision there is no limitation. We give a signed blank check to the Farm Board not only for the $500,000,000, which is largely wasted, but another signed blank check to meet any losses, no matter how great they may be, which will result from the operation of the equalization-fee program. Is not that a correct statement?

Mr. BROOKHART. No. The Senator some way or other does not get the proposition ironed out right. Under the old law all the stabilization operations may be carried on, and if they have losses they pay them out of the revolving fund by loans against future profits, as I explained to the Senator. That is the law now. The pending proposition does not add to or take away from that in any particular. The board can go ahead with the same operations, but in addition to covering the losses with the loans against the future profits, the board now has the opportunity of levying the equalization-fee tax upon the farmers themselves in order to cover the losses. That is a positive relief from the present liability of the Farm Board and of the Government. The Senator can not reason that out in any other way.

Mr. President, the objection I have to the bill is that the farm organizations have been too modest. They have been afraid to ask for that to which they are justly entitled. I am fearful, because of the weakness of the bill, that it may not get the results they expect. It will take a tremendously heavy equalization fee at present prices to raise agricultural products up to the cost of production level. I do not know whether the farmers can stand that kind of a tax. They can on corn, perhaps, but not on wheat. The surplus is less than 1 per cent of corn and less than 1 per cent of oats and only 7 or 8 per cent of livestock products. Cotton, with a surplus of 50 per cent or more, would have a tremendous equalization-fee burden to carry. So I am fearful that because of the inadequacy of the bill it may not bring the desired result. If it does actually produce the cost of production and the farmers actually get that, then even on cotton they can well afford to pay the equalization fee, because for the other half of their cotton they will get as much higher price, and get just as good a price as for that on which they pay the fee.

Mr. DAVIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Pennsylvania?

Mr. BROOKHART. Certainly.

Mr. DAVIS. Will the Senator explain to me the debenture plan?

Mr. BROOKHART. I will do the best I can. The debenture rates are certificates issued to exporters of those products. If the Senator is exporting corn, for instance, under this bill he is entitled to have a certificate of debenture from the Secretary of the Treasury at 7½ cents a bushel on all the corn he exports. Then he is entitled to have it redeemed, if nobody else will buy it, at 98 cents on the dollar out of the United States Treasury. There is no difference between the debenture, except in the mechanics of working it out, and a cash appropriation out of the Treasury, so far as the effect is concerned. It is the same with all the other rates. Seven and one-half cents is not enough to give us a cost-of-production price for corn at 23 cents, or at 20 cents a bushel as in my State at the present time. We need three or four times a 7½ cents debenture rate to do that.

It is thought that by issuing the debenture certificates—and I think it will work out—it will raise the price to the farmer by the amount of the debenture. I think that will work out all right in that way, although some claim that the debenture being issued to the exporter will not be passed to the benefit of the farmer; but they will not get the corn to export, because some other exporter would have as good a chance in a foreign market and he would be willing to raise the price in order to handle the business. I think the effect will reach the farmer all right.

In my opinion I think there is a much better way for handling the exportable surplus. I especially invite the attention of the Senator from Utah [Mr. KING] to this better way, because it is the Democratic method of handling it. The Democratic administration on the 4th of March, 1919, enacted a law for the handling of exportable surpluses which, I think, is the best idea and the best law that has ever been promulgated. That law appropriated $1,000,000,000 to handle wheat alone. When the Democrats were doing things themselves they did not hesitate to provide enough funds out of the Treasury to handle the situation. The reason they gave was that there should be no question about the ability of the Government to handle the entire exportable surplus of wheat. They not only provided

$1,000,000,000 for wheat alone, but they gave to the Farm Board or to the Wheat Corporation the right to borrow more money in the ordinary channels if they needed to do so, again furnishing a double guaranty for enough finances to absolutely handle the exportable surplus.

It is my own feeling that the only successful way a surplus can be handled is by such an adequate plan of financing unless the allotment plan is constitutional. If that is constitutional it can be done by the criminal-law process and the buyers forced to pay the cost-of-production price. They will then need no Government funds to carry out the plan. I think the Senator from Utah should especially be favorable to the allotment plan because it requires no funds for its operation. It is a mandate of the law. If it is constitutional, of course, it will get the farmers that price. There is very serious doubt about the constitutionality, I admit, but it is the job of the Supreme Court to figure that out; and why should we worry about a thing like that when they have taken all that responsibility upon themselves?

Here is the way the Democrats fixed the cost-of-production price and it is absolutely sound and workable. They had the Farm Board figure up and determine the cost of production, using the same methods the Agricultural Department does, although there should be some elements increased. Compensation for farm labor and allowance for depreciation should be increased over anything the Agricultural Department has allowed, but it is easy to figure the average cost of production of the farm products. It is easier to figure it up than it is to figure up the cost of producing an automobile or most any piece of machinery. The accounting question is simpler and easier to handle.

The Farm Board, which the Democrats appointed on the 14th of August, 1917, completed its deliberations in 16 days and fixed the price of wheat at $2.20 No. 1 northern. It absolutely fixed the price. There was not any quibbling about price fixing or its unsoundness or the economic features or its impossibility or anything of that kind. They fixed the price. As soon as they fixed the price the Wheat Corporation paid that price for all the wheat that was offered it, and that settled the price question. It went to that level and stayed there as long as the Wheat Corporation lasted. The board of trade went out of business the same day that was done and never sold another bushel of wheat on futures while the Wheat Corporation lasted. In that operation, when they came to dispose of the surplus finally, they had a profit of $59,000,000, due to world shortage in wheat. The price was put at $2.20 and later to $2.26 when the railroad rates went up, and then went up much higher and the profits on the whole deal were $59,000,000.

When I put that proposition to him the chairman of the Farm Board testified that $1,000,000,000 additional would enable them to handle cotton, wheat, corn, oats, livestock, and rice. Those are the principal staple crops of the United States. That would be enough money to handle them all in that way. He said we might not always have a loss now any more than they did following the war, because in nearly every 7-year period of human history there is a shortage of food products, and even of cotton. It has always been consumed. There has always been a world demand for it. It is really a question of long-time financing to hold for that demand. We may have a loss. I do not think we can always have a profit on disposing of the surplus. There are two ways of paying that loss—one by the debenture plan out of the United States Treasury and the other by the equalization-fee tax on the farmer.

However, this bill does not provide the revolving fund necessary to handle the exportable surplus as I think it should be handled, so under the bill we have to come back either to the equalization fee to get the fund or to the debenture plan. The equalization fee would provide the money to pay the losses, and that is a tax on the farmer and no liability for the United States Treasury at all. The administration of it is going to be a big difficulty, because the collection of this fee on 6,500,000 farms in the United States is certainly a very difficult thing. Governor Lowden himself, perhaps being the nearest to the authorship of the equalization fee, I think, admitted to me that it might be impossible. At any rate, the farmers, if they would do that and get an organization to do it, could perfect an organization that would be mighty valuable for them in marketing the other things they produced and in the contact with the general farm business. It is worth trying out.

The administration of the debenture is very easy. I would rather see the bill modified so that the debenture would go to the Farm Board, though not acting on its present policy, because I disapprove of its present policy as much as anybody in the Chamber; but if it were given the policy that we had under the old Democratic law of 1919 and required to do certain things, and if it were made mandatory to follow that policy, then I would like to see the debenture go to the Farm Board to pay the losses instead of any equalization-fee tax on the farmer. I think the Treasury owes it to the farmers to pay these losses, too, because we certainly have issued debentures to almost every other line of business in the country in one way and another.

I call the attention of the Senator from Utah to the $529,000,000 debenture we paid the railroads after we turned them back under the Esch-Cummins railroad law of 1920. We also embodied in that law a recapture clause of half their profits over 6 per cent, which has mounted up to $361,000,000 more, but the House committee has reported favorably a bill granting that accumulated fund to the railroads as a further debenture. Then we have just provided a debenture in the form of $500,000,000 of Reconstruction Finance Corporation loans to the railroads and banks and insurance companies and organizations of that kind. If we will go back through the history of our country, we can find instances where debentures have been piled up so high that by contrast mountains will look small indeed.

Under those circumstances, now when agriculture has come to this emergency it seems to me the debenture is well justified. My criticism of the debenture provided in this bill is that it is at too low a rate; it is not high enough. It goes directly to the exporter, which would mean a constant drain and loss on the Treasury. If it were paid to the Federal Farm Board, under the other policy, then the Federal Farm Board might by proper handling of the exportable surplus at some time have a profit. That would relieve us of the debenture tax. The chairman of the Federal Farm Board testified that there would be profits at various times on different ones of the farm products. So much for the equalization fee and the debenture.

I rose, however, principally to speak about the allotment plan. The allotment plan is another Democratic plan. The author of it is William G. McAdoo—at least he is the first one who brought it to my attention. I put his plan in the RECORD a month or two ago. I then commented on it, stating that if it were constitutional it might work without the necessity of putting up any funds, because it fixes the price of farm products on the cost-of-production basis, just as did the old Democratic law which was passed in 1919, and then, after fixing the prices, it, by mandate of law, commands the millers and the processors to pay that price to the farmers, and puts a penalty upon them if they fail to do so. If that be constitutional, it would be the handiest, smoothest, most convenient way possible to give the farmers a cost of production price for their products. I hope the Supreme Court will hold it to be constitutional. Mr. McAdoo stated that it was constitutional, and Senators will find in the RECORD, at the point where I placed his statement, a citation of the authorities upon which he relied to sustain his contention as to its constitutionality.

So, Mr. President, for those reasons I should dislike to see the allotment plan stricken from the bill. It will not invalidate the other parts of the bill if the Supreme Court should set it aside as being unconstitutional. So let us leave it in, and we may find out something; we may find out an easy and a simple way of controlling the price of farm products. France is controlling the prices of farm products in that way now and is assuring a good price to her farmers. Germany is controlling farm prices in that way now and is also assuring a good price to her farmers. It would be an

unfavorable commentary on the Constitution of the United States if it should turn out that we do not have power to do something of that kind for the farmers of the United States.

Mr. KING. Mr. President, it is conceded that the Senator from Iowa has given profound study to the problems of agriculture; that he has been an earnest advocate of legislation that he thought would promote the welfare of the farmers, I admit. His views, however, have not always found support in the Senate, and I have not been willing to indorse some propositions which he has with earnestness advocated. As I listened to the Senator's address I was somewhat in doubt—and that doubt still persists—as to whether he was not damning the bill before us with faint praise. As I understand his position with respect to Title III of the pending bill—being what is known as the allotment plan—he has doubts as to its constitutionality and is uncertain as to its practical workings. I agree with his position with respect to the Farm Board. As I recall his language, he stated that he was as much opposed to the Farm Board and its policies as any Senator or any person could be.

Mr. President, I think there is a widespread feeling throughout the United States that the so-called agricultural marketing act, approved June 15, 1929, has utterly failed to accomplish what was promised in its behalf. During the last presidential campaign our Republican friends, in urging the election of Mr. Hoover, claimed that he would sponsor a measure that would solve the agricultural problem and bring prosperity to the American farmers. We all remember that Mr. Hoover and the Republican orators declared that if the Republican Party were continued in power, it would promptly enact measures that would place agriculture upon a parity with other industries and would thus increase the purchasing power of the farmers and bring to them prosperous conditions. Immediately after Mr. Hoover was inaugurated a special session of Congress was convened to deal with the agricultural situation.

The President and the Republican leaders declared that relief for agriculture was of paramount importance and that the situation was such as to justify an extraordinary session of Congress. In view of the promises which had been made during the campaign, as well as in the Republican platform, and in view of the many statements made by Mr. Hoover during the campaign and following his election, the American people were led to believe that some concrete, practical, and effective measure would be recommended by the President which, when enacted into law, would bring relief to agriculture. The agricultural marketing act, commonly called the Farm Board act, was acclaimed by partisan Republicans, by many of the unthinking public, and by some farmers who were ready to grasp at any project submitted, even though it was shadowy, that promised relief; and so the Farm Board act was given to the people with the enthusiastic commendations of the Republican Party and the blessings of President Hoover. The bill carried an appropriation of $500,000,000, which was to be used to aid the farmers and which it was claimed would constitute a revolving fund from which enormous benefits would be derived by the farmers in all parts of the country. The farmers were soon disillusioned and their expectations were not fulfilled.

The condition of the farmers of our country has grown progressively worse since Mr. Hoover was elected and since the enactment of the agricultural marketing act. Perhaps agriculture is in a more serious plight to-day than ever before in the history of the Republic. Hundreds of thousands of farmers have lost their homes and the mortgage indebtedness upon their farms amounts to billions of dollars. Our Republican friends have been in power in all branches of the Government since March, 1921, and during this intervening period the troubles and vicissitudes of the farmers have been greatly increased, until to-day their condition is most deplorable. During the period just referred to, no legislation has been enacted to aid the farmer or to mitigate his sufferings. The only measure which the statesmanship of the party in power could evolve was the marketing act, which has been condemned from one end of the country to the other and which has just come under the condemnation of the able Senator from Iowa.

Measures are pending in both the House and the Senate to abolish the Farm Board because of the confirmed belief that it has been an injury rather than a benefit. Certainly it has failed to measure up to the promises made or to afford relief to the farmers of the United States. It is true that it has loaned large sums of money taken from the taxpayers of the United States, and it is equally certain that no inconsiderable part of the $500,000,000 placed in its hands will be lost to the Treasury and to the taxpayers of the United States. Under the operation of the Farm Board the wheat and cotton markets have been demoralized, and the producers of those commodities have suffered irreparable loss by reason of the unwise and unsound policies of the Farm Board.

It is to be regretted that we do not have before us a measure that would prove of benefit to the farmers of the United States. It seems to me that with the lessons of the past, and the manifest failure of the administration's pet plan—the agricultural marketing act—there would have been presented to Congress a measure possessing merit and giving reasonable assurance that the farmers would derive some relief from the dire straits in which they find themselves.

But the measure before us is as disappointing as the Farm Board act. It is conceded that Title III of the bill, the allotment plan, possesses provisions clearly unconstitutional; and during the debate it has been conclusively demonstrated that it is unworkable and could not be put into operation. The Senator from Iowa [Mr. BROOKHART] practically concedes that it is unconstitutional, but contends, if I properly interpret his remarks, that the question of whether this bill is constitutional is for the Supreme Court and that Congress ought not to hesitate to pass a measure because of dubiety as to its validity. Mr. President, I respectfully dissent from this philosophy of the able Senator. Senators have subscribed to oaths to uphold and defend the Constitution of the United States. Manifestly they would not be upholding and defending the Constitution if they supported measures which were unconstitutional and which they believed to be unconstitutional. In my opinion, if Senators have doubts as to the constitutionality of measures before them, they should not resolve the doubts in favor of the measures, but against them. It is true that under our form of Government the final decision rests with the Supreme Court; but it is my view that the legislative branch should reject measures which clearly are unconstitutional or raise serious doubts in the minds of Senators and Representatives as to their constitutionality.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Iowa?

Mr. KING. I yield.

Mr. BROOKHART. In the beginning, I agree with the Senator that the Constitution contemplated Members of Congress should pass upon its provisions and enact laws in conformity to the Constitution; but the Supreme Court has assumed, without any specific provision of the Constitution, to say to Congress, "We will decide that question and that decision is final." We have no way to avoid it now. When John Marshall first announced that decision Thomas Jefferson was President and it almost resulted in the impeachment of Marshall, and I am rather sorry that it did not, because I think the power ought to rest with the Congress. However, I have not any way to divine how the Supreme Court is going to decide on these constitutional questions, and I do not believe the Senator from Utah has. I do not believe any Senator can tell in advance what will be its decision, and there are so many of its decisions rendered by a vote of 5 to 4 that the Supreme Court itself does not know until it has absolutely decided a case whether a given act is constitutional or not. Therefore the whole thing is a gamble as a practical matter. Senators can talk all they please about the sacredness of the oath to uphold the Constitution, but the Constitution remains still the opinion of

five out of nine judges. So I think it is a waste of time for us to debate a question which must be decided in that way by the court itself.

Mr. KING. Mr. President, I am not in agreement with the conclusions announced by the Senator, nor do I agree with his position that there is no authority within the Constitution for the Supreme Court to pass upon the validity of acts of the National Legislature. Students of government and particularly of the fundamental principles upon which governments rest, have admitted that one of the distinguishing characteristics of our Government and of the Constitution of the United States, is that a judicial tribunal is created with the authority to review legislative enactments and to declare them violative of the fundamental law of the land. This view is regarded as a distinct contribution to the science of government, and has won the commendation of those versed in judicial procedure, and in the history and development of governmental institutions. But I shall not take up the time of the Senate to further discuss this matter because it was definitely settled, as the Senator indicates, in the days of John Marshall, and the American people are unwilling to mutilate or destroy one of the coordinate branches of the Government or to weaken the authority of the judicial department.

I now refer briefly to Title III. The able Senator from Idaho [Mr. BORAH] and others who have spoken, have conceded that some of its provisions are unconstitutional. I submit that any attempt to put into operation Title III of this measure would reveal inherent weaknesses and impracticable features. It would require such a vast amount of bureaucratic machinery that resentments would be provoked among the farmers, antagonisms would be aroused that would prevent the execution of its provisions. Any attempt to handle the agricultural products of the United States under the provisions of Title III would be doomed to failure.

The Senator from Wisconsin [Mr. BLAINE] has revealed some of its tyrannous and oppressive features and is attempting to have them stricken from the bill. The provisions of Title III seem to ignore our dual form of government and the authority of the States to deal with purely intrastate affairs. The agriculturists of the United States would not submit to the criminal provisions of the bill and to the pains and penalties which it prescribes. There is entirely too much bureaucracy in the United States now, and to give the Farm Board the authority to practically control all agricultural products of the United States would arouse such opposition among the agriculturists and the people of the United States as to prevent the enforcement of such provisions.

I doubt whether there are many who have been inclined to support the bill understand its provisions. Title III provides that the Farm Board shall ascertain and make public the quantity of any agricultural product needed for domestic consumption. It is obvious that all agricultural products—which include, of course, meats, cereals, dairy products, fruits, vegetables, and so forth—are brought under this provision; and it is clear that it would be impossible for the Farm Board, without an army at its command, and even then it would fail, to ascertain what part of all these various products are needed for domestic consumption. But concede that such could be done, then the board is to determine what portion of any or all of these products may be sold at a price, not less than the cost of production, as ascertained by such board; that is, the board shall ascertain the cost of production of all such commodities and then determine which commodities shall not enter commerce—that is, shall not be bought or sold at a price less than the cost of production. Can anyone assume that the millions of agriculturists would quietly submit to this authority of the board? But that is not all; the board is to determine what part is surplus and shall determine whether it shall be exported, withheld from the market, or disposed of "in any manner that the board shall direct"; but it may not be disposed of in the domestic market.

If the board determines that 1,000,000 tons of hay were all that were required for domestic use in the United States, and a million and a half tons were raised, the board would fix the price at which the million tons should be sold in the United States, and then, with respect to the 500,000 tons of surplus, they would order that it might not be sold in the United States, and they would have the authority to order it burned or destroyed or disposed of in any manner, except that it might not be sold or disposed of in the domestic market. If a farmer living in Idaho or Arizona or New Hampshire had a few tons in excess of the amount determined by the board to be the needs of the domestic market, the grower of such product could not dispose of it in the United States. Any person buying it would be guilty of a crime under the bill and liable to six months' imprisonment and a $500 fine. I have not time, Mr. President, to analyze the provisions of Title III. They have received some attention at the hands of a number of Senators, and I think they are condemned by many Senators as being unsound, unworkable, and unconstitutional.

Mr. President, measures that might be workable in a small country like Denmark or Holland can not be applied in a country so vast as that of the 48 States of the Union. The varied resources of the United States, the great variety of agricultural commodities, the diverse climatic conditions, all tend to make it impossible to apply policies and laws which might be satisfactory in limited areas and where there are homogeneous conditions.

With respect to Title I—the equalization-fee plan—Senators will recall that a similar measure passed the House and the Senate and was vetoed by President Coolidge. His message was a vigorous criticism of the bill and as I recall contained a strong argument against its constitutionality. There were Senators who voted against the bill solely because they believed that it was unconstitutional. The Senator from Idaho declared yesterday, in referring to the provisions of Title I of this bill, that in his opinion it was unconstitutional. There are other Senators on the floor now who entertained the same view. I shall not take the time of the Senate to present the constitutional aspects of the provisions of this title. I might add, however, that in my opinion it would not survive a challenge to its validity.

I call attention to one provision of the bill, not for the purpose of showing that the equalization-fee provision is unconstitutional but for the purpose of indicating the limitless commitments which the bill contains. On page 6 of the bill there is a provision which is in effect a blank check placed in the hands of the Farm Board drawn upon the Treasurer of the United States. I doubt whether there are many Senators who are willing to give such authority to the Farm Board. The provision referred to makes the United States liable for all losses resulting from the attempts to carry out the operations of the equalization-fee plan in excess of the amounts available in the stabilization, premium insurance, and revolving fund. It is obvious that there may be enormous losses in attempting to carry out the provisions of this title—losses greatly in excess of the equalization fee—and all such losses are to be paid out of the Treasury of the United States. The Senator from Iowa has admitted, if I understood his position, that there would be losses; that the low prices of agricultural commodities would perhaps make it impossible for the equilization fees to be paid or for profits to be obtained, and the inevitable result would be that the Treasury of the United States would be resorted to to meet the losses which would be sustained.

Title II of the bill is known as the debenture plan. When the Farm Board bill was under consideration in the Senate an amendment was adopted which contained similar provisions to these contained in Title II of this bill. I voted for the debenture plan believing that it would afford some benefit to agriculture. President Hoover, as I now recall, signified his opposition to the debenture provision in a communication to the distinguished Senator from Oregon [Mr. MCNARY], the chairman of the Agricultural Committee of the Senate. As I now recall, the provision, notwithstanding the opposition of the President, was added to the bill in the Senate, but in conference it was eliminated, the reason, as I

understood, being the pronounced and implacable opposition of the President to its terms.

Mr. President, I believed then as I believe now, that the debenture plan would be of benefit to the farmers of the United States, and if the bill before us contained only the debenture plan I should be glad to give it my support. But as I have indicated, the provision of the bill found in the other two titles possesses so many objections that I can not vote for the bill in its present form.

In my opinion, the bill should be sent back to the Agricultural Committee where it could be redrafted and reformed. That committee could within a few days report a measure back to the Senate that would be free from constitutional objections and also would not contain provisions inconsistent with liberty of action upon the part of producers and which would place the agriculturists of the United States in a strait-jacket.

The Senator from Iowa admits that the bill before us is not adequate to meet the situation, and insists that a billion dollars be directly appropriated to aid in caring for the surplus products of agriculture and in giving aid to the farmers. I am sanguine that every Senator is desirous of enacting measures that possess merit and will give relief to agriculture. Speaking for myself, I should welcome the opportunity to vote for a measure that would be of advantage to the farmers of the United States, but I am unwilling to vote for unsound measures or propositions which I believe to be unconstitutional or plans that will subject the American producer to autocratic, capricious, and unrestrained bureaucratic control. I am unwilling to support a measure that to enforce its provisions would call for an army of Federal employees that would harass, vex, and annoy the agriculturists of the United States and attempt to impose upon them restrictions and restraints that would be provocative of resentment and arouse violent and open opposition.

Mr. BORAH. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Idaho?

Mr. KING. I yield.

Mr. BORAH. I wish to make a short statement. I offered a motion some time ago to strike out what is known as the allotment plan. My idea was that that was the only way by which we could save the debenture in the bill. I felt quite sure that if the allotment plan remained in the bill, the bill would either be defeated or sent back to the committee for further consideration. I should like to save the debenture portion of the bill. I am quite sure that the allotment plan is not workable as presented in this bill, and I am quite sure it is not constitutional. We are jeopardizing all legislation. We are taking a chance of getting no legislation. I do not think we should do that. I want to get what we can and give agriculture the best we can get under the circumstances. However, those who are deeply interested in the subject state that they have worked out a kind of triple plan, combining the views of the different farm organizations, and that they feel that they should like to have the matter go up or go down together. I am yielding to that course. Mr. President, I withdraw the motion to strike out the allotment plan; and the friends of the measure may take what course they think proper. I hope I am in error, but it does not seem to me the right course.

The VICE PRESIDENT. The Senator from Idaho withdraws his motion.

Mr. KING. Mr. President, the withdrawal by the Senator from Idaho of his motion to strike out Title III brings the Senate face to face with the bill containing the three titles as it came from the committee, with but a few amendments added during its consideration. With the views which I have entertained, and which I have so imperfectly expressed, I believe that the bill should undergo important modifications. It is obvious that such modifications and amendments can not satisfactorily be made while the bill is under discussion. It seems manifest, therefore, that the bill should be recommitted in order that the Committee on Agriculture might prepare a measure that will not possess the infirmities which characterize the pending bill. I am sure that it can, within a short time, as I have before stated, prepare a measure that will receive the support of a majority of the Senate as well as of the House. The committee, of course, will keep in mind the attitude of the President and his position with respect to the debenture plan, and the constitutional objections urged by President Coolidge, as well as by others, to the equalization plan; but I believe that the committee will be able to frame a measure which, if enacted into law, would afford relief to the farmers of the United States.

Mr. President, I therefore move that the bill be recommitted to the Committee on Agriculture and Forestry.

The PRESIDING OFFICER (Mr. JOHNSON in the chair). The question is on the motion of the Senator from Utah that the bill be recommitted to the Committee on Agriculture and Forestry.

Mr. HOWELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	King	Schall
Austin	Davis	La Follette	Sheppard
Bankhead	Dill	Lewis	Shipstead
Barbour	Fletcher	McGill	Shortridge
Blaine	Frazier	McKellar	Steiwer
Borah	George	McNary	Thomas, Idaho
Brookhart	Glass	Metcalf	Thomas, Okla.
Bulkley	Glenn	Moses	Townsend
Byrnes	Goldsborough	Neely	Tydings
Caraway	Gore	Norbeck	Vandenberg
Carey	Harrison	Norris	Wagner
Cohen	Howell	Nye	Walcott
Connally	Hull	Oddie	Walsh, Mass.
Coolidge	Johnson	Patterson	Walsh, Mont.
Copeland	Kean	Reed	Watson
Costigan	Kendrick	Robinson, Ark.	Wheeler
Couzens	Keyes	Robinson, Ind.	White
Cutting			

Mr. MCNARY. I desire to announce that the Senator from Washington [Mr. JONES], the Senator from Utah [Mr. SMOOT], the Senator from Maine [Mr. HALE], the Senator from Louisiana [Mr. BROUSSARD], and the Senator from New Mexico [Mr. BRATTON] are detained in a meeting of the Committee on Appropriations.

The PRESIDING OFFICER. Sixty-nine Senators having answered to their names, a quorum is present. The question is upon the motion of the Senator from Utah [Mr. KING] that the bill be recommitted to the Committee on Agriculture and Forestry.

Mr. HOWELL. I call for the yeas and nays.

Mr. FRAZIER. Mr. President, before the vote is taken, I desire to say a few words on this matter.

I think it very unfair to recommit the bill after it has been before the Agricultural Committee for months, and after it has been on the calendar here for weeks. It is impossible to get a bill that will suit everyone. This bill has been considered by the heads of the farm organizations, by various experts to whom they have referred the measure, and they believe that the provisions of the measure can be worked out in such a way as to take care of the situation satisfactorily and to give the farmers a price based on cost of production.

It has been stated that we can not fix prices here in Congress. The Congress has made provision for fixing prices in various instances, and they have worked, too.

For instance, the Interstate Commerce Commission has been given authority to fix the rates for railroads. It has done so, and the plan has worked; and until this so-called depression struck us in the last couple of years the railroads have been prosperous under that method.

The Congress has given the Federal Reserve Board the power to fix rates of interest, and those rates stand; and, as the Senator from Oklahoma [Mr. THOMAS] stated, the board has also fixed the very value of money itself.

When, however, it comes to fixing the price of any food product that the farmers produce to feed the Nation, some one always gets up here and says that it is unconstitutional, and will not work, and can not be carried out.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Illinois?

Mr. FRAZIER. I do.

Mr. LEWIS. I beg to inform the Senator from North Dakota, who is always assiduous in behalf of the farmers, that this bill being recommitted, which I favor, he will find great relief upon reconsideration where the Supreme Court of the United States, in declaring features of the Lever Act invalid, points out a method by which something can be done along the idea that my eminent friend has expressed. He is quite right in the assertion that a way can be found; and I take the liberty of bringing to his attention the opinion in the Lever case as suggesting something which, upon recommittal of this bill, might remedy his whole difficulty.

Mr. FRAZIER. Mr. President, I do not agree with the eminent Senator from Illinois with regard to the recommittal of the bill. It seems to me the only way to try out a measure of this kind is to do what the Congress did with the Federal reserve act, for instance. They passed the act, and it has been amended time after time. This measure probably would need to be amended; but if it could be put into operation and tried out it would give the Farm Board, whose duty it would be to test out this bill, a chance to find out by actual experiment what provisions will work and what provisions will not work, and then to come back to Congress and ask for amendments to make it workable.

Mr. SHEPPARD. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Texas?

Mr. FRAZIER. I do.

Mr. SHEPPARD. I want to say to the Senator that I agree thoroughly with the position he takes, and that it is my judgment that the propositions involved in this bill ought to be given a trial. It is the duty of those who oppose this measure to present something in its stead. Otherwise, they ought to vote to give it a trial.

Mr. FRAZIER. I thank the Senator from Texas. That is my attitude exactly.

In this session of Congress we have passed a number of measures for the benefit of the financial-interests group, for the bankers, the railroads, and the insurance companies. Up to date practically nothing has been done for the farmer. This measure has been indorsed by the three big farm organizations. The allotment plan, I am frank to admit, was the proposal of the Farmers' Union. The Farmers' Union is one of the big real farm organizations. They feel that that proposition will give the farmers cost of production for the amount of their product that is sold for home consumption here in the United States.

Mr. President, there is no question in my mind but that some proposition of this kind can be worked out whereby the farmer will receive the cost of production for that amount of his product that is used for consumption here at home; and why not? Does anyone think it is fair to ask the farmer to continue from year to year producing his products and selling them below the cost of production? Can any other line of business, no matter what it is or where it is, exist and make a success under those circumstances, selling its goods below cost? It is impossible, Mr. President, and every Member here knows it.

It is mighty nice for Members of the Senate to get up here and make spread-eagle speeches and say they are for agriculture—oh, yes; "Save the poor farmer!"—and then when it comes to a vote on a proposition that the farmers think will give them some benefit they say, "I can not vote for it because it may be unconstitutional."

The Supreme Court has the last guess on this constitutional question, anyway.

Up in North Dakota a few years ago we passed through the State legislature a grain grading act, to grade and inspect grain that was produced there in the State and sold to the local elevators, the local market. The opposition, the grain trade, immediately did as the financial group always do when they can not block legislation in any other way—they take it into court and try to get it declared unconstitutional. So this grain-grading case was taken into court; and after it finally reached the Supreme Court a majority of that court decided that it was unconstitutional, because they said that when this grain was sold by the farmer to the local elevator in his home town it might be shipped out of the State and become interstate wheat, and therefore the State legislature had nothing to do with it. So anyone who thinks that these farm products are not interstate products, and that the bill will be unconstitutional because of that, has another guess coming, because the Supreme Court guessed on this, and only three justices dissented. Justice Brandeis and Justice Holmes and Justice Clarke were the dissenting members in this opinion; and to my mind their opinion was much sounder and much more logical than the opinion of the court as rendered; but, of course, the majority ruled.

Mr. President, it is commonly estimated that at least 90 per cent of farm products go outside of the State where they are produced; that they are shipped across State lines and become interstate products. So I do not think there is any question but that the Supreme Court would hold, as they did in this case, that these products are interstate products, and that the Congress has the right to set up a board that will fix prices upon them.

Mr. President, farm prices to-day are the lowest that they have been in history. They are lower than any Member of the Senate ever saw them before. They are so low that the farmer is not getting anything like cost of production. The full amount of the tariff on farm products will not give cost of production for a single item on which there is a tariff to-day; not one; and yet it is said that half of the tariff in the debenture plan will help the farmer. It will help him a little bit, of course. It will just delay a little the fatal day of losing his farm and going out of business.

Mr. President, the farmers are no exception to the rule. They must have cost of production for their products, or they are not going to continue as home owners and producers of the food products to feed the Nation. If Senators want the farmers to be tenants and serfs, they will vote to kill this bill by sending it back to the committee, for that is what it would mean; but if they want to give the farmers a chance, they will vote against the motion. Many Senators who are going to vote against this measure to-day did not hesitate to vote for the Reconstruction Finance Corporation bill, although some thought—and some said on the floor—that parts of that measure were unconstitutional, that it was unfair; yet they voted for it. It has not worked out the way it was expected it would work, or the way we were told it would. Possibly this measure would not, but we should give it a chance, and, if it did not work, it could be amended.

I hope the motion will be defeated.

Mr. NORBECK. Mr. President, I just rise to express the hope that the bill be given the same consideration other legislation has been given. The Committee on Agriculture and Forestry has wrestled with this problem for months. The session is drawing to a close. If we had a month or two ahead of us, there would be no reason why the committee could not go into the matter further, but it is too late now. Therefore, Mr. President, I suggest that a vote to recommit at this late date is simply a refusal to consider farm legislation at this session. If amendments are, in the opinion of a majority, necessary, there will be plenty of chance to vote for them on the floor without killing the bill in this way.

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. Would an amendment to the bill be in order now that a motion to recommit is pending?

The VICE PRESIDENT. The motion to recommit takes precedence.

Mr. NORRIS. Mr. President, from what inquiry I have been able to make, although my information is not by any means final or conclusive, I have gathered that the motion to recommit is going to carry. I believe it will be conceded by everybody here that that would mean the death of the bill at this session of Congress.

I am also informed, from what little investigation I have been able to make and what I have been able to gather from

other Senators, that if the allotment plan were stricken out, the Senate would refuse to recommit the bill, but would pass it in the form in which it then would be.

Mr. President, even though I favor the bill as it stands now, I would rather get a half loaf than to have no bread. If the allotment plan were stricken out, there would still remain in the bill the debenture plan and the equalization-fee plan, two plans which on several occasions have passed the Senate. One of them passed the Senate and the House and was vetoed by the President of the United States.

I believe that those who are particularly anxious to pass some kind of a farm-relief measure at this session are taking upon themselves a terrible responsibility when they insist that the allotment plan shall remain in the bill and that it shall all go down together or all be passed together. I dislike to disagree with those with whom I have worked conscientiously for a great many years as to what the farm policy should be. I think I see their viewpoint. I recognize their earnestness and their sincerity when they say the allotment plan will give cost of production.

If we stood any show of getting it, and if it were workable as we have it, I would have more reason in my own mind for following that kind of an argument. But if we are confronted, as I believe we are, with the proposition that in order to pass this bill that part of it must be stricken out, then I believe we ought to consent to striking it out, and pass the bill with it out.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. CONNALLY. I will say to the Senator that I desire to offer an amendment to substitute the debenture for the whole bill; but under the rules that is not in order, now that the motion to recommit has been made. Would the Senator from Nebraska be willing to enter into a unanimous-consent agreement that we might consider this amendment now?

Mr. NORRIS. I would rather take the debenture alone than to have no bill; but as near as I can find out, I think the votes are here to pass the bill if the allotment plan is stricken out and the other two plans are left in.

Mr. CONNALLY. Let me say to the Senator that this amendment does not leave it to the Farm Board to put the debenture on, but it would be put on by the act itself. Would not the Senator agree to have a vote on this amendment prior to the vote on recommittal?

Mr. NORRIS. I would rather have the bill framed so that it would not be discretionary with the board.

Mr. CONNALLY. That would be the result of adopting my amendment.

Mr. NORRIS. The same question arose when plans for farm relief were being considered in conference, and I gave it careful consideration, as I think others on the conference committee did; and again we said that rather than take a chance upon defeat we would put in the debenture plan and make it discretionary with the board to put it into operation, and that is how it went in on the tariff bill. That is the way the amendment was applied when it went on the marketing bill—not because some of us who were heartily in favor of the debenture plan liked it that way, but we thought it was our only hope of getting it. We did get it through the Senate, but on account of the opposition of the President it was stricken out.

I do not believe there is anybody here but who thinks it is very doubtful whether the President will sign the bill when it gets to him. I have always been one of those, and I still am, who think we ought to do our duty as we see it and let the President do his duty as he sees it. But if we pass this bill with the allotment plan in it, as it stands in the bill to-day, and it goes through the House in that form and goes to the President in that form, we will have put into the hands of the President an argument in favor of a veto message which will command the favorable judgment of a majority of the Senate itself. We will have made it possible for him to defeat the legislation on this subject and give him an opportunity to make an argument in favor of his veto that will appeal to the country as being sound. Of course, it does not follow, if this bill passes just as it is, that the allotment plan will be put into effect, because the discretion would be given to the board to put it into effect or not, or to put into effect any one of the three plans.

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BROOKHART. The President would have it within his power to say to his board whether or not it should be put into operation. If he thought it was unconstitutional, he could leave it alone.

Mr. NORRIS. Of course, he could; but when he wrote his veto message that is not what he would say.

Mr. BROOKHART. That is what we would say to him if he wrote any other kind of a veto message.

Mr. NORRIS. Of course; I realize that, and that is one reason why I am going to vote against the motion to recommit. I will vote for this bill with the allotment plan in it, although in my own judgment some of the arguments which are made against it are good. I do not think it is properly worked out. But I am willing to leave it in. I am willing to vote for the bill with it in. The President of the United States, as the Senator from Iowa has said, would not have to put it into operation unless he wanted to. Of course, the board may do what he tells them to. But we would be giving to him an argument to bolster a veto message which he would not have if we sent the bill to him without the allotment plan in it. We would make it possible to pass the bill, I think, through both Houses of Congress rather than to say that we are going to have it all or none, and get none.

Mr. FRAZIER. Mr. President, in regard to furnishing the President an argument for vetoing the bill, there did not seem to be any trouble with his vetoing the farmer bill which included one of these features, and the statement was made here on the floor of the Senate that the Secretary of Commerce at that time was the man who wrote the veto message. I do not know anything about that, but that was the statement made here.

Mr. NORRIS. Very well; but that has nothing to do with what I am saying. If we are going to pass this bill and get it vetoed, I would rather pass it in such a form as to take away all logical argument which could be put behind a veto message, and that would not be the condition in which the bill would go to him if the allotment plan stays in.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. COPELAND. I have been necessarily out of the Chamber for a few minutes, and I would like to ask the Senator whether any effort has been made by any direct motion to remove the allotment plan from the bill?

Mr. NORRIS. Yes; after consultation with a great many Members of the Senate, a motion was made by the senior Senator from Idaho [Mr. BORAH] to strike the allotment plan out. I thought it was generally understood by the friends of this kind of legislation that that was to be done unanimously. The Senator from Idaho withdrew his motion because of a disagreement among the friends of the measure, some of them quite bitter, who stated that they must have this feature in, or they did not want anything. The Senator from Idaho just withdrew the amendment.

Mr. COPELAND. Mr. President, if the Senator will bear with me for a moment, the impression I get from my contacts on this side of the Chamber is that the allotment plan is the particular feature of the bill which is offensive.

Mr. NORRIS. Yes; that is what I am trying to say.

Mr. COPELAND. And if that were omitted from the bill, there would be a chance of the passage of the rest of the measure without any particular difficulty.

Mr. NORRIS. It seems generally conceded that the Senate will pass the bill with that taken out, and that it will not pass it if that stays in.

Mr. BROOKHART. Mr. President, will the Senator yield again?

Mr. NORRIS. I yield.

Mr. BROOKHART. With regard to the statement of the Senator from New York, the allotment plan ought to be the most popular plan on the Democratic side, because its

author is one of the most distinguished Democrats in this country, Mr. William G. McAdoo.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. KING. I do not want the statement made by the Senator from New York to go unchallenged, at least so far as I am concerned. He does not reflect my position, and I do not think he speaks the views of at least all the Senators on this side, when he says that with the elimination of the allotment plan those on this side would be for the bill. There are objections to the equalization fee on the ground of its unconstitutionality, which was referred to by the able Senator from Idaho [Mr. BORAH], a few days ago.

Mr. NORRIS. Mr. President, I did not want to convey the idea that the Senate is unanimously for any of the plans. There are objections to every one of them. But I believe all will agree that there seems to be a general understanding that the allotment plan, while it may be right in principle, has not been worked out, and that the way it is stated in the pending bill it is so objectionable that a majority of the Senate will not vote for the bill with that in.

There never was any legislation of any importance but what there had to be compromises made. I think I can say without criticism what I am saying, because I voted for both the debenture and the equalization-fee plan many times. I have my preference. I can not get just what I want. I am going to vote against recommitting the bill. I am going to vote to pass it if the vote to recommit shall be defeated, even if it is presented to me in the exact form in which it now appears. So that it is not because of any prejudice I have, but I believe those who are standing out for the farmer and saying they are going to have it all or none, that they will not compromise on anything, are not looking after the interests of agriculture in this country in the best way.

We must respect the opinions of others. We must compromise in the Senate and in the House, and between the Senate and the House if we get anything. I agree with every word said by the Senator from North Dakota about the injustice that has been done to the farmer, but it is my judgment that is not a sufficient reason why we should now say that we are going to have this bill just as we want it, without the crossing of a "t" or the dotting of an "i," or we will not take anything.

There is no question that we all agree, as I understand it, that the danger to the bill is the allotment plan. Those who favor the allotment plan know and say that even in the event President Hoover should sign the bill the allotment plan would not be put into operation. Perhaps he would not put it into operation, but that is his responsibility.

Under these circumstances it seems to me that we who want to do something for the farmer ought to agree to strike out the allotment plan. If we do not do something of that kind, we will probably not get any legislation, because if the bill is recommitted, it is dead so far as this session of Congress is concerned, and everybody knows it.

Mr. SHORTRIDGE. Mr. President, if Senators will do me the honor to give me their attention, I shall detain them for a moment only. We have severally taken this oath:

> I do solemnly swear that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

The bill before us, Mr. President, contains unconstitutional provisions. I do not pause to give my reasons for so thinking. Nor is it necessary for me to do so. It has been admitted that there are important provisions in the bill which are unconstitutional. A Senator who enjoys national reputation as a constitutional lawyer has stated, and other Senators perhaps equally learned in the law, have admitted and stated that there are provisions in the bill manifestly, unquestionably unconstitutional. If that be so, how can I or how can other Senators, mindful of the oath we have taken, vote for the bill in its present form?

The immediate question, however, is the recommital of the bill to the appropriate committee. I think the suggestion of the learned Senator from Illinois [Mr. LEWIS], himself a profound lawyer, was very timely; for it is conceivable that the bill can be so amended, so remodeled as to relieve it from its present unconstitutional provisions, so that we could vote for it, stripped of its unconstitutional features.

I do not wish to take the time of the Senate by proclaiming myself a friend of the farmer. If my attitude toward the farmer—the agriculturist, the horticulturist—is questioned, ask the people who know me and they will make answer. I assume we are all friends of the farmer, friends of the city man, friends of all the people of our land whom we are here to serve. The question is how can we best serve them? The immediate question is, How can we best serve those who fall under the term of the farmer—the woolman, the cattleman, the cotton man, the rice man, the poultry man, the dairyman, the almond and walnut man, the lemon and orange man, all those engaged in the multitudinous branches of agriculture and horticulture? We can not serve them by passing an unconstitutional bill.

I submit that in obedience to our oath it is our duty to recommit the bill in the hope that it may be so amended and purged of its admitted unconstitutional provisions as to merit our approval.

Mr. GORE. Mr. President, I think all Senators will agree that whatever can be done to relieve the farmer ought to be done. There certainly can be no division of opinion upon that point. The distress of the farmer can not be unknown to any Member of this body. The desirability of extending relief can not be too much accentuated. I think the point where we differ is as to how far the Government can relieve the distress of the farmer, how far can this Government amend, modify, or repeal economic laws which are more powerful than any enactment of this Congress. There is where the point of difference arises.

Mr. President, this depression is world-wide. It is unsparing in its devastation. It is raging in every country. It is raging under every form of government on the globe. It is raging under monarchies, republics, democracies, and even under dictatorships such as that which prevails in Italy. This depression is raging in old countries and in new. It is ranging in high-tariff and in low-tariff countries. It is raging in gold-standard and in silver-standard countries; in countries that are highly industrialized and in countries whose energies are devoted to the production of raw materials. It has spared none.

If the evils of this depression can be ended or mended by law, they ought to be ended or mended by law. If the evils of this depression could be ended and mended by law, some government somewhere would have put an end to this depression, to its unexampled misery. Not all governments are subject to the malevolent influences of Wall Street or to the sinister machinations of international bankers——

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Iowa?

Mr. GORE. I yield.

Mr. BROOKHART. I should like to ask the Senator, in view of his declaration that the depression is world-wide, about Soviet Russia, which has the greatest prosperity it has ever had in all its history?

Mr. GORE. That point is disputed, but I trust it is true. To say that Russia is enjoying the highest measure of prosperity in her history is not a special tribute either to Soviet Russia or the "ancient régime." But I shall not be diverted upon that point.

Mr. President, I wish to repeat that not all governments are subject to the malevolent influence of Wall Street or to the sinister machinations of the international bankers or to other influences which are hostile to the common people or to the common man. I can not believe that if any government anywhere could put an end to this ravaging depression, that it would hesitate to do so. The government that would hesitate would be criminal in its neglect of duty. A government that could end this depression and would not end it,

ought itself to be ended by revolution. This Government did not cause and can not cure this depression. Let us tell the people the truth. If "hope deferred maketh the heart sick," what of hopes that are blasted?

Mr. President, the Senator from Iowa [Mr. BROOKHART] has several times alluded to an act passed on March 4, 1919, under a Democratic administration, which guaranteed the price of wheat for the year 1919. I am not certain that all Senators properly apprehend the motives which actuated that legislation, the object which it was designed to accomplish, or the solemn obligation which made its enactment imperative.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield further to the Senator from Iowa?

Mr. GORE. I yield.

Mr. BROOKHART. The only obligation was the statement or promise of the President of the United States that the farmers should have the same price for their wheat in 1919 that they received in 1918. There was no legal promise or any legal obligation of any kind.

Mr. GORE. The Senator is mistaken as to his general conclusion. He is correct, however, in stating that it was an obligation incurred by a presidential proclamation. On the 2nd of September, 1918, the President of the United States did issue a proclamation fixing the price of wheat for the harvest of 1919 at $2.26 a bushel basis Chicago. That proclamation was based on section 14 of the so-called food control act, which undertook to give the President the authority which he exercised in that proclamation. We must all agree that it was a valid proclamation and it did guarantee the farmers of the country $2.26 a bushel for the harvest of 1919. It was a war measure. We were still in the throes of the war. It was said on every hand that bread would win the war.

Mr. BROOKHART. Mr. President, I would like to ask the Senator if we are not right now in the throes of a depression a good deal worse than any war?

Mr. GORE. I think in many respects it is immeasurably worse.

Mr. BROOKHART. Then the war argument is not of much force against the Government doing something at this time.

Mr. GORE. I am coming to that point. I will dispose of the point which the Senator has previously raised.

That proclamation was made September 2, 1918, on the eve of the sowing season. Farmers in the winter-wheat country increased their acreage 16 per cent. In order to respond to the urgent request of their Government, acreage was run up from 43,000,000 to 49,000,000 of winter wheat alone. The armistice came on November 11, 1918. This vast acreage had been seeded by the farmers, animated by patriotic duty. Fear was felt that the price of wheat might decline and that the farmers would suffer loss on account of the patriotic response to the presidential proclamation.

It so happened that I was chairman of the Committee on Agriculture and Forestry at the time and that I had charge of the measure to which the Senator from Iowa has repeatedly referred. It was designed to keep an express obligation. At the hazard of trespassing upon the patience of the Senate I would like to have read at this point one or two extracts from remarks which I submitted at that time, in order to show to some extent the motives back of the legislation and at least the philosophy which I entertained at that time and which I still entertain in regard to the pending measure.

The VICE PRESIDENT. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

I need not remind the Senate that I was opposed to this whole scheme of price fixing. On March 21, 1918, I said here in the Senate: "In my judgment such an effort is foreordained to fail. Perhaps the oldest blunder known to the sons of men is the attempt at price fixing. The history of the effort is one dreary tale of uniform and unvarying failure, of disappointment, and ofttimes of disaster. Whenever the attempt is made to regulate prices the effort must inevitably work more or less mischief."

Mr. President, I regarded the scheme as uneconomic; I regarded the scheme as inevitably unjust. Human wisdom and foresight are not equal to the task. If the Government should fix the price of wheat at the point where the law of supply and demand would fix it, then you would have your labor for your pains, and the whole process would be vain and unavailing. If the Government should fix the price of wheat lower than the law of supply and demand would fix it, that would be both an injury and an injustice to the producer. If the Government should fix the price at a point higher than the law of supply and demand would fix it, that would be an injury and an injustice to the consumer.

The fixing of the price upon wheat for the harvest of 1917—and it was fixed not for the purpose of stimulating production, for the price was fixed in August, and the crop had been harvested in June, July, and August—occasioned a loss to the American farmers aggregating $400,000,000. The fixing of the price upon wheat in 1918 occasioned a loss to the farmers of this country of hardly less than $400,000,000. For the two years the direct loss to the farmers of the United States due to the action of this Government approximated $800,000,000.

Mr. GORE. Mr. President, that is all I desire to have read at this time; but I will ask to have the further extracts printed in the RECORD as they are marked, and shall not take up the time of the Senate to have them read.

The VICE PRESIDENT. Without objection, that order is made.

The matter referred to is as follows:

So, Mr. President, I think that $1,250,000,000 is a larger amount than will be required to meet this obligation. We must be prepared, however, and we must prepare to carry a loss of several hundred million dollars. An ample appropriation should be made. If the money is not needed, it will not be used. If it is needed, it ought to be available in whatever amount may be found necessary. I hope I may be pardoned for saying that if this $1,250,000,000 estimated by the Department of Agriculture serves to protect us against like economic nostrums in the future, if this $1,250,000,000 serves to teach the engineer, the fireman, and the conductor as they crawl out from under the wreckage that they who display a red signal as a warning of danger may be friends rather than enemies, then, sir, this one and a quarter billion will have been well, if not wisely, expended.

* * * * * * *

Mr. President, I am unqualifiedly opposed to extending the range of this artificial administration. It may be a matter of inevitable necessity to permit the control of the wheat harvest for the current year, but I would not extend this control into domains where it does not now prevail. I believe that we have got to come down toward the sea level, and we ought to come down on the lock-and-dam system, and not rush down with the violence of the cataract. I for one am not willing to precipitate universal confusion merely for the sake of trying our hand in bringing order out of this confusion which we have precipitated and which we have confounded.

There are three tasks devolving upon us to-day: First, to keep faith with the American farmer in the payment of the guaranty; second, to keep faith with the consumer and see that he purchases bread upon a parity with the other peoples of the earth; and third, to keep faith with the taxpayers of this country and to keep their inevitable loss down to an irreducible minimum.

Mr. GORE. Mr. President, the senior Senator from North Dakota [Mr. FRAZIER] has stated frankly and without reserve that this is a price-fixing measure. I think that the Senator will agree with me that price fixing during the World War was unfair to our farmers. It caused a loss to the American wheat farmers of at least a billion dollars on the harvests of 1917 and 1918. It will always fail.

Mr. President, a few moments ago the Senator from Texas [Mr. SHEPPARD] suggested that Senators ought to vote for the pending bill or they ought to submit a better proposition. On its face that may seem to be a fair challenge. I do not think it is; it is fallacious. I do not think one need be qualified to prescribe a remedy for cancer or for tuberculosis in order to exercise the privilege of warning the patient not to take strychnine or cyanide of potassium. I do not know how to treat the bubonic plague or to cure the black death. But I would not hesitate to advise the victim of such a pestilence not to take prussic acid. Those who resist an unsound measure are under no compulsion to submit a better measure, particularly where it is sought to repeal the fundamental laws of economics.

Mr. President, I might state my economic philosophy in a sentence—"I do not believe in the fairies." I look upon legislation of this sort as an attempt to achieve the impossible. In England, of course, they have an omnipotent Parliament, at least in theory, and omnipotence ought not to

balk at impossibilities. The pending legislation, Mr. President, is an attempt to deal with a surplus that does exist as if it did not exist. That effort is foreordained to fail; it can not succeed.

However, for the moment responding to the suggestion of the Senator from Texas, I have in some limited measure attempted to discharge my duty toward the farmers. I have introduced two measures at this session, one relating to cotton and one relating to wheat. I regard those two staples as the pillar of our whole agricultural system. I thought if something could be done to mend the price of cotton and to mend the price of wheat it would be a service to our farmers and might set economic forces in motion that would help to bring about a solution of our problems.

The measure in regard to wheat prescribes the amount which should be marketed by the Farm Board, when it should be marketed, and the price at which it should be marketed in order to minimize the evil effect of the wheat which they have impounded and which they are now hoarding. However, in opposition to that measure came trooping here to Washington representatives of the National Grain Corporation, which is a parasite of the Grain Stabilization Corporation, which in turn is a parasite of the Federal Farm Board, which in turn is a parasite upon the Treasury of the United States, a parasite upon the taxpayers of the United States. The Farm Board was voted half a billion dollars, and more than one-half the deficit during the last fiscal year can be charged to that excessive appropriation. The National Grain Corporation paid the expenses of representatives to come here from Idaho, Washington, North Dakota, Kansas, and other States. They paid the expenses of those witnesses to come to this Capitol and bear witness by their presence and testimony against the wheat measure which I introduced. They came trooping here from the four points of the compass, financed by the National Grain Corporation.

I also introduced a measure designed to regulate, and which would have regulated, the marketing of the cotton which the Federal Farm Board has bought and impounded, and which it holds over the head of the market in this country and over the cotton markets of the world.

Nobody knows how to make any calculation for the future; uncertainty reigns, and business halts. It provided that a certain amount of cotton should be marketed each month, beginning July 1, 1933, at a certain price unless the price should rise above the fixed figure, in which event a larger quantity might be marketed.

Mr. FRAZIER. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from North Dakota?

Mr. GORE. I do.

Mr. FRAZIER. Mr. President, I happened to be chairman of the subcommittee that considered the bills of the Senator from Oklahoma in regard to wheat and cotton. He stated that some of the cooperative organizations paid the expenses of representatives to come to Washington to appear against those bills. I want to say that the only ones who appeared for the bill besides the Senator from Oklahoma himself were representatives of the grain trade and the cotton trade.

Mr. GORE. Mr. President, I do not recall anyone appearing in regard to the wheat measure excepting the witnesses to whom I have referred. I do recall that one citizen from my State requested to be heard on the cotton measure, and, astounding as it may seem, the Senator from North Dakota permitted the other side of the question to be presented, one witness appeared, and a member of the Farm Board charged with the administration of the cotton functions of that ill-starred organization also appeared in opposition to the cotton measure. I have not a doubt that if those two measures had passed they would have enhanced the price of wheat from 5 to 15 cents a bushel and would have enhanced the price of cotton from 2 to 5 cents a pound. They are modest measures, and if you ask me, Mr. President, whether they are economic or not, I say no; but we are in an impossible situation; we have gotten into an uneconomic situation, and there is no ideal pathway out of it. We have got to extricate ourselves sooner or later, and we have got to suffer when we do it; we must pay the penalty of violating fundamental economic laws. There is no escape. It is a good deal like an army being surrounded by a hostile army; it can not escape without fighting its way through the encircling lines, and it must do that at some sacrifice, some loss, some suffering. It was upon that theory that I introduced the two measures to which I have referred.

Mr. President, I repeat what I said in this Senate in 1919, that price fixing is one of the oldest blunders that flesh is heir to. It has been attempted from time immemorial. It never has succeeded; it never will succeed. The same excuses are always made when inevitable failure comes—that if more power had been granted success would have been achieved; if enough power had been bestowed, the scheme could have been made to stand up. That is true. If the board had enough power, they could make the scheme stand up. The only trouble, the only limitation, is that there is not that much power; it is an attempt to accomplish the impossible, which rarely ever succeeds.

Mr. President, not only in ancient times but in modern times has this abortive effort been made. Take the attempt of Brazil to valorize and regulate the price of coffee. Back of that movement was all the power of the Brazilian Government. She undertook to peg the price at 20 cents a pound. She succeeded for a time, but the scheme broke down under its own weight. The price went from 20 cents down to 8 cents a pound, and I believe now it is hovering around 4 cents a pound. Why did it break down? Because the artificially high price restricted consumption, on the one hand, stimulated production, on the other. Other countries adapted to the production of coffee devoted their energies and their capital to its production; the coffee market was oversupplied and the scheme failed. Brazil is now dumping coffee into the sea; it is burning coffee to heat the boilers to drive her locomotives.

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from South Dakota?

Mr. GORE. I yield; yes, sir.

Mr. NORBECK. I must call the Senator's attention to the fact that the attempt of Brazil to fix the price of coffee was not the attempt of Brazil to fix the price of coffee in Brazil but to fix it in all other countries. This bill is different in that respect, and the two cases are not parallel.

Mr. GORE. Very well; I will take other instances that are parallel. I come now, Mr. President, to the attempt of Great Britain to fix and regulate the price of rubber.

Mr. NORBECK. The price of rubber, where? In the world——

Mr. GORE. In the world; yes.

Mr. NORBECK. Instead of in Great Britain.

Mr. GORE. I will give the Senator the instances.

Mr. NORBECK. The Senator has now given two of them.

Mr. GORE. Yes; and I am coming to others.

Mr. NORBECK. Very well.

Mr. GORE. Even though the Senator may chafe to hear these failures, he must listen.

Mr. NORBECK. I think the Senator's speech is very illuminating and very helpful in many respects, but I believe it would be much more powerful if it were made to conform to the facts as they are. Certainly I do not accuse the distinguished and learned Senator from Oklahoma of intentionally doing anything to misrepresent the situation, but I think he is in error. I think there is a distinct difference between trying to fix a price in the world and trying to fix a price within the domain of a particular nation. That is the only point I am making.

Mr. GORE. There is undoubtedly some difference. Neither can be accomplished except in one contingency, and I will describe that before I finish.

I revert to this experiment of Great Britain under the Stevenson Act. Under that measure the price of rubber was run up to $1.20 a pound. For a time it succeeded, because

the greatest empire on the globe was backing the scheme, but it finally failed. The load became too heavy to bear. Economic laws asserted their sovereignty over the acts of an omnipotent parliament. The price of rubber broke, and went from $1.20 down to 8 cents a pound. I believe to-day it is around 4 cents a pound. That stands as a monument to the efforts of the greatest empire in the world to repeal economic laws and to fix the price of raw rubber.

What happened, Mr. President?

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma further yield to the Senator from South Dakota?

Mr. GORE. In a moment.

The artificially high price of rubber cut down consumption. Every expedient was resorted to in this country to supply the necessitous requirements for rubber. It diminished consumption on the one hand, and it stimulated production on the other. When that attempt began, Great Britain supplied, through her East Indian islands, two-thirds of all the rubber required on the globe. During the brief period of that experiment her quota fell to 50 per cent of the world's requirements, and Americans were scouring the earth to find lands suitable for the production of rubber. The artificially high prices cut down consumption and stimulated production. It was the inevitable reaction to that effort.

Take silk in Japan. Japan undertook to stabilize the price of raw silk. She undertook to peg the price at $16 a pound. She succeeded for a while. Even silk got too heavy to hold, however, and slipped out of the hands of Japan and went down to $2 a pound—how much lower I do not know. Seventy-four thousand bales is Japan's annual output. When her scheme was over, or approaching the end, she had 85,000 bales—more than a year's output—corded up in her warehouses. Japan, in order to leave nothing undone to consummate the folly, appointed a silk-relief board to deal with the subject. She paid us the homage of emulation.

Mr. NORBECK. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Oklahoma further yield to the Senator from South Dakota?

Mr. GORE. I yield to the Senator.

Mr. NORBECK. I rose a while ago just to suggest that the Senator was in error when he said that the greatest and most monumental mistake in price fixing was in rubber, for I am one of those who think it was the action of the Farm Board in their attempt to fix the price of wheat in the world. I voted against the farm marketing act, thinking that we should profit by the experience of Japan and profit by the experience of Brazil and profit by the experience of Great Britain and learn, once for all, that no one country can go out and fix the price of goods in the world's market.

The Senator and I are together on that point; but I still suggest that that is not what this bill proposes to do.

Mr. GORE. I will come to that. I commend the Senator upon his wisdom; and, really, I stand corrected, because I think he has cited perhaps the premier mistake in all the tides of time. But the Farm Board calculated that if it should buy wheat and hold it off the market, the price of what remained in the market would advance; that if it should buy cotton and hold it off the market, the price of what remained in the market would advance. That was their calculation.

But, Mr. President, nobody on earth could tell what the Farm Board might do with its reserves of wheat and of cotton. Nobody could tell when they might dump 3,000,000 bales of cotton on the cotton market, or 200,000,000 bushels of wheat on the wheat market. It drove private business from the market, because of the confusion and uncertainty which attended every transaction.

Mr. President, what happened with reference to silk? Why, every country that could produce silk devoted itself to the production of silk. The consumption of silk was cut down, and the production of silk was stimulated. It was a 2-edged sword. In the long run it smote both the producer and the consumer.

Why, Mr. President, in 1923, down in the Argentine Republic, cattle dropped down to 3½ cents a pound, $3.50 a hundred, and the cattlemen in that country prevailed upon the Government to work a miracle, to pass a law providing that the packers should not pay less than 4½ cents a pound. The bill was enacted. What happened? The packers closed their plants. They could not pay 4½ cents a pound for cattle on the hoof and compete in the markets of the world with other countries; so they closed their packing plants.

Egypt has attempted this scheme with reference to cotton. She has passed a series of laws, beginning back in 1921. First, she passed a law limiting the acreage; second, she passed a law to buy cotton; and third, she passed a law to lend money on cotton. See how we tread the weary way once again. Three years she bought on a rising market and made a small profit, but the fourth year she lost more on her transactions than she had made during the previous prosperous years.

Take the experience of Cuba with sugar, the experience of Chile with nitrates: They tell the same melancholy tale of disaster and defeat. When any government attempts the impossible, the chronicle is unvarying.

Now, Mr. President, let us come home to the example of the Senator from South Dakota. This example happens to flash into my mind—a very concrete one that will interest him.

Our food control made a "noble experiment" in an attempt to regulate the price of chickens and eggs during the war. It pushed the price of chickens too high and the price of eggs too low. What happened? During one year alone, in one State alone, the State of New York, the number of hens was reduced from 10,000,000 to 8,000,000—2,000,000 hens were sacrificed. Finally, the Food Administration would not even let the farmers sell their culls that were not laying. I cite that as an example of an effort to fix prices in the home market which failed as disastrously as these efforts to fix prices abroad.

Economic laws are not circumscribed by international boundaries. The sooner this Congress learns that and the sooner this country learns that, the sooner we will extricate ourselves from this wilderness of blunders.

Mr. President, I could go on multiplying examples. I have a number here, and will ask to insert extracts in the RECORD in order not to tax the Senate's patience.

There being no objection, the matter referred to was ordered to be printed in the RECORD at the end of Mr. GORE's remarks.

(See Exhibit A.)

Mr. GORE. Even Germany, which had all the power that a government can have, failed as miserably as we failed, just to cite here one instance of her failure. During the war she undertook to fix the prices of fruits and fresh vegetables. She fixed the price too low at first, and the fruits and vegetables rotted in the gardens and the orchards. Next she fixed the price too high, and unripe fruits and vegetables were rushed to market.

I could multiply examples without number, and will attach to my remarks variegated experiments both here and abroad in response to the Senator from South Dakota.

Reverting to this excuse that we did not have power enough, Diocletian, Emperor of Rome, attempted this "noble experiment" about the year 300 A. D. There was some little excuse for him, because he did not have centuries of folly to look back upon and to warn him as to inevitable failure.

Diocletian fixed the price of everything from knitting needles to elephants, and Diocletian had all the power there was—had all the power there is; all political power, all the legislative power, all the civil and military power that can be concentrated into the hands of one human being, was wielded by the undisputed master of the world. Of course, except for a little bootlegging, they did not sell at other prices than those fixed; but they did not produce. You can not make people produce things at less than the cost of production against their will. They revolt.

Mr. BROOKHART. Mr. President——

Mr. GORE. I know that the farmers are selling their products below the cost of production. It is an unspeakable tragedy; and I know that their debts constitute the most grievous and galling part of their burdens.

Take this example:

A $1,000 Liberty bond issued in 1918 could have been paid off with 5 bales of cotton. To-day it takes 40 bales of cotton to liquidate a $1,000 bond. The cotton farmers of the South—the pity of it is—must dig this cotton out of the ground to liquidate this bond.

When a $1,000 Liberty bond was issued in 1918, 500 bushels of corn would have paid it off. To-day it takes 3,000 bushels of corn to pay a $1,000 Liberty bond.

I do not minimize this burden. I do not minimize the farmer's grievance; but, Mr. President, I know that the farmer can not extricate himself from his trouble by mere crystal gazing, looking to Congress, and hoping that Congress, by some miracle, will rescue him from his disaster. If we could, no one would go farther or faster than I would to help him extricate himself from this disaster. I have tried.

I agree with the Senator from South Dakota. I think that some of us, I think that all of us, ought to paint the thing as we see it for the God of things as they are.

EXHIBIT A

A short account of price fixing on the United States wheat crop during the war and postwar period illustrates the same principles as coal. It was not for lack of funds that the wheat price regulation was not a success. In the short crop year of 1917, $300,000,000 was used; in 1918, the purchase amounted to $884,400,000; in 1919, to $448,900,000. Congress, by an act approved March 4, 1919, made an appropriation effective up to $1,000,000,000, to be certain that the wheat control would be adequately financed. These are large sums when compared with the sum named in the McNary-Haugen plan, but these sums proved necessary to finance the control of only one crop. Price fixing on wheat would work if and when the Government regulated wages and profits and middlemen's margins, also the production of wheat and all other commodities, also the distribution of wheat and all other commodities, also the rationing of consumers to keep consumption coordinated with this type of distribution. If the price is fixed on wheat alone, the farmer can not keep on producing wheat if farm wages rise, or the cost of harvesting machinery and binder twine rises, or his other unregulated costs get out of relationship with his regulated wheat prices. If binder-twine price is regulated, then manila fiber must be regulated. And so on.

During the war the Government fixed the price of wheat from September 1, 1917, to June 30, 1920. When Chicago wheat hit $3.43 a bushel on April 12, 1917, it caused alarm to the Government, which was then anxious to "feed the Belgians" and to keep wheat prices down. On September 1, 1917, the Government fixed the price of wheat at $2.17 a bushel, which was, in effect, pegging the price to prevent a rise. This price, $2.17, continued in effect till July, 1918. Later a minimum price was fixed, but no maximum. So the price, free to rise, rose to $3.50 in December, 1919.

Briefly, the facts are as follows: By December 1, 1917, the farm price of wheat had been reduced from $2.29 to $2.01. Had the price not been fixed, it was obvious that the price would have gone to $3 or higher. When the price was reduced a patriotic appeal was made to "eat less wheat" and to "feed the Belgians." A portion of the public did eat less wheat; another portion began to eat wheat at an increased rate. An unduly large proportion of the crop was consumed by February 1, and yet the year's wheat exports were low. Then compulsion was applied to force the use of wheat substitutes. The Government's March 1 crop report revealed that the farmers had marketed their crop more rapidly than usual, that consumption had been too rapid, and hence stocks on hand were too low. Consumers then turned to rye, and the farm price of rye jumped from $1.75 in February to $2.35 in April. Rules were promulgated requiring substitutes for rye, and in June the farm price of rye dropped back to $1.88. The price of wheat was fixed, and later flour, and later bread.

The price of bran was fixed in the spring of 1918. The fixed price was ineffective in many cases. By combination sales and by mixing other feeds a price higher than the "regular" price was often charged. The price regulation had different effects on distribution in different sections of the country. The cost to farmers in the East was actually made higher and to the farmers in the West lower. When wheat price fixing began the New England farmer was paying $39.48 for his bran; but when bran prices were once controlled he had to pay $48.58 for his bran, while wheat prices had only advanced 10 cents. At this rate it was cheaper to eat the bran himself and give the wheat to his cows.

Under the first year of wheat-price fixing the farmers found the price kept down, while the price of wheat binders, not being fixed, rose so high that a farmer could not afford to sell his wheat and buy a new binder. The price of binder twine was not fixed, so it rose to new high levels. Farm wages were not fixed, so the farmer found it hard to sell cheap wheat to hire dear labor.

To control wheat prices successfully, therefore, the Government would have had to control the price of the things which the farmer needs for producing wheat, such as (1) farm labor, (2) binders, (3) binder twine, and so on and on. But, to control binder-twine price, for instance, the Government would have to fix the price of sisal in Yucatan. And to control the price of sisal it would have to fix the price of the labor that produced the sisal in Yucatan, also the rent of lands there, also the transportation costs from Yucatan to the United States. In short, the Government would have had an endless job of price fixing, a sort of endless chain. The fact is, when the Government starts price fixing, it starts something which it can not finish.

Another interesting experience in price fixing by our Government was that relating to eggs and poultry. The price was fixed at which cold-storage eggs could be sold. The price was set too low. This kept the price of fresh eggs down, because a large portion of fresh eggs are bought to go into cold storage. But as the price of eggs was going down, the price of poultry feeds was going up, particularly corn, the price of which was not fixed. The farmer could not afford to keep expensive hens and sell cheap eggs. So the hens were slaughtered. In New York State alone 2,000,000 hens were slaughtered in one year (the State census reported 10,738,960 hens in April, 1917, and only 8,907,644 in February, 1918). The Government then promulgated a rule prohibiting the sale of hens, hoping thereby to keep up the number of hens. But there was no law to compel the farmers to produce chickens, and hence the number of chickens fell off, egg production declined sharply, the surplus became a deficit, and egg prices soared to new high levels. Instead of stabilizing the industry, price fixing threw it completely out of gear and brought about a period of violent seesawing in profits and prices.

Our experience in price fixing with coal is both interesting and instructive. Coal is like agriculture in certain major respects—it is a fundamental necessity in the business life of the Nation; it is produced by many thousands of scattered independent and competing units. A group of Government experts known as the Fuel Administration was put in charge of the bituminous-coal industry, and later of the anthracite. The first move of the Fuel Administration was to change the coal price level—i. e., to lower it. Next it was necessary to deal with the jobbers and reduce their profits. And the next step was to regulate the retailers and keep down their profits. In other words, the price of coal was the problem dealt with, not the more important question of adequate production and adequate distribution to meet consumers' legitimate demands. Price (open competitive price) is the best barometer to production and consumption conditions. When a governmental authority regulates price arbitrarily it breaks this barometer and has no instrument to use in place of it. Hence the certainty of upsetting either production or consumption, or both, by such unoriented price fixing. It is like trying to navigate without barometer or chart or compass. Note what happened to coal:

"The Fuel Administration in its handling of the coal situation during the first half of 1917 committed the mistake of considering the problem largely from one angle only, that of price. The sharp advance in price was attributed almost solely to exorbitant profits made by coal-mine owners and coal dealers; the remedy was sought in price fixing and in the establishment of margins. Not until shipments to Europe of food and munitions came to a standstill because of lack of coal at the seaboard terminals, and not until the whole industrial war program of the country seemed to be on the point of collapse, did the question of production and distribution of coal assume the importance it should have had from the very beginning.

"No adequate provisions were made during the summer and fall of 1917 to stimulate the maximum output and early wide distribution. Consumers were holding off in the expectation of a fall in price, and they were encouraged in their attitude by the statements issued by the Fuel Administrator.

"Things went from bad to worse during that part of the year when reserves should have been accumulated by the users of coal. In the week of August 13 production reached its lowest point of the year.

"An unexpected climax came on January 16, 1918, when the Fuel Administrator issued one of the most drastic Government regulations brought about by the war. The order directed that all factories east of the Mississippi River be shut down for five days beginning January 18, 1918. The order involved over 85 per cent of the country's steam plants used for manufacturing. There was no advance notice of such an order and no opportunity to make preparation. In addition to the shutting down of factories, a request was made that for 10 weeks on Monday offices, factories, and stores, except drug and food stores, use only such fuel as was necessary to prevent damage."

This extended quotation gives a general picture of conditions as they were. The Fuel Administrator himself described the situation as follows:

"A winter of greater severity than the country had known for 50 years doubled the domestic consumption of coal. The railroads were blocked for days at a time, and while consumers were near the end of their supplies mines stood idle because of lack of cars. A marked slowing up of the work of the most essential war industries took place. Pig-iron production was cut in two. Mills working on ship plates dropped to 30 per cent capacity. Meanwhile, in the harbors of the country hundreds of vessels loaded with supplies for the Allies and the American soldiers were awaiting bunker coal, and all efforts to provide a supply proved futile."

Unfortunately, at this time the railroads were also under Government control, and there was lack of coordination between the Fuel Administration and the Railroad Administration. Price fixing in bituminous coal was made more difficult by the decentralization of the industry, and because many of the small mines, like the poor farms, are high-cost producers. Some of these could not be profitably operated on the price as first fixed; they shut down. Later the price was raised, but many laborers by that time had quit the coal fields to work in factories paying higher wages and not regulated by the Government.

The labor situation in coal mining, both bituminous and anthracite, became acute.

"With regard to the labor situation there was a lack of coordination between the Fuel Administration and the War Department. The number of laborers working in the anthracite mines decreased from 177,000 in 1916 to 153,534 in 1917. The Fuel Administrator had been permitting the depletion of unreplaceable labor, both skilled and unskilled, without raising his voice against it. Thousands of men left the coal fields for more lucrative employment. In the bituminous mines the trouble had been largely due not to shortage of labor but to the lack of locomotives and cars for the haulage of coal away from the mines. The inadequacy of transportation facilities checked production. It never rose sufficiently to meet the needs of the Nation at war.

"Just before the conclusion of the armistice the Fuel Administration admitted that it was certain that the enormous demands for fuel could not be fully met by production. On February 1, 1919, the Fuel Administration discontinued all price control and much of the supervision over distribution of coal, coke, oil, and natural gas. With the passing of control over coal, most of the activities of the Fuel Administration ceased." (United States Department of Labor, Monthly Labor Review, December, 1918, pp. 164–167. Also Carnegie Endowment for International Peace: Preliminary Economic Studies of the War, No. 19, "Prices and Price Control in Great Britain and the United States During the World War," 1920, pp. 262–275.)

There is one country famous for its superdevelopment in administrative efficiency, namely, Germany. This country, during the early years of the war, gave as thorough a trial to regulating food supplies as any modern country has ever done. But in spite of the efficiency of the administrative machinery, the conflict with simple economic laws was too much for the Government, and hence these honestly and ably administered efforts failed. The story of these efforts has been printed in official Government sources.

An account of the German experience, from which the following excerpts are taken, is printed in the Monthly Review of the Bureau of Labor Statistics, Washington, D. C., May, 1917.

"The recommendations of the Eltzbacher commission for the reduction of swine and cattle were carried out during the first four months of 1915. Approximately one-third of the swine and 10 per cent of the milch cows—supposedly about a million and a half—were killed. About the time when the killing of the swine was under way, in March, an inventory of the potato stocks led to the official statement that these were low. Since the potato in Germany was one of the staple swine feeds, it was decided to kill rather more than the denominated number of swine in order to meet the loss in potatoes. Two months later another potato inventory was taken, revealing the fact that the previous inventory had been in error and that the killing of the additional swine had been entirely unnecessary, since the potatoes were available, and these potatoes were thrown upon the market at a huge loss in price and to a large extent underwent decomposition.

"No oxen were killed, and the killing of calves was not in excess of the usual number; the slaughter did not extend to sheep and goats, which, on the contrary, were conserved with foresight. The presence of such huge amounts of meat upon the market unquestionably resulted in increased consumption during the first six months of 1915. According to the plan, by far the largest portion of the meats thus obtained was to be conserved for future use, and should have represented a very large stock of conserved meat. The processes of conservation were, however, carried out very inefficiently, with the result that a large portion of this meat underwent decomposition and became a complete loss. * * *

"In the autumn of 1915, within six months after one-third of the swine and a million and a quarter of milch cows had been killed, two meatless days (Tuesday and Friday) and two fatless days (Monday and Thursday) were introduced by decree. Maximum prices were decreed for retail sales, but without correlation and usually without result.

"Gradually the lines became drawn between cities and industrial districts, on the one hand, and the country districts, on the other. To protect themselves, the country districts prohibited export. The authorities attempted, in a half-hearted manner, to oppose such regulations and to reestablish the flow of foodstuffs in the channels of trade by increasing the maximum prices. A maximum price, once established, became, of course, the only price. As opposed to the regulations of the cities and of the imperial authorities, the regulations of the smaller districts were naturally more effective. Restrictive regulations spread over the entire land, each community looking out for its own interests, and it was soon apparent that the industrial cities were at a disadvantage.

"ESTABLISHMENT OF THE WAR NUTRITION OFFICE

"Control over the food supply of the empire was, up to June, 1916, vested in the imperial department of the interior (Reichsamt des Innern), of which von Delbrück was secretary. Dissatisfaction with the measures taken by this department became general during the second year of the war.

"The worst mistake of the Delbrück régime was in trying to regulate the sale and use of food without knowing how much food existed. The food-card system in particular evoked the severest criticism, this criticism being caused not so much by the rationing of food as by the long waiting in front of shops for the sale of foodstuffs. The food cards, with the exception of the bread cards, did not carry any guarantee, but merely gave the holder the right to stand in line for hours and take the chances. When the supply for the day was exhausted the remaining shoppers were turned away. Disturbances of the peace were frequent, and it was felt as a grievous injustice that by this waiting in front of shops the women were withheld from household duties for hours.

"When Delbrück resigned a separate department, called the war nutrition office, was created directly under the chancellor. The president of this office was given absolute police powers under martial law, with a standing committee of experts representing the producers, transporters, middlemen, consumers, and the army. The new system was installed on June 1, 1916, with Adolph von Batocki as president of the war nutrition office. * * *

"CONTROL OF THE POTATO CROP

"Late in January, 1916, scarcity of potatoes developed in the cities. An inventory showed that only 18,000,000 tons remained, from which the seed had still to be reserved, leaving only 11,000,000 tons to last for six months. Thereupon potato cards were introduced, and the attempt was made to limit the feeding of potatoes to livestock. When the authorities determined to uncover and seize the stocks of stored potatoes, unexpected losses by decomposition became apparent. Von Batocki, on assuming office in June, 1916, promptly prohibited any feeding of potatoes to livestock. The potato cards introduced earlier in the year were not guaranteed, and in the large cities the intake for each person during the spring months was often as low as a quarter of a pound a day. Then the crop of summer potatoes came upon the market with a rush, as the maximum prices were high and scaled downward to increase the offerings. Early in August the cities were flooded with potatoes in carload lots. The poor, however, because of the announcement that prices were scaled to fall, bought only from hand to mouth. As a result, thousands of tons decomposed and were lost. Nevertheless, even at this time the potato card and the prohibition of feeding to swine were not suspended. Two weeks later the cities were again empty of potatoes. The growers had ceased to harvest potatoes when the prices fell; they were engaged in the harvesting of grain, and the urban population had to wait for regular rations of potatoes until the digging of potatoes could again be resumed. * * *

"MEASURES RELATING TO THE PRODUCTION AND SALE OF VEGETABLES AND FRUIT

"The retail prices for fruit reached unheard-of heights during the summer of 1916. The growers' prices were high, in extenuation of which the high cost of fertilizer, cultivation, picking, and packing was adduced. The maximum prices first set were low. Then the growers refused to pick. The prices were raised, and thereupon green fruit was sent to the market. The people were encouraged to put up fruit by sterilization by heat and with saccharine; but the housewives were not inclined to experimentation. Thereupon the war nutrition office confiscated the entire crop of early apples and plums, supplied the sugar, and had them converted into jams."

Summary: Here is given at length the experience of one of the most efficiently administered governments in the world in regulating the supply and demand and the price barometer of agricultural products. It failed, as such efforts must ever fail.

Mr. BROOKHART. Mr. President, the eloquent statements of the Senator from Oklahoma make a beautiful picture on paper, but they are so far from the real facts of the situation as logical conclusions that I can not let them stand without a word of reply.

He has given quite an accurate account of the passage of the Democratic bills in 1919, but the first Democratic price-fixing bill was passed in 1917. He has said to us that the price fixing of those bills lost the farmers a billion dollars during the war. He has left out the most positive proof to the contrary, and that is that the first bill, passed on the 10th of August, 1917, was upon this information in the hands of the President of the United States, that England, France, and Italy had combined and appointed one buyer to buy all their wheat, and had decided to bid $1.50 a bushel, No. 1 northern, Chicago. They were all the bidders we had, because we were at war then with Germany and Austria, and could not sell them wheat. The President recommended the first law in order to get the farmers a better price for wheat than this bid which the foreign combination had decided to make. That law was passed on the 10th of August, 1917, and four days later the Farm Board was appointed by President Wilson. Sixteen days later the Farm Board com-

pleted its deliberations, and on the 30th of August fixed the price of wheat at $2.20 a bushel, No. 1 northern, Chicago, raising the foreign bid by 70 cents a bushel. So, instead of a loss on that wheat, we had a gain, a profit, of 70 cents a bushel, which the farmers of the United States would not have received but for the price-fixing law. Instead of that law being a failure, it was a success, and maintained the price as long as the Wheat Corporation lasted.

Mr. President, the Senator from Oklahoma has gone into an eloquent description of this depression, but what did cause it? Did the Government have anything to do with it? Yes. The first start was when the Government of the United States loaned $11,000,000,000 of the American people's money to foreign governments, where it can not be repaid.

Then along came the Esch-Cummins railroad law and raised the rates on agriculture by 60 per cent, and that added to the burdens of agriculture. Then along came the deflation policy of 1920, and deflated agriculture in the whole sum of $32,000,000,000. Under laws and under administrations of laws all these things were done.

Then along came the tariff law; and tariffs are price-fixing devices, and they are price-fixing devices that work. They raise the price levels of American industrial products. They fix it so that the farmer must pay a price fixed at the factory without foreign competition.

Then there are the patent laws. They are price-fixing devices and permit an absolute monopoly. They always succeed, so far as the individual article upon which they are placed is concerned.

Then along with that the great corporations, under corporation laws, got the economic power to go out and fix prices both ways. Those things have brought on this agricultural depression, and all of this was the result of laws or of the administration of laws.

Mr. President, since it is laws and their administration that put agriculture down, it is laws that must bring agriculture up. Talk about the law of supply and demand; there is no such thing as the law of supply and demand. It ends at the border of every country in the world. Prices are fixed by government regulation all over the world; and so far as a country is concerned, it has the power to control the prices in the country.

Let me review the instances cited by the eloquent Senator from Oklahoma. He mentioned Brazilian coffee. How much of that Brazilian coffee is an export proposition? Probably 95 per cent of it. Probably not 5 per cent of it is used in Brazil. Of course, Brazil, as said by the Senator from South Dakota, can not control the price outside of her own country.

Then the Senator from Oklahoma mentioned rubber. Again, what portion of the rubber of the world is an export proposition? Probably more than 95 per cent of rubber must go to foreign countries. Yet the Senator cites that as a parallel for the control of domestic markets.

Then comes silk, produced in Japan. I have no idea what the percentage is, how Japan depends on the foreign markets for the sale of her silk products.

Then comes the cotton in Egypt, and certainly Egypt depends upon foreign markets for her cotton price. Then Chilean nitrates, nearly all of which are foreign exports. Then comes sugar in Cuba. Nearly all of that is foreign export.

How about American products? Cotton is the one which has the big surplus, a little over 50 per cent. Wheat has about 20 per cent, corn has less than 1 per cent, oats has less than 1 per cent, and livestock products have about 7 or 8 per cent. All together the export of American products is less than 10 per cent.

I do not claim that we can control the price of that 10 per cent that goes abroad, but I do contend that we can, under a proper governmental set-up, with proper funds, and proper authority, control the price of the 90 per cent used at home. In the case of corn and oats it is 99 per cent, and of livestock products 92 or 93 per cent. That would be done with the proper arrangements and authorities and laws. There is no comparison, in that portion of the proposition, with any one of the items cited by the Senator from Oklahoma.

When we come to sell the exportable surplus of these products we will have to take what the world market can or will pay us at the time. But the fact is that in food products, and even in cotton, there has been a world demand in every 7-year period of world history. There has never been a 7-year period when it was not all demanded and all used up.

So it becomes a question of long-time financing.

In the case of wheat, when the price was fixed at $2.20 a bushel, the Wheat Corporation bid that price for all the wheat that was offered. I fully agree with the Senator's criticism of the Farm Board in its operation. It made no such bid for wheat or cotton or for any other surplus product. It simply went into the gambling business and gambled on the board of trade and in the cotton exchange, and Mr. Milnor, the $50,000-a-year expert in charge of wheat, testified that on the same day the Stabilization Corporation, of which he was general manager, under the Farm Board, and the National Marketing Corporation, of which he was also general manager—one of them would be buying wheat and the other would be selling wheat on the board of trade the same day.

Mr. NORBECK. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. NORBECK. I rise just to bring out this point, that the Farm Board was not trying to stabilize the American market, they were trying to stabilize the world market, because they were in effect bidding on a world market. In other words, they were carrying out the spirit of the law—our law—which set out professedly to raise the price of wheat in the world, instead of limiting themselves to raising it on that part of the product consumed at home. Is that right?

Mr. BROOKHART. I think the Senator's observation is correct. I think it worked out in that way. Although perhaps that might not have been their specific purpose, that was the result.

Mr. NORBECK. The Senator will agree with me that the present farm law as adminstered makes no distinction between a domestic market and a world market.

Mr. BROOKHART. Not as much as it ought to.

Mr. NORBECK. It does not segregate the exportable surplus. Is that right?

Mr. BROOKHART. Not specifically; but I think the power is there.

Mr. NORBECK. But they are not doing it, and they said they were not going to do it, said that before the Committee on Agriculture and Forestry in the presence of the Senator and me.

Mr. BROOKHART. That is correct.

The Senator from Oklahoma says that the raising of prices restricts consumption and increases production. That might be true as a general proposition, where there is an unlimited field for production and a limited field for consumption, but I want to apply that rule to American farm products.

I have a scientific analysis of agriculture in the United States since 1900, made by the National Industrial Conference Board. I think there is no doubt about its soundness, about its thoroughness, and about its final conclusions. This analysis shows that on the whole agricultural production is declining and has been declining steadily since 1900. In other words, the American population is growing faster than agricultural production, so that there is no danger in the United States of any overstimulated production through stimulation of prices. In fact, if the present trend continues, and it can not otherwise than continue, in 25 or 30 years we will not have much agricultural surplus in the United States except of cotton. That probably will remain a big surplus for many years, but all these other staple products are gradually declining year after year, and cotton likewise.

Mr. President, it is true, as the Senator from Oklahoma says, that the production of wheat was stimulated during the war, but it was at the expense of pasture and livestock, and the general agricultural production, even under the stimulus of war and the high prices of war, was not increased to any marked degree among the 12 principal agricultural products of the United States.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. FRAZIER. The acreage of wheat was increased, but it was not because of the fixing of the price. It was because the farmers were urged to raise wheat to save the boys who had gone from the United States across the water in the war. It was to "Win the war," which was the slogan adopted, and the farmer who would not increase his acreage of wheat was held to be unpatriotic. That is the reason why the acreage of wheat was increased.

Mr. BROOKHART. That is why; and some of the boys are down here now without a penny or a home, or without anything to eat or any bread, although we have more wheat than we know what to do with at the same time.

As to the production of wheat, I think the increase was about 18,000,000 acres, due to the appeal to patriotism, and if you want to charge it up somewhat to price, although the price, $2.20 and $2.26, was not an exceedingly high price. If it had not been for the combination of England, France, and Italy to bid it down to $1.50, the farmers probably would have gotten a good deal better than the price fixed by the Government. Many farmers have criticized that Government action, because they said they would have gotten three or four dollars a bushel for their wheat, instead of $2.26.

In 1916, however, the farmers got on an average $1.51 for their wheat, and the speculators sold it for as high as $3.25, and the price of flour was fixed for the public on the basis of $3.25, but the Government price fixing of 1917, 1918, and 1919 cut out all of that speculation, and really reduced the profits and put the board of trade entirely out of business. It did not sell a bushel of wheat on futures after the first bid was made in 1917.

Mr. President, it seems to me that the Government of the United States owes it to agriculture to restore it to a normal condition. I am sure that it is these various enactments of the Government of the United States which have put agriculture down. There is no occasion for a depression in the United States. We were profiteers out of the war. The $11,000,000,000 we loaned to foreign countries was out of war profits. Then private parties loaned from fifteen to thirty billion dollars more. The Senator from Utah says our foreign loans and advancements amount to a total of $45,000,000,000 now. If that be true, of course that took a vast fraction of our resources abroad, and a great fraction of that will not be returned.

Of course, that had a tendency to put us in a depression, but agriculture was stricken down in 1920. The railroad law started it first and then the deflation policy followed next. There never was such a panic in farm prices in all history as began late in 1920 and continued through 1921. There never has been any substantial revival since. Prices have been too low on an index basis. Other business revived in 1922 and went into a gigantic inflation and boom in 1929. Then the great bubble burst and that hit agriculture again and sent it down still deeper into the depression.

It is not the fault of agriculture. It is not overproduction that did these things. The entire agricultural surplus could have been destroyed and if we would have gotten the cost of production price for the remainder, agriculture would have been fairly prosperous. But this little surplus being first sold in the domestic market, not being separated or segregated as every other business does its surplus in the United States, it floods the market and that flood breaks down the agricultural tariff protection and those tariff rates are mere scraps of paper. They do not protect the cost-of-production price of the farmer. Being broken down the flood moves over into the free-trade markets of the world. The prices fixed are cabled back to the board of trade or the cotton exchange or the produce exchange, and then the price of our products is fixed the same, less freight and expense of reaching the foreign market.

It is the tariff law that fixes that situation, a price-fixing device that has raised the American price far above the general world's level of such prices. While it raises the prices for what the farmer must buy, it leaves him to take the price fixed by the sale of his surplus in the free-trade markets of the world.

The industries that have tariff protection also have surplus production. In 1929 they had $2,500,000,000, but they are financed and every one of them separates the surplus from the domestic market. They take out the surplus and ship it abroad and get the best price they can, and so charge a less profit than they charge the people of the United States. All of that arrangement was done under the banking system created by the laws of the United States and of the various States, together with the big Federal reserve system overhead.

Therefore I say that the Government owes it to agriculture to restore this prosperity, and I say that general prosperity can not return until agricultural prosperity is restored. In the last 50 years we have had eight major depressions. What brought us out of all of them up to 1920? It was agriculture every time, because the farmers got their land at a low price of $1.25 from the Government; and the railroads got it for nothing and sold it to the farmers for $8 or $10; but even then the price of land continued to rise until 1920, and that gave agriculture a buying power in part, at least, and kept agricultural credit good. Agriculture through those means was able to pull us out of all the other depressions. But since 1920 land values have turned backward, and they are now back lower than they have ever been in my time. I can not remember such prices as we have now. The best farms in the best States in the Union are selling at a good deal less than the buildings on the farms cost. Agriculture has neither buying power nor credit. Agriculture is not helping to lift us out of this depression.

Who is it that has the power and the resources to take charge of the agricultural surpluses and separate and segregate them from the domestic market? There is just one institution I know of that has the power, and that is the Government of the United States. The great financial group do not intend to do it. There were 173 of those big combinations that had greater profits in 1931 than at any time in their history. They discharged thousands of their men, and under that situation we can not depend on them. Last year, the deepest year of the depression, we had a national income, according to the National Industrial Conference Board, of over $60,000,000,000. That is $2,500 for every average family in the United States even in a year of depression.

In 1930 it was over $70,000,000,000, and in 1929 it was over $90,000,000,000. So we have to-day in this country an income all the time sufficient to maintain a general level of prosperity, if it had been distributed in a general way. But under the laws of special privileges and under the administration of those laws it has been taken away from agriculture and taken away from labor, labor has been discharged by the millions, and all the time that has produced the inequalities which are brought about to drive us down deeper and deeper into the depression. Nobody has shown me any way to climb out except for the Government to relieve agriculture and labor, the two things that must be prosperous if we are to save our civilization.

We have enacted our Reconstruction Finance Corporation act, and that is a bolshevistic act, too. That is a Government institution itself. It puts the Government in business. It is loaning money to the railroads, to the banks, to the insurance companies, and to other special classes. But it has lowered the price of farm products. It has not increased them because it begins at the wrong place. What about the banks that have received loans from the Reconstruction Finance Corporation? While hogs sell at $2.55 a hundred

and corn at 23 cents a bushel and cotton at 4 cents a pound, they will not be able to pay those loans when due; and, instead of the loans taking us out of the depression, they are driving us deeper into the depression.

No; the Government does not hesitate to do things when it is the big financial crowd that wants them done. Then there is none of this argument that it is unscientific or uneconomic and that we can not do it by legislation. They simply walk in and bill No. 1 in the Senate of the United States was for $2,000,000,000—$500,000,000 directly out of the Treasury and $1,500,000,000 a liability of the Treasury—to put the Government into business for the big banks of the country, leaving agriculture and labor struggling along without semblance of relief.

Mr. GORE. Mr. President, I desire to have read into the RECORD at this place the guaranteed price of wheat in certain European countries in 1917, as I have indicated in the RECORD, which I send to the desk.

The PRESIDING OFFICER (Mr. COHEN in the chair). Without objection, the clerk will read, as requested.

The Chief Clerk read from the CONGRESSIONAL RECORD of February 11, 1919, at page 3109, as follows:

When interrupted I was enumerating the guaranteed price for wheat in various countries. The guaranteed price in Brazil for the present year is $2.16 per bushel; in Switzerland it is $3.18; in Holland it is $3.30; in France it is $3.84; in Norway it is $4.09; in Italy it is $4.44 for hard wheat and $3.96 for soft wheat. It is reasonable to assume that these generous prices will tempt a considerable acreage in the several countries mentioned.

Mr. GORE. Mr. President, I believe the Senator from Iowa [Mr. BROOKHART] attaches too much importance to the reports or, I might say, rumor that there was a combination on the part of certain European countries to reduce or fix the price of wheat in this country at $1.50 a bushel in 1917. The food control law was approved on August 10, 1917. I believe Mr. Hoover was appointed Food Administrator the next day. During that week No. 1 northern wheat sold in Chicago at $3 a bushel and No. 2 hard winter wheat sold in Chicago at around $2.50 or $2.60 a bushel.

That week the food control bill passed Congress. On September 1, upon the recommendation of his committee, the Food Administrator fixed the price at $2.20. Wheat, of course, went down from $3 to $2.20 a bushel and the producers of northern wheat or spring wheat in the Dakotas lost 80 cents a bushel on their wheat. The winter-wheat States lost from 40 to 50 or 60 cents a bushel on wheat which they marketed.

I think I have an authority on this point which will convince the Senator from Iowa. Either on the 20th or 22d day of August, 1920, Mr. Hoover, who administered that law as Food Administrator, delivered an address in Minneapolis to the millers of that city, in which he said:

But for your cooperation in the enforcement of this wheat and flour control act, wheat might have sold at $6 a bushel and flour might have sold at $30 a barrel.

The Senator from North Dakota [Mr. FRAZIER] once quoted in this Chamber Mr. Hoover as saying on that occasion that "but for his interference and their interference in holding down the price of bread there would have been industrial disturbances and the streets might have run red with blood." I may say that I have never been able in checking the reports of that speech to find that language, but it does stand in the CONGRESSIONAL RECORD quoted by the Senator from North Dakota, and I am certain that he had newspaper authority at least for the quotation when it was made.

Only one other point—an instance which I promised a few moments ago—France has fixed the price of wheat. She consumes more than she produces. She has a tariff on wheat of $1.43 per hundred pounds. She fixes the price around $1.70 and obliges the sale and purchase of bread upon a corresponding basis. That is a different situation, a deficit country instead of a surplus country. Forces can be brought into play that can arbitrarily control prices, and the payment of such prices—entailing certain economic consequences. We are a surplus country with reference to wheat and cotton, and that surplus with us becomes almost an unsolvable problem. I offered at least a partial solution, but it was not accepted.

Mr. BROOKHART. Mr. President, with reference to the imaginary communication from Mr. Hoover, I have his letter to President Wilson written on the 10th of July, 1917, asking for the establishment of the food administration and the wheat corporation. In that official communication he said that "England, France, and Italy have combined together and decided to bid $1.50 a bushel for No. 1 northern wheat, Chicago, and they are all the bidders we have in this war time, and the farmers can not afford to produce wheat at that price." That was the official communication upon which the President acted in recommending the law and getting it passed.

In that same letter he said the farmers got $1.51, on the average, for their wheat in 1916, and the speculators sold it as high as $3.25, and "we must stop that speculation." I can not imagine that that letter was written officially to the President, and then this other speech was actually made in this very fantastic form over in Minneapolis. I certainly would follow the text of the letter upon that matter.

The Senator quoted the price of wheat in France and Germany and other countries where the price is controlled as all right. They are controlling the price for their own farmers right now in that way because they do not produce as much wheat as they use. That makes it easier to control. We can control the price of the wheat we use in exactly the same way that France and Germany now control the price in their countries. We may have a loss on the surplus when we sell it abroad; but if we do, we shall have to stand that loss. Two ways have been proposed of meeting that loss. One is the equalization fee, which is a tax on the farmer, and the other, which is the one I want to use, is the debenture paid out of the Treasury of the United States. After we have paid out of the Treasury so many debentures to other industries, including the railroads, I think we can afford to do as much for the farmers.

As to the controlled prices during the war, they were controlled in France and Germany better for their own farmers than they were in the United States. They had us in such a position that they were the only bidders for wheat, and that is why they could enforce a bid for our wheat unless we had a governmental set-up with funds enough and authority enough to handle the surplus.

Congress gave Mr. Hoover $550,000,000 to buy surplus wheat in the first instance in 1917, and it authorized him to borrow more if he needed it. He needed $385,000,000 more, and borrowed that, and with the $150,000,000 he bought $535,000,000 worth of wheat. Then, at the end of 1919 when all the surplus had finally been disposed of, the price had gone up because of the world shortage, and they got all their money back and got $59,000,000 profit on the whole wheat transaction in three years, which was turned into the United States Treasury.

I do not claim that in peace time and in all times we would have a profit such as that in handling the surplus, but the Chairman of the Federal Farm Board testified that we would have a profit on some of it that might reduce our losses at various times because of world conditions cutting down the world supply. Under that situation it is perfectly sound and perfectly logical that if we are going to maintain this artificial tariff protection for the industries, then we must make the farmers' tariff rates effective also.

Mr. GORE. Mr. President, since the Senator from Iowa has mentioned it, I recall the law to which he refers. I may also say that I remember James Whitcomb Riley's little poem, "The goblins will get you if you don't watch out."

Mr. NORBECK. Mr. President, I am not particularly interested in the question whether some one was right or wrong in the fixing of the wheat price during the war. There seems to be a difference of opinion as to whether it was done to help win the war, but the farmers were told they would have to raise more wheat in order to win the war, and they raised it. However, no Senator during this long

debate has challenged the outstanding fact that when the price of wheat was fixed by the Government it was fixed downward and not upward. The Senator from Oklahoma, in my judgment, is right in saying that that kind of price fixing cost the farmers of his State and other States hundreds of millions of dollars. Certainly, I can agree with him that certain kinds of price fixing are very bad and very unfair and very dangerous. But, Mr. President, the farmers would have no claim for relief except for the inequality to which they are subjected caused by the interference with economic law for the benefit of others. If the farmer is getting an unjust deal, it is because somebody else has been given the long end; it is because price fixing has been the rule, and it has been used against him; it is because the earnings that should have gone to him have gone to others; it is because strong organizations and strong interests have come to Congress here to get special favors at the expense of the farmers. Yet when it is suggested that something be done to equalize conditions we are told that we must not interfere with economic law, and the whole cause of the trouble is interference with economic law.

The Senator from Oklahoma and I are not far apart. He stated that it is futile to attempt to fix the price of a world-wide commodity which is not consumed to any great extent at home. I fully agree with him as to that. I made that argument on this floor several years ago when the farm marketing bill was up. I fought a similar bill six years ago; I thought it was a futile thing to appropriate any money of the Government to try to fix the price of wheat in Liverpool; I thought it was a folly; I thought it was the most foolish thing that I had ever heard of being done in Congress. I said then that it would operate to the disadvantage of the farmers, and everyone admits now that it has. So the Senator from Oklahoma and I are not far apart as to that. This bill, however, does not attempt to do any such thing. It attempts, Mr. President, to get away from that thing which we are told is wrong. It attempts to get away from that thing which is evil and which has worked to the farmers' disadvantage. It attempts to get away from that thing which has upset our whole economics and has stopped the wheels of the factories and threatened the welfare of the entire country.

No, Mr. President; I do not feel that it is any answer to say that this depression is world-wide and that it is impossible to deal with the depression as such. That may be altogether too true; but we overlook the fact that the inequality between the farmer and the others did not come with this world depression. It came many, many years before. It helped to bring on the world depression. Everyone admits now that it helped bring on the depression and the disaster within the United States, and we are a part of the world.

We hear a great deal of complaint about others trying to live on a thousand-dollar salary; we have heard it a hundred times on this floor, and it is a fact that a good standard of living can not be maintained on ten or twelve hundred dollars a year; but why, then, is it insisted that the farmer should maintain himself and his family on one-fourth as much? Why do we ignore the fact that we can not give somebody a dollar without taking it away from some one else? We have, during the present session, voted repeatedly to tax the farmer and give it to some one else. That is interfering with economic law; that is the kind of interference against which I am protesting; that is the interference which struck agriculture down; that is the interference that stopped the wheels of the factory; that is the interference that broke down the value of property; that is the interference that made the banks weak; that is the interference that threatens to bring on financial disaster to the Nation. It is the interference with economic laws, if you please, that has brought this condition upon us; and we have very largely brought it upon ourselves.

What is the situation now? I have a letter from a farmer in South Dakota, a portion of which I will read. He says:

In about three weeks I will harvest 80 acres of rye. It will probably yield 15 bushels to the acre.

Which is a very satisfactory crop.

It will probably sell in Chicago or Milwaukee to-day for 32 cents or 33 cents. The freight and commission will be 17½ cents per bushel, thrashing 5 cents, other expenses 3 cents, or net 7 cents to me.

Seven times 15 amounts to $1.05 an acre, and that is not allowing for his taxes, that is not allowing for his labor, that is not allowing for interest on his mortgage, that is not allowing for the cost of planting; Mr. President, it is not even allowing for the cost of seed. Yet that is the value of a good crop of 1932. So not only does he work for nothing, but in reality he pays for the privilege of farming. He goes on to say that if he would leave the crop in the field he would be money ahead, because he owes for the seed and there is a mortgage on it for the seed. That, Mr. President, is the state of agriculture.

We hear much about overproduction, and still the fact is unchallenged that the increased production of wheat does not equal the increase in our population; the fact stands unchallenged that we are producing less wheat per man, woman, and child than we did 10, 20, or 30 years ago.

Some one may say we are consuming less per capita and that is why we are exporting more. Mr. President, the best answer to that is to take the export figures and see whether we have been exporting more. They show that we have actually been exporting less, even leaving out the last two years, during which the Farm Board put wheat in the warehouses instead of marketing it in an orderly way as it should have done.

I quite agree that price fixing is a dangerous thing, and certainly I agree with the Senator from Oklahoma that if the price be fixed too high it will increase the output of the commodity. But why use that as an argument against the pending bill, when the pending bill does not provide that there shall be a profit on commodities produced on the farm, but only that the price shall be established at the cost of production? Some of the cases which have been cited are not parallel. That is true of the argument as to coffee; it is true of the argument as to rubber; it is true of the argument as to silk. They come in a different class entirely, and therefore the argument based on those commodities does not bear upon this question.

Mr. President, agriculture has gone through its disaster, and now there is not much left of it. The agricultural disaster has spread out over the Nation. If the rest of the country likes it, if they like stopping the factories and increasing unemployment which the depression of agriculture has brought about, let it keep right on.

I know that some may say by fixing the price of wheat the price of food will be increased. They forget the fact that the farmer gets less than 1 cent out of every loaf of bread and generally gets about one-half a cent. They forget the fact, as the Senator from Oklahoma so well stated, that with the price of wheat in France at $1.70 a bushel, five times as much as it is here, a loaf of bread sells in France for the same price as it sells for here, or even at a less price than here, because here we are robbed by the middlemen. Yet when there is any legislation brought on this floor the time is devoted to faultfinding instead of devoted to finding a way out of the difficulty.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The question is on the motion of the Senator from Utah [Mr. KING] to recommit the bill to the Committee on Agriculture and Forestry.

Mr. FRAZIER and Mr. HOWELL asked for the yeas and nays.

The yeas and nays were ordered.

Mr. HOWELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Keyes	Shipstead
Austin	Dale	King	Shortridge
Bankhead	Davis	La Follette	Smoot
Barbour	Dill	Lewis	Steiwer
Blaine	Fletcher	McGill	Thomas, Okla.
Borah	Frazier	McNary	Townsend
Bratton	George	Metcalf	Trammell
Brookhart	Glass	Moses	Tydings
Broussard	Glenn	Neely	Vandenberg
Bulkley	Goldsborough	Norbeck	Wagner
Byrnes	Gore	Norris	Walcott,
Capper	Hale	Nye	Walsh, Mass.
Caraway	Harrison	Oddie	Walsh, Mont.
Carey	Hebert	Patterson	Watson
Cohen	Howell	Reed	Wheeler
Connally	Johnson	Robinson, Ark.	White
Coolidge	Jones	Robinson, Ind.	
Copeland	Kean	Schall	
Costigan	Kendrick	Sheppard	

Mr. SHEPPARD. I desire to announce that the Senators from Tennessee [Mr. McKELLAR and Mr. HULL] and the Senator from South Dakota [Mr. BULOW] are necessarily detained, attending the funeral of the late Representative ESLICK.

The PRESIDING OFFICER. Seventy-three Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Utah [Mr. KING] to recommit the bill.

Mr. FRAZIER. I call for the yeas and nays.

The yeas and nays were ordered.

Mr. HARRISON. Mr. President, I desire to ask the Senator from Utah and the other Senators who have taken part in this discussion if it is possible for us to have unanimous consent, in the event this motion to recommit is withdrawn, for a limit on debate on any amendment or on the bill itself, so that we may get it out of the way some time soon.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Oregon?

Mr. HARRISON. I do.

Mr. McNARY. The question now before the Senate is the motion to recommit, on which the yeas and nays have been ordered. That should be disposed of, and I think we are ready for a vote.

Mr. ASHURST (and other Senators). Question!

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. CONNALLY (when his name was called). On this question I have a general pair with the senior Senator from Colorado [Mr. WATERMAN] and therefore withhold my vote.

Mr. GLASS (when his name was called). I have a general pair with the senior Senator from Connecticut [Mr. BINGHAM], who is necessarily absent. I find, however, that my pair, if present, would vote as I desire to vote. Therefore I vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent. I therefore withhold my vote. If at liberty to vote, I should vote "nay."

Mr. KEAN (when his name was called). I am paired with the junior Senator from South Dakota [Mr. BULOW] and withhold my vote. If the Senator from South Dakota were present, I understand that he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. SHORTRIDGE (when his name was called). I have a general pair with the junior Senator from Tennessee [Mr. HULL]. I am advised, however, that if he were present he would vote as I intend to vote. I vote "yea."

Mr. WATSON (when his name was called). I have a pair with the Senator from South Carolina [Mr. SMITH], who is absent from the city. I transfer that pair to the Senator from Connecticut [Mr. BINGHAM] and will vote. I vote "yea."

The roll call was concluded.

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. In his absence, I withdraw my vote.

Mr. GLENN. I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is necessarily absent, and therefore withhold my vote. If at liberty to vote, I should vote "yea."

Mr. COPELAND (after having voted in the negative). I have a general pair with the senior Senator from Ohio [Mr. FESS]. Being unable to obtain a transfer, I withdraw my vote.

Mr. McNARY. I desire to announce the following general pairs:

The Senator from Iowa [Mr. DICKINSON] with the Senator from Kentucky [Mr. BARKLEY];

The Senator from West Virginia [Mr. HATFIELD] with the Senator from North Carolina [Mr. MORRISON];

The Senator from Delaware [Mr. HASTINGS] with the Senator from Alabama [Mr. BLACK]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Tennessee [Mr. McKELLAR].

Mr. SHEPPARD. The senior Senator from Tennessee [Mr. McKELLAR] is necessarily absent on official business. If present, he would vote "yea."

The junior Senator from Tennessee [Mr. HULL] and the Senator from South Dakota [Mr. BULOW] are also necessarily detained on official business.

The senior Senator from North Carolina [Mr. MORRISON], the senior Senator from Alabama [Mr. BLACK], the junior Senator from North Carolina [Mr. BAILEY], and the junior Senator from Louisiana [Mr. LONG] are necessarily out of the city.

The senior Senator from Kentucky [Mr. BARKLEY] is also out of the city. If present, he would vote "nay" on this question.

Mr. GLASS. I desire to announce the necessary absence of my colleague [Mr. SWANSON] in attendance on the disarmament conference at Geneva.

The result was announced—yeas 38, nays 28, as follows:

YEAS—38

Ashurst	Coolidge	King	Townsend
Austin	Couzens	Lewis	Tydings
Bankhead	Dale	Metcalf	Vandenberg
Barbour	George	Moses	Wagner
Borah	Glass	Oddie	Walcott
Broussard	Goldsborough	Patterson	Walsh, Mass.
Bulkley	Hale	Reed	Watson
Byrnes	Hebert	Robinson, Ark.	White
Carey	Kendrick	Shortridge	
Cohen	Keyes	Smoot	

NAYS—28

Blaine	Fletcher	McNary	Shipstead
Bratton	Frazier	Neely	Steiwer
Brookhart	Harrison	Norbeck	Thomas, Idaho
Capper	Howell	Norris	Thomas, Okla.
Caraway	Johnson	Nye	Trammell
Costigan	La Follette	Schall	Walsh, Mont.
Dill	McGill	Sheppard	Wheeler

NOT VOTING—30

Bailey	Davis	Hayden	Pittman
Barkley	Dickinson	Hull	Robinson, Ind.
Bingham	Fess	Jones	Smith
Black	Glenn	Kean	Stephens
Bulow	Gore	Logan	Swanson
Connally	Hastings	Long	Waterman
Copeland	Hatfield	McKellar	
Cutting	Hawes	Morrison	

So Mr. KING's motion to recommit the bill to the Committee on Agriculture and Forestry was agreed to.

NAVAL APPROPRIATIONS

Mr. HALE, Mr. GLASS, and Mr. NORRIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Mr. HALE. I move that the Senate proceed to the consideration of H. R. 11452, the naval appropriation bill.

Mr. NORRIS and Mr. GLASS addressed the Chair.

The PRESIDING OFFICER. The question is on the motion of the Senator from Maine. The Senator from Nebraska is recognized.

Mr. NORRIS. Mr. President, I want to inquire of the Senator from Oregon about the conference report on the agricultural appropriation bill.

The PRESIDING OFFICER. Senators will suspend while the Senate receives a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker pro tempore had signed the enrolled bill (H. R. 4738) to incorporate the Disabled American Veterans of the World War.

ADJUSTED-SERVICE CERTIFICATES

The bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates was read twice by its title.

Mr. THOMAS of Oklahoma. Mr. President——

The PRESIDING OFFICER. The question is on the motion of the Senator from Maine [Mr. HALE]. The Senator from Oklahoma is recognized.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield for just a moment to enable me to present a unanimous-consent request?

Mr. HALE. I yield.

Mr. THOMAS of Oklahoma. I ask unanimous consent that H. R. 7726, the bill just received from the House of Representatives, being a bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, be ordered referred directly to the calendar without reference to the committee.

Mr. HARRISON and Mr. SMOOT addressed the Chair.

The PRESIDING OFFICER. To whom does the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. Mr. President, I am speaking at the sufferance of the distinguished Senator from Maine.

Mr. HALE. I have the floor.

The PRESIDING OFFICER. The Senator from Maine has not the floor. Senators may not retain the floor while motions are entered and business is transacted. The Chair recognized the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. Accepting the ruling of the Chair, I yield to the Senator from Mississippi.

Mr. HARRISON. Would the Senator object if that order should be entered fixing a time definitely for limiting debate, or when we might vote definitely on the matter?

Mr. THOMAS of Oklahoma. Mr. President, the bill has just come from the House, and no one before this hour could have known what the bill would contain. Several bills were pending in the House. Even the bill which passed was amended by that body within the last two hours, I will say. So no Member of this body, unless he has taken occasion to investigate since the bill was passed, knows what the bill contains. Therefore, it would be unfair at this time, I think, to consider fixing a time for the consideration of the bill. All I am asking is that the bill go on the calendar. There will be no chance for the Committee on Finance to give hearings on the bill at this late hour.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. THOMAS of Oklahoma. In just a moment. Replying more specifically to the inquiry of the Senator from Mississippi, if the unanimous consent can be given to place the bill on the calendar, then it will be in order, I should say, at any time, to take it up and fix a time for consideration. At that time I shall be very glad to consent, as far as I am personally concerned, to any arrangement giving such time as may be necessary for the bill to be printed, and for Senators to read it.

I yield to the Senator from Utah.

Mr. SMOOT. I can not see why the bill should go to the calendar. I will say to the Senator that it ought to go to the committee; and if it does go to the committee, I give notice now to all members of the committee to meet to-morrow morning at 9.30 or to meet this afternoon and report the bill out to-morrow.

Mr. HARRISON and Mr. HALE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield; and if so, to whom?

Mr. THOMAS of Oklahoma. I yield to the Senator from Mississippi.

Mr. HARRISON. If the bill is not to go to the calendar, and we can not take it up under an agreement to vote on it at a certain time, it seems to me it should go to the committee. But I do not see why the chairman of the committee should say we are going to report it out to-morrow. If it goes to the committee, it is going there for the consideration of the committee. I do not think there would be any desire upon the part of anybody to delay the matter, but after getting it back we could secure an agreement to limit debate on the bill and all amendments, and the consideration of the bill ought to be finished as soon as possible.

Mr. SMOOT. That can be arranged just as soon as the bill is reported to the Senate, and that is what I should ask for, if the Senator from Oklahoma did not ask for it. What I desire is a vote upon the bill, and I think every Senator desires the same thing; but I do not see any reason why this bill should take any course different from that taken by any other bill coming from the House, and especially as there is no inclination upon the part of any member of the committee to withhold immediate action upon it. Therefore I ask that it take its regular course.

The PRESIDING OFFICER. The Chair understands the Senator from Utah to object to the request of the Senator from Oklahoma, and the bill will be referred to the Committee on Finance.

ORDER OF BUSINESS

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. The question is on the motion of the Senator from Maine [Mr. HALE], and the Senator from Virginia is recognized.

Mr. GLASS. Mr. President, I want to submit a unanimous-consent request, that Senate bill 4412, to provide for the safer and more effective use of the assets of Federal reserve banks and of national-banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, be restored to its place as the unfinished business, with the understanding, of course, that I shall have it temporarily laid aside for the consideration of any of the appropriation bills.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. WAGNER. May I ask the Senator whether he would include the relief bill, which is upon the calendar now, and consent to lay the unfinished business aside temporarily for the consideration of that measure?

Mr. GLASS. I think I would agree to that, it being an emergency bill.

Mr. WHEELER. Mr. President, I shall object to the unanimous-consent request.

Mr. GLASS. Then, if it is in order, I move to restore the bank bill to the status which it had before, when, while I was absent, it was displaced.

The PRESIDING OFFICER. The Chair will inform the Senator from Virginia that a motion is now pending to proceed to the consideration of H. R. 11452, and that the Senator's motion is not in order while the other motion is pending.

Mr. GLASS. May I ask the Senator from Maine if he will withhold his motion for a moment?

Mr. HALE. Will not the Senator allow me to have my motion acted on? Then I will yield to him temporarily.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Utah?

Mr. GLASS. I yield.

Mr. KING. May I ask the Senator from Maine whether it is his intention to proceed with the consideration of House bill 11452 to-day if it becomes the unfinished business?

Mr. HALE. No; I would like to have it taken up and made the unfinished business, and proceed with it the first thing to-morrow morning.

Mr. KING. While I have the floor——

The PRESIDING OFFICER. The Senator from Virginia has the floor.

Mr. KING. The Senator yielded to me for a moment. It seems to me that the Senator from Virginia is entitled to have his request considered. The bill to which he has referred was displaced, I think, with many Senators here not understanding the parliamentary status of the bill, and it does seem to me he is entitled to have his motion to have it restored to its position considered by the Senate.

Mr. GLASS. I will say to the Senator from Maine that he would lose nothing by withholding his motion for a moment, because I have already stated that I shall ask that the unfinished business be temporarily laid aside for any appropriation bill.

The PRESIDING OFFICER. That may only be done by unanimous consent.

Mr. GLASS. I shall always ask unanimous consent that that be done. It seems to me that in fairness this bill ought to be restored to its status on the calendar.

Mr. HALE. Mr. President, I would like very much to have the appropriation bill made the unfinished business, so that we can go ahead with it as soon as possible. I will yield to the Senator as soon as the Senate votes to take it up.

Mr. NORBECK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from South Dakota?

Mr. GLASS. I yield.

Mr. NORBECK. I do not like the word "unfairness" used in this matter, because I do not think it applies. The bill referred to by the Senator from Virginia is a very involved bill. I think it has a lot of good in it. I am opposed to it on account of the branch-banking feature which it attempts to fasten on the country, and I think it would be impossible to pass it. Furthermore, I am told that more than a dozen amendments are to be proposed to it, and I doubt whether we have time to act on it.

If I were to make a request of the Senator from Virginia, I would make the request that he substitute his other bill for the one he has mentioned. He has another bill which came from the Committee on Banking and Currency, which provides for an expansion of the currency in a way that seems to be sound, which might ease up the whole banking situation, and which might help restore the price level. The bill to which the Senator is referring is a bill to restrict banks in their practice. I am not saying that critically. It is a bill to do away with the affiliates, which have proven an evil, and I would suggest that if that subject were separated it would meet with the approval of the Senate. But it is a bill to establish a new system of banking all over the United States, to do away with the dual system of banking, and to substitute a single system of banking, which I feel will be under too much central control.

On the question of fairness, I submit this, and I have never raised the question before. I was a member of the subcommittee which worked on the bill for nearly two years. The bill carried in it a provision that branch banking should be subject to the will of the States. State rights were preserved. Each State could determine the question for itself. Branch banking would not be in the law except as the States voted to establish a State branch-banking system. If I wanted to plead unfairness, I would plead this, that in my absence that feature was stricken out; and if the Senator from Virginia pleads unfairness, and he says he was home when his bill was displaced, I think one offsets the other, and therefore I suggest that he should not urge unfairness in order to have the bill taken up at this time.

Mr. GLASS. Mr. President, I do not intend to go into the merits of the bill. There was no unfairness in the committee, because the chairman of the committee, the Senator who has just spoken, had ample opportunity before the full committee to have his notions on branch banking restored to the bill.

Mr. NORBECK. Yes; but it was taken up and discussed and decided in my absence.

Mr. GLASS. The Senator had full opportunity in the committee to have them restored before there was a report on the bill. But I do not intend to discuss those questions. The facts are simply these, that the banking bill was made the unfinished business. In my absence—and I am told unintentionally—its status was altered, and all I am seeking to do now is to restore that status of the bill in order that I may know whether I should longer waste my time fooling with a bill that is not to be considered. Therefore, if it is agreeable to the Senator from Maine, I will move to restore the bank bill to its status, with the distinct understanding that I shall ask to lay it aside whenever there is a desire to consider an appropriation bill, or the so-called Wagner labor relief bill, or the soldiers' bonus measure, of course.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. WHEELER. I just want to make this suggestion, that the reason why I objected was the fact that I know perfectly well that if the bill which the Senator has in mind is brought up there will be long discussion of many features of the bill, especially the feature with reference to branch banking, which is opposed by a great many of us in the Northwest, which it would affect very seriously, and likewise a feature with reference to an appropriation out of the Treasury of $125,000,000. There are others in the Chamber who will bitterly oppose other features of the bill. It does seem to me that under those circumstances there is very little likelihood of the bill passing at this session of the Congress, and that it is more or less of a waste of time of the Senate to take it up and undertake to pass it.

Mr. GLASS. Mr. President, if the Senate subscribes to the view of the Senator from Montana, I want to know it, so that I will not waste any more of my time. I have been devoting the last two years to this proposition. Incidentally, may I say to the Senator from the Northwest, the Northwest will be very much worse off without this bill than with it, and he will find that out, too, before next winter passes.

Mr. WHEELER. Mr. President——

Mr. GLASS. I do not want to go into that.

Mr. WHEELER. If the Northwest is worse off without it, I will say to the Senator from Virginia that the people of the Northwest, as distinguished from a few bankers out in the Northwest, are opposed to the bill and do not want it.

Mr. GLASS. I do not think the Senator knows that.

Mr. WHEELER. I think I do.

Mr. GLASS. I do not think so.

Mr. WHEELER. I think I am much more conversant with the Northwest and the people of the Northwest than is the Senator from Virginia.

Mr. GLASS. That may be, but I do not think any Senator from the Northwest knows what the people want about this bill, because I do not think the people themselves know.

Mr. WHEELER. Of course, the Senator from Virginia knows what they want.

Mr. BORAH. Mr. President, will the Senator yield to me?

Mr. GLASS. I yield.

Mr. BORAH. It does not seem to me to be a sound argument that we should not take up the bill simply because it is an important bill and will require discussion. There is no limit to this session except such limit as we may place upon it. I think the bill referred to by the Senator from Virginia ought to be disposed of, and I hope the other bill which the Senator has in charge will be brought forward also. It does not seem to me that because it is an important bill we should not undertake to dispose of it.

Mr. SMOOT. Mr. President, I would like to give notice to members of the Finance Committee that the committee will meet at 9.30 o'clock to-morrow morning.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Maine.

Mr. FLETCHER. Mr. President, I want to say that I regard the bill commonly known as the Glass bill as a very important measure. I think it ought to be dealt with before we adjourn, no matter how long we may have to be here. At any rate, we ought to consider the bill. I think the country needs it. The whole financial and economic situation in this country requires that sort of legislation, and I hope the Senator will be able to get a vote on the bill before we adjourn.

The PRESIDING OFFICER. The question is on the motion of the Senator from Maine [Mr. HALE] that the Senate proceed to the consideration of the naval appropriation bill.

Mr. ROBINSON of Arkansas. That motion is debatable, is it not?

The PRESIDING OFFICER. The motion is debatable.

Mr. ROBINSON of Arkansas. Considering the circumstances under which the Glass banking bill was displaced from a preferred status on the calendar, I believe that the Senate should restore it, and that the Senator from Maine ought to avail himself of the assurance given by the Senator from Virginia that he will ask, upon proper occasion, for the temporary laying aside of the banking bill to consider appropriation bills, the relief measure, and other emergency measures. It will, of course, be necessary to pass the naval appropriation bill. By reason of its nature it has a preferential right to consideration.

When the Glass bill was displaced it was not generally understood by the Senate that that end would result from the motion which actually displaced it, the author of the motion not having that purpose in mind. We necessarily agree upon a great many matters of procedure. Much time is saved by the processes of agreement. I commend the suggestion to the Senator from Maine, particularly in view of the fact that he has stated that he does not intend to proceed this afternoon with the consideration of the naval bill, and that therefore it will be necessary either to recess or to take up some other measure. I realize the pressure which the Senator from Maine feels is upon him to urge the immediate consideration of the appropriation bill, and there is no disposition here on the part of anyone to unduly defer action on that bill. It is my judgment that in all probability the business of the Senate will be speeded up if the Senator from Maine will see fit to comply with the request that has been made.

Mr. HALE. Mr. President, when I made the motion to take up the naval appropriation bill I stated that I did not intend to proceed with it this afternoon. That statement was made because the Senator from Oregon [Mr. MCNARY] told me that he had another matter that he wanted to take up which would not require very much time, and I told him I would withdraw temporarily in his favor.

I would like very much to comply with the suggestion of the Senator from Arkansas, but it seems to me that the request is not altogether a reasonable one. I made my motion in the regular order of procedure, as soon as the then unfinished business was gotten out of the way, and asked that my bill be taken up and become the unfinished business. Should I accede to the request of the Senator from Virginia [Mr. GLASS] and bring my bill before the Senate by temporarily laying aside his bill, one Senator could block that action, and I would then have to make a motion to set aside the bill of the Senator from Virginia, which I would not want to do. It seems to me that appropriation bills ought to have some right of way in the Senate; and therefore I must reluctantly insist upon my motion.

The PRESIDING OFFICER. The question is on the motion of the Senator from Maine. [Putting the question.] The Chair is in doubt.

Mr. REED. Let us have the yeas and nays.

The yeas and nays were ordered.

Mr. ASHURST. Mr. President, so far as I know, I am in favor of both these bills. I may not fully understand the bill reported by the Senator from Virginia [Mr. GLASS]; but if I were opposed to his bill, I would grant him that measure of fair dealing to which I think he is entitled. Therefore I shall vote against taking up the naval appropriation bill now in order that the Senator from Virginia may have a chance to restore the status of his bill, especially when he has agreed to give way to appropriation bills, to the Wagner relief bill, and to the bonus bill.

Mr. DILL. Mr. President, I can not understand, since the bill in which the Senator from Virginia is interested was laid aside by necessary motion to take up an appropriation bill, why we should again give that bill a preferred status through which it holds the privilege of allowing no other legislation to be considered outside of appropriation bills. Why should the Senate be placed at the mercy of the banking bill and those who favor it? If at any time the Senate wants to take up the banking bill, its author can move to take it up. I do not see why appropriation bills and other important legislation should be placed at the mercy of the banking bill. There was no unfairness in the laying aside of that bill. It was done because of the situation which developed in connection with the appropriation bill and which may develop at any hour if we again place it in a similar status. For my part I shall vote to take up the naval appropriation bill.

Mr. LEWIS. Mr. President, I feel at this particular moment it would not be appropriate to reveal a situation which is being masked. There is a tendency on the part of Members of the Senate to hasten certain legislation, that it might be concluded and the Senate be relieved from its labors to enable certain of its Members, particularly of the Democratic side, to attend a convocation at Chicago that will go by the name of the Democratic National Convention. I am one of those who, as we gather from the public press, are to be among the victims of immolation destined to the altar and scheduled for the sacrifice at that variegated ceremony. I think it is fair to state, and ought to be stated without equivocation, and asserted to the public without any reservation, that as long as there remain bills that have to do with the public welfare, through which the great citizenship of the land is looking for relief, there should be no inclination disclosed on the part of this body of a willingness to desert those duties, to qualify or limit them merely for the privilege of attending an exhibition.

Speaking for myself I desire to say that there will be entertainment enough in the presentation of the panorama as now scheduled without calling for display of Senate celebrities. Sir, I feel that it is the duty of every Senator, and as I can not appraise the conduct of any other Senator other than by a parallel to myself, that we remain in session to the full extent made necessary by the call of every bill that is just now under the peculiar circumstances of our country made necessary to regain the confidence of the public, to restore national confidence, and to give wherever possible national relief to the present national disaster. I therefore suggest that it is our work now to proceed in whatever way every one of these measures of great importance shall command and for all time that shall give the freest consideration to the bill, the fullest deliberation to the purpose, and the calm and judicious vote as to its disposition. I urge that all theory of adjourning upon the mere purpose of attending a political convention of any political party be banished from the minds of patriotic Members of this body until these duties to the public that necessity demands have been performed.

Mr. REED. Mr. President, no one could have the slightest doubt of the complete good faith of the Senator from Virginia [Mr. GLASS] when he says that if he can get his banking bill made the unfinished business he will yield to the Senator from Maine [Mr. HALE] to take up the Navy appropriation bill. But think of the position in which that puts the Senator from Maine and the Navy appropriation bill. Any one Senator at any time, who is displeased with any action taken on the Navy appropriation bill, could rise in his place, demand the regular order, and "bang" would go the Navy appropriation bill.

Mr. BORAH. Could he not move to take it up and would not the banking bill be displaced instantly?

Mr. REED. But would it? That is a question about which I am not so sure. For that reason I shall vote to take up the Navy appropriation bill, but I want it to be

understood that the vote implies no dissent with the banking bill and no indisposition to consider it.

Mr. GLASS. Mr. President, all I want is to have the Senate determine whether it is going to shelve the banking bill and assume responsibility for it. I do not want to bother with it any longer if that is the case.

Mr. WHEELER. Mr. President, I quite agree with what the Senator from Illinois [Mr. LEWIS] has said about staying here until every important piece of legislation is passed. I am perfectly willing to stay here for the rest of the summer or until every piece of legislation is passed that ought to be passed. I think we ought to stay here until the relief bills are disposed of and until every other important piece of legislation is taken care of.

I am not at all in accord with the views of those who are anxious to get away from their legislative duties this week or next week and to kill important legislation. But I do not agree that we ought to place every piece of legislation that comes before the Senate at the mercy of the banking bill. We have passed two or three banking bills this session. We have just turned down the demands of agriculture in the Senate and sent the bill back to the committee.

Mr. NORBECK. Mr. President, does the Senator think we can pass the banking bill through the Senate now?

Mr. WHEELER. We have not been able to pass anything but bills for the relief of the banks and the bankers.

Mr. NORBECK. That is the observation I was about to make.

Mr. WHEELER. When it comes to passing some legislation for the relief of the unemployed, it has been voted down. When we have come to pass some legislation in aid of the farmers, it has been voted down. We now have another bill which is for the relief of the bankers, and I, for one, am not willing to see it take precedence over every other piece of legislation. When appropriation bills or any other legislation come up in the regular order, they ought to be voted on, and then the banking bill ought to be voted on in its regular turn and in no other way.

NAVAL APPROPRIATIONS

The PRESIDING OFFICER. The question is on the motion of the Senator from Maine to proceed to the consideration of the naval appropriation bill, on which the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). I have a general pair with the senior Senator from Ohio [Mr. FESS]. Not knowing how he would vote, I withhold my vote.

Mr. GLENN (when his name was called). In view of my general pair with the junior Senator from Louisiana [Mr. LONG], I refrain from voting.

Mr. KEAN (when his name was called). I am paired with the Senator from South Dakota [Mr. BULOW] and therefore withhold my vote.

Mr. SHORTRIDGE (when his name was called). Making the same announcement in respect to my general pair with the junior Senator from Tennessee [Mr. HULL] as on the previous roll call, and not knowing how he would vote if present, I refrain from voting.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is unavoidably detained from the Senate. Not knowing how he would vote, I withhold my vote.

Mr. WATSON (when his name was called). I transfer my general pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Colorado [Mr. WATERMAN] and will vote. I vote "yea."

The roll call was concluded.

Mr. COPELAND. I find that the senior Senator from Ohio [Mr. FESS], with whom I am paired, would, if present, vote the same way that I desire to vote. Therefore I feel at liberty to vote and vote "yea."

Mr. ROBINSON of Indiana. Again announcing my general pair with the junior Senator from Mississippi [Mr. STEPHENS] and my inability to secure a transfer, I withhold my vote, but if permitted to vote I should vote "yea."

Mr. KEAN. I transfer my pair with the Senator from South Dakota [Mr. BULOW] to the junior Senator from Connecticut [Mr. WALCOTT] and will vote. I vote "yea."

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent. As I am unable to make a transfer of that pair, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. GLASS (after having voted in the negative). I have a general pair with the senior Senator from Connecticut [Mr. BINGHAM], which I transfer to the junior Senator from North Carolina [Mr. BAILEY], and let my vote stand.

Mr. MCNARY. I desire to announce the following general pairs:

The Senator from Iowa [Mr. DICKINSON] with the Senator from Kentucky [Mr. BARKLEY];

The Senator from West Virginia [Mr. HATFIELD] with the Senator from North Carolina [Mr. MORRISON]; and

The Senator from Delaware [Mr. HASTINGS] with the Senator from Alabama [Mr. BLACK].

Mr. SHEPPARD. I desire to announce that the Senator from Virginia [Mr. SWANSON], the Senator from Kentucky [Mr. BARKLEY], the Senator from Alabama [Mr. BLACK], the senior Senator from North Carolina [Mr. MORRISON], and the junior Senator from North Carolina [Mr. BAILEY], and the Senator from Louisiana [Mr. LONG] are necessarily out of the city.

I also wish to announce that the Senators from Tennessee [Mr. MCKELLAR and Mr. HULL] and the Senator from South Dakota [Mr. BULOW] are absent attending the funeral of the late Representative Eslick.

The result was announced—yeas 44, nays 25, as follows:

YEAS—44

Austin	Dale	McGill	Schall
Barbour	Davis	McNary	Shipstead
Blaine	Dill	Metcalf	Smoot
Bratton	Frazier	Moses	Steiwer
Brookhart	Goldsborough	Neely	Thomas, Okla.
Broussard	Hale	Norbeck	Trammell
Capper	Hebert	Norris	Vandenberg
Carey	Johnson	Nye	Walsh, Mass.
Coolidge	Kean	Oddie	Watson
Copeland	Keyes	Patterson	Wheeler
Couzens	La Follette	Reed	White

NAYS—25

Ashurst	Connally	Howell	Thomas, Idaho
Bankhead	Costigan	Kendrick	Tydings
Borah	Fletcher	King	Wagner
Bulkley	George	Lewis	Walsh, Mont.
Byrnes	Glass	Logan	
Caraway	Gore	Robinson, Ark.	
Cohen	Harrison	Sheppard	

NOT VOTING—27

Bailey	Fess	Jones	Smith
Barkley	Glenn	Long	Stephens
Bingham	Hastings	McKellar	Swanson
Black	Hatfield	Morrison	Townsend
Bulow	Hawes	Pittman	Walcott
Cutting	Hayden	Robinson, Ind.	Waterman
Dickinson	Hull	Shortridge	

So the motion was agreed to; and the Senate proceeded to consider the bill (H. R. 11452) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. NYE. Mr. President, I desire to offer two amendments to the pending appropriation bill and ask that they may be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received, printed, and lie on the table.

AGRICULTURAL DEPARTMENT APPROPRIATIONS

Mr. MCNARY. I desire the Chair to lay before the Senate the action of the House of Representatives on certain amendments of the Senate to the agricultural appropriation bill.

The Chair laid before the Senate the action of the House of Representatives on certain amendments of the Senate still in disagreement to the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
June 11, 1932.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 6 to the bill (H. R. 7912) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes," and concur therein.

That the House recede from its disagreement to the amendment of the Senate numbered 76 and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following:

"AGRICULTURAL-CREDIT CORPORATIONS

"For carrying into effect the provisions of public resolution No. 11, entitled 'Joint resolution to authorize the Secretary of Agriculture to aid in the establishment of agricultural-credit corporations, and for other purposes,' approved March 3, 1932, $10,000,000 of the combined unexpended balances and repayments thereto of the appropriations contained in public resolution No. 114, approved January 15, 1931, and in the Interior Department appropriation act for the fiscal year 1932, approved February 14, 1931, to carry out the provisions of Public Resolution No. 112, approved December 20, 1931, as amended (46 Stat. 1032, 1160, 1167), is hereby made immediately available as a revolving fund, as authorized by section 4 of said public resolution No. 11, of which fund not to exceed 2 per cent shall be available for the expenses of administration, including the employment of persons and means in the District of Columbia and elsewhere, printing and binding, purchase of law books and books of reference, and other necessary expenses: *Provided*, That the unobligated balances remaining in such appropriations (together with repayments credited thereto), not otherwise appropriated, shall be covered into the Treasury at the close of the fiscal year 1932 as 'Miscellaneous receipts.'"

That the House insist upon its disagreement to the amendments of the Senate numbered 13, 14, 15, 16, 17, 21, 22, 29, 30, 53, 56, 61, 67, 68, 69, 77, and 82.

Mr. McNARY. Mr. President, I propose the following motion, and will ask the clerk to read it.

The PRESIDING OFFICER. The motion offered by the Senator from Oregon will be stated for the information of the Senate.

The Chief Clerk read as follows:

I move that the Senate agree to the House amendment to Senate amendment No. 76; that it recede from its amendments Nos. 13, 16, 17, 21, 22, 29, 53, 61, 67, 68, and 69; that it further insist on its amendments Nos. 14, 15, 30, 56, and 82 (to correct totals); that it further insist upon its amendment No. 77, and ask a further conference with the House on said amendment, and that the Chair appoint the conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Arkansas?

Mr. McNARY. I yield.

Mr. ROBINSON of Arkansas. I should like to ask the Senator from Oregon to explain the effect of his motion. As he readily understands, it is impossible to follow the amendments by mere references to the numbers.

Mr. McNARY. The matter which was read by the clerk which is proposed to be inserted in lieu of the amendment adopted by the Senate relates to what is known as the George amendment, which was adopted in the Interior Department appropriation bill of last year and proposes to make available $10,000,000 for the purpose of the extension of rural credits throughout the country. The provision as read simply carries over for one year the amount of money that is unexpended and the amount that has been repaid and now forms a revolving fund. I think the Senator from Arkansas probably cooperated with the Senator from Georgia last year in the creation of this agricultural-credit institution, which is a temporary one. Now, in order to carry it on through this year, and to make funds available for the same specific purpose, namely, providing credit to farmers' organized credit associations, provision is made for the use of a revolving fund in this bill. In a word, that is what it means.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Utah?

Mr. McNARY. I yield.

Mr. KING. There are a number of amendments in disagreement, as I understand?

Mr. McNARY. I will follow them up. The amendments from which the Senate recedes involve increases which the Senate put in the bill, such as the $10,000 item for carrying on the work as to diseases of animals, and various other items. The Senate committee recommended the increases, and that action was confirmed by the Senate. Now we have receded from them in order to curtail the amount of the appropriation. Five of the items are to correct clerical errors. There is only one vital amendment on which a further conference is asked. That is the grasshopper item, to which the House disagrees, and I am asking for a further conference, in the hope, while cutting down the amount of the appropriation, we may meet a very trying situation by a further conference.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon.

Mr. BANKHEAD. Mr. President, I should like to know whether there is any way by which this entire bill can be reopened? It passed the Senate at a time before we undertook our economy program, before the 10 per cent reduction was applied to other bills, and, in my judgment, there is more room for saving in this appropriation bill than in any measure which has been before the Senate.

The PRESIDING OFFICER. In the opinion of the present occupant of the Chair, the conference report must either be accepted or rejected in its entirety.

Mr. BANKHEAD. There is no way, then, as I understand the Chair, by which the bill may be reopened. Suppose the conference report is turned down and rejected, then, can the bill be reopened?

The PRESIDING OFFICER. Only in so far as the conference report relates to items which have not been agreed to. The Senator from Alabama may not be aware of the fact that a previous conference, representing a partial agreement, has been presented and adopted. Therefore, in so far as those items are concerned, that portion of the bill is beyond the further control of the Senate.

Mr. BANKHEAD. I had hoped that there might be some parliamentary way by which we could again consider the items of this bill.

Mr. McNARY. Mr. President, let me advise the Senator from Alabama that the agricultural appropriation bill has been cut a larger percentage than has any of the other supply bills; as compared with the appropriations for the present year the cut has been 34 per cent.

Mr. BANKHEAD. Even assuming that to be true, Mr. President, I went over the items in this bill when it was passed; and, while it has been a long while ago, I think there is ample room for cutting 10 or 15 or 20 per cent more from this bill if those who are really interested in the subject of the reduction of the cost of government will make the effort. I should like to have an opportunity to bring about such a result.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BANKHEAD. I yield.

Mr. NORRIS. The Senator referred to the agricultural appropriation bill having passed before the Senate started out on its economy plan by reducing appropriation bills 10 per cent. We have already gone back on that plan, I will say to the Senator, because we refused to apply it in the case of the Army appropriation bill.

Mr. BANKHEAD. That was not done with my consent.

Mr. NORRIS. Nor with mine, either.

Mr. TRAMMELL. Mr. President, while we are on the subject of agriculture, I should like to make inquiry of the chairman of the appropriate committee as to what has been done with the bill which passed the Senate prescribing an interpretation of the farm-loan provision in the Reconstruction Finance Corporation act?

It passed the Senate, as the Senator knows. That is in no wise involved in this matter, I judge.

Mr. McNARY. Probably I misunderstood the Senator's question.

Mr. TRAMMELL. I am speaking of the bill that was passed by the Senate about 10 days ago, prescribing, in a way, an interpretation of the farm-loan provision that was placed in the Reconstruction Finance Corporation act.

Mr. McNARY. Mr. President, that bill did not come before the Senate Committee on Agriculture and Forestry, but before the Senate Committee on Banking and Currency, and I am advised that it is still in conference.

Mr. TRAMMELL. I wish to say, referring to that particular measure, that the Secretary of Agriculture and his assistants have administered that particular provision of the Reconstruction Finance Corporation act in such a way as to preclude as far as possible the people of my State from enjoying the benefits under it which Congress contemplated.

In the first instance, they made such restrictions upon loans that those engaged in truck farming could scarcely obtain an amount sufficient to carry on their operations. After that action had been taken, the appropriations having been made, an appeal was made by myself and many farmers in my State that they make available the necessary loan blanks in Florida, so that the people in that State could obtain the loans while they were planting their spring crops.

The Agriculture Department, acting under the direction, doubtless, of the Secretary, delayed for three or four weeks sending the loan blanks into my State and giving the citizens of that State an opportunity to apply for loans, when, if they know anything, they should have known that they should have used all possible haste in providing those facilities to the farmers of Florida.

When, by that manipulation, they had deprived the people of the State largely of obtaining loans at the time they were planting their spring crops, the next movement was that in their regulations they restricted the applications to April 30, and they placed blanks in the State only three or four weeks before April 30. They were four weeks later than they should have been in getting the blanks into Florida. They ruled that they would not make loans on applications after April 30, and that those who had applied for loans on farm crops, even where they would be harvested by December 31, would not be granted loans, because they had to file the applications before April 30; and more recently they have held that no loans would be made for any crop that would not be harvested during the year. On the other hand, my people and I feel that the law contemplated that they should be allowed to obtain these loans for crops of this year, even though they should not be harvested until next season.

The Senate passed a bill expressing that that was the will of Congress and the purpose of Congress in the enactment of it; and that is the measure in particular to which I made reference. I hope it will be hastened in the other branch of Congress, or, if it is in conference, by the conferees.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon [Mr. McNARY].

The motion was agreed to.

The PRESIDING OFFICER. The Chair appoints the following conferees on the part of the Senate: The Senator from Oregon [Mr. McNARY], the Senator from Washington [Mr. JONES], the Senator from New Hampshire [Mr. KEYES], the Senator from Wyoming [Mr. KENDRICK], and the Senator from Arizona [Mr. HAYDEN].

THE FURLOUGH PLAN

Mr. KING. Mr. President, now that we are considering reports of conferees, I desire to make an inquiry of my colleague the senior Senator from Utah [Mr. SMOOT], and the Senator from New Mexico [Mr. BRATTON], in view of the statement I saw in the paper yesterday that the conferees had agreed to throw out the provision first accepted by the Senate and to adopt the furlough plan. I saw that the Senator from Utah stated that that had been done, and I saw a contradiction of it by some of the conferees. Of course, I have no right to inquire as to whether an agreement has been reached; but, if the Senator from New Mexico cares to do so, I should be very glad to have him state whether that statement attributed to the senior Senator from Utah is correct.

Mr. BRATTON. Mr. President, in response to the inquiry of the junior Senator from Utah, I take this occasion to say that the conferees on the so-called economy bill have not reached an agreement respecting the furlough plan or the pay-cut plan. That matter is in disagreement, and the conferees are still considering it. No agreement, tentative or otherwise, has been reached on it. The divergence of opinion is sharp.

I can not say to the Senator anything respecting the statement attributed to his colleague. All that I am in position to say is that the conferees have not reached any agreement, tentative or otherwise, respecting the furlough plan or the pay-cut plan. The matter is still in dispute, and is under consideration by the conferees.

Mr. SMOOT. Mr. President, I desire to say that there was apparently a misunderstanding about the furlough plan being agreed to by the conferees, as published in the paper. I will say to the Senator that it has not been agreed to yet, and we worked on it nearly all day.

I simply wanted to make that statement.

Mr. KING. Mr. President, I am very glad that my colleague makes that statement, because I hope the result will be quite different from that which would appear to be the result if the statement attributed to my colleague were accurate, which, as he now states, is wholly inaccurate.

INVESTIGATION OF CAMPAIGN EXPENDITURES

Mr. NORRIS. Mr. President, I ask the attention of the Senator from Indiana [Mr. WATSON]. I ask unanimous consent for the present consideration of Order of Business 640, Senate Resolution 174, the resolution to investigate campaign expenditures.

The PRESIDING OFFICER. Is there objection?

Mr. WATSON. I hope there will be no objection.

There being no objection, the Senate resumed the consideration of the resolution (S. Res. 174) for an investigation of campaign expenditures of presidential and senatorial candidates in 1932.

Mr. NORRIS. Mr. President, I think at a prior session we agreed to the amendments.

Mr. WATSON. Yes.

The PRESIDING OFFICER. The Senator from West Virginia [Mr. NEELY] entered a motion to reconsider the vote whereby the amendment recommended by the Committee to Audit and Control the Contingent Expenses of the Senate was agreed to. That Senator is not in the Chamber.

Mr. NORRIS. I believe he spoke to me about it; and I thank the Chair. I had entirely forgotten that. Does the Senator from Indiana have any objection to that reconsideration?

Mr. WATSON. Certainly not.

The PRESIDING OFFICER. Without objection, the amendment will be reconsidered.

Mr. TOWNSEND. Mr. President, what is the amendment?

Mr. NORRIS. The amendment is to strike out $50,000 and insert $25,000.

Mr. TOWNSEND. I should object to that.

The PRESIDING OFFICER. The Senator from Delaware objects.

Mr. NORRIS. Under those circumstances, Mr. President, I suppose we shall have to wait until the Senator from West Virginia is here.

The PRESIDING OFFICER. The resolution will be returned to the calendar.

ARTICLE BY JONATHAN BOURNE, JR., ON INDEPENDENT BIMETALLISM (S. DOC. NO. 109)

Mr. WHEELER. Mr. President, I send to the desk an article by Hon. Jonathan Bourne, jr., formerly United States Senator from Oregon, and ask that it be printed as a public document. It is on the subject of independent bimetallism.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business in open session.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, submitting a nomination in the Consular Service, which was referred to the Committee on Foreign Relations.

REPORTS OF THE POST OFFICE COMMITTEE

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

The PRESIDING OFFICER. The reports will be placed on the calendar.

THE CALENDAR

The PRESIDING OFFICER. The calendar is in order.

TREATIES

The Chief Clerk proceeded to read Executive A (71st Cong., 3d sess.), protocols concerning adherence of the United States to the Court of International Justice, transmitted by the President of the United States on December 10, 1930.

Mr. BORAH. Mr. President, the protocols will have to go over.

The PRESIDING OFFICER. The protocols will be passed over.

CONVENTION BETWEEN UNITED STATES AND FRANCE ON DOUBLE TAXATION

The Senate, as in Committee of the Whole, proceeded to consider Executive K (72d Cong., 1st sess.), a convention between the United States of America and France on the subject of double taxation, signed at Paris, on April 27, 1932, which was read, as follows:

To the Senate of the United States of America:

With a view to receiving the advice and consent of the Senate to its ratification, I transmit herewith a convention between the United States of America and France on the subject of double taxation, signed at Paris, on April 27, 1932.

The attention of the Senate is invited to the explanatory statement regarding the convention contained in the accompanying report of the Secretary of State.

HERBERT HOOVER.

THE WHITE HOUSE, *June 3, 1932.*

The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, a convention between the United States of America and France to regulate certain questions relative to double taxation, signed at Paris, on April 27, 1932.

In explanation of this convention, the following statement is made:

The general purpose of this convention is to eliminate some of the most troublesome tax problems confronting American interests doing business in France. Under the existing French tax laws some American business concerns operating in France through French subsidiary corporations have been subjected to the so-called double-dividend tax. That is, in addition to the various French taxes imposed upon the income and dividends of the French subsidiary, an additional tax is asserted against the American parent corporations based upon the dividends which they declared, on the theory that a portion of the earnings and profits out of which such dividends were paid were derived from French sources. Under this convention France gives up its right to collect this tax upon compliance by American subsidiary concerns in France with certain procedural conditions.

Also under existing French law an American business concern doing business in France through an unincorporated branch is in addition to many other taxes subjected to a tax based upon a portion of the dividends which it declares. A method is provided in this convention by which this dividend tax may be eliminated if a corresponding tax is paid upon three-fourths of the profits derived in France by the unincorporated branch.

The two foregoing problems are the most important ones covered by the convention.

In addition, the convention provides for the reciprocal exemption of salaries of Government officials, war pensions, annuities, and royalties.

Respectfully submitted.

HENRY L. STIMSON.

DEPARTMENT OF STATE,
Washington, June 2, 1932.

The President of the United States of America and the President of the French Republic, being desirous of regulating certain questions relative to double taxation, have decided to conclude a Convention on that subject, and for that purpose they have appointed as their respective Plenipotentiaries:

The President of the United States of America,

Mr. Walter E. Edge, Ambassador Extraordinary and Plenipotentiary of the United States of America to France.

The President of the French Republic,

M. André Tardieu, Member of the House of Representatives, President of the Council of Ministers, Minister for Foreign Affairs, Officer of the Legion of Honour, who, having communicated to one another their full powers found in good and due form, have agreed upon the following articles:

ARTICLE 1

Enterprises of one of the contracting States are not subject to taxation by the other contracting State in respect of their industrial and commercial profits except in respect of such profits allocable to their permanent establishments in the latter State.

No account shall be taken, in determining the tax in one of the contracting States, of the purchase of merchandise effected therein by an enterprise of the other State for the purpose of supplying establishments maintained by such enterprise in the latter State.

ARTICLE 2

American enterprises having permanent establishments in France are required to submit to the French fiscal administration the same declarations and the same justifications, with respect to such establishments, as French enterprises.

The French fiscal administration has the right, within the provisions of its national legislation and subject to the measures of appeal provided in such legislation, to make such corrections in the declaration of profits realized in France as may be necessary to show the exact amount of such profits.

The same principle applies mutatis mutandis to French enterprises having permanent establishments in the United States.

ARTICLE 3

Income which an enterprise of one of the contracting States derives from the operation of aircraft registered in such State and engaged in transportation between the two States is taxable only in the former State.

ARTICLE 4

When an American enterprise, by reason of its participation in the management or capital of a French enterprise, makes or imposes on the latter, in their commercial or financial relations, conditions different from those which would be made with a third enterprise, any profits which should normally have appeared in the balance sheet of the French enterprise, but which have been, in this manner, diverted to the American enterprise, are, subject to the measures of appeal applicable in the case of the tax on industrial and commercial profits, incorporated in the taxable profits of the French enterprise.

The same principle applies mutatis mutandis, in the event that profits are diverted from an American enterprise to a French enterprise.

ARTICLE 5

American corporations which maintain in France permanent establishments may, in derogation of Article 3 of the Decree of December 6, 1872, elect to pay the tax on income from securities on three-fourths of the profits actually derived from such establishments, the industrial and commercial profits being determined in accordance with article 1.

An American corporation which wishes to place itself under the régime of the preceding paragraph must make a declaration to that effect at the Bureau of Registration within six months after the date upon which this Agreement becomes effective or within six months after the creation of its establishment in France. The election made for one establishment applies to all the establishments of such corporation. Any such election is irrevocable.

ARTICLE 6

An American corporation shall not be subject to the obligations prescribed by Article 3 of the Decree of December 6, 1872, by reason of any participation in the management or in the capital of, or any other relations with, a French corporation, if such American corporation and French corporation conform to the requirements of the present article. In such case, the tax on income from securities continues to be levied, in conformity with French legislation, on the dividends, interest, and all other products distributed by the French enterprise; but it is moreover exigible, if the occasion arises, and subject to the measures of appeal applicable in the case of the tax on income from securities, on the profits which the American corporation derives from the French corporation under the conditions prescribed in Article IV.

An American corporation which wishes to place itself under the régime of the preceding paragraph must make a declaration to that effect at the Bureau of Registration jointly with the interested French corporation, within six months after the date upon which this Agreement becomes effective or within six months after the acquisition of the participation or the commencement of the relations of a nature to entail the application of Article 3 of the Decree of December 6, 1872. Any such election is irrevocable.

American corporations which have not made the declaration and which are subjected to the provisions of Article 3 of the Decree of December 6, 1872, shall enjoy the benefits of Articles 27, 28 and 29 of the French law of July 31, 1920, and Article 25 of the French law of March 19, 1928, under the same conditions as French corporations.

ARTICLE 7

Compensation paid by one of the contracting States to its citizens for labor or personal services performed in the other State is exempt from tax in the latter State.

ARTICLE 8

War pensions paid by one of the contracting States to persons residing in the territory of the other State are exempt from tax in the latter State.

ARTICLE 9

The following classes of income paid in one of the contracting States to a corporation of the other State, or to a citizen of the latter State residing there, are exempt from tax in the former State.

(a) amounts paid as consideration for the right to use patents, secret processes and formulas, trade marks and other analogous rights;

(b) income received as copyright royalties;

(c) private pensions and life annuities.

ARTICLE 10

This Agreement shall be ratified and the instruments of ratification exchanged at Paris as soon as possible.

The Agreement shall become effective on the first day of January following the exchange of ratifications and shall remain effective for a period of five years, and thereafter until twelve months from the date on which either Contracting Party gives notice of its termination.

American corporations which prior to May 1, 1930, have not had their liability to tax under Article 3 of the Decree of December 6, 1872, finally determined, and which make the declaration prescribed in Article VI of the present convention, shall not be subject to the application of Article 3 of the Decree of December 6, 1872, for any years preceding the coming into force of the Agreement.

In witness whereof, the respective Plenipotentiaries have signed the above articles, both in the English and French languages, and have hereunto affixed their seals.

Done in duplicate at Paris, on the 27th of April, 1932.

[SEAL] WALTER E. EDGE.

[SEAL] ANDRE TARDIEU.

PROTOCOL

At the moment of signing the Convention on Double Taxation between the United States of America and the Republic of France, the undersigned Plenipotentiaries, duly authorized by their respective Governments, have agreed, as follows:

(1) The taxes referred to in this Agreement are:

(a) for the United States:

the Federal income tax—but it is understood that Article 1 does not exempt from tax (1) compensation for labor or personal services performed in the United States; (2) income derived from real property located in the United States, or from any interest in such property, including rentals and royalties therefrom, and gains from the sale or the disposition thereof; (3) dividends; (4) interest.

(b) For France:

in articles I, II, III and IV, the tax on industrial and commercial profits (impôt sur les bénéfices industriels et commerciaux);

in articles III, V and VI, the tax on income from securities (impôt sur les revenus des valeurs mobiliéres);

in articles VII, VIII and IX, the tax on wages and salaries, pensions and life annuities (impôt sur les traitements et salaires, pensions et rentes viagères), and other schedular taxes (impôts cédulaires) appropriate to the type of income specified in said articles;

(2) The provisions of this Agreement shall not be construed to effect in any manner any exemption, deduction, credit or other allowance accorded by the laws of one of the contracting States in the determination of the tax imposed by such State.

(3) As used in this Agreement:

(a) The term "permanent establishment" includes branches, mines and oil wells, factories, workshops, warehouses, offices, agencies, and other fixed places of business, but does not include a subsidiary corporation.

When an enterprise of one of the States carries on business in the other State through an agent established there who is authorised to contract for its account, it is considered as having a permanent establishment in the latter State.

But the fact that an enterprise of one of the contracting States has business dealings in the other State through a bona fide commission agent or broker shall not be held to mean that such enterprise has a permanent establishment in the latter State.

(b) The term "enterprise" includes every form of undertaking whether carried on by an individual, partnership (société en nom collectif), corporation (société anonyme), or any other entity.

(c) The term "enterprise of one of the contracting States" means, as the case may be "American enterprise" or "French enterprise."

(d) The term "American enterprise" means an enterprise carried on in the United States by a citizen of the United States or by an American corporation or other entity; the term "American corporation or other entity" means a partnership, corporation, or other entity created or organized in the United States or under the law of the United States or of any State or Territory of the United States.

(e) The term "French enterprise" is defined in the same manner, mutatis mutandis, as the term "American enterprise."

(f) The American corporations mentioned in Articles V and VI are those which, owing to their form of organization, are subject to Article 3 of the decree of December 6, 1872. The present Agreement does not modify the régime of "abonnement" for securities.

(g) The term "United States," when used in a geographical sense, includes only the States and the Territories of Alaska and Hawaii, and the District of Columbia.

(h) The term "France," when used in a geographical sense, indicates the country of France, exclusive of Algeria and the Colonies.

Done in duplicate at Paris, the 27th of April, 1932.

WALTER E. EDGE.
ANDRE TARDIEU.

Mr. BORAH. Mr. President, this is in some respects a rather technical treaty. It is a treaty designed to obviate certain forms of taxation which are imposed by the Government of France upon citizens of the United States doing business in France. It is not necessary to go into the form of taxes from which they are seeking relief.

The treaty accomplishes what was desired in regard to giving relief to the citizens of the United States doing business in France; and the only question in which the committee was particularly interested was whether, by reason of securing that relief the Government of the United States lost anything in the way of revenue.

I will read some statements from the hearing on the treaty:

The CHAIRMAN. You have succeeded in relieving these private parties of this onerous tax?
Mr. ALVORD. Yes.
The CHAIRMAN. And it is your belief that the Government loses nothing and may gain considerable?
Mr. ALVORD. Yes, sir.

Mr. COUZENS. Mr. President, who is it that is testifying?

Mr. BORAH. Mr. Alvord.

Mr. COUZENS. Who is he?

Mr. BORAH. He is a representative of the Treasury Department and the State Department who negotiated the treaty. [Reading:]

Mr. BALLANTINE. Yes, sir; that is our belief.
The CHAIRMAN. If that is the judgment of the experts I know of no way to add to it.

Then on page 10 Mr. Ballantine testified as follows:

The CHAIRMAN. The prime object of the treaty is to relieve these companies or private interests from these burdensome taxes.
Mr. BALLANTINE. That is the prime effect, Senator.
The CHAIRMAN. How much, if anything, in the way of taxes does the Government lose.
Mr. BALLANTINE. It is our belief, Senator, that the net effect of this would be a gain in taxes, but, unfortunately, I am not in possession of the detailed classification of income which would be affected so as to make a demonstration of that mathematically.
We believe that French citizens are deriving from corporations vast income from patents or royalties which they have licensed American concerns to use.

Then, after Mr. Ballantine's statement, we called Mr. Alvord, one of the experts of the Treasury Department, also representing the State Department, who negotiated the treaty; and he testified, as I have already read, that in his opinion the Government would not lose but would gain by the transaction.

That is all I have to say.

The PRESIDING OFFICER. The treaty is before the Senate as in Committee of the Whole and open to amendment. If there be no amendment to be proposed, the treaty will be reported to the Senate.

The treaty was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read.

The Chief Clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive K, Seventy-second Congress, first session, a convention with France on the subject of double taxation, signed at Paris on April 27, 1932.

Mr. TRAMMELL. Mr. President, may I ask the chairman of the committee a question? Will this treaty have any effect on the rights of those who use patent privileges? Will it increase the cost?

Mr. BORAH. It is not supposed to have any effect upon that.

The PRESIDING OFFICER. The question is on the resolution of ratification. [Putting the question.] More than two-thirds of the Senators present concurring therein, the treaty is ratified.

UNITED STATES SHIPPING BOARD

The Chief Clerk read the nomination of T. V. O'Connor, of New York, to be a member of the United States Shipping Board.

Mr. WHEELER. Mr. President, the senior Senator from Tennessee [Mr. MCKELLAR] is necessarily detained from the Senate this afternoon, I understand on his way to the funeral of the deceased Representative. I understand he has been very much opposed to this nomination, and he asked me some time ago to request that it go over if it came up during his absence.

Mr. MCNARY. Mr. President, would it be possible to fix a time when the Senate might consider this nomination? It has been on the Calendar for some little time.

Mr. WHEELER. I can not very well do that, for the simple reason that I am making this suggestion at the request of the Senator from Tennessee. I understand he will be back in a day or so; and I assume that when he comes back, the matter can be taken up.

The PRESIDING OFFICER. The nomination will be passed over.

THE JUDICIARY

The Chief Clerk read the nomination of B. B. Montgomery to be United States marshal, northern district of Mississippi.

Mr. MCNARY. Let that go over.

The PRESIDING OFFICER. The nomination will be passed over.

UNITED STATES TARIFF COMMISSION

The Chief Clerk read the nomination of Edgar Bernard Brossard to be a member of the United States Tariff Commission.

Mr. COSTIGAN. Mr. President, I request that the nomination go over.

Mr. SMOOT. Mr. President, I would like to ask the Senator from Colorado if we can not agree on a date for a vote on this nomination? The term of Mr. Brossard will expire to-morrow.

Mr. COSTIGAN. It is my intention, I will say to the Senator from Utah, to discuss the nomination, and I am advised by the able and efficient Senator from Oregon [Mr. MCNARY] that there will be several executive sessions of the Senate before we adjourn finally, in one of which such discussion may be had. I hope to proceed at the next executive session of the Senate.

Mr. SMOOT. I would like to have a unanimous-consent agreement that at the next executive session the nomination of Mr. E. B. Brossard will be taken up and disposed of before adjournment.

Mr. COSTIGAN. Mr. President, while I desire to accommodate the Senator from Utah, and shall endeavor to do so, conditions permitting, it is necessary for me to object.

Mr. SMOOT. Then, Mr. President, I give notice now that at the next executive session I shall move to proceed to the consideration of Mr. Brossard's nomination.

The PRESIDING OFFICER. On objection, the nomination will be passed over.

THE JUDICIARY

The Chief Clerk read the nomination of Frank C. Patton to be United States attorney, western district of North Carolina.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of David D. Ashworth to be United States attorney, southern district of West Virginia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Harry A. Weiss to be United States marshal, northern district of West Virginia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF LABOR

The Chief Clerk read the nomination of Ernest A. Burguieres to be commissioner of immigration, port of New Orleans, La.

Mr. KING. Mr. President, this nomination was referred to the Committee on Immigration. The junior Senator from Louisiana [Mr. LONG] appeared before the committee and objected to the confirmation of the nominee. The national committeeman of the Republican Party of that State, who is also Assistant Secretary of the Navy, appeared and earnestly urged confirmation. I understood the committee at that time either to reject the nomination or to hold it in abeyance, and I am somewhat surprised to learn that it is upon the calendar. In the absence of the junior Senator from Louisiana, I shall object.

Mr. BROUSSARD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. KING. I yield.

Mr. BROUSSARD. This nominee is from my State, a man whom I have known all my life. I indorsed him before the committee when the nomination was sent to me.

I do not know that my colleague, who is now in Louisiana running the legislature, should be allowed to prevent the confirmation of a man at this session. Will not the Senator from Utah permit this matter to be taken up?

Mr. KING. Mr. President, I think it has been an unwritten rule—and if I am mistaken, I want to be corrected—that where a Senator states that a given nominee is personally obnoxious and objects to his confirmation, the Senate has hesitated to confirm. Though I am disposed, of course, because of my friendship and high regard for the senior Senator from Louisiana, to look with favor upon his position, nevertheless I would feel, in the absence of the junior Senator from Louisiana, in the light of the statement which he made before the committee, that it was my duty to ask that the matter go over.

Mr. BROUSSARD. Certainly it does not seem to me that the Senate should wait for the junior Senator from Louisiana to return and look after business here.

Mr. KING. The only request that I make is that it go over for a day.

Mr. REED. Mr. President, I was at the meeting of the Committee on Immigration at which this nomination was reported out. The chairman of the committee had a great pile of testimonials to the integrity and ability of this nominee. Against that stood only the objection of the Senator from Louisiana, without any reasons assigned except that the nomination was obnoxious to him.

Under our rather well-established rule, if this were an office to be exercised wholly within the State of Louisiana, that would be conclusive, at least upon a large number of us, but the jurisdiction of this appointee extends over many States. There is no reason why the objection of personal obnoxiousness should extend to such a nomination any more than to a nominee for the Supreme Court of the United States, and we have repeatedly decided that that is the way the rule is to be applied.

If Senator LONG were coming back here to attend to his duties in the Senate, of course we would say that out of our customary courtesy we should wait until he got back, but he has announced both publicly and privately that he has no intention of coming back during the present session, that he is going to the conventions in Chicago, and is not coming back to Washington and to the Senate. There is no reason why all business should be stagnated because some one Senator goes away and leaves his duties unattended to. Therefore, with all deference to the Senator from Utah, I would respectfully insist that we must act upon this nomination, as we have come to it on the calendar.

Mr. KING. Mr. President, the Senator from Pennsylvania was not present at the first meeting of the Committee on Immigration after this nomination had been sent by the President to the Senate. Senator LONG appeared before the committee and stated that he had telegrams from labor organizations of his State protesting against the confirmation of the gentleman referred to, and he supplemented that statement by the further statement that the nomination was personally obnoxious to him.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. KING. Just as soon as I complete the sentence I shall be very happy to yield.

The Senator from Pennsylvania was not there, and the committee then, according to my recollection, decided either not to report the nomination, to reject it, or to hold it in abeyance, and my memory does not serve me at the moment as to which of those courses was pursued.

Senator LONG was advised of the fact that the matter had been disposed of by the committee. I think he approached me later, and I told him that the committee had either refused to confirm, or had held the matter up, and he was justified, I feel sure, in assuming that no disposition favorable to the nomination had been made or probably would be made. He had a right to rely upon that fact.

Mr. REED. Mr. President, will the Senator yield?

Mr. KING. I ought to yield first to my friend the Senator from Nebraska.

Mr. REED. Perhaps the Senator from Nebraska will not object to my replying to what the Senator has just said.

Mr. NORRIS. I am willing to be displaced.

Mr. REED. I do not want the Senator to be displaced against his will.

The chairman of the Committee on Immigration stated at our meeting this week that he had agreed merely to hold the matter over for a time, and he expressed his own opinion to be that that time had elapsed, that the matter had been held up quite long enough, in fact, too long; that no new objections had come in against the nominee, and it was then voted unanimously by the members of the committee who were in attendance, the Senator from Utah not being there, that the nomination should be favorably reported.

Mr. KING. Mr. President, I was there during the greater part of the session, but was compelled to leave for another important committee meeting, and had no notice of the fact that this matter would be taken up. I will say very frankly that my inclination is to vote for the confirmation of this nominee, but I do feel that the situation is such that it would be rather unfair to Senator LONG to confirm this nominee at this time. I think the chairman of the committee should notify him, in view of all the facts which have come to my knowledge, that he will urge the nomination of this man at the next executive session of the Senate, giving Senator LONG an opportunity to be heard and to present his views.

Mr. REED rose.

Mr. NORRIS. Mr. President, before the Senator yields further to the Senator from Pennsylvania, because I can see the suggestion he is about to make, I want to ask the Chair whether this is the first executive session of the Senate since this nomination was reported.

The PRESIDING OFFICER. The Chair is informed that the nomination was reported on June 13 and that there has not been an executive session since that time until to-day.

Mr. NORRIS. Then it would go over upon objection under the rule, would it not?

The PRESIDING OFFICER. It would.

Mr. NORRIS. All the Senator from Utah would have to do would be to object.

Mr. KING. In view of all the facts, I object.

The PRESIDING OFFICER. The nomination will go over.

Mr. REED. Mr. President, will not the Senator from Utah agree that the matter may be brought up and disposed of at the next executive session? I will see to it that immediate notice is given Senator LONG by telegram.

Mr. KING. I do not want to make any agreement with regard to the matter. This is a very unpleasant task, I will say to the Senator, for me to assume, but I do feel that a Senator who is not here and who does not know that a matter is to be brought up, ought to be protected. After due time is afforded the Senator to appear, or to transmit his views to the Senate, I shall not object to the matter being taken up.

Mr. REED. The Senator from Utah is one of the most scrupulous in attendance to his duties here on the floor of the Senate, and I know that he agrees with me that it is indefensible for any one of us to go away in the absence of an emergency, and to remain away for weeks at a time, and expect the business of the Senate to stagnate in his absence.

Mr. KING. I do not want to be the judge of the conduct of anybody; we all have so many infirmities, but I think it might be a wise thing for the Senator to be here as much as possible, as others are.

SEVERAL SENATORS. Regular order!

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. ODDIE. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Is there objection?

Mr. BLAINE. Reserving the right to object, I ask that Calendar No. 4793, the nomination of Charles J. Moos to be postmaster at St. Paul, Minn., may go over.

Mr. ODDIE. I agree that it may go over.

The PRESIDING OFFICER. Without objection, the nominations of postmasters on the calendar, with the exception of Calendar No. 4793, will be considered as having been confirmed en bloc.

THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Army.

Mr. REED. I ask that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

THE NAVY AND MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the Navy and Marine Corps.

Mr. McNARY. I ask that the nominations in the Navy and Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

The Senate resumed legislative session.

RECESS

Mr. McNARY. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and the Senate (at 6 o'clock p. m.) took a recess until to-morrow, Thursday, June 16, 1932, at 11 o'clock a. m.

NOMINATION

Executive nomination received by the Senate, June 15, 1932

CONSUL GENERAL

John Farr Simmons, of New York, now a Foreign Service officer of class 3 and a consul, to be a consul general of the United States of America.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 15, 1932

UNITED STATES ATTORNEYS

Frank C. Patton to be United States attorney, western district of North Carolina.

David D. Ashworth to be United States attorney, southern district of West Virginia.

UNITED STATES MARSHAL

Harry A. Weiss to be United States marshal, northern district of West Virginia.

APPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

Daniel Wray De Prez to be brigadier general, reserve.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

First Lieut. Wiley Thomas Moore to Ordnance Department.

APPOINTMENTS, BY PROMOTION, IN THE REGULAR ARMY

Thomas Watson Brown to be colonel, Infantry.
Arthur Earl Wilbourn to be lieutenant colonel, Cavalry.
Henry Hutchings, jr., to be major, Corps of Engineers.
William Jacob Kunzmann to be captain, Infantry.
Harry Joseph Wheaton to be first lieutenant, Infantry.
John Charles Burr to be major, Dental Corps.
Eugene Edward Manning to be captain, Dental Corps.

PROMOTIONS IN THE NAVY

To be captains

Ronan C. Grady.
Hamilton F. Glover.

To be commanders

Rivers J. Carstarphen.
Robert A. Hall.

To be lieutenant commanders

Harry R. Hayes.
Andrew Crinkley.
Arthur H. Cummings.

To be lieutenants

John D. Kelsey.
Joseph E. Chapman.
Philip H. Jenkins.
Paul C. Treadwell.
David L. Nutter.
William J. Mullins.

To be lieutenants (junior grade)

Leslie E. Richardson.
Charles E. Trescott.
George H. Wales.
Delos E. Wait.
Robert A. Heinlein.
Leonard T. Morse.
Robert B. McCoy.
Mathias B. Wyatt.
Frank Novak.
Thomas P. Wilson.
Caleb B. Laning.
Joseph B. Berkley.
Claude V. Ricketts.
Richard C. Lake.
William H. McClure.
George W. Ashford.
Laurence C. Baldauf.
MacDonald C. Mains.
Howard R. Garner.
Harold E. Karrer.
Ralph C. Lynch, jr.
Carl A. Peterson.
Charles T. Fitzgerald.
David T. Ferrier.
Oliver G. Kirk.
Roy Jackson.
Guy P. Garland.
Earl T. Schreiber.
Roy L. Johnson.
John A. Collett.
John F. Davidson.
William W. White.
Reynold D. Hogle.
William H. Watson, jr.
Harvey D. Akin.
Edwin P. Martin.
Goldsborough S. Patrick.
Granville C. Briant.
Charles H. Crichton.
Loyd H. Jones.
Seraphin B. Perreault.
Frederic S. Keeler.
Robert N. S. Clark.
Harry N. Coffin.
Gustave N. Johansen.
George K. Carmichael.
Frank P. Mitchell, jr.
Daniel Carlson.
Edward J. Burke.
John P. Rembert, jr.
Allan McL. Gray.
Robert W. Denbo.
John Raby.
Alexander H. Hood.
Roderick S. Rooney.
Edward C. Stephan.
Jacob W. Britt.
Emery Roughton.
Carl A. Johnson.
Charles E. Brunton.
George L. Kohr.
James L. Foley.
George A. Sharp.
John V. McAlpin, jr.
Leroy C. Simpler.
Thurlow W. Davison.
Claude W. Stewart.
Carl G. Christie.
Albert H. Wotton.
Milton C. Dickinson.
Awtrey L. Bond.
Robert W. Coffey.

To be medical inspectors

Howard A. Tribou.
Thomas A. Fortescue.
Ruskin M. Lhamon.

To be surgeons

Francis H. Webster.
Colvin B. Childs.

To be chief radio electrician

Philip R. Zimmerman.

To be ensign

Thomas M. Fleck.

MARINE CORPS

Paul A. Lesser to be captain.
William D. Saunders, jr., to be first lieutenant.
David M. Shoup to be first lieutenant.
Chandler Campbell to be colonel.
Roswell Winans to be major.
Henry T. Klinkseik to be second lieutenant.

POSTMASTERS

ALABAMA

James H. Turner, Odenville.

ARIZONA

Helen A. McNutt, Prescott.

ARKANSAS

Searcy Elrod, Rison.

MARYLAND

Stanley M. Barrett, Havre de Grace.

MINNESOTA

Silas A. Brown, Windom.

NEBRASKA

Adam McMullen, Beatrice.

NORTH CAROLINA

Charles M. Rosser, Jonesboro.
Wade H. Kinlaw, Lumberton.
Joseph M. Carstarphen, Tarboro.

OKLAHOMA

Milus C. Mhoon, Durant.

SOUTH CAROLINA

Herbert A. Horton, Lancaster.
Gordon S. Beard, Myrtle Beach.
David L. Tindal, Pinewood.
Jacob M. Bedenbaugh, Prosperity.
Howard F. Glasser, Ridgeland.

SOUTH DAKOTA

Floyd Twamley, Alexandria.
Louis E. Castle, Britton.
Ralph L. Hazen, Canistota.
John W. Coverdale, Elk Point.
Hattie L. Meyer, Florence.
Francis Smidt, Freeman.
Lucy Wright, Hoven.
Hellen S. Angus, Humboldt.
Charles J. Moriarty, Marion.
Clyde C. Asche, Olivet.
Charles E. Dieter, Pierpont.
Mae George, Ravinia.
John W. Rydell, Rosholt.
Cyrus J. Dickson, Scotland.
Leroy F. Lemert, Spencer.
Charles Sundling, Vermillion.
Howard R. Mortenson, Viborg.
Lewis W. Ford, Wakonda.
Will C. Bromwell, Wessington Springs.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 15, 1932

The House was called to order at 11 o'clock a. m. by the Speaker pro tempore [Mr. RAINEY].

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Thou who art the sun of righteousness, the rainbow about the throne, and the bright and morning star, tarry with us a few moments. We mourn our loss. O bathe all sorrowing ones in the golden light of heavenly love and reconciliation. May we all exemplify the excellence of our most holy faith. Enrich our characters and make our afflictions a sacred ministry. Almighty God, overshadow this Congress with Thy unfailing goodness; remember our Speaker most graciously. Amid the strain of the days, the weariness of toil, the exactions of the public service, may our hearts and our hopes remain steadfast. Cleanse our hearts, for it is with the heart we find Thee in the darkness and feel the strengthening virtue of Thy unfolding presence. O sad hearts, it is evening; O curtained night, fade away. As we pause and pray, let the stars break through. Merciful Father, through tears and through loss, be our everlasting light until the day's pilgrimage shall be ended. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On May 13, 1932:

H. R. 615. An act for the relief of C. B. Bellows; and

H. R. 1554. An act for the relief of G. Carroll Ross.

On May 14, 1932:

H. R. 9970. An act to add certain land to the Crater Lake National Park, in the State of Oregon, and for other purposes;

H. R. 10744. An act to authorize the issuance of patents for certain lands in the State of Colorado for certain purposes; and

H. R. 10284. An act to authorize the acquisition of additional land in the city of Medford, Oreg., for use in connection with the administration of the Crater Lake National Park.

On May 16, 1932:

H. J. Res. 382. Joint resolution making an additional appropriation for printing and binding for Congress for the fiscal year 1932; and

H. R. 9393. An act to increase passport fees, and for other purposes.

On May 25, 1932:

H. R. 6477. An act to further amend the naturalization laws, and for other purposes.

On May 28, 1932:

H. J. Res. 407. Joint resolution making an additional appropriation for the payment of Army and Navy pensions for the fiscal year ending June 30, 1932.

On June 3, 1932:

H. R. 7305. An act to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products.

On June 6, 1932:

H. J. Res. 341. A joint resolution providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska;

H. R. 208. An act to authorize transfer of the abandoned Indian-school site and building at Zeba, Mich., to the L'Anse Band of Lake Superior Indians;

H. R. 1029. An act for the relief of Basil N. Henry;

H. R. 9254. An act to authorize the exchange of a part of the Rapid City Indian School land for a part of the Pennington County Poor Farm, South Dakota;

H. R. 10236. An act to provide revenue, equalize taxation, and for other purposes; and

H. R. 4453. An act for the relief of Pasquale Mirabelli.

On June 7, 1932:

H. R. 3691. An act for the relief of J. P. Moynihan;

H. R. 4270. An act for the relief of Carroll K. Moran;

H. R. 4868. An act for the relief of George E. Casey; and

H. R. 4911. An act for the relief of Ralph E. Williamson for loss suffered on account of the Lawton, Okla., fire, 1917.

On June 9, 1932:

H. R. 4143. An act for the relief of the Sherburne Mercantile Co.

On June 10, 1932:

H. J. Res. 305. A joint resolution for the improvement of Meridian Hill Park;

H. R. 79. An act to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes;

H. R. 10585. An act authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.;

H. R. 11020. An act authorizing the Louisiana Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River at or near Perlington, Miss.;

H. R. 11081. An act to extend the times for commencing and completing the construction of a free highway bridge across the Sabine River where Louisiana Highway No. 21 meets Texas Highway No. 45;

H. R. 11085. An act to extend the times for commencing and completing the construction of a bridge across the Sabine River where Louisiana Highway No. 6 meets Texas Highway No. 21; and

H. R. 11246. An act authorizing the Boca Chica Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Boca Chica, Tex.

On June 11, 1932:

H. R. 5052. An act to authorize the incorporated town of Juneau, Alaska, to use the funds arising from the sale of bonds in pursuance to the act of Congress of February 11, 1925, for the purpose either of improving the sewerage system of said town or of constructing permanent streets in said town;

H. R. 6487. An act to authorize the incorporated town of Petersburg, Alaska, to issue bonds in any sum not exceeding $100,000 for the purpose of improving and enlarging the capacity of the municipal light and power plant, and the improvement of the water and sewer systems, and for the purpose of retiring or purchasing bonds heretofore issued by the town of Petersburg;

H. R. 10598. An act to provide for the transportation of certain juvenile offenders to States under the law of which they have committed offenses or are delinquent, and for other purposes;

H. R. 9259. An act to amend section 106 of the act to codify, revise, and amend the laws relating to the judiciary (U. S. C., title 28, sec. 187); and

H. R. 10926. An act to authorize conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes.

On June 13, 1932:

H. R. 7123. An act to amend the act of March 2, 1917 (39 Stat. 983; U. S. Code, title 25, sec. 242); and

H. J. Res. 429. Joint resolution to amend section 625 (a) of the revenue act of 1932.

On June 14, 1932:

H. R. 2238. An act for the relief of Edward Bodeck;

H. R. 3724. An act for the relief of Charles Thomas;

H. R. 3951. An act to provide a preliminary examination of the Edisto River and its branches, South and North Edisto, S. C., with a view to the control of its floods;

H. R. 6713. An act for estimates necessary for the proper maintenance of the Government wharf at Juneau, Alaska;

H. R. 3527. An act for the relief of Berta C. Hughes;

H. R. 4144. An act for the relief of H. H. Lee;

H. R. 5940. An act for the relief of Florian Ford;

H. R. 7914. An act granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River;

H. R. 8393. An act providing for payment of $25 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States;

H. R. 11120. An act to amend an act (ch. 300) entitled "An act authorizing the Coos (Kowes) Bay, Lower Umpqua (Kalawatset), and Siuslaw Tribes of Indians of the State of Oregon to present their claims to the Court of Claims," approved February 23, 1929 (45 Stat. 1256);

H. R. 11337. An act authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site; and

H. R. 12045. An act authorizing a per capita payment of $50 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed the following resolution:

Senate Resolution 236

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. EDWARD E. ESLICK, late a Representative from the State of Tennessee.

Resolved, That a committee of seven Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now adjourn until 10 o'clock a. m. to-morrow.

The message also announced that pursuant to the foregoing resolutions the Presiding Officer had appointed Mr. MCKELLAR, Mr. HULL, Mr. CAREY, Mr. KEYES, Mr. BLACK, Mr. BULOW, and Mr. GEORGE members of the committee on the part of the Senate to attend the funeral of the deceased Representative.

The message also announced that the Senate had agreed to the amendments of the House to bills of the Senate of the following titles:

S. 1153. An act to provide for the incorporation of credit unions within the District of Columbia; and

S. 3911. An act to authorize the Commissioners of the District of Columbia to close Quintana Place, between Seventh Street and Seventh Place NW.

The message also announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 10048. An act granting to the Metropolitan Water District of Southern California certain public and reserved lands of the United States in the counties of Los Angeles, Riverside, and San Bernardino, in the State of California.

SOLDIER BONUS, PROHIBITION, AND OTHER SUBJECTS

Mr. YON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the soldiers' bonus and some other matters.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. YON. Mr. Speaker, in supporting the payment of the bonus I do so after much consideration and knowing the condition of the thousands of veterans of my district as well as others of my citizens.

The fight for the payment of the bonus has been conducted on the floor of this House by as patriotic a set of men as ever served here, and also I grant to those that oppose the legislation the same right to their opinion as I have to mine. The interest shown by those in favor of meeting this emergency was never equal in the patriotic support to that of our late lamented colleague, Mr. Eslick, of Tennessee.

His interest was so intense in support of this legislation that he, no doubt, knowing he was not strong enough to undertake the participation in the defense, as he so valiently did on yesterday—he, in the midst of debate earnestly supporting the cause, as he did, succumbed in the midst of his argument and accepted the summons that will come to us all. Never a soldier on the battlefield gave his life for a cause in a more patriotic manner than did Mr. Eslick.

If it was not for the terrible depression, there would not be a demand for immediate payment of the bonus and there would not have been the necessity for all the propaganda in opposition created by Wall Street bankers. If the bankers had operated in the interest of the American people and had not speculated so disastrously, this situation would not exist and this pitiable crusade of thousands of veterans would not have been undertaken and their need would not have dictated the undergoing of present suffering and inconveniences that is so noticeable.

I am for the payment, first, because of the great distress amongst the veterans, and again because I believe a currency expansion necessary, and this bill will provide a means to that end. The bankers and speculators that are responsible for this condition are opposed to this. In the past six years always have I opposed the operations of these gentlemen and the corporations they control. They opposed the Muscle Shoals bill; I supported it because the farmers of this land and the consumers of electricity would benefit. They opposed the Goldsborough bill; I supported it because it would raise the price of cotton, tobacco, peanuts, and farm prices generally. They supported the moratorium; I opposed it because I saw in it the entering wedge of complete war-debt cancellation and because it served to protect Wall Street's foreign investments at the expense of the American taxpayer to the extent of more than $257,000,000 this past year, and if cancellation is permitted you will see how much our annual loss will be.

I am consistent in my opposition to measures backed by these gentlemen, and I have been consistent in my support of measures opposed by them. In six years I have yet to see a measure bearing the indorsement of these gentlemen, which at the same time offered any material benefits to the plain people of this Nation. If the people derived such benefits, it was an oversight on their part. They did not want the seed loans to go to the farmers, but I did help to see that the farmers did get some of these benefits.

All of these circumstances I submit, Mr. Speaker, prove my allegiance to the cause of the common people of my district and the Nation. In pursuing that consistent course, I measured my views on prohibition with the same yardstick.

The recent trend in the third Florida district and elsewhere in that State discloses widespread dissatisfaction with prohibition. The people want the opportunity to express their will, and they have a right to so express it. I propose to support my party in its probable demand for a popular referendum or resubmission.

Mr. Speaker, there is no doubt that both parties will declare in favor of a referendum or a resubmission. I am a Democrat, and I conceive it to be my duty as such to carry out the wishes of my people. I am a loyal party man, and I expect the national convention, which is the supreme court of the Democratic Party, to declare in favor of a referendum or resubmission. I shall support that decision. When my party makes the decision, which it is conceded it will do, that decision will enable me to carry out the wishes of the party 12 months sooner than anyone else could, except the present Members of Congress.

Mr. Speaker, I have frankly and honestly stated my convictions. I am willing to rise or fall, sink or swim, upon these convictions and my record. If the people of my district feel that I am right in what I have said and done, and that my seniority and the almost certainty of a Democratic victory will put me in a position to be of more service to my district than I have ever been able to be, I shall accept with profound gratitude the high trust which an intelligent and grateful constituency confers upon me.

But, whether elected or defeated, I shall always carry in my heart eternal gratitude and love for the people of my district who by their generosity and goodness made it possible for me to realize the fondest and greatest ambition of my life.

EXTENSION OF REMARKS

Mr. MANLOVE. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD the address delivered by General Harbord on the occasion of the graduation exercises at the West Point Academy.

Mr. BLANTON. Mr. Speaker, General Harbord is not a Member of the House and the gentleman from Massachusetts [Mr. UNDERHILL] is not going to let the gentleman do that.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. On behalf of the gentleman from Massachusetts, I object.

ADDRESS DELIVERED BY THE PRESIDENT OF THE UNITED STATES AT THE COMMENCEMENT OF HOWARD UNIVERSITY ON FRIDAY, JUNE 10, 2.30 P. M.

Mr. FRENCH. Mr. Speaker, on Friday, June 10, the President of the United States participated in the commencement exercises of Howard University and made an address upon the occasion.

Howard University is the foremost institution contributing to the education and leadership of the Negro race.

I ask unanimous consent that my remarks be extended by including the address of the President.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The address is as follows:

It is an inspiration to come into this institution of higher education for the Negro race. Nothing that the Federal Government has done reflects more credit upon it for the meeting of an obligation than this institution to bring to a great segment of our population the means of overcoming a handicap for which they were not responsible and of leveling upward for them an equal opportunity to share in the full measure of citizenship with their brethren of other races.

It is vital in a democracy that the public opinion upon which it rests shall be an informed and educated opinion. The Negro race comprises 10 per cent of our population and unless this 10 per cent is developed proportionately with the rest of the population it can not pull its proper strength at the oars of our pressing problems of democracy. To provide this development requires trained leadership, and I concede that to be the function of Howard University.

You are providing here professional training in all fields to which the community naturally looks for leadership—religion, law, medicine, education, science, and art. You are providing this professional training to men and women of the colored race to your own best talent, your own leaders by natural endowment. Through the instruction which they receive here, your natural leaders become trained leaders, and this training is of the same kinds and of equal efficiency with that which is provided for the natural leaders of the white race. By this process the colored people are being integrated fully into the broad stream of the national life, sharing in the obligation and opportunity for political service, for economic advancement, for educational development of the individual, and for enjoyment of all the benefits of science and art and general culture, including skilled medical service, more beautiful home surroundings, and a share in the intellectual progress of mankind.

These things are the natural right of the citizens of a republic. The Federal Government has nobly acknowledged its duty to provide them here.

I congratulate the graduating class upon completing their studies with credit, and I congratulate the Negro race upon your efforts to prepare yourselves for leadership in their development. I wish you well in your careers upon which you now embark.

THE FURLOUGH PLAN AND THE RURAL CARRIERS

Mr. KETCHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point by including therein a brief statement concerning the furlough plan as applied to rural carriers and also to include a brief statement from the organization itself.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. KETCHAM. Mr. Speaker, with the exception of city districts proper, practically every Member of the House is directly interested in the application of the proposed furlough-plan salary reductions to rural letter carriers. Rural carriers through their organization have repeatedly expressed their willingness to accept reductions if such

reductions were fairly comparable to those in similar salary brackets. Statements recently made as to the inequities of the five-eighths equipment allowance have been made by Representative COCHRAN and Senator BRATTON. In preparation for consideration of the conference report on this particular matter I again call the attention of the House to these statements found on page 12881 and 12909 of the RECORD and ask unanimous consent to extend my remarks by including a letter received this morning summarizing the position of the rural carriers.

NATIONAL RURAL LETTER CARRIERS ASSOCIATION,
NILES, MICH., *June 15, 1932.*

Hon. J. C. KETCHAM,
House Office Building, Washington, D. C.

MY DEAR MR. KETCHAM: Fearful there still may be some Member of Congress who does not fully appreciate the injustice of the Senate furlough plan as it applies to the 41,597 rural letter carriers of the country, I am availing myself of your considerate invitation to make a summation of the position of the National Rural Letter Carriers Association, together with an itemization of the communications I have directed on behalf of our membership of 39,556.

The National Rural Letter Carriers Association from the outset has firmly taken the position that any reduction in Government salaries would be a shortsighted policy, diminishing the purchasing power of the country on one hand and on the other causing governmental chieftains who take such scrupulous care of private contracts to virtually repudiate their much more solemn contracts with their own employees.

Nevertheless, our membership, composed as it is of a cross section of the most patriotic and conscientious Americans that can be found in the land, is keen enough to comprehend the problems facing our national legislators, and, regardless of our convictions, we have silently followed the perplexing and complex economy problems with which Congress has been wrestling.

But Congress purposes to prescribe one kind of medicine for the vast majority of Government employees and an entirely different and more biting variety for all rural letter carriers.

The Government worker with a $2,100 salary is being asked under the furlough plan to give up $175 in exchange for 30 days' vacation. The rural letter carrier with a 34-mile route, drawing a basic salary of $2,100, is being asked to sacrifice $247.35, or $72.35 more in exchange for but 15 days' vacation.

Our position on this proposed discrimination has been one of violent opposition ever since it was first forwarded to the House Economy Committee by the White House.

On April 14 we forwarded a letter to President Herbert Hoover in which we forcefully outlined how the furlough plan was unfair to the carrier body.

On April 15 we addressed a protest to every Member of Congress sharply contrasting the economy contribution proposed for all Government employees except rural carriers, citing figures to prove as high as 27.57 per cent of a rural carrier's income would be taken from him under the furlough plan.

On April 16 a statistical table showing in detail the discrimination of the furlough plan as it applies to rural carriers was printed in our official organ and sent to every Member of Congress.

On May 21 we addressed a lengthy brief to the Senate Economy Committee thoroughly covering the discouraging outlook for rural carriers if so drastic a deduction is made under the furlough plan.

On June 11, when we observed that the furlough plan evidently was being held in high esteem by some of the Senate and House conferees on the economy amendment, we hastened another general letter to all Members of Congress "protesting vigorously the discrimination of the furlough plan" and pleading that the three-eighths in the present amendment be changed to nine-sixteenths.

On June 12 we circulated a mimeographed table among Members of Congress, again showing in detail the discrimination of the furlough plan as it applies to rural carriers.

On June 13 Representative JOHN COCHRAN, of Missouri, who hasn't a single rural carrier in his district, was forcibly impressed by the gross injustice proposed to be inflicted on rural carriers under the furlough plan, and he had inserted in the RECORD a plea in our behalf, supported by a statistical table.

On June 14 Senator SAM G. BRATTON, of New Mexico, who steadfastly has stood for equitable salary reduction, had the same material inserted in the Senate record.

We now feel that Congress is completely informed of the unhappy situation of rural carriers under the furlough plan as it passed the Senate.

Furthermore, we are heartened to the extent that we are confident that Congress will not countenance this discrimination.

If Congress finally decides that the furlough plan is the most expeditious method of economizing on Government salaries, we merely implore that rural carriers be paid nine-sixteenths of their equipment allowance for the next fiscal year instead of three-eighths, as now provided.

Thanking you for this opportunity of restating our position and enumerating the actions taken on behalf of our membership, we are,

Sincerely yours,
THE NATIONAL RURAL LETTER CARRIERS' ASSOCIATION,
By W. G. ARMSTRONG, *National President.*

ADJUSTED-COMPENSATION CERTIFICATE

Mr. GARBER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. GARBER. Mr. Speaker, gentlemen of the House, "lest we forget," what do the adjusted-compensation certificates represent? In the first instance, they represent a confession that the Government, as then administered, unjustly discriminated in favor of civilian employees at home and against the veterans in its military service. This discrimination was in the glaring inequality of compensation. The Government drafted the young men of our country, jammed them into military service, into crowded training camps, across submarine-infested seas, into training camps overseas, into trenches, into warfare indescribable.

The Government had the power likewise to draft its civilian population for service in the manufacture of munitions, construction of camps, of ships, and in fact in all the various lines essential to support its military objectives. And yet, with this power, the administration paid its civilian employees from $6 to $15 for eight hours per day and its soldiers in the military service but $1 per day at home and $1.10 per day overseas. With the power to regulate and prevent, it permitted civilian employees to exact exorbitant wages. It paid racketeers huge profits for supplies, munitions, and on Government contracts and penalized our boys in the military service of our country.

It took over the railroads during the war at a fixed rental price which produced one of the largest incomes the roads had ever made up to that time, and after the war was over, when the roads plead that their profits had been diminished by governmental operation, it paid them in readjustments of such claims sums aggregating about $2,000,000,000. Princely sums were also paid to contractors as readjustment on account of uncompleted contracts suddenly made unnecessary by the cessation of the war, and to its civilian employees. And these adjustments were all made in cash.

But what did it do with our boys to whom it intrusted the fate of the world? It took them over at $30 a month for home service and $33 for overseas service. It carried insurance on its ships, its munitions, its supplies—but none on the precious flesh and blood which we sent into foreign battlefields. No; it practically compelled them to take out their own insurance, which, with allotments from their pay for dependents at home, reduced the paltry monthly sum by about $20.

As this great, grievous wrong and discrimination gradually developed and dawned on the people, the demand for adjustment of such glaring discrimination became nation-wide and finally resulted in the proposal of adjustment legislation. Selfishness, greed, ingratitude immediately reared their ugly heads in vociferous protest. What class was it that utilized every possible means to defeat it? Was it the farmers, who profited less than anyone from the war, and whose contribution in foodstuffs for the Nation and its defenders was second in value only to that of the boys themselves? Was it labor, which always pays its part of the expenses of government? No. The vicious opposition came from the financial interests of the country. They resorted to misrepresentation and poisonous propaganda of every description. Nothing was too low and sordid and selfish for them to use to poison the clear streams of public opinion. They poisoned the wells of public opinion and finally wrested a compromise of the noble purposes of the people which resulted in the issuance of the adjusted-compensation certificates.

"Lest we forget," just what do they represent in the way of adjustment? Briefly, they represent the amount due the veteran for each day of active service, in excess of 60 days, on a basis of $1 per day for home service and $1.25 a day for that overseas, plus 25 per cent on account of deferred payment and interest at 4 per cent from January 1, 1925, the total amount payable at death or on January 1, 1945. If the amount is not more than $50, then it is payable in cash

and the amount of the credit of a veteran who performed no overseas service is limited to $500 and for the veteran who had some oversea service, to $625.

What do these figures show in the way of adjustment with the actual pay? The actual compensation while in the service plus the compensation provided by the certificate is $2 per day for home service and $2.35 for oversea service, plus 25 per cent of the adjusted-compensation credit and interest at 4 per cent as explained, as compared to the average wage of the civilian or the Government employee upon war contracts in the amounts of from $6 to $15 per day. And if they have held their certificates for two years, then they are now entitled to borrow up to 50 per cent of the face value, but they must pay interest on such loans in excess of the 4 per cent interest computed in the value of the certificates.

The Government settled with the railroads, with the war contractors, with its civilian employees—and settled with them in cash. Only with the veteran did it sidestep the issue and hedge it about with conditions. Only with this class did it acknowledge an obligation and postpone its payment for 20 years.

The railroads did not win the war; neither did the contractors, the war profiteers, nor the civilian employees. In their complacent security at home they contributed for exorbitant cash considerations. The main contributing cause winning the war was the service of the veterans. Let us not forget that. Why are they not entitled to the same consideration shown the civilian employees, the contractors, the war racketeers?

They are in need now as never before of a little ready cash to pay their debts, to bring a few additional comforts to a home, to tide them over in this emergency. Payment of the certificates now will provide relief for our veterans and their dependents, and indirectly, through increasing the money in circulation, for the farmers, the stockmen, the laborers, the producers generally and the banks located in the producing sections of the country as well. It will save millions in administrative expense.

We have extended aid to big business, to commerce. We have subscribed through legislation to a policy of assisting the banks in thawing out their frozen assets. Payment of the adjusted-compensation certificates will thaw out frozen assets in the amount of more than $2,000,000,000, will directly benefit approximately 3,512,896 ex-service men and will increase the actual cash in circulation to an amount almost double that in circulation to-day.

And it is money in actual circulation that this country must have to-day. There is no substitute. The reconstruction act authorizing loans to railroads and various financial agencies checked the closing of the banks and the roads from going into receiverships. It halted our descent into what might have been a complete collapse and ruinous panic, but it has not started restoration. The loans must be repaid. The liberalization of credit to be extended by the Federal reserve banks has not been utilized. The big financial institutions still hoard and refuse to lend.

The $125,000,000 additional capital to the Federal land banks has benefited but has not halted the relentless foreclosure of farm mortgages with the prices of farm products below the cost of production.

Farmers in every section are unable to pay their taxes, interest, and coming-due obligations. They are being dispossessed of their homes and their children deprived of their educational opportunities. Unless we restore the purchasing power of farm products to its normal economic level there can be no recovery from this depression. Agriculture is the basic industry. Our efforts should be centered upon its rehabilitation.

The dollar has become too dear. It takes 3 bushels of wheat to buy a dollar to-day where formerly it took but 1, with cotton and other farm products in like proportion and the farmer must have the dollar with which to pay his interest and taxes. Increase the dollars in circulation and you increase the price of farm products. The remedy for restoration therefore lies in the increase of dollars in circulation.

Even the Washington Post, representing the conservative financial interests of the country, in its issue of April 11, finally concedes that all chance of recovery hinges upon a turn in commodity prices, that so long as existing prices prevail, business will continue to be paralyzed. Heroic emergency measures that will arrest the fall of prices seem to be in order. "Some powerful agency must be thrown into the breach to restore the value of goods and services against the exaggerated value of money." We incorporate the editorial in full as a graphic description of existing conditions and suggestive of emergency measures to restore the purchasing power of goods and services.

The editorial referred to is as follows:

[Washington Post, Monday, April 11, 1932]

THE UNDERLYING PROBLEM

A fresh wave of deflation swept over the country last week, leaving the people in a confused and uneasy state of mind. For a time the forces of depression were checked by the new blood poured into the veins of commerce by the Reconstruction Finance Corporation and other constructive measures. But these factors were not sufficient to turn the forces of deflation into a positive movement toward recovery. It is well for the public to face the fact that heroic measures are necessary to turn the tide of depression.

A few weeks ago attention was concentrated on the extension of credit. The banks were the center of the crisis. Banks were failing at a rate of about 400 per month. Emergency measures initiated at the White House mobilized the resources of the Nation behind bank credit. The epidemic of failures was quickly cured, and the banks are in a much stronger position than before. Now they have ample money and credit reserve, but the benefits of that improved position are not flowing out to the people.

There are two chief reasons for this condition. First, the banks are reluctant to lend money because of fear that their own safety may be jeopardized. Second, even if the people can borrow, they hesitate to do so because of the uncertainty of business and because falling prices and security values make the repayment of loans an extreme hardship.

The banks are not taking full advantage of the liberal credit allowances given them in the Glass-Steagall Act. Additional credit can be used only when other resources have been exhausted, and no bank wishes to admit that it is forced to resort to extraordinary measures. To this extent the working of the new regulations, which were expected to be a potent force in the restoration of normal conditions, are a disappointment. Congress did not reckon with the selfishness of some bankers who are concerned only with stabilizing their own establishments.

No elasticity of credit, however, could overcome the tendency of business to lie dormant while there is no hope of operation without fresh losses. All chance of recovery seems to hinge upon a turn in commodity prices. On April 1 a group of 110 representative commodities were selling for 17½ per cent less than they brought a year ago. This is superimposed upon a decline of 20 per cent in the previous year. So long as this condition remains unchanged business will be paralyzed. All the credit in the world can not induce business to go deeper into the red.

Value in the United States is being slowly concentrated into money. The dollar increases in value every day, while everything else loses some of its relative worth. In spite of the antihoarding campaign and the liberalizing of credit, this situation encourages the liquidation of all other forms of wealth. The value of the dollar has reached such a high point that the people are tempted to convert all their holdings into dollars to avert further shrinkage.

Unless this vicious movement is checked, it will result in panic. The extension of credit will not be sufficient. Heroic emergency measures that will arrest the fall of prices seem to be in order. How that can be done without unwarranted inflation of the currency is not clear, but every fresh wave of deflation makes more urgent the necessity of restoring some measure of balance between money and commodity prices.

The best brains of the country ought to be concentrated on this problem. This economic malady has reached a point where it can not be expected to cure itself without leaving horrible scars. Palliatives will not yield the desired effect. Business can not turn toward stability unless the whole tendency toward lower price levels is reversed. Some powerful agency must be thrown into the breach to restore the value of goods and services against the exaggerated value of money.

The people would not countenance the manufacture of fiat money to make prices rise. But some method of currency expansion on a sound gold basis might be necessary. Emergencies of this kind call for drastic action which goes to the heart of the problem. All the benefits which have accrued through bank stabilization will be lost unless the forces of deflation are arrested. It is time for the leaders in Government and financial circles to focus their minds upon a realignment of values.

"Currency expansion on a sound gold basis," which the Post says is essential to recovery, will be effected by the payment of the compensation certificates. The cancellation of the indebtedness will afford an adequate considera-

tion and the veterans an agency through which the currency can be expanded more than $2,000,000,000 directly into the channels of trade, reaching every section of the country. The money thus paid will not only cancel a just obligation but will be put in immediate circulation. It will not be hoarded but expended for the family necessaries of life, benefiting all classes in every community.

The following table shows the distribution in each State:

(1) Residence of veterans	(2) Number holders certificates	(3) Remainder due on certificates	(4) Per capita payment to each State
Alabama	49,391	$29,876,840	$12.00
Arizona	10,555	7,411,302	17.00
Arkansas	42,576	25,373,058	13.68
California	194,607	136,500,005	17.50
Colorado	33,265	21,514,464	20.77
Connecticut	42,765	29,902,203	18.61
Delaware	4,743	3,918,525	16.44
District of Columbia	27,460	18,198,685	37.38
Florida	38,260	24,469,835	16.59
Georgia	56,882	35,151,645	12.10
Idaho	13,138	8,248,500	18.53
Illinois	245,990	157,543,750	20.60
Indiana	92,813	59,254,650	18.29
Iowa	77,498	46,574,480	18.85
Kansas	55,456	34,934,250	18.57
Kentucky	61,848	38,064,000	14.56
Louisiana	52,321	31,168,150	14.83
Maine	20,791	13,446,550	16.89
Maryland	46,918	31,140,525	19.09
Massachusetts	133,133	92,376,144	19.38
Michigan	130,120	85,407,400	17.64
Minnesota	83,049	53,105,260	20.67
Mississippi	35,736	21,456,974	10.68
Missouri	108,464	67,608,904	18.62
Montana	17,580	11,424,128	21.25
Nebraska	39,016	24,227,271	17.58
Nevada	2,978	1,988,889	21.84
New Hampshire	12,011	8,084,753	17.38
New Jersey	113,024	77,317,513	19.13
New Mexico	9,809	6,257,550	14.78
New York	366,236	245,948,177	19.10
North Carolina	62,106	38,794,117	12.24
North Dakota	15,765	9,738,745	14.30
Ohio	177,390	117,878,406	17.73
Oklahoma	65,231	39,815,376	16.62
Oregon	34,349	22,978,122	24.09
Pennsylvania	252,388	172,888,542	17.95
Rhode Island	20,186	13,731,012	19.97
South Carolina	34,710	21,349,617	12.28
South Dakota	22,054	13,074,391	18.87
Tennessee	57,231	36,318,844	13.80
Texas	144,453	95,655,800	16.42
Utah	13,969	8,930,767	17.58
Vermont	8,004	5,604,408	15.58
Virginia	61,300	41,006,200	16.93
Washington	54,666	37,874,647	24.22
West Virginia	42,004	25,976,846	15.02
Wisconsin	85,481	52,438,873	17.50
Wyoming	10,794	7,144,348	31.23

Column 1. Residence by States of all veterans holding adjusted-service certificates.
Column 2. Number of veterans in each State holding certificates.
Column 3. After deducting all prior loans, the amount remaining due veterans of each State if full-payment bill is passed by Congress.
Column 4. Full payment will average per person, or for every man, woman, and child, in the State according to the 1930 census. The approximate amount of money that will be put into circulation in any city, county, or locality may be arrived at by multiplying the population by the per capita payment for that State.
The information for columns 1, 2, and 3 of this table was compiled from information furnished by the Veterans' Administration. The other information was obtained from the statistical division of the Bureau of Internal Revenue and other governmental sources.

The objections against the payment proposed are first, that it would inflate the currency, and second, unbalance the Budget—neither one of which is a valid objection against the bill with the Owen amendment now incorporated in its provisions. The proposal is to place in the hands of the reserve banks a sufficient amount of United States bonds at 3½ per cent, subject to sale by order of the Federal Reserve Board in the event such would become necessary to control and stabilize the dollar. The sale of the bonds would permit the retirement of redundant currency, which I do not believe would ever become necessary, and if the bonds were not sold, the rate of interest would not run.

The distribution of $2,400,000,000 directly in the payment of a valid and subsisting obligation of the Government would supply the much needed and necessary money in actual circulation to relieve us from this depression. The veterans and their families will never be in greater need of such assistance than now; neither will the local trade activities, now dormant. The money will be expended for labor, for merchandise, for professional services. It will increase consumption and furnish employment and a market for farm products. It will initiate the resumption of business, which will finally develop into a restoration of confidence and lure the hidden and hoarded money gradually into investments, gathering within its current accretions in increasing amounts essential to a restoration of normal business conditions. It will not inflate the currency! It will not unbalance the Budget! It will not increase the cost of government, but will discharge an acknowledged obligation and stimulate business, resulting in increased revenues to the Public Treasury!

GOVERNMENT EXPENDITURES AND ECONOMY

Mr. WILLIAMSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the economy program of the House.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WILLIAMSON. Mr. Speaker, for many years I have made the study of taxation, revenue, and public expenditures something of a hobby. As the years have gone by, I have viewed with increasing concern the mounting cost of government. This has reached a point in many parts of the country which has necessitated the levying of confiscatory taxes. As a result, hundreds of thousands of acres of farm land have passed into public ownership. Unless the trend ceases, the theories so stoutly maintained by Henry George will soon become a reality. There are only three ways by which this trend can be stopped, and that is by: First, a drastic reduction of public expenditures; second, a radical change in the system of taxation, so as to relieve lands of a large part of their present burden; and, third, a greatly increased income from farm lands. Manifestly a combination of the three remedies is the most desirable way out.

I am not unmindful of the fact that, on the whole, the Federal Government has set a good example. Between 1921 and 1929 it not only reduced taxes but reduced the national debt by nearly a billion dollars a year, but it must not be forgotten that this was a period of great national prosperity, except in the agricultural industry, and that the constantly decreasing tax rates were reflected by increasing returns to the National Treasury. National expenditures were also held down to a commendable degree, but were not reduced sufficiently to stand the shock of adverse conditions when they came. With the deflation of 1929 came the crashing of incomes and the destruction of fortunes. The fiscal year 1932 has witnessed a stagnation in business that has depleted our revenues to a point where they represent something less than one-half of our total expenditures. These expenditures have been greatly increased due to a considerable number of relief measures that have required large sums. In an effort to balance the Budget for 1933 huge additional levies were resorted to in the recent tax bill; but if such balancing of the Budget is to become a reality, there must be a drastic reduction in expenditures. It is our duty to see to it that this becomes an accomplished fact. If some of the wild schemes now proposed should go through, the Treasury would be hopelessly swamped, indebtedness would increase, and taxation would become a serious bar to business recovery. We can not squander ourselves into prosperity.

In late February the House organized the Select Economy Committee. On April 28 we brought in a bill designed to save from $200,000,000 to $225,000,000 for the fiscal year 1933. A House composed of Members who personally stood pledged to economy struck down title after title until only some $42,000,000 in saving were left. To my mind, this action was one of inexcusable folly. That bill was the result of eight weeks of the hardest kind of work on the part of seven Members of this House and represented the tacit instructions of this body and the recommendations of the President. It is true that the President did not approve of the method pursued in dealing with the reduction in the Federal pay roll, but the plan suggested by him, while not affecting the basic pay, would have dispensed with the annual leave with pay which, if adopted, would have saved some $5,000,000 more than the committee pay-cut plan. The

Senate has restored most of the deleted House provisions and inserted the President's furlough plan, which will save $85,000,000 next year if retained.

Members who have not kept in close touch with public sentiment in their home districts have little conception of the feeling that prevails throughout the country. The taxpayers are in no mood to continue the present scale of expenditures and are going to demand an accounting of their representatives here. Unless this Congress redeems itself on the economy bill, there are going to be a lot of new faces in the Seventy-third Congress.

In a notable article published in the Saturday Evening Post of March 26, 1932, Calvin Coolidge called attention to the fact that taxes—local, State, and National- -had climbed from 6.4 per cent of our national income in 1913 to 14.4 per cent of our national income in 1930. Since then our national income has greatly fallen, with no corresponding reduction in our tax load. It is highly probable that for the year 1932 the total tax burden will run very close to 20 per cent of our national income. Manifestly such a load is beyond endurance.

Most of the communications received at my office in which a demand is made for tax reduction overlook the exceedingly important fact that taxes for the most part are local and that the loss of property for taxes is almost exclusively due to these levies. This fact, however, does not relieve us one whit here. It is up to us to cut out every Federal activity that is not essential and to reduce the national-tax load to the absolute minimum, but it is even more essential that we do not overlook the things that are right at our doors.

Because this is so I want to devote some time to the tremendous increase of expenditures by States and lesser subdivisions. It has proved impossible to get segregated data for the smaller units, such as townships and school districts, but as these are included under the general term "local" taxes, we can get a general picture of the whole.

I have before me a table prepared at my request by the Bureau of the Census in the Department of Commerce. An examination of the figures discloses that State revenues increased from $458,232,597 in 1915 to $2,243,110,687 for 1930, while expenditures for the period increased from $494,907,084 to $2,290,270,069. State expenditures continued to mount higher and higher with every passing year and to outrun revenues so that the net result was to increase the gross debt of the States for the time discussed from $580,408,081 to the stupendous sum of $2,444,122,201. In other words, notwithstanding the tremendous increase in taxes, expenditures exceeded income by $1,290,270,059.

Turning now to cities having a population of 30,000 and over, we find an even worse situation. In 1913 these cities had an income of $866,277,110, with total expenditures aggregating $984,141,689. By 1930 income had increased to $3,418,502,995 for the year, but expenditures had climbed to $3,810,681,763. With two exceptions the annual expenditures for the period had exceeded income with an everincreasing volume of indebtedness which had reached a staggering total of $10,018,416,034 for 1930. This indebtedness has been greatly augmented during the last two years but the figures are not available.

The counties have followed the same course. Their revenues for 1912 were $370,043,046; expenditures, $385,181,760; and gross debts, $395,207,409. Ten years later taxes collected amounted to $745,000,000 and the gross debt stood at $1,386,430,000. During the next decade, ending with 1932, revenues, expenditures, and indebtedness have continued to mount.

Accurate data for the smaller towns, cities, and subdivisions for taxing purposes are not available, but from such fragmentary data as I have been able to get their record for increased taxes, expenditures, and debts is even worse than for the larger units.

It is clear that this trend can not be allowed to continue without bringing absolute disaster. In many parts of the country taxes are already confiscatory. Unless there is to be a complete socialization of land, we must face about and end it by reducing Government agencies and services to a point where the cost will be brought to a level that the people can afford to pay. That means reorganization, consolidation, and elimination of many of the present activities.

What may be accomplished by a proper reorganization is fairly illustrated by the bill which I introduced in the last Congress providing for the consolidation of the Pension Bureau, the National Home for the Disabled Volunteer Soldiers, and the Veterans' Bureau into the Veterans' Administration. I am advised by the director that during the first year of its operation the consolidated administration showed a saving of approximately $12,000,000. As chairman, I introduced and helped secure the passage of a number of other bills that have resulted in substantial economies and improved efficiency. Time will not permit of their discussion here.

The depression itself is in no small measure due to excessive expenditures, unbalanced budgets, and corresponding loss of confidence in our institutions, and the stability of our Government and credit structures. It is because of this that the balancing of the Budget has become indispensable. This has not only compelled the levying of the heaviest taxes our country has ever known in peace time, but have forced economies that have run into the hundreds of millions of dollars for the next fiscal year. The economies and decreases jointly carried out by the President and Congress will run well beyond the $600,000,000 mark for the fiscal year 1933 as compared with 1932, according to the data supplied by the experts of the Appropriations Committee.

In accomplishing this saving no small part of credit is due to the people themselves. Not since I have been in Congress have the taxpayers taken such a vital interest in effecting reductions in Government expenditures as at the present session. This has proceeded to such an extent that in many cases people have rejected with indignation proposed expenditures in their own communities for post-office buildings and other structures not at present needed for the efficient transaction of the Government business. This is a healthy symptom and a great encouragement to those who for years have fought consistently against extravagant and unnecessary Government expenditures.

Government should be simplified. There should be less meddling with the private lives of the people, less paternalism, and less supervision and inspection. Hobbies of minority groups, enthusiasts, and cranks may well be cast aside. It is sufficient that the weak are protected against the strong; that equal opportunity is afforded to all, and that the predatory are held in check.

In the meantime the Government should develop a financial and credit structure of sufficient strength and elasticity to prevent gross inflation on the one hand and a shocking deflation on the other. It is time we are devoting more attention to sound economics and less to relief panaceas that are only temporary and indifferently effective at best. It should be possible to work out our financial, industrial, and agricultural interests in such a manner as to give stability to commodity values, insure employment at fair wages, and prevent recurring booms and corresponding depressions. Until this end is realized we shall not have reached that economic stability to which the people are entitled.

DOCUMENTS TO THE CREDIT OF MEMBERS OF THE HOUSE

Mr. STEVENSON. Mr. Speaker, I desire to make an announcement of some interest to the Members of the House. Sometime ago I had printed in the RECORD a list of documents that are at the disposal of Members from now until the 1st of December. A good many Members have asked me where this list is to be found and how long ago it was put in. They could not find it. I want to announce to them they will find it in the RECORD of May 23, near the beginning of the RECORD of that day, and they can see there the riches that are in store for them.

THE LATE REPRESENTATIVE EDWARD E. ESLICK

The SPEAKER pro tempore. The Chair announces the appointment of the following committee to attend the funeral of the late E. E. ESLICK:

Messrs. BYRNS, DAVIS, MCREYNOLDS, BROWNING, COOPER of Tennessee, CRUMP, MITCHELL, TAYLOR of Tennessee, LOVETTE, COLLIER, CRISP, CULLEN, HAWLEY, BACHARACH, MCCORMACK, VINSON of Kentucky, FISH, and ARNOLD.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

Mr. RAGON. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. RAGON. Mr. Speaker, on account of the tragic events which carried from us our beloved colleague yesterday afternoon, I believe it is the consensus of opinion on both sides of the aisle that any further participation in general debate would be very much under a saddened pressure.

I have talked the matter over with the gentlemen who represent the other side, Messrs. HAWLEY and CRISP, and we took it up in the Ways and Means Committee a while ago and it was the unanimous decision of the committee, including the two gentlemen referred to, that I propound a request for a discontinuance of further general debate.

The funeral party leaves this afternoon at around 4 o'clock. The funeral will either have to be postponed or some Members will be deprived of their right to vote on this important question if we continue the general debate and then proceed under the 5-minute rule. I am sure our colleague, who died here in the thick of the fight, would say to the Members that they remain here and vote rather than forego any of their rights, but under the circumstances I feel the Members can extend their remarks in the RECORD, a request which I shall make later, or they can take advantage of the discussion under the 5-minute rule. In this way we can proceed immediately to the consideration of the bill under the 5-minute rule.

Mr. LOVETTE. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. LOVETTE. I wonder if the gentleman would consider in his request that debate close on the bill at a certain hour in the afternoon, so we will have plenty of time?

Mr. RAGON. I will say to my friend from Tennessee that the bill is short, and under the 5-minute rule I do not think we will have very much discussion.

[Here the gavel fell.]

Mr. RAGON. Mr. Speaker, I therefore propound the unanimous-consent request that further general debate upon the bill providing for the payment of adjusted-service certificates be concluded.

The SPEAKER pro tempore. The gentleman from Arkansas asks unanimous consent that general debate on the bill H. R. 7726 be now concluded.

Mr. BLANTON. Mr. Speaker, reserving the right to object, our colleague who left us yesterday was a brave legislator and he was a friend of the soldiers. I do not believe he would want us to take any action that would jeopardize the rights of the men for whom he spoke.

I want to ask my friend if he believes that the cessation of general debate on this subject will in any way jeopardize the right of the men whose cause this matter represents?

Mr. RAGON. If I thought that, I would not have made the request.

Mr. BLANTON. But the Members he speaks of as having consulted with are against the proposal.

Mr. RAGON. I will say that I was requested by Members who are friends of this bill to make this request. At a meeting this morning they authorized me to see these other gentlemen and make the agreement.

Mr. BLANTON. If the gentleman from Mississippi [Mr. RANKIN], and my colleague from Texas [Mr. PATMAN], and the gentleman from Massachusetts [Mr. CONNERY] are willing for the debate to end, I shall not interrupt the program; but unless they are willing we ought to continue the debate that has been begun in behalf of these 4,000,000 ex-service men.

Mr. RAGON. Mr. Speaker, I desire to say to the gentleman that everyone friendly to the bill thought it best for all concerned.

Mr. BLANTON. Under the circumstances, I shall not object.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I want to say that on yesterday the gentleman from Texas [Mr. PATMAN] did tell me about this proposed suggestion, and inasmuch as I am on the other side, I said I thought it would be all right.

But may I point out that as tragic as was the incident on yesterday, it is our duty to carry on, and while, of course, this may be proper under the circumstances, to dispense with further general debate, it is the duty of the proponents and it is the duty of the opponents to carry on.

Mr. RANKIN. Mr. Speaker, I was one of the men consulted. We are for this agreement. We will get time under the 5-minute rule. We are not going to sacrifice anything. We are going to pass this bill.

Mr. COX. Mr. Speaker, in order to put the gentleman from Arkansas [Mr. RAGON] in a proper attitude, I wish to state that I am sure the gentleman from Arkansas would not have made the request if he had thought it would jeopardize the passage of this bill.

Mr. RAGON. I would like to say this. There was a meeting in the room of the gentleman from Mississippi by 8 or 10 Members who are sponsoring this bill, and they requested me to see the gentleman from Georgia [Mr. CRISP] and the gentleman from Oregon [Mr. HAWLEY] and see if arrangements could not be made to close general debate, and I found that both gentlemen had the same view we had.

Mr. HAWLEY. Mr. Speaker, I respectfully ask all Members on this side, those for and those opposed to the bill, not to oppose this request. I concur with the gentleman from Arkansas that further debate be concluded.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas [Mr. RAGON]?

There was no objection.

Mr. CRISP. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CRISP. Mr. Speaker, I am in perfect accord with the suggestion made by the gentleman from Arkansas, and I think it the proper course to pursue.

I am myself opposed to the bill, but I think it should be speedily passed. I say that because I know it is going to pass this House. [Applause.]

I propose, as far as I am concerned, to let the proponents amend the measure as they see fit. They have the votes to do it, and I shall myself interpose no obstacle that will cause delay. I shall, of course, vote against the bill.

Let me say that the widow of my deceased friend has made a specific request that I attend the funeral of our friend as one of the members of the congressional committee. There is nothing for me to do, of course, but to accede to that request, for I loved him, as I do Mrs. Eslick. I hope the bill can be disposed of before the funeral party is forced to leave this Chamber. Mr. Speaker, if that is not so, inasmuch as we go under the orders of the House, would it be in order by unanimous consent to permit the Members who are to leave here under orders of the House to have their votes recorded on the bill?

Mr. BLANTON. Oh, Mr. Speaker, the gentleman is too good a parliamentarian to ask that question. He knows it would not be in accord with the rules of the House.

The SPEAKER pro tempore. The Chair will put the request, although it would be establishing a precedent.

Mr. CRISP. Mr. Speaker, I withdraw the request.

Mr. RAGON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7726, to provide for the immediate payment to veterans of the face value of their adjusted-service certificates.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7726, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. It is the apparent desire of the House to conclude the consideration of this bill at the earliest

practical moment. As far as the Chair is concerned, he will endeavor to preserve the rules of the House with reference to the extension of debate upon immaterial amendments. He hopes he may have the cooperation of the membership to that end. The Clerk will read the bill for amendment under the 5-minute rule.

The Clerk read as follows:

Be it enacted, etc., That Title V of the World War adjusted compensation act, as amended, is amended by adding at the end thereof three new sections, to read as follows:

"PAYMENT OF CERTIFICATES BEFORE MATURITY

"SEC. 509. (a) The Administrator of Veterans' Affairs is authorized and directed to pay to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of the certificate and all rights thereunder (with or without the consent of the beneficiary thereof), the amount of the face value of the certificate as computed in accordance with section 501.

"(b) No payment shall be made under this section until the certificate is in the possession of the Veterans' Administration, nor until all obligations for which the certificate was held as security have been paid or otherwise discharged.

"(c) If at the time of application to the Administrator of Veterans' Affairs for payment under this section the principal and interest on or in respect of any loan upon the certificate have not been paid in full by the veteran (whether or not the loan has matured), then, on request of the veteran, the administrator shall (1) pay or otherwise discharge such unpaid principal and so much of such unpaid interest (accrued or to accrue) as is necessary to make the certificate available for payment under this section, and (2) deduct from the amount of the face value of the certificate the amount of such principal and so much of such interest, if any, as accrued prior to October 1, 1931.

"(d) Upon payment under this section, the certificate and all rights thereunder shall be canceled.

"(e) A veteran may receive the benefits of this section by application therefor, filed with the Administrator of Veterans' Affairs. Such application may be made and filed at any time before the maturity of the certificate, (1) personally by the veteran, or (2) in case physical or mental incapacity prevents the making or filing of a personal application, then by such representative of the veteran and in such manner as may be by regulations prescribed. An application made by a person other than a representative authorized by such regulations, or not filed on or before the maturity of the certificate, shall be held void.

"(f) If the veteran dies after the application is made and before it is filed it may be filed by any person. If the veteran dies after the application is made it shall be valid if the Administrator of Veterans' Affairs finds that it bears the bona fide signature of the applicant, discloses an intention to claim the benefit of this section on behalf of the veteran, and is filed before the maturity of the certificate, whether or not the veteran is alive at the time it is filed. If the death occurs after the application is made but before the negotiation of the check in payment, payment shall be made to the estate of the veteran irrespective of any beneficiary designation, if the application is filed (1) before the death occurs, or (2) after the death occurs but before the mailing of the check in payment to the beneficiary under section 501.

"(g) Where the records of the Veterans' Administration show that an application disclosing an intention to claim the benefits of this section has been filed before the maturity of the certificate, and the application can not be found, such application shall be presumed, in the absence of affirmative evidence to the contrary, to have been valid when originally filed.

"SEC. 510. If at the time this section takes effect a veteran entitled to receive an adjusted-service certificate has not made application therefor he shall be entitled, upon application made under section 302, to receive at his option either the certificate under section 501 or payment of the amount of the face value thereof under section 509.

"SEC. 511. The Administrator of Veterans' Affairs, in the exercise of his powers to make regulations for payment under section 509, shall to the fullest extent practicable provide a method by which veterans may present their applications and receive payment in close proximity to the places of their residence."

(When the Clerk had concluded the reading of the first paragraph the following occurred:)

Mr. LAGUARDIA. Mr. Chairman, I rise to strike out the last word so that the Chair may rule whether we are to read this bill by sections or by paragraphs.

The CHAIRMAN. The Chair rules that the bill will be read by sections and not by paragraphs. The Clerk will complete the reading of the bill down to section 2, page 4, before any amendment is in order.

The Clerk concluded the reading of the section.

Mr. PATMAN. Mr. Chairman, I move to strike out the last word. In view of the fact that I was not permitted to speak under general debate, I ask unanimous consent that I be permitted to speak for five additional minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Chairman, it is not my desire to speak unkindly of anyone who is opposed to this legislation. I feel that we have the side of logic and reason, I feel that we can substantiate every part of this bill with information that is sufficient to justify its passage, and I feel that we can satisfactorily answer every objection that has been urged to any part of this bill. Briefly I shall mention to you some of the objections that have been raised and answer them the best I can during the time allotted.

This bill was prepared carefully by the legislative counsel, Mr. Beaman. In the preparation of it he had the assistance of Mr. O'Connor Roberts, counsel for the Veterans' Administration, and Mr. Breuning, of the Veterans' Administration, and also a representative from the Treasury Department. It is true that they did not confer with Mr. Beaman relating to section 2 of the bill, which provides for the manner of payment, but they did confer with and assist him in the preparation of section 1 so that if the bill should become a law it would be the least objectionable to them from the standpoint of administration. I make that statement so that Members may know that the bill was very carefully prepared.

The statement has been made that we are asking for the payment of an obligation that is not due until 1945. I suggest that we are asking that Congress carry out a confession and acknowledgement of an obligation that Congress made in 1924. It is true that we are asking for a revision of part of the contract in order that we may carry out the other part of the contract. The revision we are asking for is this:

In allowing the adjusted-compensation certificates to be issued, instead of dating them back to the time the services were rendered, the certificates were dated 1925, thereby causing the veterans to lose seven and a half years of interest. We are asking for a revision of the contract to that extent. Congress said that there was a difference between what the average soldier, sailor, and marine received during the war for his services and what the lowest paid laborer in America received during the war for his services of between $1 a day and $1.25 a day, and so Congress said that we should pay those veterans an additional sum—not a bonus but adjusted pay—of $1 a day extra pay for home service and $1.25 a day extra pay for services overseas, and we are merely asking that Congress do that which Congress said in 1924 should have been done. We are asking that you pay that debt in the same way that Congress has always paid its debts. For instance, if this pay of $1 a day or $1.25 a day is paid as of the date of service rendered, with a reasonable rate of interest from that time, an amount is now due each veteran who holds an adjusted-service certificate that is equal to 100 per cent of the face value of his certificate. Briefly it is arrived at in this way: When the war was over and people made application for tax refunds, after 10 or 11 years it was finally decided that they were entitled to refunds. The Treasury Department did not make the refunds as of 1925, but as of 1917 and 1918, during the war, during the time they claimed they overpaid their income taxes, or from the time the depreciation of their war facilities occurred, and with 6 per cent interest from that time, which the Government said was a reasonable rate of interest. We are asking that the same policy and the same principle of government which has been adopted for them be adopted for the veterans of the World War. I hope you read the minority report that was written by the 10 members of the Ways and Means Committee. It is available. You can get a copy now if you desire it, and I believe you will be convinced we are not asking for anything except the payment of a debt that Congress has already acknowledged.

But it will be said, "What about the revision part?" Well, have not other people asked for a revision of debts? Did not the foreign countries come to the United States, through their representatives, and ask that their debts be revised, and were those debts not revised by giving those

foreign countries more than $10,000,000,000? They used that money to pay their own soldiers, not only bonuses but adjusted compensation, the amounts of which in many instances were as high as $7,209 each.

Without going into that further, I do want to insist that the Members read the minority report.

It has been said that this is fiat money that we are offering to print. It is United States notes, just like you have in your pockets to-day. No more fiat money than that. The Nation's currency which you have in your pockets is backed up by Government bonds. It is the same kind of money that we propose to issue, and it can not be consistently and truthfully said we are proposing to issue fiat money and not, at the same time, call national currency, United States notes, fiat money, because exactly the same principle is involved in issuing those notes. What about Federal reserve notes? That is a case where the Government credit is being used by the bankers in order that currency may be issued, and they get interest on that currency that is issued, every dollar of it. We are just asking that the same privilege be extended to the veterans, but without giving them interest. Instead of giving out bonds and selling them and letting bankers put up those bonds and get money on them, loan the credit to veterans and let them get the money direct. Then the Government will save the interest it would have to pay on the bonds. That is what we propose.

The Goldsborough bill passed this House a few days ago. When it went to the Senate the Senate committee unanimously placed an amendment on that bill permitting the banks of this Nation to put up $1,100,000,000 more bonds, if they want to, with the Secretary of the Treasury. The Secretary of the Treasury can call up the Bureau of Engraving and Printing and have issued to those bankers $1,100,000,000 of new money—printing-press money—and turn it over to them. While they are getting the use of that money they are also getting the interest on the bonds. We are adopting that same principle, except that we are letting the veterans use the credit of the Nation, and the Government is not out one penny in interest on any bonds. [Applause.]

Now, my friends, we can defend this proposition. It is safe. It is sound. We are not asking you to violate any principle or policy of this Government. We are asking you to carry out and put into execution for the veterans the same principle that you have adopted for others, and especially the bankers. We are not asking you to give any bonus to World War veterans. We are asking you to treat them in the same manner, as far as paying a debt with interest, as you treated the World War profiteers, if you please, who, after the war, were branded as profiteers and traitors by a committee of this Congress.

Further, let me suggest on this money question that you read the hearings before the Committee on Ways and Means. I think you will find that information instructive and convincing.

Under leave to extend my remarks, the following is inserted:

Before the end of this session of Congress I expect to insert in the RECORD a statement in answer to every objection urged against this bill. The gentleman from Nebraska [Mr. SIMMONS] presented information that is very misleading. I expect to answer it. The gentleman from Michigan [Mr. CLANCY] inserted in the RECORD very misleading information. I expect to answer it, as well as the arguments made by other gentlemen who spoke in opposition to the measure. The New York Times has recently published information about the veterans of the World War that is untruthful; in fact, that newspaper has libeled the World War veterans, and I expect to show it in a complete statement.

February 18, 1932, I inserted in the RECORD a statement showing the amount of money that will be paid to the veterans in each county in the United States in the event this bill becomes a law.

MORE MISLEADING INFORMATION

Archibald Roosevelt, of Tea Pot Dome fame, the beneficiary of many Government subsidies and of late the mouthpiece for Wall Street in its fight against veterans, has presented some very misleading information to the public. Wall Street money and influence have caused others to take up the fight and to use the conglomerated misrepresentations presented to the President by Archibald. This is not the first time Archie has been accused of being a lobbyist and messenger for the special interests. When his brother, Theodore, jr., was Assistant Secretary of the Navy under Denby in the famous Harding-Daugherty-Fall administration, Harry Sinclair gave Archibald a very large salary for his messenger and lobbying service; his salary was raised at different times and up to $15,000 a year, although Sinclair later testified he was no good at any kind of work. Sinclair was successful in getting the naval oil lease signed and the United States marines used to clear the property of drilling rigs without the inconvenience of a lawsuit, in which those in charge of the property would have had their day in court.

Archibald presented to the President what was known as a petition for redress of grievances which stated:

> We petition for the reduction of the Federal expenditures by not less than $450,000,000 annually, which these reforms would effect. * * * We make it plain that we are not now speaking of the so-called "bonus," to which we are opposed, but we are speaking of a drastic reduction of the growing annual expenditures in the Federal Budget for veterans of the World War and Spanish-American War. * * *
>
> A few of the main items of the $928,000,000 annual appropriation are these—

They were enumerated as follows:

(a) Compensation for death during World War service paid to dependents	$36,284,558
(b) Compensation for service-connected disabilities during World War	204,641,848
(c) Retired pay of emergency officers who incurred physical disabilities in line of duty during World War	11,046,040
(d) Disability allowances for veterans of World War for disabilities not connected with their service during World War [1]	104,277,554
Total	356,250,000
Hospitalization	115,528,795
Military and naval insurance	117,000,000
Adjusted-service certificate fund	100,000,000

The petition further states:

> The total of the above and other items for veterans of the World War is approximately $690,000,000. * * * In addition, there is appropriated by the House bill the sum of $225,850,000 for the regular pensions for the veterans of earlier wars, of which amount $116,393,447 is for pensions of veterans of Spanish-American War. * * * The above recitals comprise a few—but a few only—of the facts demonstrating that an immense and growing legalized abuse has been fastened upon the people, which has reached a point which is beyond toleration and demands immediate abatement. * * * Let no one assert that these petitioners desire to deprive any man who has served his country in military service of his just due. We advocate not merely just but liberal treatment of the dependents of all who lost their lives in war service and for all who suffered disability in war service. What we oppose is the payment of the great sums which are being disbursed to or for those who suffered no physical detriment in the war—a system which saps the resources of the people and creates a specially favored class receiving a great subsidy from the people at large. * * * Your petitioners make these representations with respect but with the firm resolve that this vast legalized abuse must be abated and that this grievance of the people must be redressed. (May 4, 1932, signed by Archibald Roosevelt and 131 others, constituting what they called the National Economy Committee, 19 West Forty-fourth Street, New York City.)

Let us analyze this petition. A saving of $450,000,000 a year is demanded in expenditures for veterans of the World War and Spanish-American War. It is wondered why the same reductions should not be requested for veterans of the Civil War and their dependents who fall in the same class; they are specifically excluded.

The petition does not include the so-called bonus, so we will eliminate from our consideration the $100,000,000. Military and naval insurance was paid for by the veterans with their own money. (Remember the song, "We get $30 a month, deducting $29"?) Therefore, the $117,000,000 should be excluded from consideration. Non-service-con-

[1] Many veterans are in this class who have service-connected cases but were unable to make the proof as required by law due to destruction of their records on battlefield and other reasons.

nected cases are not entitled to hospitalization unless there is a vacant bed in the hospital not needed by a service-connected case. It is presumed that the expense to the Government will be very little more if all the beds are filled, since the overhead expenses, including salaries and expenses of doctors, nurses, clerks, maintenance and upkeep of buildings, etc., must be paid anyway. Certainly medical and hospital care should not be denied men who suffered injuries in battle and other war injuries and diseases. Therefore, we will exclude from consideration the reduction of $115,528,795 for this service. The hospitals are maintained for service-connected cases.

The following items will have to bear the $450,000,000 reduction:

Death compensation	$36,284,558
Compensation, service-connected cases	204,641,848
Emergency officers	11,046,040
Disability allowance	104,277,554
Pensions, Spanish-American War veterans	116,393,447
Total	472,743,447

The petitioners should have been more frank and demanded that no compensation or pensions be paid to honorably discharged veterans of the World War and Spanish-American War for death or service-connected cases, or for any other purpose, since they demanded a reduction which, if allowed, would practically eliminate all these benefits.

Archie says that the veterans are a "specially favored class receiving a great subsidy" and that "this vast legalized abuse must be abated and that this grievance must be redressed." Let us see if Archie and the four M's who are really behind this petition are in a position to grieve about the Government paying subsidies to anyone. The four M's represent Morgan, Mellon, Mills, and Myers, depicting mortgages, misery, misfortune, and malfeasance.

Archie and J. P. Morgan are interested in steamship lines. The lines were purchased from the Government for a very small price. They received a subsidy from the Government in the purchase of the vessels. The Government did require certain payments to be made over a period of 20 years. However, the Government gave them contracts to carry the mail in their steamships. They are being paid as high as $25,000 a trip for carrying 1 or 2 pounds of letters. One of their lines has a 10-year contract to carry the mail from Baltimore to Hamburg. The first few months of their first year this line rendered a service for the Government in carrying the mail that other steamship lines would have rendered for not to exceed $15,000. This company was paid under its liberal contract with the Government the sum of $807,246, or a subsidy of $792,246 for this service.

Another Morgan-Roosevelt line has a very liberal contract with the Government to carry ocean mail. It receives a similar subsidy. This line borrowed $15,750,000 from the Government's Shipping Board. The date of the loan was May 24, 1930, and it will mature in 20 years. The interest rate is one-half of 1 per cent, or 50 cents for the use of every $100 of the Government's money for one year. Contrast this with the $4.50 and $6 on the $100 paid by the veterans for the use of their own money.

The Government is paying out more than $18,000,000 a year, in excess of what other steamship lines would render the service for, to the Morgans, Roosevelts, and others who are talking about subsidies to veterans.

Who compose the National Economy Committee, 19 West Forty-fourth Street, New York City? The Anti-Bonus League was organized in 1922 with money furnished by war profiteers. It was shown at the hearings on the bills to pay adjusted compensation to veterans that it received its principal contributions from Mellon companies and from Mr. A. W. Mellon himself. A congressional committee disclosed facts which are convincing that Mr. Mellon was a war profiteer and this committee suggested a change in the Constitution of the United States in order that men guilty of such reprehensible conduct in time of war may be punished for treason—in other words, shot at sunrise.

The Mellon name made the Anti-Bonus League offensive to patriotic, law-abiding citizens. Then the same gentlemen organized the Committee to Reduce the Cost of Peace. It was shown before the Ways and Means Committee less than 60 days ago that this organization came into being to take the place of Mellon's Anti-Bonus League and was engaged in opposing veteran legislation. Another wolf in sheep's clothing. This publicity caused another change of name to be desirable. The same gentlemen who were so active in the former organizations helped to bring into being this new National Economy Committee, which also has the support of the Morgans and Roosevelts.

At this point, Mr. Chairman, I ask unanimous consent that I may insert such portions of my testimony before the Ways and Means Committee as I think will be material.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The testimony is as follows:

PAYMENT OF ADJUSTED-COMPENSATION CERTIFICATES

MONDAY, *April 11, 1932.*

The ACTING CHAIRMAN. Gentlemen, you may present your first witness. We will hear Mr. PATMAN.

STATEMENT OF HON. WRIGHT PATMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. PATMAN. Mr. Chairman and members of the committee, we appreciate the fact that this committee has worked very hard in the last few months. I do not suppose there has been a committee of Congress that has worked as hard and as faithfully as the Ways and Means Committee of the House. We do not want unduly to burden you. We appreciate the fact that you have given us this opportunity to present our side of the case, and any arrangements that the committee makes as to time for these hearings will meet with our entire satisfaction. We shall certainly try to conform to the wishes of the committee in every way in order that the committee may be convenienced.

Senator THOMAS has been invited to appear before the committee by myself and other members of the House as well as by the Veterans of Foreign Wars. Ex-Senator Owen, of Oklahoma, is here. He has been invited to be a witness. Senator Owen can not be present after this morning. In fact, he remained over at our request, in order to make his appearance this morning. I hope the committee will hear him after I have finished. For that reason I expect to cut the time of my presentation as much as possible.

Dr. Willford I. King, the head economist of New York University, who recently appeared before the Banking and Currency Committee, will be a witness for the proponents of this legislation. He can be here Thursday or Saturday, and in accordance with the suggestion of the chairman this morning, we suggest Thursday would be the best day. I have asked the clerk of the committee to send him a telegram inviting him to be here next Thursday.

Senator THOMAS has also suggested that the committee should hear Mr. Le Blanc, who has a reputation as an economist, not only here in our own country, but internationally. We have requested that he be invited to appear. Also Mr. Harris, of Harris & Volts, of New York. We ask that he be invited.

* * * * * * *

Mr. PATMAN. In the beginning, I want to say to this committee that unless we can show that the payment of these adjusted-service certificates will benefit the country, promote the general welfare, we are not entitled to win; we are not entitled to have this bill pass.

It is true that the veterans need this money. More than 2,000,000 of them are out of jobs. But, at the same time, they realize that in order for them to be helped it must be done on the theory that it will promote the general welfare. If it will not promote the general welfare, if it will be the least bit detrimental to the general welfare, we are not entitled to ask this committee to pass or to approve this legislation.

Now, I say that 2,000,000 veterans are unemployed. That is a misstatement in this: Mr. John Arthur Shaw, who is director of the Unemployment Service of the Department of Labor, told me—and I have his statement in the record—that 750,000 able-bodied veterans are unemployed. They are able, willing, and anxious to work and can not find jobs. More than 75,000 men who have disabilities not sufficient to disqualify them for work, are unable to find jobs, although willing to work. There are 800,000 veterans, so Mr. Shaw tells me, who are working from one to three days a week at greatly reduced wages and, of course, are not making sufficient money to pay their actual running expenses, to obtain the comforts and necessities of life for themselves and their families. That, of course, aggregates almost 2,000,000 veterans.

By reason of the fact that there are 3,666,000 of these certificates, and that all except 800,000, approximately, of the veterans have borrowed on those certificates, and further in view of the fact that 200,000 of those 800,000 can not borrow because their certificates are not two years old, I think that is pretty good proof that at least four-fifths of the veterans are in need of this money.

Two hundred thousand can not borrow. Taking 200,000 from 800,000, approximately—I am not attempting to quote the exact figures—would indicate that there are only about 600,000 who have not borrowed because they did not want the money.

The question receiving the most consideration at this time in regard to this legislation, throughout the country and among the veterans, is, Can the payment to the veterans on a debt that must be paid anyway be used as a vehicle to carry our country back to prosperity?

In order to persuade Congress to pass a bill of this nature, we realize we must present proof to show that the face or maturity value of these certificates are due; at least, that the veterans would be entitled to a sum equal to the full face or maturity value of these certificates now; that is, considering that the Government does not have to invoke a new principle in order to do that. Here is the way we arrive at that conclusion:

Congress had hearings before committees for many months, over a period of some three or four years. During this time, the committees of Congress finally agreed—their reports disclosed and the debates in the House disclosed—that there was a difference, after charging the veteran with the amount of the pay that he received and his clothing and board, all of which should be added, of course, in arriving at the total amount, and deducting his daily wages from the lowest wages paid to a civilian laborer during the war, of a dollar and a dollar and twenty-five cents per day. You will find those figures in the committee reports in support of one of these bills. Therefore Congress agreed that there was a difference, as I say, of a dollar and a dollar and twenty-five cents a day that should be paid to the veteran.

After many proposals were suggested, the committee finally agreed upon one plan, the adjusted-service certificate form of payment. That is to say, suppose a man served a certain length of time, 200 days overseas. That would be computed at the rate of a dollar and twenty-five cents a day; also 210 days here at one dollar, making $210, or a total of $460. Now, instead of giving that man $460, the Government gave him an adjusted-service certificate equal to $1,000, and the amount of that certificate was arrived at in this way:

They said, "Well, we have already paid you $60. We paid you that $60 when you came out of the service. Therefore we are going to deduct the $60 from your $460. But we are going to add 25 per cent for waiting, since you are going to have to wait a number of years in order to get your money. Twenty-five per cent of $400 makes $100, which, added to the $400, makes a total of $500. We will give you an adjusted-service certificate equal to what the $500 would pay for if you were going to purchase an endowment policy from a private life-insurance company. In an average case that would amount to $1,000."

So the man who was entitled to $460 got an adjusted-service certificate for $1,000. Now, we are asking that this payment be made as of the time the services were rendered, with a reasonable rate of interest to be computed from that time. We do that on the theory that the Government has invoked that principle for others; that it has always been the policy of the Government to pay in that way.

For instance, let us take one who served his country during the time of the war by making war munitions and supplies. He had all of his factory facilities engaged in war work. He paid an income tax in 1917. After the war was over he filed an application asking the Government of the United States to allow him a refund on his income tax for 1917 because he had failed to deduct a sufficient amount for depreciation of his war facilities during 1917. If he had deducted a sufficient amount, he would be entitled, let us say, to a $460 tax refund. The Government would give him that refund and the Government would give him that refund not as of 1925 but as of the time he paid his income taxes, March 15, 1918, with 6 per cent interest from that time, on the theory that if he had not paid a sufficient income tax and had an assessment levied against him by the Government he would have had to pay 6 per cent interest from that time. Therefore the Government turns around and says if it is fair for you, it is fair for us. The law says you must pay us 6 per cent from March 15, 1918. We will invoke that same principle in this case.

It does not seem to me to be unreasonable, and you may say what is a reasonable rate of interest?

For years and years the Government caused the veterans to pay 6 and 7 and 8 per cent interest. That interest was compounded annually on the money that they received as loans on their certificates. If it was fair and reasonable for them to pay 6 and 7 and 8 per cent interest compounded annually on their certificates, is it not at least fair that the Government pay them at the minimum rate from the time the services were rendered?

That is exactly what we are asking for, and no more. We are not asking for the 25 per cent. We are asking you to exclude that—take it out. That is the only bonus that is in that certificate—that 25 per cent; and we are asking you to take it out. Just give the veterans a dollar and a dollar and twenty-five cents to-day as of the time the services were rendered, with that reasonable rate of interest from that time, the minimum rate at which the Government charged the veteran over that period of years, and each veteran is entitled to receive an amount from the Government equal to the face or maturity value of his adjusted-service certificates, October 1, 1931. I have actually taken my pencil and figured it out myself. Others have figured it out, and if you agree with what I have said, there is no question about the amount.

Now, we do not think that a bond issue is the proper way to handle this proposition. We feel it would be detrimental to the country at this time to have a bond issue. I think it must be handled in another way. I think that a bond issue would be so detrimental to the country that we would not be justified in asking for it. Therefore, no bond issue is being proposed, no bond issue is being asked.

I am not going to quote exact figures here, because General Hines is present and he has the figures in his possession, although I got those figures from his office a few days ago and I will refer to them in a general way.

The number of holders of certificates is 3,539,507 of the amount of $3,513,000,000. About 3 per cent of the population of any community are holders of these certificates; about 4 per cent are veterans. The veteran population bears a very definite ratio to the total population of any community, county, or State. You can always arrive at the number of veterans in any community who are holders of certificates by taking 3 per cent of the entire population of that community.

These certificates range in value from $126 to $1,590 each. The average certificate amounts to $1,000.

Two million six hundred and seventy-nine thousand seven hundred and forty-four have borrowed the limit allowed by law, 50 per cent. Now, the argument is being made that they are unpatriotic in asking for the remainder; that they should sit idly by and allow the Government to liquidate those certificates in 1945.

If more money is put into circulation, prices of commodities will rise. The country will be destroyed if we try to adjust our living standards to present prices.

In connection with the question of whether or not the veterans are unpatriotic, let us see what they will get in 1945 if these certificates are not paid now.

You have over 2,000,000 men who need this money for the comforts and necessities of life. They need it to buy clothing and food for themselves and for their families. It is all right to tell them they should be patriotic. They are patriotic. They manifested their patriotism in the past. But it is awfully hard to convince them that it is right for them to sit idly by and see their families and themselves suffer while the Government is consuming the remainder of their certificates in compound interest. That is something that is very difficult to understand.

Let us see what these veterans will get. We will take the average certificate of a thousand dollars where a veteran has borrowed the limit allowed by law. He got his money in little dribs until the 50 per cent loan act was passed, and then he got a substantial sum. If he pays 4½ per cent interest compounded annually from now until 1945, let us see what he will have. He can not borrow any more money until 1944, and then he will be permitted to borrow $16.55. The next year, 1945, the Government will settle with him and will pay him $66.25, and the certificate will be canceled. But all the veterans are not so fortunate as to receive even that sum. Some of them will continue to pay 6 per cent interest, compounded annually, because they borrowed from the banks, and the banks at the end of six months have turned their certificates in to the Veterans' Administration.

It is the ruling of the Veterans' Administration that where a veteran borrowed from a bank, using his adjusted-service certificate as collateral, and pays the banks 4½ per cent interest, compounded annually, as the present law requires, such a veteran will be required to pay 6 per cent interest, compounded annually, on this loan when the bank transfers it to the Government at the end of six months. This will result in the veteran who is the holder of a certificate of the average amount, $1,000, being indebted to the Government in the sum of $112.18 on the date of the maturity of his certificate in 1945.

The following table is based upon an assumed case. It is assumed that the veteran has a certificate for $1,000; that it was dated January 1, 1925, and made payable January 1, 1945; average age of 33 at the time of issuance; that loans were made by a bank in the eleventh (Texas) Federal reserve district each year on January 1, from 1927 to 1931, inclusive, then a loan on March 1, 1931, for the 50 per cent loan value and redemption of the note by the Government in six months:

Year	Loan value	Interest rate effective at date of loan	Interest due beginning of year	Cash to veteran	Reserve value
		Per cent			
1925					$31.14
1926					73.71
1927	$87.99	6		$87.99	97.77
1928	120.06	5½	$5.27	26.80	133.40
1929	153.59	6½	6.60	26.93	170.66
1930	188.67	7	9.98	25.10	209.64
1931	225.38	5½	13.20	23.51	250.43
Emergency loan act, Mar. 1, 1931	500.00	4½	2.06	272.56	
Redemption by the Government Sept. 1, 1931	500.00	6	11.25		
1932	500.00	6	30.67		293.11
1933	500.00	6	32.51		337.80
1934	500.00	6	34.46		384.59
1935	500.00	6	36.53		433.60
1936	500.00	6	38.72		484.96
1937	500.00	6	41.04		538.80
1938	535.73	6	43.51		595.26
1939	589.05	6	46.12		654.51

Year	Loan value	Interest rate effective at date of loan	Interest due beginning of year	Cash to veteran	Reserve value
		Per cent			
1940	$645.06	6	$48.88	----------	$716.74
1941	703.92	6	51.82	----------	782.14
1942	765.86	6	54.93	----------	850.96
1943	831.12	6	58.22	----------	923.47
1944[1]	900.00	6	61.71	----------	1,000.00
Jan. 1, 1945	----------	----------	21.80	----------	----------
Total	----------	----------	649.28	$462.89	----------

[1] At this point the amount of principal and interest due on account of the amount paid the bank on Sept. 1, 1931, would exceed the face value of the certificate.

The above tabulation was prepared by the Veterans' Administration at my request and forwarded to me by Gen. Frank T. Hines.

By deducting the amount of cash received by the veteran from the amount of interest due by the veteran it will be discovered that the veteran will owe the Government $112.18 instead of the Government owing him one penny.

Veterans who have borrowed on their certificates are paying $166,000 a day interest.

A veteran of the average age, who was 33 years of age January 1, 1925, received from the Government an adjusted-service certificate for $1,000, the average value. He has borrowed on the certificate every opportunity and will continue to do so as a majority of the veterans have done. He will not repay any part of the principal or make any interest payments. The following computation furnished by the Veterans' Administration shows the amount the veteran receives in cash, the amount of compound interest charged, and other information:

Year	Loan value	Interest due beginning of year[1]	Cash to veteran
1925	----------	----------	----------
1926	----------	----------	----------
1927	$87.99	----------	$87.99
1928	120.06	$5.27	26.80
1929	153.59	7.20	26.33
1930	188.67	9.21	25.87
1931	225.38	11.32	25.30
Emergency loan act, March, 1931	500.00	----------	274.62
1932	500.00	21.00	----------
1933	500.00	23.44	----------
1934	500.00	24.48	----------
1935	500.00	25.60	----------
1936	500.00	26.75	----------
1937	500.00	27.95	----------
1938	535.73	29.21	----------
1939	589.05	30.52	----------
1940	645.06	31.90	----------
1941	703.92	33.33	----------
1942	765.86	34.83	----------
1943	831.12	36.40	----------
1944	900.00	38.04	16.55
Jan. 1, 1945 (10 months)	----------	33.75	66.25
Total	----------	450.20	549.80

[1] Interest at maximum rate of 6 per cent to March, 1931, and maximum of 4½ per cent after March, 1931.

It will be noticed that the veteran will receive less than $100 more on his certificate than the Government will receive in interest; or will receive $49.80 more than one-half the value of his certificate.

Only one substantial payment has been or will be made on the certificate. The other payments are in dribs and not sufficient to afford substantial relief for any purpose. After the 50 per cent loan is granted the remainder of the certificate will be practically consumed by compound interest. His next loan will be granted January 1, 1944, for $16.55. The Government does not pay compound interest for the money it borrows.

Now, it is awfully hard to convince people, 2,000,000 of them who need this money for the purposes for which they do need it, that in order to be patriotic they must sit idly by and let the balance of this certificate be consumed by compound interest and not say a word about it. It is awfully hard to convince them that that is the right thing to do.

Mr. ESLICK. Will the gentleman yield for a question?

Mr. PATMAN. Yes, sir.

Mr. ESLICK. Do you mean that where veterans have borrowed from banks on the basis of 6 per cent interest, and that certificate is turned in to the Government, it continues to bear a 6 per cent interest rate?

Mr. PATMAN. I mean that where he has borrowed on the basis of 6 or 4½ per cent and the bank turns it in to the Government, as I understand it, there was one section of the law that was not changed—possibly the Congress intended to change it, but it did not change it—when it is turned in to the Government at the end of six months, counsel for the Veterans' Administration has held that they must pay 6 per cent from then on. Am I right about that, General Hines?

General HINES. That is right. One section of the law, Mr. Chairman, requires that whenever the Government redeems a loan from the bank the certificate went into the adjusted-service certificate fund and the veterans paid 6 per cent interest. We have submitted the matter to the comptroller, hoping that he might agree with the feeling that I have—that while Congress did not specifically change that provision, we felt that when they expressed the wish that they pay not more than 4½ per cent it was the intention to apply it to the entire law, though they did not apply it. There was one provision that was not amended, although it was mentioned at the time. If the comptroller will agree with the Veterans' Administration, we will continue at 4½ per cent under that provision, although technically and legally I feel sure the provision is correct and requires 6 per cent.

The ACTING CHAIRMAN. The comptroller has not yet rendered a decision?

General HINES. He has not yet rendered a ruling. In the event he feels there is not sufficient law the Veterans' Administration would be favorable to a change in that provision.

Mr. MCCORMACK. Will the gentleman permit me to ask the general a question?

Mr. PATMAN. Yes.

Mr. MCCORMACK. You state technically and legally it is correct?

General HINES. Yes, sir.

Mr. MCCORMACK. But from the practical angle it is incorrect?

General HINES. No. From the practical angle it would be much simpler, administratively, to have them all at 4½ per cent. The law is quite specific. The provision is not ambiguous.

Mr. PATMAN. Thank you, General. At any rate, the law as it is now means that the veterans are being charged 6 per cent. I have statements in my office that disclose that and there is no question about it. Of course, as the general says, if the comptroller does not agree with him that the law should be changed, they will probably continue to do it.

Mr. BACHARACH. May I interrupt the gentleman?

Mr. PATMAN. Yes, sir.

Mr. BACHARACH. How many of the veterans are paying 6 per cent?

Mr. PATMAN. Well, not so many; just those who borrowed through the banks.

Mr. BACHARACH. You do not know the number?

Mr. PATMAN. I do not know the number, but it is a small number. If the gentlemen will pardon me, I would like not to be diverted at this point.

Mr. BACHARACH. Surely.

The ACTING CHAIRMAN. The gentleman does not have to yield for any question if he does not desire.

Mr. PATMAN. The main feature of this proposition at this time is what I would call the reflation feature. Inflation is putting too much money in circulation; deflation is taking out too much. Reflation is restoring the amount of money that should not have been taken out, in order to bring the country back to prosperity.

I will admit it is not so much the volume of money that makes a prosperous country as it is the velocity of the money and credits. Since 1929 the velocity of money and credits has decreased 50 per cent. There is only one way to make up for lack of velocity and that is by increasing the volume of money. We are hopeful in asking for the passage of this legislation that this will not only pay these certificates but that it will put sufficient money in circulation to cause commodity prices to rise, and when commodity prices rise money will be brought out of hoarding, because there will be some incentive to bring money out.

The manufacturer manufacturing his goods on the basis of a certain wage scale, by purchasing his raw materials at a certain price, can see a little profit in the transaction. There will be some incentive for him to put men back to work in the factory to produce goods. As it is now, the manufacturer of these goods, if he were to set about manufacturing them, by the time they were manufactured and sent out on a declining market, would lose money. Therefore the best thing to do is to lay off men and cut down their force and save as much of the expenses as possible. But, with a rising market, there is every incentive for them to put men back to work. That will restore the prosperity of our country.

Well, you will ask, "How much money should be put into circulation?" I am not going to try to answer that. We are going to have economists here who will answer that. But I do make this statement, that I do not think it is possible that the amount of money to be put into circulation will be too much. The question in my mind is, It it enough? I doubt that it is.

The people are being reduced to barter. Down in Houston, Tex., the other day I read a great big advertisement that said, "Mr. Farmer, you have no money; neither have we. We have gas and oil. You have chickens. Bring your chickens and we will trade you gas and oil for them." People do not have enough money with which to do business. Something has got to be done to get money out among the masses.

It is true that the President of the United States and other patriotic people in our Nation have been striving to get money out into circulation, sufficient for people to do business with. But to my mind it has not yet percolated down to the masses, and it does not look as though it is going to percolate down to the masses. Our theory is you must start with the masses and let the money go upward. If you will put purchasing power in the hands of the consumer, in the hands of people who have the consuming power but do not have the purchasing power, you will cause goods to be bought. You will see these veterans and their

families in the stores the next morning buying clothing and hats and shoes and food for them to eat. You will see a demand for goods; and with a demand for goods and other things, there will be an incentive for manufacturers to borrow some money and get back to manufacturing. As it is now, why should a man borrow money from the bank, even if the bank is willing to lend it to him? He has no business into which to put money that will make him money. There is a declining market. There must be something done to cause or to bring about a rising market.

I have a letter from a man who visited 97 Kansas towns and cities. He called on the drug stores. He said that he started out against this proposal. He said that these gentlemen on whom he called were not particularly for the veteran, but they wanted this money in circulation. He said without exception those 97 managers of those drug stores said that the only salvation to this country was to pass this bill and get this money in circulation so that there would be enough money with which to do business.

These are all typical letters. I have another letter here from a merchant down in Texas. He is not even remotely connected with the veterans, but he says that unless something is done to get money out to the masses of the country in this country that we are in a deplorable condition.

A banker from Oklahoma says that the people have maintained their poise remarkably well, but unless something is done in the very near future to get this money out among the masses, he does not know what is going to happen in a very short time. It is a dangerous situation.

The Federal reserve system is buying some Government bonds, but who gets that money? The people who hold these bonds are already buying as much as they want to buy. They are not going to buy an extra pair of shoes or an extra hat or an extra suit of clothes because the Federal reserve system has issued to them those Federal reserve notes that would circulate as currency. They already have plenty. But if that money can reach the masses, the people who are in need of these things but do not have the purchasing power, there will be a great incentive for them to buy, and of course that will help conditions generally.

I have talked to many economists about this, and I believe that this theory is sound, that we can issue paper currency for the difference that is due on these certificates. I believe that we can issue United States notes. I have referred to them as United States Treasury notes, but it makes no difference how you refer to them. But in order to make them the same as the money we now have outstanding, that should be changed to United States notes. The same principle is involved.

We have this prejudice to overcome. They will say, "Look at the inflation in Europe, in Russia, in the South American republics. How are you going to overcome that?"

Well, we do not expect to start out here on any kind of a program that would cause such wild inflation as occurred in Germany. We do not expect to try to put 5 tons on a 1-ton truck. We do not expect to try to issue several times as much money as this country needs. It will be all right with us to tie to a 40 per cent gold base and just say that the policy of this Government is, as it has been in the past, that we would never issue currency that will be in excess of a 40 per cent gold base.

I believe it is sound, and I believe that many economists in the United States will say so. But here is the prejudice. They will say, "Take the Civil War; think about the greenbacks." They went down to almost nothing; and some of our friends claim now that those greenbacks were backed by 40 per cent gold, which, of course, was a mistake. They were not backed by 40 per cent gold. And in support of that I want to insert an excerpt from the Encyclopædia Americana, page 427, volume 13, on the greenbacks issued during the Civil War.

(The statement referred to is as follows:)

"February 25, 1862, $150,000,000 authorized; not receivable for import dues nor payable by the Government as interest on its obligations.

"June 11, 1862, and March 3, 1863, further issues were authorized; and on January 3, 1864, they reached their maximum amount of $449,338,902. The great inflation, the uncertain fortunes of the war, and the belief that even if victorious the United States neither could nor would pay its enormous debt at face value, but would reduce or scale it, combined to depreciate the value of the notes; throughout 1864 they were worth on an average only about 45 cents on the dollar, and on one day, July 11, when Early was threatening Washington, they dropped in panic to about 35 cents."

Mr. PATMAN. That statement shows that these greenbacks were not backed by any 40 per cent gold. They had nothing behind them. All they had behind them was the credit of this Nation; and when General Early, of the Southern Confederacy, was about to take Washington, this article discloses, the credit of the Nation was impaired, and when the credit of the Nation was impaired the greenbacks went down to 35 cents on the dollar. But when the war was over and Secretary of the Treasury Sherman issued an order that "hereafter these greenbacks shall not only be good for certain debts that are specified, but they shall be good for all debts"—I sent to the Library and got a copy of that order; it was issued in 1879—from that time on those greenbacks remained at 100 cents on the dollar, and they have never gone down. In 1900 there were $346,000,000 worth of these greenbacks, and Congress set aside $156,000,000 as a gold reserve, and since that time they have had a gold reserve of 40 per cent behind those United States notes.

Well, there is nothing else behind them. There is no 60 per cent eligible paper behind them. That is the same principle that we want you to invoke here, except that the other 60 per cent in our case will be backed by Government obligations—these service certificates that are held by veterans of the World War. Now, if United States notes are fiat money—of course, our plan would probably be called fiat money; but our plan is no more fiat money than any other paper currency that is now being circulated in this Nation, except the gold certificates which are 100 cents on the dollar.

Now, we have $4,000,000,000 worth of gold coins in this Nation. That statement can be verified by reports from the Treasury Department. Four billion dollars worth of gold is enough to justify the issuance of $10,000,000,000 worth of currency. But do we have $10,000,000,000 worth of currency in circulation? No; we have five and a half billion dollars worth of currency in circulation. So it is not the gold standard of 40 per cent that our Nation is suffering from, but it is the double gold standard that we are suffering from. If you would just issue money as long as you had a 40 per cent gold base, we would have plenty of money in circulation; and I venture to suggest that this depression, if it happened at all, certainly would not have been so harmful and detrimental as it has been if that money had been issued.

I want to insert in the record some excerpts from statements recently gotten up by economists from Cornell University, Doctors Pearson and Warren.

The ACTING CHAIRMAN. Without objection, they will go in the record.

Mr. PATMAN. Here is one statement:

"The unemployment in the United States is variously estimated at from six to eight millions.

"Since 1929 the decline in prices in England, France, Germany, Italy, have been very similar: France, 33 per cent; England, 28; Italy, 27; United States, 26; and Germany, 22.

"Since 1929 prices in China have risen 8 per cent. China is on a silver basis. In the same period prices in gold-using countries have declined from 22 to 33 per cent. At the same time that other countries are feeling the effects of declining prices China is feeling the effects of rising prices. There is full employment and profits are large. It does not follow that the prices in the gold-using countries would have been the same as the prices in China had these countries been on a silver basis. The use of any metal as money changes the demand for it and hence changes its value."

Here is a statement about the debts of the country, private and public—a statement to the effect that all debts amount to about $203,000,000,000. Therefore this $2,000,000,000 that we are asking to put in circulation would only represent about 1 per cent of the total public and private debts, and certainly 1 per cent would not be too much.

TABLE 3.—*Rough approximation of public and private debts (from Table 2)*

Debt	Amount, billions	Per cent	Per capita
Corporations	$76	37.4	$618
Urban mortgages [1]	37	18.2	301
Bank loans	35	17.3	284
State, county, and local	21	10.3	171
National	18	8.9	148
Farm mortgages	9	4.4	73
Life-insurance-policy loans and premium notes	3	1.5	24
Retail installment paper [2]	3	1.5	24
Pawn brokers loans and unlawful loans of all kinds [3]	1	.5	8
Total	203	100.0	1,649

[1] Based on estimates furnished through the courtesy of George Terborgh of the Brookings Institution.
[2] Based on reports of the National Association of Finance Companies.
[3] Ryan, F. W., Family Finance in the United States, the Journal of Business of the University of Chicago, Vol. III, No. 4, pt. 1, p. 404, October, 1930.

"The decline in commodity prices has resulted in many business failures. During the last two years 3,635 banks have suspended, with deposits of $2,624,000,000. In the same period, 54,640 business failures have occurred, with liabilities of $1,405,000,000.

"EFFECT OF DECLINING PRICES ON HOME OWNERS

"The home owner's security is in the value of a home. If commodity prices fall so that the home can be built for 25 per cent less than he paid, his equity is gone unless he paid more than 25 per cent down. But when all the bankrupt properties are thrown on the market, buyers disappear as if by magic, and the multitude of sellers depress prices so that an owner who paid 50 per cent down may see his equity disappear. In such a time it is well to remember that well-constructed, well-located homes have a permanent value even if they are unsalable for a time."

Mr. PATMAN. Now, these farmers during good times voted bonds to build schoolhouses and construct roads and make other public improvements. They did it on the basis of 20-cent cotton and more than a dollar a bushel for wheat. Now, the citizen who holds these bonds does not have a right to take a hundred-dollar bond of that farmer and strike out "$100" and put "$400" there; neither does the bondholder have a right to strike out "6 per cent interest" and put "24 per cent interest" there. But by reason of contracting the currency, and by reason of the low velocity of money and credits, the dollar has become so dear that it is equal

to that same thing—those farmers having to pay $400 instead of $100 in commodities, and 24 per cent interest instead of 6 per cent interest.

So before we can ever get this country back, I plead with you that something must be done to put money in circulation, and new money that will stimulate trade and cause commodity values to rise, in order that people may be able to pay their debts.

Doctor Pearson and Doctor Warren say:

I have here a statement of monetary gold. This statement is from 1880 down to date. The first column shows the total money in circulation; the next is the monetary gold coin and bullion; the next, the total monetary circulation; the next is the individual deposits; then the percentage of gold to total money; and then the monetary circulation per dollar of gold.

TABLE 3.—*Monetary gold, money in circulation, and bank deposits in the United States on June 30, 1880–1931*

Period of year	Total money [1]	Monetary gold coin and bullion [1]	Total monetary circulation [2]	Total individual deposits [3]	Percentage of gold to total money [1]	Monetary circulation per dollar of gold	Deposits per dollar of gold
1880–1889 [4]	$1,488,000	$563,000	$1,222,000	$2,988,000	37.8	$2.17	$5.31
1890–1899	1,845,000	699,000	1,628,000	4,962,000	37.9	2.33	7.10
1900–1909	2,906,000	1,349,000	2,593,000	10,792,000	46.4	1.92	8.00
1910–1919	4,722,000	2,290,000	3,702,000	21,210,000	48.5	1.62	9.26
1920–1929	8,422,000	4,029,000	4,861,000	44,510,000	47.8	1.21	11.05
1880	1,186,000	352,000	973,000	2,134,000	29.7	2.76	6.05
1881	1,350,000	478,000	1,114,000	2,539,000	35.5	2.33	5.31
1882	1,409,000	507,000	1,174,000	2,756,000	36.0	2.32	5.44
1883	1,472,000	543,000	1,230,000	----------	36.9	2.27	----------
1884	1,487,000	546,000	1,244,000	----------	36.7	2.28	----------
1885	1,537,000	589,000	1,293,000	----------	38.3	2.20	----------
1886	1,561,000	591,000	1,253,000	----------	37.8	2.12	----------
1887	1,633,000	655,000	1,318,000	3,305,000	40.1	2.01	5.05
1888	1,691,000	706,000	1,372,000	3,419,000	41.7	1.94	4.84
1889	1,659,000	680,000	1,380,000	3,766,000	41.0	2.03	5.55
1890	1,685,000	696,000	1,429,000	4,061,000	41.3	2.05	5.83
1891	1,678,000	647,000	1,497,000	4,197,000	38.5	2.31	6.49
1892	1,752,000	664,000	1,601,000	4,665,000	37.9	2.41	7.03
1893	1,739,000	598,000	1,597,000	4,627,000	34.4	2.67	7.74
1894	1,805,000	627,000	1,661,000	4,651,000	34.8	2.65	7.42
1895	1,819,000	636,000	1,602,000	4,921,000	35.0	2.52	7.74
1896	1,800,000	600,000	1,50 ,000	4,945,000	33.3	2.51	8.24
1897	1,907,000	696,000	1,641,000	5,035,000	36.5	2.36	7.32
1898	2,074,000	862,000	1,838,000	5,688,000	41.6	2.13	6.60
1899	2,190,000	963,000	1,904,000	6,769,000	44.0	1.98	7.03
1900	2,336,000	1,034,000	2,081,000	7,239,000	43.7	2.01	7.00
1901	2,511,000	1,125,000	2,203,000	8,461,000	44.8	1.96	7.52
1902	2,594,000	1,193,000	2,279,000	9,105,000	46.0	1.91	7.63
1903	2,718,000	1,249,000	2,400,000	9,554,000	46.0	1.92	7.65
1904	2,838,000	1,328,000	2,553,000	10,001,000	46.8	1.92	7.53
1905	2,919,000	1,358,000	2,623,000	11,351,000	46.5	1.93	8.36
1906	3,109,000	1,476,000	2,775,000	12,216,000	47.5	1.88	8.28
1907	3,158,000	1,466,000	2,814,000	13,100,000	46.4	1.92	8.94
1908	3,423,000	1,618,000	3,079,000	12,785,000	47.3	1.90	7.90
1909	3,452,000	1,642,000	3,149,000	14,103,000	47.6	1.92	8.59
1910	3,467,000	1,636,000	3,149,000	15,283,000	47.2	1.92	9.34
1911	3,607,000	1,753,000	3,263,000	15,906,000	48.6	1.86	9.07
1912	3,702,000	1,818,000	3,335,000	17,024,000	49.1	1.83	9.36
1913	3,777,000	1,871,000	3,419,000	17,476,000	49.5	1.83	9.34
1914	3,798,000	1,891,000	3,459,000	18,518,000	49.8	1.83	9.79
1915	4,051,000	1,986,000	3,320,000	18,966,000	49.0	1.67	9.55
1916	4,542,000	2,445,000	3,649,000	22,526,000	53.8	1.49	9.21
1917	5,679,000	3,220,000	4,036,000	26,038,000	56.7	1.26	8.09
1918	6,906,000	3,163,000	4,482,000	27,716,000	45.8	1.42	8.76
1919	7,688,000	3,113,000	4,877,000	32,629,000	40.5	1.57	10.48
1920	8,158,000	2,865,000	5,468,000	37,268,000	35.1	1.91	13.01
1921	8,175,000	3,274,000	4,911,000	34,791,000	40.1	1.50	10.62
1922	8,276,000	3,785,000	4,463,000	37,144,000	45.7	1.18	9.81
1923	8,703,000	4,050,000	4,823,000	39,984,000	46.5	1.19	9.87
1924	8,847,000	4,488,000	4,849,000	42,904,000	50.7	1.08	9.56
1925	8,304,000	4,365,000	4,815,000	46,715,000	52.6	1.10	10.70
1926	8,429,000	4,447,100	4,885,000	48,827,000	52.8	1.10	10.98
1927	8,667,000	4,587,000	4,851,100	51,062,000	52.9	1.06	11.13
1928	8,118,000	4,109,000	4,797,000	53,245,000	50.6	1.17	12.96
1929	8,539,000	4,324,000	4,746,000	53,158,000	50.6	1.10	12.29
1930 [5]	8,307,000	4,535,000	4,522,000	53,564,000	54.6	1.00	11.81
1931 [5]	9,080,000	4,956,000	4,822,000	50,485,000	54.6	.97	10.19

[1] Statistical Abstract of the United States, 1930, U. S. Department of Commerce, No. 52, pp. 246–247. 1930.

[2] From 1880 to 1899, inclusive, Statistical Abstract of the United States, 1923, No. 46, p. 605. 1924; and from 1900–1929, Statistical Abstract of the United States, 1913, No. 52, p. 247. 1920.

[3] From 1880–1914, Statistical Abstract, 1923, No. 46, p. 798, 1924; and from 1915–1929 from Statistical Abstract of the United States, 1930, No. 52, p. 262. 1930.

[4] 6-year average, excluding 1883–1886, for which data are lacking.

[5] Annual Report of the Comptroller of the Currency, Dec. 1, 1930, pp. 57 and 138. 1931. And text of the Annual Report of the Comptroller of the Currency, pp. 123 and 146. December, 1931.

(The statement referred to is as follows:)

"Whenever the countries again establish a free gold basis, the tendency to hoard gold will be greater than before the war.

"Banks in the United States and in other countries will, for some years, wish to maintain a liquid position so that they will not again be called on to sell securities at a loss in order to get cash. This means that high cash reserves will be held.

"In some regions, there is a shortage of banks so that a much larger amount of money will be kept in homes than formerly was the case. For some time, fear of banks will increase the tendency to keep cash rather than bank accounts.

"Because of low profits, many banks are introducing a charge for checks. This will tend to reduce the number of small accounts and reduce payments by check."

Mr. PATMAN. By looking at this chart you will find that since 1880 the monetary circulation per dollar of gold has gone down from $2.17 to 97 cents. In other words, we have more gold than we have currency in circulation. It is not the 40 per cent gold standard that is hurting us, but it is that 80 and 100 per cent gold standard that has been causing us so much trouble.

I think the members of the committee will find this statement to be very interesting. It was prepared by Doctors Pearson and Warren, of Cornell University.

I have another statement here from the same gentlemen. They say:

"Beginning in May, 1920, prices which were 244 per cent of prewar started to decline, and did not stop until prices reached 136 in June, 1921. This was the beginning of the agricultural depression, of which the end is not yet in sight."

This was just prepared a short time ago.

"Tens of thousands of young men returned from France married, went in debt, and started farming. Many are now paying interest on a debt that it is impossible for them to liquidate."

So, in inflating the currency and in cheapening the dollar, so to speak, you are permitting people to pay their debts; some of them on the same basis that those debts were contracted. You will say, "Yes, but won't the creditor receive less?" Possibly so; but it is better to receive less than nothing at all. You will say, "Won't the man who has fixed wages receive less in commodities for his dollars?" Yes, he will receive less; but it is better for him to receive less than not to have any dollars to buy those commodities with. So I suggest to you, my friends, that one of the main reasons for the passage of this legislation is for the reflation feature that is involved, in order that money may be put into circulation and people will have sufficient money to do business on.

The Federal Reserve Bulletin for March, 1932, has this statement in it. I will not read the whole statement, but will just read the conclusion:

"On the basis of these excess reserves, the Federal reserve banks could issue $3,500,000,000 of credit if the demand were for currency, and $4,000,000,000 if it were for deposits at the reserve banks."

There is plenty of money right there if you want to change this plan and adopt some plan similar to Senator THOMAS's. The Federal Reserve Board says they have got sufficient gold reserves to justify the issuance of three and a half billion dollars more money, and it could safely be done that way. But what we want to do is to convert $2,000,000,000 noncirculating Government obligation into a $2,000,000,000 circulating obligation. Government bonds do not circulate and they do not affect the price level; but United States notes as currency will circulate, and they will affect the price level. And this country, I repeat, can not possibly come back until something is done to cause commodity prices to rise.

You will say, "What about impairing the credit of our great Nation?" Permit me to suggest—not for the purpose of suggesting that we should be extravagant—that $400,000,000,000 represents the national wealth of our Nation. Four hundred billion dollars. I received that information lately, from the best source, I guess, in the antihoarding drive that is being conducted through the newspapers. Representations were made by the committee appointed by the President of the United States that the wealth of our Nation is $400,000,000,000. What is the debt? How much are the debts? We owe $18,000,000,000. That is the ratio, you might say, of 22½ to 1, or equal to a $22,500 business owing $1,000. That is the ratio.

Now, our indebtedness is only 4 per cent of our national wealth. After the Civil War it was 10½ per cent. Of course, that is no reason why we should increase it, but it is just to let you know that we should not be alarmed about it now. France owes 20 per cent of her national wealth and England owes 40 per cent of her national wealth.

I mention that not for the purpose of encouraging extravagance, but to let you know that in these arguments that are being made that the credit of our Nation is being impaired, certainly those gentlemen should take into consideration the wealth of our Nation and the indebtedness against it before making such statements as that.

Now, if members of the committee desire to ask me any questions, I shall do my very best to answer them.

The ACTING CHAIRMAN. Are there any questions?

Mr. HILL. Mr. PATMAN, you speak of issuing about $2,000,000,000 of United States notes on the basis of the monetary gold that the United States now has. How much monetary gold have we in the United States?

Mr. PATMAN. We have $4,000,000,000 in this country.

Mr. HILL. I mean in the Treasury of the United States?

Mr. PATMAN. In the Treasury of the United States. I do not know the exact amount now, but I can take one item and show you where you can get enough from that one item alone.

There is $1,600,000,000 worth of gold certificates outstanding. They are backed 100 per cent by gold. Six hundred million dollars would back those 40 per cent. There is a billion dollars of idle gold right there that would justify the issuance of two and one-half billion dollars in currency.

You will say, "Is 40 per cent enough?" Two per cent is enough on your bank checks. When you put your money in a bank, if 2 per cent of the depositors go there and get their money, the other 98 per cent have not got any money there. Two per cent is enough for the banks. Certainly 40 per cent ought to be enough for the Nation.

We have other witnesses here who will be heard on that question.

Now, of course, Mr. CONNERY, of Massachusetts, is one of the proponents of this legislation, and Mr. RANKIN and Mr. KVALE also, and they want to be heard; but I would like for Senator Owen to be heard at this time, if the members of the committee have no objection.

Mr. RAGON. Mr. Chairman, I suggest that Mr. PATMAN yield to Senator Owen, because I would like to ask him several questions, and I do not want to take the time now

Mr. PATMAN. I will yield to Senator Owen. Will that be satisfactory, Mr. Chairman?

The ACTING CHAIRMAN. Yes.

Mr. LEWIS. I would like to ask Mr. PATMAN one question. Mr. PATMAN referred to a very interesting incident in Texas, where some oil and gas people advertised to the farmers, describing a situation something like this: "Here is gas and oil that we would like to sell, and you have calves and chickens that you want to sell, but neither of us has any money; so bring in your calves and chickens and we will give you oil and gas for them." Do you know anything more about that incident and what its developments were?

Mr. PATMAN. No; I do not. I know that it is very inconvenient for people to exist without money as a medium of exchange.

Mr. LEWIS. There were not further developments?

Mr. PATMAN. No. Advertisements have been appearing in the Houston papers. By the way, you know, oil in east Texas has been cheaper than water in west Texas during the last few months.

Mr. RAINEY. Are you going to have some witness on the stand who can give us the exact amount of the gold reserve, the exact amount of Treasury notes and certificates, and how much is held against them, and why?

Mr. PATMAN. Yes, sir.

Mr. RAINEY. Or do you want me to ask you those questions?

Mr. PATMAN. If it is not developed by Senator Owen's testimony, or one other witness that we have, I will get those figures from the Treasury report. They are available.

Mr. RAINEY. But you will have a witness?

Mr. PATMAN. Yes; we will have one.

Mr. RAINEY. From whom we can get those figures?

Mr. PATMAN. Oh, yes.

Mr. RAINEY. And you would prefer to have me wait and get that testimony from him?

Mr. PATMAN. Yes, sir.

Mr. RAINEY. And what witness will that be?

Mr. PATMAN. I think Senator Owen will be able to give you those figures.

Mr. RAINEY. All right.

The ACTING CHAIRMAN. Mr. PATMAN, if you will excuse yourself, we will hear Senator Owen and you may come back later.

Total debts canceled by United States owing by foreign countries

[CONGRESSIONAL RECORD, p. 10513, June 2, 1926]

Countries	Date of agreement	Total canceled on 4¼ per cent interest basis
Belgium	Aug. 18, 1925	$463,221,500.00
Czechoslovakia	Oct. 13, 1925	15,042,566.12
Estonia	Oct. 28, 1925	6,096,860.00
Finland	May 1, 1923	3,962,945.00
France	Apr. 29, 1923	4,627,225,895.83
Great Britain	June 19, 1923	2,008,207,000.00
Hungary	Apr. 25, 1924	834,760.00
Italy	Nov. 14, 1925	3,413,874,500.00
Latvia	Sept. 24, 1925	2,505,365.00
Lithuania	Sept. 22, 1924	2,650,060.00
Poland	Nov. 14, 1924	73,360,450.00
Rumania	Dec. 4, 1924	4,615,739.95
Yugoslavia	May 3, 1926	84,001,365.00
		10,705,618,006.90

Mr. PATMAN. In regard to the issuance of the money, I just merely want to make this statement. I presume the committee realizes that we are about to close this case, and I just wanted to mention some of the things that have happened.

The money that would be issued under the plan I have proposed would be like this money that is known as United States notes. There would be no way to distinguish that money from any other money, and it would be backed by the same amount of gold that United States notes are backed by. There would be no reason on earth why it should depreciate in value and other money would not depreciate in value. It would be convertible into gold the same as United States notes are convertible into gold under that 1891 act.

Mr. RAGON. May I ask the gentleman some questions when you get through?

Mr. PATMAN. May I finish this one comment, if the gentleman will permit?

Mr. RAGON. Yes.

Mr. PATMAN. Now, there are three plans that I think this committee will probably seriously consider, and I know that all the members of the committee have been very nice and considerate, and for myself and for those who are interested in this cause, we desire now to thank you, each and all of you, for the careful and courteous consideration that you have given to this cause. We know that you are just as anxious to do with is right as we are. You have the interest of the people just as much at heart as we have. We do not question your motives or intentions now, neither will we question your motives or intentions if you were to decide against us in this case.

But, in concluding, I want to mention the three plans. First there is the plan that I have suggested, about the issuance of this currency, which would be backed by gold, and a sinking fund for its retirement if you should desire to retire it, but I do not believe that you will ever desire to retire it once it is put into circulation, because it will be money that the people can use upon which no one will be paying interest. Other people say that we should get it from the Federal reserve system. On that money, interest must be paid.

In order to build up this sinking fund for the purpose of retiring this money, we would use the same sinking fund that is now being built up to retire the certificates in 1945, and I suggest for the consideration of the committee that the payments that are due on the war debts be considered as one way of building up this reserve. That is about twice as large each year as is necessary to build up this reserve to retire these certificates in 1945, and, of course, the money, if it is issued now, would not be fiat money, no more fiat money than any other paper money that you have. No person has a right to call that fiat money unless he calls all paper money fiat money. I know it is a term that carries a great deal of force and prejudice along with it, but it is not fiat money.

The second plan is the Owen plan, of Senator Owen, of Oklahoma, and the other day he conferred with a large group of Members of Congress—I presume that there were about 30 Members there, those that we could assemble quickly who were interested in this cause, and Senator Owen suggested that although he is favorable to my plan and that, as he said, it would be a godsend to the Nation, yet, if those who are the most conservative ones object to it because it is a direct issue from the Treasury of the

United States, he had a plan to suggest for the consideration of the committee.

Now, let me state that I think that because this money is issued directly by the Treasury is another reason, an added reason, why it should be done that way. If it is issued that way, it can not be taken out quickly. The Federal reserve banks, if they issue this money, can take it out just as quickly as they issued it.

Mr. HILL. You mean that they can draw it in, and cancel it?

Mr. PATMAN. Absolutely; they can withdraw it and cancel it, and now they have their expanding in order to meet the argument we are making. They have confessed that they have been wrong for many months because they have failed to expand the currency when it was within their power to expand it, but who knows that as soon as this Congress adjourns or as soon as the election is over that they will not withdraw that currency and destroy it as rapidly as they put it out into the country?

Under my plan they could not do it; it would be outside of the scope of their authority to do it.

The Owen plan is that bonds shall be issued, say, 3½ or 4 per cent bonds, and that these bonds are not to be interest bearing immediately. The Government would not pay any interest on them, but they would take these bonds and place them in the Federal reserve banks to the credit of the Federal reserve agents of those banks. The Federal reserve agents, as agents of the United States Government, would hold these bonds as security for the currency issued through the Federal reserve system to pay off these adjusted-service certificates, holding the bonds in lieu of the certificates, and then Senator Owen said that if you desired to put stabilization in this bill, to make sure that the prices do not go too high—and I do not think it is necessary—but if you want to consider it, you can put a clause in there that in the event commodity prices rise above the level, say, of 1926, using 1926 as 100, and you desire to retire some of that currency, you can permit the Federal reserve agent to sell off enough of these bonds and withdraw a sufficient amount of currency in order to stabilize the price level; and until the price level gets to the level of 1926, you would not have to pay one penny of interest on those bonds, and I believe that all of you gentlemen will admit that you would be mighty glad to pay interest on several times the amount of the bonds if you could only restore this country to the 1926 price level.

Now, the Thomas plan is next.

Mr. HILL. Before you get to that, who owns these bonds when they are placed with the Federal reserve agents?

Mr. PATMAN. They will be the property of the United States Government, placed in the hands of the Federal reserve agents to hold, to secure the issuance of these Federal reserve notes.

Mr. HILL. And they will be interest bearing so long as they are so held?

Mr. PATMAN. They will not be interest bearing so long as they are so held, except as a matter of bookkeeping, until they are sold, and they will not be sold until the price level goes back over a certain level.

Mr. HILL. And the only purpose of placing them on sale would be to reduce the circulating currency by the amount of the bonds sold?

Mr. PATMAN. Yes, sir.

Mr. HILL. And, after they are sold——

Mr. PATMAN. They would become interest bearing, but not before; but I think all of us will admit that we would be mighty glad to pay interest on those bonds.

Mr. HILL. What rate of interest have you in mind?

Mr. PATMAN. Senator Owen suggested 3½ per cent or 4 per cent. I do not make that statement. I know that even those connected with the Federal reserve system will tell you that 3½ per cent would be a reasonable rate to put there.

Now, the next plan is the Thomas plan. Senator Thomas's plan is just to issue the bonds and to turn them over to the Federal reserve system and let the Federal reserve system issue immediately that amount of Federal reserve notes which will circulate as currency to pay off the adjusted-service certificates. Under his plan, there would be an interest charge immediately, and it would continue. Of course, he says that only 2 per cent interest would be charged, but I do not know whether that would be agreed upon or not. But there is some doubt as to the constitutionality of that. Of course, I want the committee to pass upon it and give it careful consideration, and with that thought in view, I invited Senator THOMAS to come over here, and we gave him all the time he wanted and we also gave his witnesses all the time he wanted.

But I believe that the plan suggested either by myself, which is not original with me—others have advanced it for years and years as far back as 50 or 100 years ago—and I desire no credit for it and am not asking for any credit, but I believe that that plan or the Owen plan would be preferable to the Thomas plan.

Mr. CRISP. Are there any questions?

Mr. RAGON. The information I wanted I suppose I can better get from General Hines. He will be called later.

Mr. VINSON. In regard to the sinking fund, what use would you make of it?

Mr. PATMAN. Well, there is no disposition made of the sinking fund under my bill, and the sinking fund would continue as in the past and then this money could be used each year, $112,000,000, or set aside; you could either leave it there, or build up the sinking fund as now, or you could use that money, but under my bill the sinking fund would be continued as it is now.

Mr. VINSON. Does your bill provide the use to which the sinking fund would be put?

Mr. PATMAN. No; it does not, because it is a good many years until 1945, and I believe that by that time this money will be a part of our permanent circulating medium and you will use that three and a half billion dollars for something else.

Mr. VINSON. Does your bill deal with the sinking fund?

Mr. PATMAN. No, sir; it does not.

Mr. CRISP. I am under the impression that the principal and interest collected under the Owen bill are pledged or impounded under the law to go to the retirement of the national debt of the United States, and the interest on the money loaned to the foreign governments at the time the loans were made, when we were in the war. Am I correct in that?

Mr. PATMAN. I am not sure. I am not informed.

Mr. CRISP. I think that is correct. I won't make it as a positive statement.

Mr. PATMAN. Anyway, that could easily be changed, and I think it would be more incentive for those countries to pay that up.

Mr. CRISP. But if we had pledged that before the bonds were sold, could Congress change that? Would that be keeping faith with the present holders?

Mr. PATMAN. As much as granting a moratorium without the consent of the bondholders.

Mr. CRISP. I think, as to the moratorium, that if we had not granted it, we could not have collected.

Mr. MCCORMACK. I do not think it is part of any contract we made with the people of the United States when we sold the Liberty bonds, because the agreements with respect to the payments were not made until several years thereafter.

Mr. CRISP. I will say to my friend from Massachusetts that, unless I am mistaken, some of those original bonds have been called in and new bonds issued to take their place after the war.

Mr. HAWLEY. My memory is that the law provided that when we made the loans to the foreign countries we should take their securities under the same terms and conditions as those we issued to the people to obtain the funds with which to make the loans.

Mr. CRISP. Same interest and same maturities. We were simply to loan them the benefit of our credit for the purpose of financing them, to keep their armies in the field and to keep from sending more American soldiers abroad.

Mr. PATMAN. The Debt Funding Commission, however, and I believe the chairman will agree with me, changed that contract, and Congress ratified the change.

Mr. CRISP. I do not know that that has any bearing here, but I was a member of the Debt Funding Commission, which was confronted with the proposition of trying to salvage as much of the money already loaned as possible. They would not pay it, and there are only two ways to collect an international payment, by voluntary payment or by war, and we were trying to save as much of that as had already been loaned during the war to keep their armies in the field.

Mr. PATMAN. I was merely suggesting, in answer to the question by the chairman, that we have a right to issue this money for that purpose. If we had a right to make a novation of the contract at one time, I presume that we would have a right to change it.

Mr. CRISP. Of course, the change we made was as to how much the foreign governments were to pay us. The question of any obligation to our people who bought the bonds to furnish the money was not, in my view, involved in that case.

Mr. PATMAN. Mr. Chairman, Sergeant York was to be here last week. He is on a speaking tour, and Mr. Ray, the legislative representative of the Veterans of Foreign Wars, received a letter expressing regret that he could not be here, but he wants to be here at the earliest possible date, and Mr. Ray tells me this morning that Sergeant York said that he can get here by Thursday if we still want him to come, and we would like to have him come for a short statement and we would like to reserve the right to use him between witnesses at that time, if the chairman will give us permission.

Mr. CRISP. I will try to see that he is given an opportunity.

Mr. HILL. May I ask you one more question before you conclude?

Mr. PATMAN. Yes, sir.

Mr. HILL. Assuming that the plan offered by Senator Owen should be adopted for the payment of the balance of the bonus money, in what way would the Federal reserve system be compensated for handling the transaction?

Mr. PATMAN. Well, the Federal reserve system would not receive any compensation, and I do not think it is in a position to ask too much from the Government in the way of compensation on this, since the Government is helping out the Federal reserve system so much in other ways. You know that the credit of the Nation is behind all the notes issued by the Federal reserve system, and since the Federal reserve system has been permitted to borrow on the credit of this Nation for so many years, and now even the banks have borrowed on that credit, I think the banks certainly would not object to reciprocating.

Mr. HILL. I just wanted to find out whether there was to be any compensation. Ordinarily we understand that these banking institutions do not contribute their services.

Mr. PATMAN. No; but this is a semi-Government institution, I would think, and although the Government does not own a dime of the stock in the Federal reserve banks, as I understand the law the Government can take over those banks any time at all and issue stock to the people who have investments in them if it is necessary to take over the banks to accomplish good results and to promote the general welfare, if they refuse to expand the currency when it should be expanded, or when they contract it when

it should not be contracted. I do not think it would be out of place for the committee to consider that.

Mr. VINSON. Referring again to the sinking fund, some reference has been made to the general sinking fund. As I understood your remarks, you suggested that you could take that portion of the sinking fund relating to adjusted-service certificates between now and 1945 to back up the issue of this money.

Mr. PATMAN. That is right, and it will be backed by better than any paper currency in existence to-day except the gold certificates, because the entire paper money is backed up by a sinking fund.

If no other member of the committee desires to ask me any questions, I again want to thank the chairman and each and every member of the committee for the careful consideration which you have given this matter, and we desire to close our case at this time, with the understanding, of course, that we will be allowed time in rebuttal after the other side has been presented.

Mr. CRISP. We thank you and your witnesses for the information given us and for your opinions, and, as I told you, you will be given an opportunity to put on witnesses in rebuttal if you desire to do so.

TUESDAY, MAY 3, 1932.

FURTHER STATEMENT OF HON. WRIGHT PATMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. PATMAN. Mr. Chairman, we expect to close this morning, if it is possible to do so.

C. F. Childs & Co., 120 Broadway, New York, N. Y., issued a bulletin in April, 1931, in which the Secretary of the Treasury, Mr. Mellon, and the Under Secretary of the Treasury, Mr. Mills, were criticized for their statements before the Senate committee in opposition to the payment of the adjusted-service certificates.

The statement is significant for this reason: The same erroneous statements are now being made before this committee for the purpose of misleading the country as to what will be the results on our economic situation if the legislation is passed to pay the adjusted-service certificates.

I do not care to insert the whole statement, but I would like to insert just the short part that refers to the misleading statements.

The ACTING CHAIRMAN. Without objection, that may be done.

Mr. HAWLEY. You have identified that by date of publication?

Mr. PATMAN. Yes; and I have the publication before me. It says:

"Undignified, misleading statements characterized much of the testimony directed to the congressional committee for the purpose of dissuading Congress from authorizing a bonus payment and a bond issue. Congress was erroneously informed that the issuance of additional Government securities would necessitate paying a high interest rate, cause bank failures, portfolio losses, and demoralization of the Government-bond market. Holders previously content with long-term bonds recognized the possibility of a shrinkage in their market value."

The United States owns about four and three-tenths billions of gold; France owns three and two-tenths billions of gold. In other words, the United States and France own $45 per capita of the gold of the entire world, and for the rest of the world there is only $2.25 of gold per capita. That is for the rest of the entire world outside of France and the United States.

Mr. ESLICK. Will the gentleman yield for one question?

Mr. PATMAN. Yes.

Mr. ESLICK. You have probably kept in closer touch with this situation than anyone else. From the information you have before you, what percentage of the veterans desire this payment?

Mr. PATMAN. I believe it can truthfully be said that 98 per cent desire it. I think that can truthfully be said—that 98 per cent of the veterans of the World War desire this payment.

I have here excerpts from a document printed March 14, 1919, by the war-loan organizations of the different Federal reserve districts. That was when they were putting over the fifth Victory loan drive, and these statements made in those official publications, I think, are interesting, and will have a direct bearing on this legislation. One statement is made here that the war was costing $2,000,000,000 every month, and it went ahead to show that by reason of these war contractors furnishing the material and the supplies and everything it enabled the war to be more quickly terminated and saved $2,000,000,000 a month, and therefore they should not hesitate in raising the money to pay off all the bills of the war.

I desire to insert in the record an article entitled "Why Germany Quit." It is in a publication known as the Liberty Bell, published on March 14, 1919, by the war-loan organization of the ninth Federal reserve district, 418 First National-Soo Building, Minneapolis, Minn.

It is as follows:

"WHY GERMANY QUIT

"Germany tested the metal of America's fighting men. Germany knew just what America was doing in preparation at home. Germany quit. Why? Because America's tremendous show of spirit and power convinced the Boche that it was only a question of time. This country's fighters 'over there' and the makers 'over here' ended the war at least six months before the best-qualified experts believed it possibly could be ended. As a result, there were saved 100,000 Americans whose sacrifice would have cast shadows on just that many additional American homes. Is that unshed blood worth the cost of unused munitions and unfilled contracts?

"Six months more of war would have meant $12,000,000,000 more expense, and instead of facing the last Liberty loan and one year of saving and buying of thrift stamps, the people of America would be facing the fifth loan, with the sixth and seventh and many years of sacrifice in prospect.

"Was what may seem to us immense expenditures and colossal contracts justified to save $12,000,000,000? Remember, these things all had to be done immediately, and on that account there were some unavoidable waste and some needless expenditures. But because they were done immediately the war ended suddenly. Was it worth the price? Is America going to quibble about expenditures or is it going to set about finishing the job with gratefulness and joy?

"The money that was spent scaring Germany to death is the money we must raise by selling Government securities in 1919."

Other excerpts from the same publication, which had for its purpose putting over the fifth Victory loan, are as follows:

"The war was a job 'wished' on us by the Boche, but it was our job. The fighting part of the job is done. Our honored dead and our victorious returning troops are evidence of the thoroughness with which that part of the job was done.

"Now, in order that our heroes 'may not have died in vain,' we must finish the job, pay our debts.

"Shall we hesitate to pay the bills? No! We will thank God and buy to our utmost.

"After a successful operation, you can't refuse to pay the doctor.

"People say it is going to be a hard job to make the American people do their duty, now that the guns, the shouting, and the tumult have subsided. It's a lie."

Mr. PATMAN. This statement shows that, although our Nation owes $17,500,000,000, it also owns securities of the value of $12,672,256,713.21; and if we collect the amount that is due on those securities, our national debt is less than $5,000,000,000—rather small considering a $400,000,000,000 Nation.

Mr. HAWLEY. Are the foreign debts included in that?

Mr. PATMAN. Yes, sir; they are. The foreign debts represent about eleven billion. The other one and one-half billions are represented by stocks in different corporations and bonds and stocks of railroad companies.

Mr. HAWLEY. Taken over during the time we had the Railroad Administration?

Mr. PATMAN. Some of them were. Most of them were, Mr. HAWLEY.

I have here, I believe, some interesting information in the form of a letter from Mr. A. A. Ballantine, Under Secretary of the Treasury. At my request he has prepared a statement showing the amount of paper money that was issued by the Bureau of Engraving and Printing from July 1, 1931, to March 31, 1932. It shows the amount that was redeemed, and it also shows the amount of the several kinds of old-sized currency that were outstanding February 29, 1932.

The ACTING CHAIRMAN. Without objection, it may go in the record.

(The letter referred to is as follows:)

TREASURY DEPARTMENT,
Washington, April 6, 1932.

MY DEAR CONGRESSMAN: In compliance with your telephone request to the Director of the Bureau of Engraving and Printing, I am pleased to furnish the following information regarding the paper currency of the United States.

The total amount of each kind of currency issued and redeemed between July 1, 1931, and March 31, 1932, follows, except that the amounts of Federal reserve notes and Federal reserve bank notes issued and redeemed are shown to February 29, 1932, figures for March not yet being available:

	Total issued	Total redeemed
From July 1, 1931, to Mar. 31, 1932:		
United States notes	$231,448,000	$231,448,000
Silver certificates	434,240,000	435,122,250
Gold certificates	297,000,000	261,302,750
Treasury notes of 1890		11,850
National-bank notes	299,996,520	265,912,373
From July 1, 1931, to Feb. 29, 1932:		
Federal reserve notes	2,911,145,500	2,100,981,270
Federal reserve bank notes		143,822

The following amounts of the several kinds of old-sized currency were outstanding on February 29, 1932:

United States notes	$42,994,772
Silver certificates	46,847,150
Gold certificates	158,216,519
National-bank notes	85,388,466
Federal reserve notes	224,989,240
Federal reserve bank notes	2,830,140
Treasury notes of 1890	1,227,900
Total	562,494,187

The reduction in size did not affect two issues: Treasury notes of 1890 and Federal reserve bank notes.

The issue of Treasury notes of 1890 has been in process of retirement since 1900. On receipt in the Treasury they are canceled and retired, and silver certificates issued in lieu thereof. Federal reserve bank notes (which may be issued to Federal reserve banks under the same terms and conditions as national-bank notes are issued to national banks, except that the amount issuable is not

limited to the paid-in capital of the issuing bank) also are in process of retirement, and the amount outstanding has been covered by the deposit of lawful money in the Treasury. The notes are being canceled and retired as received.

Very truly yours,

A. A. BALLANTINE,
Under Secretary of the Treasury.

Hon. WRIGHT PATMAN,
House of Representatives.

Mr. PATMAN. I believe it has been in evidence here that there is $562,494,187 of old-sized currency that has never been turned in. Of course, a large part of that has been lost in fires and shipwrecks and in other ways.

Mr. HAWLEY. Mr. Patman, have you the figure there showing the difference between these two amounts resulting from the currency that was printed during the month of February? What is the net gain, if any?

Mr. PATMAN. As to the net gain, take, for instance, the Federal reserve notes. They issued $2,900,000,000. Two billion one hundred million of that was used to redeem old notes that were turned in. That meant an additional issue of $800,000,000.

Of United States notes they issued just the same amount that was redeemed; silver certificates, practically the same. Of gold certificates they issued $297,000,000, and there was only $261,000,000 redeemed. In national-bank notes there was $299,000,000 issued, and $265,000,000 of that was redeemed.

Mr. TREADWAY. May I ask you, Mr. Patman, in connection with that letter from Mr. Ballantine, to repeat the amounts of old currency?

Mr. PATMAN. I should be glad to do that.

The following amounts of the several kinds of old-sized currency were outstanding on February 29, 1932:

United States notes, $42,000,000—

Do you want the exact figures?

Mr. TREADWAY. No; just roughly.

Mr. PATMAN. United States notes, $42,000,000; silver certificates, $46,000,000; gold certificates, $158,000,000; national-bank notes, $85,000,000; Federal reserve notes, $224,000,000; Federal reserve bank notes, $2,000,000; Treasury notes of 1890, $1,000,000.

Mr. TREADWAY. That is everything outstanding; but I thought you referred to quite a large quantity that they knew had been lost by fire, shipwrecks, and so forth. Is there any estimate of that amount?

Mr. PATMAN. That was a conclusion of my own.

Mr. TREADWAY. Mr. Ballantine does not refer to that?

Mr. PATMAN. No, sir; he does not refer to that. You know, I stated that this old-sized currency is outstanding, and the fact that it has not been brought in——

Mr. TREADWAY (interposing). You mean by "old-sized currency" the currency that we had before we adopted the present smaller bill?

Mr. PATMAN. Yes, sir.

Mr. TREADWAY. That was only about three years ago, was it not; three or four years?

Mr. PATMAN. Yes, sir; about three or four years.

Mr. TREADWAY. What I was leading up to was this interesting feature. It may be only a side light on your testimony, but it would be quite interesting to me to see whether the Treasury has made any allowance for the certainty of destruction of a certain percentage of this outstanding currency.

Mr. PATMAN. It has not.

Mr. TREADWAY. Some of this goes away back indefinitely, over a long period of years, probably?

Mr. PATMAN. Thirty or forty years or more.

Take these Treasury notes of 1890, with $1,227,000 outstanding. Of course, they are being retired as rapidly as they come in, and have been for many years.

Mr. TREADWAY. The department does not make any reference, then, to any percentage that they feel has been destroyed and can not ever be redeemed?

Mr. PATMAN. No, sir; it does not.

Mr. VINSON. Doctor Goldenweiser yesterday gave it as a hundred million dollars.

Mr. PATMAN. As I understand, the gentleman from Illinois, Mr. Rainey, has in mind introducing a bill, or has introduced one, to provide that they will have to turn this money in at a certain time, or something along that line.

Mr. RAINEY. No, sir; I have not.

Mr. PATMAN. Then I have been misinformed. Anyway that would be a good proposal—to pass some kind of a law that would encourage people not to invalidate the money if it was not turned in, but to encourage people to turn it in—in order that you may determine how much of it has been lost, so that that idle gold that is being used to back that money could be used to back other money.

Mr. HAWLEY. Mr. PATMAN, if they turned that in, that amount of gold would go out.

Mr. PATMAN. Yes, sir; if they turned it in and demanded gold. But, of course, less than one-eighth of 1 per cent of the people do that.

Mr. VINSON. They would turn it in, and the banks, if they want the currency, would be willing to take any currency that was on a parity with it. They could take Federal reserve notes at 60 per cent.

Mr. PATMAN. Yes.

Mr RAINEY. What Mr. PATMAN refers to is this: We have a lot of currency that has evidently been destroyed, and it is still backed by gold, although it is nonexistent, and Mr. PATMAN's suggestion is that we might determine how much that is, so that the gold which is supposed to be represented by currency outstanding can be represented by currency actually issued in lieu of the currency which has in fact been destroyed.

Mr. VINSON. I endeavored to bring that out when Governor Meyer was on the stand last week.

Mr. RAINEY. I have not introduced a bill of that kind, but I think it ought to be done.

Mr. PATMAN. Yes; and I hope the gentleman will do it.

I desire to quote Prof. Irving Fisher's testimony, which is printed in part 1 of the hearings on H. R. 10517. The hearings were before a subcommittee of the Committee on Banking and Currency of the House of Representatives on a bill for increasing and stabilizing the price level of commodities, and other purposes. Professor Fisher, on page 346 of the hearings, stated:

"The present depression is for the most part due, I would say nine-tenths due, to deflation."

On page 347, he further said:

"I heard one of the leading bankers—I wish I had permission to quote him, but I do not want to do anything I am not authorized to do—the president of one of the largest banks in one of our largest cities, and the chairman of one of the most important committees of the American Bankers Association, say that we must raise the price level to let people pay their debts, and that if we do not he fears that the whole capitalistic system is going to collapse. He was willing to raise the price level by changing the weight of the dollar."

Now, may I state here that I do not see how any Member of Congress can vote for the Goldsborough bill and then consistently vote against this plan which we now have before this committee, or some similar plan to put money in circulation to cause commodity prices to increase. It would be inconsistent otherwise. What is the Goldsborough bill? To raise commodity prices and then stabilize them. Every witness who appeared before the Goldsborough committee—and I heard every one of them, and I have read their testimony again since they appeared—every one of them stated that the first thing you have got to do is to put money into circulation and raise the price level, and then under this bill it can be stabilized, but it is not right to stabilize it on present values. It will put people into bankruptcy and cause repudiation of debts. Therefore this plan that we propose should be passed in order to make effective the Goldsborough bill, and if this plan is not passed, some plan that will have that effect should be passed.

On page 369 Professor Fisher outlined several ways that the currency could be deflated. He stated:

"We need first to raise the price level enough to let debtors pay their creditors on as just a basis to both as practicable; and, secondly, thereafter to stabilize the price level.

"The raising of the price level must be done either (a) by increasing the circulating medium, or (b) by increasing its activity or velocity, which means, in particular, reducing hoarding.

"The circulating medium may be increased in many ways— "

Now, I hope you gentlemen will pay particular attention to this quotation from Professor Fisher:

"1. The United States may issue new United States notes in purchase of United States bonds, or in purchase of silver or anything else, or paying its employees."

Now, that is exactly the proposal that is before this committee to-day. Of course, Professor Fisher did not say that here. He was not asked the question. If he had been, I am sure he would have said it. But he said what I have just quoted before the Goldsborough committee—in other words, that this plan that we now present to the committee is a sound plan because it is like the plan he presented to the Goldsborough committee.

Quoting further from Professor Fisher:

"2. The Federal reserve may buy United States bonds or other securities permitted, paying for them by Federal reserve notes or book credits.

"3. National banks could be given the bank note privilege as to the one and a half billion dollars' worth of United States bonds issued in 1931."

Now, that case is very similar to the one that we have now. We want to convert a noncirculating Government obligation into a circulating obligation. That is all we are trying to do. Professor Fisher advocated the same thing before the Goldsborough committee. He says it is safe to do it—to convert one and one-half billion dollars' worth of noncirculating Government obligations into that amount of circulating notes.

On page 370, Professor Fisher further stated:

"A penalty might be imposed upon banks not in debt to the Federal reserve banks at least once a year. This, or some other device, might be able to break up the tradition that it is a reflection upon a bank to be in debt to the Federal reserve bank.

"Put an embargo on gold as during the war. This would enable us to issue the irredeemable money to a large extent without destroying gold parity, so that we would, in form, retain the gold standard. If desired, limitations or prohibitions could be put upon the melting or industrial uses of gold, as also was done during the war. This measure, however, while it might help America, would tend to hurt rather than help other countries, and indirectly react somewhat unfavorably upon America herself."

In asking for the payment of the adjusted-service certificates in full now, we are merely asking for the $1 and $1.25 a day as of the time the services were rendered with a reasonable rate of interest from that time to October 1, 1931, the amount due being the face value of the certificates.

The Ways and Means Committee recently submitted to the House a tax bill. In section 1003 of this bill, titled "Refund of Taxes for Taxable Year 1918," amended section 284 (H) of the revenue act of 1926, the statute of limitation was removed from cases of tax refunds for the year 1918 where applications for said refunds were not filed within the time required by law. The only case that this will likely govern that I have been able to find out about is a case of the Phillips Mine & Mill Supply Co., Pittsburgh, Pa., involving $49,421.28. If this provision becomes a law, and it was in the bill when it passed the House, this concern will be able to collect not only the $49,421.28 but also 6 per cent interest from 1918, the time it is alleged the overpayment was made. We are asking that the same principle be invoked for the veterans. That is asking that the payment be made as of the time the services were rendered.

In this case, although the amount is small, billions have been refunded by invoking the same principle of paying interest from the time that the overpayment was made or from the time that the services were rendered.

Mr. HILL. Your statement is that the payment of the basic amount of the adjusted-service certificates plus a reasonable rate of interest to October 1 last would amount to the face value of the certificates?

Mr. PATMAN. Yes, sir.

Mr. HILL. That is, at the maturity date of the certificates?

Mr. PATMAN. Yes.

Mr. HILL. Is that an exact figure, or is it approximate?

Mr. PATMAN. It is an exact figure; and I have a table here which I will ask to be inserted in the record, with explanatory notes, which shows it conclusively, on the average certificate.

May I do that, Mr. Chairman?

The ACTING CHAIRMAN. Yes.

(The statement referred to is as follows:)

"John Doe was a private soldier during the war. He holds an adjusted-service certificate for $1,000, which is the average; it is dated January 1, 1925, and the $1,000 is payable at death or January 1, 1945. Doe claims the Government owes him $1,000 for adjusted pay at this time and he should therefore not be required to die or wait until 1945 before it is collected. Congress passed a law in 1924 acknowledging that all veterans of the World War were entitled to $1 a day extra pay for home service and $1.25 a day extra for service overseas. Doe was entitled to the following:

210 days' home service, at $1 a day extra	$210
200 days' service overseas, at $1.25 a day	250
Total	460

"The question is, When was the money due? If it is paid as of 1925, that would be equal to a payment of about 60 or 70 cents as of the time the services were rendered in 1917 and 1918. If the money is paid as of the time the services were rendered and a reasonable interest is calculated from a date representing halfway between the beginning and ending of the emergency period during the war, or June 1, 1918, Doe was entitled to the full $1,000 on October 1, 1931. How much interest should Doe be allowed? For many years the Government caused Doe to pay 6, 7, and 8 per cent interest, compounded annually, for his own money. Therefore, the Government should invoke the same principle for Doe that it has always invoked for others under similar circumstances and pay him at least 6 per cent, compounded annually. The following table represents what he is entitled to.

Table to show the amount of $460 at 6 per cent compounded annually from June 1, 1918, to June 1, 1932, and also the amount as at October 1, 1931

	Interest	Total amount
June 1—		
1918		$460.00
1919	$27.60	487.60
1920	29.25	516.85
1921	31.01	547.86
1922	32.87	580.73
1923	34.84	615.57
1924	36.93	652.50
1925	39.15	691.65
1926	41.49	733.14
1927	43.98	777.12
1928	46.62	823.74
1929	49.42	873.16
1930	52.38	925.54
1931	55.53	981.07
1932	58.86	1,039.93
Total	579.93	

NOTE.—The amount at Oct. 1, 1931, would be $1,000.69.

"Instead of Doe receiving the $460 as of the time the services were rendered, he was given an adjusted-service certificate for $1,000. When Doe was discharged he was given $60 for the purpose of purchasing a civilian suit of clothes, he having given his civilian suit to the Red Cross to be sent to Belgium and France to relieve distress there at the time of his entry into the service. This left $400. Congress declared that he should have 25 per cent added to his credit for waiting until January 1, 1945, for his money. This increased his credit by $100, or to $500. Five hundred dollars was a sufficient amount to pay a single premium on $1,000 insurance policy similar to his adjusted-service certificate, and instead of the cash settlement he was given the $1,000 certificate.

"WHAT CHANGES ARE TO BE MADE FOR DOE'S BENEFIT

"Doe in asking for full payment is merely asking that his certificate be dated back to the time the services were rendered, the interest rate computed as above mentioned, the $60 not to be deducted, and the $100 credit for waiting be eliminated.

"WHY THE $60 SHOULD NOT HAVE BEEN DEDUCTED

"The $60 payment at discharge was given to the soldier who had served only one day and to the general who was drawing $8,000 a year. Neither the 1-day soldier nor the $8,000-a-year general has been required to pay the $60 back to the Government, so why make those who served longer than 60 days pay it back?

"SHOULD THE $100 OR 25 PER CENT FOR WAITING BE COLLECTED?

"Although the veterans have waited 14 years for their money and the Congress has declared that 25 per cent extra should be added for waiting 20 years, the extra amount is not being asked but is eliminated in arriving at the amount due.

"THE CERTIFICATE SHOULD BE DATED JUNE 1, 1918

"If the certificate is dated June 1, 1918, which is a date halfway between the beginning and ending of the emergency period, or November 11, 1918, the date of the armistice, Doe is entitled to the full $1,000 at this time. It is not right to commence the computation of interest seven and one-half years after the services were rendered, or January 1, 1925.

"THE WAR PROFITEERS RECEIVED INTEREST FROM 1918

"The corporations that profited so much by reason of this country's misery and misfortune during the war received huge settlements for their war services many years after the war was over, and in the form of adjusted pay. Hundreds of millions and billions of dollars were returned to them by the Government. A large part of this money was refunded or given back to them on the theory that the taxpayers did not charge off a sufficient amount for depreciation of their war facilities from 1917–1919.

"The United States Steel Corporation, the concern that made a profit of $1,500,000 a day during the war, received a refund of $15,736,595.72 for the year 1918. The refund was made about 11 years after the war, and interest at 6 per cent was paid by the Government on this refund. The interest amounted to $10,099,765. The Government allowed the 6 per cent interest on the theory that the taxpayer would have been charged 6 per cent interest on any amount assessed and collected that should have been paid but was not paid in 1918. That is the same principle we are invoking for the veterans. They were charged 6, 7, and 8 per cent interest, compounded annually, for their own money; therefore the Government should not object to paying them the minimum rate of 6 per cent, compounded annually. The Aluminum Co. of America submitted a claim for amortization of war facilities in 1919 for $6,852,697.36. December 1, 1921, or a few months after Mr. Andrew W. Mellon, the principal owner of this company, became Secretary of the Treasury, a supplemental claim was filed for $18,124,339.28. The amount finally granted was $15,589,614.39. Interest on the amount refunded was allowed at the rate of 6 per cent from the year 1918—not from January 1, 1925. We are asking that the same principle be invoked for John Doe.

"THE AMOUNT OF MONEY VETERANS IN EACH COUNTY WILL RECEIVE

"February 18, 1932, I inserted in the CONGRESSIONAL RECORD a statement showing how much money the veterans in each county in the United States will receive if the bill to pay the adjusted-service certificates becomes law. It will be found on pages 4289 to 4299 of the daily CONGRESSIONAL RECORD of the above date.

"HOW MUCH WILL EACH STATE RECEIVE AND HOW MUCH WILL IT COST THE TAXPAYERS OF EACH STATE?

"The following table in connection with the footnotes is self-explanatory:

(1) Residence of veterans	(2) Number holders certificates	(3) Remainder due on certificates	(4) Amount each State will contribute income taxes	(5) 98.66 per cent class taxpayers	(6) 50 per cent class taxpayers	(7) Per capita payment to each State
Alabama	49,391	$29,876,840	$7,879,584	2,103	13	$12.00
Arizona	10,555	7,411,302	3,104,598	742	21	17.00
Arkansas	42,576	25,373,058	1,722,844	964	3	13.68
California	194,607	136,500,005	118,592,272	28,509	487	17.50

Column 1. Residence by States of all veterans holding adjusted-service certificates.

Column 2. Number of veterans in each State holding certificates.

Column 3. After deducting all prior loans, the amount remaining due veterans of each State if full-payment bill is passed by Congress.

Column 4. Total amount income-tax payers in each State will eventually contribute toward full payment if the money is raised through individual income taxes. Year 1928 used as a basis.

Column 5. Secretary Mellon, in his plea for a sales tax, disclosed that 380,000 persons in the United States pay 97 per cent of all individual income taxes. Investigation discloses that 382,121 persons pay 98.66 per cent of the total tax paid by individuals. This column shows the number of persons from each State in the class that pays 98.66 per cent.

Column 6. Residence of personal income-tax payers who have an annual income in excess of $150,000 and are in the class paying 50 per cent of the total individual income taxes.

Column 7. Full payment will average per person, or for every man, woman, and child in the State, according to the 1930 census. The approximate amount of money that will be put into circulation in any city, county, or locality may be arrived at by multiplying the population by the per capita payment for that State

(1) Residence of veterans	(2) Number holders certificates	(3) Remainder due on certificates	(4) Amount each State will contribute income taxes	(5) 98.66 per cent class taxpayers	(6) 50 per cent class taxpayers	(7) Per capita payment to each State
Colorado	33,265	$21,514,464	$8,650,571	2,428	39	$20.77
Connecticut	42,765	29,902,203	44,822,030	8,755	176	8.61
Delaware	4,743	3,918,525	20,550,199	1,366	88	16.44
District of Columbia	27,460	18,198,685	14,500,808	3,329	55	37.38
Florida	38,260	24,462,835	14,965,667	2,385	51	16.59
Georgia	56,882	35,151,645	7,384,686	2,601	26	12.10
Idaho	13,138	8,248,500	396,441	302	0	18.53
Illinois	245,990	157,543,750	214,678,847	35,722	843	20.60
Indiana	92,813	59,254,650	19,595,646	5,090	86	18.29
Iowa	77,498	46,574,480	12,059,120	2,893	25	18.85
Kansas	55,456	34,934,250	5,690,509	2,376	11	18.57
Kentucky	61,848	38,064,000	10,940,425	3,322	42	14.56
Louisiana	52,321	31,168,150	8,497,764	2,452	28	14.83
Maine	20,791	13,446,550	8,269,247	1,870	27	16.89
Maryland	46,918	31,140,525	31,285,908	6,999	106	19.09
Massachusetts	133,133	92,376,144	115,893,608	22,647	457	19.38
Michigan	130,120	85,407,400	98,166,018	14,998	400	17.64
Minnesota	83,049	53,105,260	23,134,650	5,125	119	20.67
Mississippi	35,736	21,456,974	1,481,582	796	3	10.68
Missouri	108,464	67,608,904	36,687,296	9,182	112	18.62
Montana	17,580	11,424,128	2,518,167	882	8	21.25
Nebraska	39,016	24,227,271	4,092,122	1,821	14	17.58
Nevada	2,978	1,988,889	926,686	227	4	21.84
New Hampshire	12,011	8,084,753	3,864,197	1,168	15	17.38
New Jersey	113,024	77,317,513	100,666,486	19,694	351	19.13
New Mexico	9,809	6,257,550	900,995	381	2	14.78
New York	366,236	245,948,177	876,117,477	97,361	3,665	19.10
North Carolina	62,106	38,794,117	11,740,282	2,154	51	12.24
North Dakota	15,705	9,738,745	406,214	350		14.30
Ohio	177,390	117,878,406	107,466,150	19,336	410	17.73
Oklahoma	65,231	39,815,376	12,508,548	3,674	40	16.62
Oregon	34,349	22,978,122	4,613,316	1,886	14	24.09
Pennsylvania	252,388	172,888,542	187,738,583	34,152	744	17.95
Rhode Island	20,186	13,731,012	15,701,416	3,104	68	19.97
South Carolina	34,710	21,349,617	1,380,259	776	2	12.28
South Dakota	22,054	13,074,391	623,742	393	1	18.87
Tennessee	57,231	36,318,844	10,910,778	3,003	33	13.80
Texas	144,453	95,655,800	27,939,818	8,010	83	16.42
Utah	13,969	8,930,767	2,124,928	852	9	17.58
Vermont	8,004	5,604,408	2,038,436	772	6	15.58
Virginia	61,300	41,006,200	8,553,428	2,709	28	16.93
Washington	54,666	37,874,647	8,661,965	3,021	36	24.22
West Virginia	42,004	25,976,846	5,666,395	2,006	24	15.02
Wisconsin	85,481	52,438,873	24,171,077	6,333	90	17.50
Wyoming	10,794	7,144,348	721,929	420	2	31.23

"The information for columns 1, 2, and 3 of this table was compiled from information furnished by the Veterans' Administration. The other information was obtained from the statistical division of the Bureau of Internal Revenue and other governmental sources."

Mr. HILL. Is it not rather a coincidence that it will amount to the same as the original certificate?

Mr. PATMAN. It will amount to more now; but it amounted to $1,000.69 on the average certificate of a thousand dollars on October 1, 1931.

Mr. HILL. What interest do you figure?

Mr. PATMAN. Six per cent.

Mr. HILL. And from what date?

Mr. PATMAN. From halfway between the beginning and the ending of the average man's service, which was June 1, 1918.

Mr. ESLICK. In the erroneous payment of taxes, both for and against the Government, the 6 per cent rate is uniform?

Mr. PATMAN. Yes, sir. If they pay too little, they must pay 6 per cent on what they should have paid. If they pay too much, they get 6 per cent on what they overpay.

Mr. ESLICK. That is a uniform rate?

Mr. PATMAN. And let me suggest that when the war was over many of these concerns, for two or three years thereafter, would go back to the Government and say, "We did not file an application for a sufficient amount for depreciation of our war facilities during the war," and would file a new application and get a new allowance for depreciation of war facilities. That involved hundreds of millions of dollars, and the Government invoked this same policy and the same principle that we are asking you to invoke here, of paying them not from the time that the claim was finally adjudicated, which was in many cases 10 years later, but from the time they claim they should have made their application in 1918.

Mr. HAWLEY. Mr. Patman, was not that a reciprocal arrangement? The Government had the same privilege of reassessing them that they had of receiving an additional application?

Mr. PATMAN. Absolutely true; and we want the same principle invoked.

Mr. HAWLEY. And the Government gained about $2,000,000,000 in money by that action?

Mr. PATMAN. That is the first time I have ever heard that, Mr. Hawley. I would like to have that information. I did not know that they ever assessed one of them, and I thought I had read everything in that connection. I have in my office to-day a copy of the hearings before the Graham committee and a copy of the hearings before the Couzens committee. I think I have read every word that is material on this question in those books—and I suspect there are 40 or 50 of them—but I have never heard that suggested before to-day. I am of the opinion that you must be mistaken, but I shall be glad to be corrected.

Mr. VINSON. When you speak of the interest rate, that is 6 per cent simple interest?

Mr. PATMAN. Yes, sir.

Mr. VINSON. Not compound?

Mr. PATMAN. But here, you see, the veterans were charged 6, 7, and 8 per cent interest compounded annually for their money from 1927 until the interest rate was changed; and our theory of it is that if it is fair for the veterans to pay 6 per cent compounded annually, it is not unfair for the Government to allow the veteran 6 per cent compounded annually. That is the same principle that was invoked with the others.

Mr. RAGON. If they expired in October, 1931, it would have to be 6 per cent?

Mr. PATMAN. Yes, it would. If one is charged 6 per cent compound interest he should get 6 per cent compound interest; if he is charged 6 per cent simple interest he should get only 6 per cent simple interest.

Mr. VINSON. In regard to the refunds, the interest rate on refunds is simple?

Mr. PATMAN. It is simple because, if they had not paid enough, they would have just paid simple interest.

Mr. BACHARACH. Mr. Patman, in reference to your 6, 7, and 8 per cent, is it not true that that was by reason of the Federal reserve in various districts having a different rate of interest?

Mr. PATMAN. Yes, sir; that is true.

Mr. BACHARACH. I just wanted to get that into the record.

Mr. PATMAN. But Congress, by law, required the payment of 2 per cent above the rediscount rate in the district in which the veteran resided. That was to take care of the bankers. They claimed that this bill was objectionable from their standpoint; that it would lower the interest rates, and they wanted to fix it so that they could make a profit out of it. I do not know what Congress had in mind at that time. I know that they did what they thought was best for the interests of the counry.

Mr. BACHARACH. At that time, apparently, the reason it was done was that the Ways and Means Committee thought it was the right and proper thing.

Mr. PATMAN. Yes, sir.

Mr. BACHARACH. And the fact that we did not think they had the money down here to go ahead and pay these boys.

Mr. PATMAN. Yes, sir. I do not question the committee or any Member of Congress on that.

Mr. VINSON. Mr. Chairman, in regard to the $2,000,000,000 amount referred to by Mr. HAWLEY, was he referring to refunds of amounts allowable for depreciation?

Mr. HAWLEY. The additional assessments made as offset by the claims.

Mr. VINSON. But that was not for the mere item of depreciation to which Mr. PATMAN was referring?

Mr. HAWLEY. No.

Mr. PATMAN. I am glad that was corrected. I misunderstood it; because I never heard of their assessing one of those fellows. If there was one of them assessed, I have been unable to find it. Of course the Government paid back hundreds of millions to them.

Mr. HAWLEY. And they made additional assessments over the amounts reported as payable in the returns.

Mr. PATMAN. Not on depreciation, I think.

Mr. HAWLEY. I do not know about that; but I know that on the whole subject they assessed about five and a quarter billions, and two billions of that was net to the Treasury. Other adjustments were made.

Mr. BACHARACH. That was by reason of the fact that the Government requested manufacturers to build additional facilities for manufacturing.

Mr. HAWLEY. That was one item.

Mr. BACHARACH. Yes; and an important item; and in that case I think the Government should have paid them back and it did pay them back.

Mr. PATMAN. Yes; where that was the case, Mr. Bacharach, I thoroughly agree with you.

Mr. HAWLEY. They did not always pay them back. They considered what advantage the new plant was to the concern.

Mr. PATMAN. Yes. But there are cases in the record disclosed by the Graham committee where they continued to use those plants and make more money than they made before, and still asked for a large sum in depreciation of those facilities, and actually obtained it.

Mr. HAWLEY. They obtained it in part.

Mr. PATMAN. Yes; and the Graham committee thought it was a big scandal, and wound up its report—I do not know why that report has never been given any more publicity than it has—but it wound up its report by saying that people who would so profiteer in time of war should be held guilty of treason, and they even went so far as to suggest how the Constitution should be amended so that in the event of another war, if we had such profiteers as that, they should be punished by death for treason against their country. It was very shocking to that committee. There were 15 Republicans and 10 Democrats on that committee.

Let us not forget that the wealth of our Nation is $400,000,000,000; that our Nation only owes $17,500,000,000; that our Nation owns assets in the form of securities aggregating $12,500,000,000. After deducting the securities held and owned by the Government from our national debt, our national debt is only about $5,000,000,000. As disclosed in my testimony the first day of this hearing from information furnished by Doctor Warren and Doctor Pierson, the total debts in the United States, including national,

State, county, city, corporation, private installment purchases, and all other debts, aggregate $200,000,000,000. We propose the issuance of $2,000,000,000 in new currency, which is only 1 per cent of the debts of the people of our Nation.

It has been contended before this committee that the 25 per cent increase which was added to the adjusted-service credit was to compensate the veterans for the loss of interest on their money from the time of rendering the services until January 1, 1925, the date of the first adjusted-service certificate, the theory being that to give a veteran a dollar as of 1925 was equal to only giving him about 60 or 70 cents as of 1917 or 1918, and Congress had clearly expressed an intent to pay each veteran $1 a day extra for home service and $1.25 a day extra for service overseas. It is my opinion that the 25 per cent was not to make up for lost interest as above stated but was intended to compensate the veterans for waiting from 1925 to 1945. As evidence of this fact, the beneficiaries of deceased veterans, who received the adjusted-service credits of these veterans after the passage of the compensation act in 1924, did not receive the 25 per cent increase; neither did the veterans who were entitled to $50 or less and who were paid in cash.

Therefore that is conclusive evidence that the 25 per cent was not intended for waiting that seven and a half years until 1925. In fact, I heard Mr. Mills testify before the Senate committee in February, 1931, and he brought out the two points that I have suggested here as evidence of the fact that it was not intended as interest.

By reason of the investment boom from 1927 to its peak in the fall of 1929, money was drained from all the small banks of the Nation to one or two financial centers. It was invested in securities of different kinds, and a large part of it sent to foreign countries in return for foreign securities. If this bill passes it will put new money back into these banks.

Prof. Irving Fisher, of Yale University, recently appeared before the Banking and Currency Committee. He made the following statement about ex-Senator Owen, of Oklahoma, and Prof. Williford I. King, of New York University:

"Now as to this bill and the present hearings. You have heard already from many men who have anticipated what I would have said, especially ex-Senator Owen and Prof. W. I. King. Ex-Senator Owen omitted to mention that he had introduced into the original Glass bill, now the Federal reserve act, a stabilization clause which was afterwards stricken out. W. I. King, I hope you realize, is one of the leading statisticians and economists of the country. I only wish that those two speeches could have been heard over the radio by every business man and banker in the United States. If they could have been, there would be no doubt about the success of your efforts to get some constructive legislation adopted by Congress immediately. All we need is education. The thing that is needed the most is to have people read what has already been written on this subject. (P. 345, Stabilization of Commodity Prices, H. R. 10517.)"

Mr. PATMAN. Now, we have here a proposal which has recently been drafted. It is not a new proposal. We are not changing our plans. We are merely adding to our plans, in order that the attacks made by the opposition may be completely and fully answered. In preparing this addition we have had the benefit of the counsel and advice of Senator Owen, of Oklahoma, and Mr. Ackerson, of the legislative counsel's office. We have been working on it for several days, and after summing it all up I can read it to you. It is just a few lines.

For the section 2 that I have in H. R. 7726 we propose to insert this in lieu thereof:

"SEC. 2. Payment of the face value of the adjusted-service certificates under section 509 or 510 of the World War adjusted compensation act, as amended, shall be paid in Treasury notes.

"The Secretary of the Treasury is hereby authorized and directed to issue United States notes to the extent required to make the payments herein authorized. Such notes shall be legal tender for public and private debts and printed in the same size, of the same denominations, and of the same form as Treasury notes, omitting the reference to any Federal reserve bank.

"He shall place such notes in the Federal reserve banks, subject to the order of the Administrator of Veterans' Affairs, to be used for the purposes of this act.

"He shall issue a like amount of United States bonds bearing 3½ per cent interest, payable semiannually, with coupons attached, and such bonds shall be due and payable in 20 years from the date of issue, subject to the right of redemption after 10 years.

"These bonds shall be deposited in the Federal reserve banks, as the agents of the United States, in approximate proportion to their current assets at the date of the passage of this act.

"In the event that the purchasing power of the dollar in the wholesale commodity markets, as ascertained by the United States Department of Labor, shall at any time fall as much as 2 per cent below the average value of the year 1926, the Federal Reserve Board, by resolution in writing, may direct the sale to the public of such portions of said bonds as may from time to time be necessary to restore the purchasing power of the dollar to the normal standard of 1926.

"Such currency received for such bonds shall be exchanged for the notes hereby authorized to be issued, and they shall be returned to the Secretary of the Treasury for cancellation."

That, of course, is the plan we have, except that it answers completely the most effective argument that has been made—that it was uncontrolled inflation. Here is a clause that controls it and answers every argument that they have made against this proposal. I want Senator Owen to discuss that, and I shall not discuss this proposal or anything about the money question in relation to this matter. I feel that he is more competent to do it, and I want him to do it.

Mr. CHINDBLOM. Mr. Chairman, as I heard it read, that is substantially Senator Owen's proposal.

Mr. PATMAN. Substantially; yes, sir.

Now, the proponents of this measure have been compelled to submit to a lot of abuse and lots of criticism. Of course, we have been accused of being just politicians and asking people to vote this money in order that we may get more votes for ourselves to try to help ourselves out politically. It is a very easy matter to impugn one's motives. I do not impugn the motives of the people who are against us. I would have just as much right to say that all the money is on that side, and that because they are fighting us they are getting money for it. I do not say it; neither do I believe it. But we have as much right to say that they are getting money for their opposition as they have to say that we are asking for votes for our support. But arguments like that should not carry any weight and should not be effective on the mind of any person.

* * * * * * * *

Mr. PATMAN. I want to say that we are honestly and conscientiously trying to save our country. We are trying to do something that will bring our country back. We are trying to use this as a vehicle with which to convey our Nation back to prosperity. If there is another way and a better way by which to put circulating medium into the country that will cause commodity prices to rise—which must be done in order to bring our country back—we would not be unfavorable to it. We would be favorable to it. But after you explore all other methods, I believe, gentlemen, that you will come to this one solution, that this is the only plan that has been offered that will put a definite amount of money in every community in this Nation, according to the number of veterans in that community, which bears a direct and definite ratio to the total population in every community.

I want to thank the committee for their faithful consideration of this bill and the liberal time they have given to its consideration. You have been very patient, very tolerant. I repeat, I have the utmost confidence in this committee. There is no thought in my mind of impugning the motives of any one of the members of the committee.

I want to say in conclusion that Senator Owen will make the concluding argument, and I hope the members of the committee will ask him every question relating to this money proposition about which there is any doubt in your minds. I believe he can successfully answer them.

We are not asking for printing-press money. We are asking for the same kind of circulating medium that is in existence in our Nation to-day.

That is all, gentlemen. Thank you.

The ACTING CHAIRMAN. Mr. PATMAN, the committee wishes to thank you for your diligent attendance on these hearings and the valuable information you have given the committee.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Strike out section 509 and insert in lieu thereof the following:

"That the Secretary of the Treasury is authorized and directed to issue from time to time, in addition to all other issues of bonds authorized by law, bonds of the United States in such amounts as he may deem necessary to provide funds for the payment of adjusted-service certificates under the provisions of section 509 of the World War adjusted compensation act, as amended. Such bonds shall be designated as adjusted-compensation bonds.

"SEC. 2. (a) Such bonds shall be issued in such form or forms and denomination or denominations, and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, and time or times of payment of interest, as the Secretary of the Treasury may prescribe at or before the time of issuance thereof. The principal and interest shall be payable in United States gold coin of the present standard of value. All such bonds shall be exempt both as to principal and interest from taxation by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, to the same extent as bonds issued under the first section of the second Liberty bond act, as amended and supplemented.

"(b) The provisions of the third paragraph of the first section of the second Liberty bond act, as amended and supplemented, shall apply to the bonds issued under the first section of this act.

"SEC. 3. (a) There shall be levied and collected on all nonintoxicating beer, lager beer, ale, porter, or other similar nonintoxicating fermented liquor containing one-half of 1 per cent and not more than 3 per cent of alcohol by weight, brewed or manufactured, and hereafter sold or removed for consumption or sale within the United States, by whatever name such liquors may be called, a tax at the rate of 3 cents per pint, such article to be bottled at the brewery."

Mr. BLANTON (interrupting). Mr. Chairman, I make the point of order that the amendment is not germane; that there is nothing in the proposed bill that provides for the nullification or repeal of the eighteenth amendment.

There is nothing in the proposed bill before the House that in any way affects the manufacture and sale of beer or intoxicating liquors, and this is an attempt to bring in that question that is not germane. I make the point of order.

Mr. COCHRAN of Missouri. Mr. Chairman, I desire to be heard on the point of order.

Mr. RANKIN. Mr. Chairman, I make the further point of order that it is not germane for the reason that it provides a method of levying taxes, not provided for or mentioned in the bill.

The CHAIRMAN. The Chair will hear the gentleman from Missouri on the point of order.

Mr. COCHRAN of Missouri. Mr. Chairman, I direct attention to the title of the bill H. R. 7726——

Mr. CHINDBLOM. Mr. Chairman, a point of order. The amendment has not been read in full.

Mr. BLANTON. But enough of it has been read to make a point of order against it.

Mr. CHINDBLOM. It has not been read sufficiently for anyone to determine the question on the point of order.

The CHAIRMAN. The Chair will state that if in the opinion of the Chair a sufficient amount has been read to indicate to the Chair that a point of order might lie to that portion read, it is within the province of the Chair to hear the point of order at that point.

Mr. COCHRAN of Missouri. Mr. Chairman, I direct attention to the title of the bill H. R. 7726, which is now before the committee. It reads—

A bill to provide for immediate payment to veterans of the face value of their adjusted-service certificates.

I now direct your attention to the title of my bill which the Committee on Ways and Means reported adversely, the same as the Patman bill. The title of the bill is "To provide for the immediate payment of the World War adjusted-service certificates, and for other purposes."

The purpose of the bill before the committee is to pay the World War adjusted-service certificates. My bill so provides. The gentleman from Texas says his bill was carefully prepared by the Legislative Drafting Service. My bill likewise was carefully prepared by the Legislative Drafting Service.

The difference in the two bills is that the gentleman from Texas seeks to print money to pay the adjusted-service certificates, whereas my bill provides for the issuance of bonds and the levying of a tax of 3 cents per bottle on beer, the money derived from the tax to be used only for retiring the bonds issued to pay the adjusted-service certificates.

That part of the Patman bill in reference to administration is included in my bill. That part of my bill in reference to the issuing of bonds is the same proviso that has been carried in every bill relating to the issuance of bonds that has passed Congress. The provision in reference to the manufacture of beer is the same as carried in the beer bill this House voted on several weeks ago.

My bill is sound. It seeks to provide for the payment of adjusted-service certificates; and that is just exactly what the Patman bill does. It will not disturb the Treasury. It will not cause the value of our outstanding currency to depreciate in value. My bill will not only pay the adjusted-service certificates but it will do more; it will provide jobs for the veterans and others out of employment. Mr. Chairman, I feel the amendment which has for its objective the same purpose as the pending bill is certainly in order.

The CHAIRMAN. The Chair is prepared to rule.

The bill pending before the committee is entitled "A bill to provide for the immediate payment of veterans of the face value of their adjusted-service certificates."

After setting out with some particularity in the first section methods of and limitations on payment, it goes on to provide in the second section for the payment of the face value of the certificates.

The gentleman from Missouri offers an amendment which, among other things, seeks to levy taxes for the purpose of deriving revenue for the payment of these bonds.

In the opinion of the Chair, it is clearly not germane to the fundamental purposes of the bill we have under consideration.

Therefore the Chair sustains the point of order.

Mr. NELSON of Maine. Mr. Chairman, I move to strike out the last two words. Mr. Chairman and members of the committee, we face here to-day a decision of the gravest importance to the security and welfare of our country, an issue that each of us should meet squarely, honestly, and fearlessly, with that same unity of patriotic purpose that characterized our conduct during the World War.

We are at the crucial period of an economic depression without parallel in the history of our country. Our financial structure, the nervous system of the Nation, is partly paralyzed. Private incomes are vastly shrunken, the revenues of the Government seriously impaired, the national credit threatened. The deficit for 1931 was $900,000,000, that for 1932 approximately $3,000,000,000, with the prospective deficit for 1933 some $1,700,000,000. Our whole economic structure is out of equilibrium. Productive industry is prostrate. Millions of our people are in idleness and destitution. Failing immediate relief, social disorders threaten.

For six months we have labored here in the Congress to put into play forces to halt the depression, to arrest deflation, to inspire confidence, and to revive business. We have drastically reduced expenditures, ruthlessly slashed the wages of the Federal employees, separated thousands from the public pay rolls, and laid a heavy burden of taxation upon our people. All this we have done to avoid the unthinkable collapse of our economic system, with its consequent social chaos.

For more than three months we have struggled with a revenue measure, unprecedented in its peace-time burdens, designed to raise $1,118,500,000, which added to the $1,287,000,000 available under existing laws, will balance the Federal Budget and restore national and world confidence in our financial stability and integrity.

Slowly, painfully, and fearfully we have struggled up out of the financial morass. Our feet rest on firmer ground. We hoped again to go forward. But, no! We are confronted here to-day with the proposition that we destroy that constructive work of the session, that we impair even further the stability of our Government, and that we jump back, even deeper into the slough of financial despond from which we have just extricated ourselves.

It is proposed at this time of trial and uncertainty, when all are suffering together, to take this twenty-four hundred million dollars that we are exacting from the small wage-earner, from languishing business, from our overburdened tax payers, and turn it over, not to the hundreds of thousands of men and women standing in the bread lines, wearing the badge of humiliation and failure, not for an equal distribution among all deserving sufferers, but to turn it over to one privileged class, a class to whom the Government is already paying hundreds of millions of dollars each year, and who are faring no worse than the rest of our people.

A just and generous Government gave to these veterans bonus certificates for various amounts, payable in 1945, when through the operation of compound interest, the fund would accumulate and be available for their payment. They are not due now, and to pay them at this time would mean the turning over to the veterans of about twice the amount due. That immense gratuity, if made at this time of national stress and need, must ultimately come from the pockets of the rest of our people by way of taxes, not only a gross injustice to the many, but a very real threat to the financial stability of this Nation.

Payment of the bonus at this time, before it is due, and in about twice the amount due, would mean the wrecking of all the good that we have accomplished. It would mean the inflation of our outstanding currency by 45 per cent and the setting of our feet as a nation in the paths of fiat money, the road to ruin beyond all peradventure.

[Here the gavel fell.]

Mr. NELSON of Maine. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. NELSON of Maine. Payment through an immense bond issue would mean further deflation, the flight of capital from the country, depreciation of Government securities, increased cost in Treasury financing, shrinkage in bank assets, loss to depositors, a general loss of confidence both at home and abroad, and a further deepening of the depression.

Camped about the Capitol to-day, a pitiful sight, are thousands of veterans, patriotic citizens, who do not sense the crisis the Nation they fought to preserve is now facing, who have been led to believe that an unappreciative and forgetful Government is withholding from them their just dues. Did they understand the true situation, these men who fought for American ideals on the fields of France would be the last to endanger those ideals in time of peace.

These men in their hour of trial did their duty and did it well. When the zero hour came they went over the top nor left to others the places of danger and responsibility. We Members of Congress face to-day conditions comparable to those of war, with comparable duties—duties that no one of us may ignore or avoid or delegate to others. This is our zero hour. Let us go over the top for the general welfare of our common country, no matter what the casualties. Better to die politically, conscious of our own self-respect and intellectual honesty [applause], than to preserve a mean political existence through hiding behind others or refusing to listen to the voice of duty whose call a man must answer or lose his soul. [Applause, the Members rising.]

Mr. RANKIN. Mr. Chairman, a great statesman of a century past and gone once said that if war were declared upon our country by an insulting foe we would not wait till our sleeping cities were awakened by the terrible music of a bursting bomb, till our green fields were laid waste and trampled under the hoofs of an invader, or made red by the blood of our brethren. But that we would send forth fleets and armies, we would unloose upon the broad ocean our keen falcons, and the thunder of our guns would arouse stern echoes along the hostile coast.

Our country is at war now. We are at war with depression; we are at war with hunger; we are at war with misery; we are at war with unemployment; we are at war with low prices for agricultural commodities; we are at war with panic. The grim specter of despair is in command of all these forces that are threatening the life of our American institutions as well as the very foundation of our civilization.

Something must be done. Our people can not stand this much longer.

What remedy do our opponents in this fight offer? None. Yet a majority of the Members who are opposing this measure voted for the very laws that have brought us to this frightful condition.

This bill to expand the currency and pay off the soldiers' adjusted-service certificates is the only measure that has been brought before the House that would give our people relief.

If it becomes a law you will see the prices of cotton, wheat, corn, land, and other commodities rise at once, just as they did when we expanded the currency during the World War. It will break this panic overnight.

But the gentleman from Maine [Mr. NELSON], who is opposing this measure, says that it would expand the currency "45 per cent." What effect would that have? It would bring back prosperity. That is what we want.

From 1914 to 1920 we expanded our currency more than 60 per cent. We raised it from $3,459,000,000 in 1914 to $5,569,000,000 in 1920. And at that time we had nearly $2,000,000,000 less gold than we have to-day. What was the result of that expansion? Cotton went to 30 cents a pound, wheat to $2.25 a bushel. Corn, hogs, land, merchandise, everything advanced, and our people enjoyed an era of prosperity until these financiers got control of our Government and contracted the currency back almost to where it was in 1914 and thereby forced this panic upon us.

Why do you refuse to join us in this fight for relief? Have you more sympathy for the moneyed class, for the people who have their money invested in tax-exempt securities, than you have for the distressed millions of America? Have you more sympathy for a few international bankers than you have for our impoverished farmers who are now selling their crops below the cost of production, for our unemployed laborers who are standing in bread lines or begging the food of charity, or for our penniless veterans who fought the war out of which those financiers made or increased their fortunes?

Look around you and see the evidences of distress. Wheat and cotton are at their lowest price levels for 300 years. How can we pay our debts and taxes with 4-cent cotton and 30-cent wheat—debts we contracted on an inflated currency when prices were high, and that we are now asked to meet by selling our crops at the cheapest prices that have prevailed since America was settled?

Conditions are growing worse. Unemployment is increasing, farm commodity prices are falling, and bread lines are stretching down the streets of every large city in the United States.

Bankruptcies, failures, and foreclosures are multiplying, while the crimson wave of suicide sweeps over the land.

Yet when we appeal to you to pass this measure, the only one that has been proposed that offers the American people speedy and effective relief from this terrible condition, certain men arise in the House, arrogate to themselves a superpatriotism and try to leave the impression that the passage of this measure would be dangerous to American institutions; and intimating, if not asserting, that they are risking their political lives in order "to save the country." I take it for granted that every man within the sound of my voice is as patriotic as I am, and I contend that every man in this House is just as patriotic as the gentleman from Maine [Mr. NELSON] or the gentleman from Georgia [Mr. CRISP]. All this talk about your own patriotism is entirely beside the issue.

Besides, if there is a question of patriotism involved, I submit that these veterans have the better of the argument. They have had occasion to show their patriotism in defense of their country. They did not fail us then, and we should not fail them now.

Remember that these ragged veterans who are here in the Capitol to-day are the same men for whom you waved the flag and beat the drum when they were marching away to war 15 years ago. Some newspapers have led the country to believe that these men who have come to Washington are a bunch of "reds." They would have you believe that they are coming here to "threaten Congress." The truth is they are merely a cross section of our American citizenship. They are the most orderly bunch of men that I have ever seen. They are red-blooded American patriots.

And do not you forget that they have behind them the public sentiment of America. I saw that tested last night. They had a great Flag Day parade here in Washington, with floats, bands, soldiers, marines, cavalry, artillery, and all the other implements and garnishments of war. One hundred thousand people looked on silently until there appeared the remnants of this tattered army who are now gathered in Washington, and who are appealing to Congress with outstretched hands to pay them what this Government owes them. When they appeared there was a spontaneous outburst of applause that rang across the plaza and echoed down Pennsylvania Avenue until it died away before the somber silence of the White House. [Applause.]

In this so-called bonus army are many men with congressional medals upon their breasts, men who went over the top at a time when the profiteers who are opposing this measure were coining their millions at the expense of human misery.

The Government owes them this money, and everyone admits that some day it will be paid. Practically everybody admits that when it is paid the full value will be paid and that no interest will be charged against it. Then why not

pay it now, when by doing so we can expand the currency, advance prices, and bring relief to all the American people.

But the enemies of this legislation tell you that this money is not due. If we had paid these boys the same interest that we paid the war contractors and profiteers on their deferred payments, every dollar of it would have been due in 1931.

Besides, if this depression were caused by an insulting foe from the outside there would be a demand for war—war which would probably cost us $20,000,000,000. Yet when we have an opportunity to expand this currency in an orderly way and pay $2,400,000,000 of American debts, without levying an additional dollar of taxes, and in doing so redeem America from a condition of distress worse than any war through which we have ever passed, we find that those who have contributed most to bring this condition about are bitterly opposing such a measure, misrepresenting it to the country, and demanding that Congress adjourn.

Permit me to say to you now that we are going to oppose any resolutions for adjournment until this bill is finally disposed of. If you succeed in defeating it, then we are going to oppose any motion to adjourn until something else is done to alleviate these terrible conditions. Any man who opposes this measure and who votes to adjourn Congress without offering something in its place that would give relief to our people admits one of two things: He admits either the failure of representative government or that he himself is incapable of offering any solution of our problems. In either case he should not have the audacity to offer for reelection.

As I have said before, this is a money panic. It is a man-made panic. It is a result of the distortion or abuse of the powers of government by the administration in power in passing laws or conferring authorities the effects of which were to distort or violate the laws of economics or the laws of supply and demand in order to enrich the few at the expense of the many.

Congress and the President have ample power to relieve this condition. The passage of this bill will do it. If you defeat it, then it is your patriotic duty to offer something in its place.

We are in the same predicament to-day that England was in a year ago. They were going through the same conditions we are going through now. The international bankers in that country set up the same cry they have set up here—"Balance the Budget, balance the Budget." They did just what we have done. They balanced their budget on paper, but when the taxes levied failed to yield sufficient revenues to maintain the government they found that they had to expand their currency, just as we are going to have to do before this condition is relieved. They did not have the gold reserve that we have, and therefore had to suspend the gold standard in order to expand. Conditions improved immediately, prices rose, their factories began to run, unemployment decreased, and to-day England is the most prosperous country under the shining sun.

We do not have to suspend the gold standard. We have sufficient gold to furnish 46 cents in gold reserve behind every dollar of this money, when the Federal reserve law requires only 40 cents. For a hundred years England had less than 10 per cent gold reserve behind her gold certificates.

Ex-Senator Owen, of Oklahoma, one of the ablest financiers in the world, the author of our present Federal reserve law, tells us that this proposition is perfectly sound and that it will restore commodity prices to their normal values almost instantaneously.

But men who have their money hoarded or invested in tax-exempt securities do not want the currency expanded, because their dollars have more buying power under the present distressed conditions. The large international bankers have $16,000,000,000 loaned in foreign countries. It is payable in American dollars. That $16,000,000,000 will buy more of American farm products than $60,000,000,000 would have bought the day those loans were made.

They do not want the currency expanded, because it would mean a rise in the price of commodities and the bringing down of the value of their hoarded dollars, which were invariably made by profiteering during the World War—coined, if you please, from the blood and tears of the suffering men, women, and children of the world.

They are trying to make you believe that this bill would impose an additional tax burden on the American people. They know that is not true. It would not levy one additional dollar of taxes; but, on the other hand, it would advance the prices of commodities to such an extent that it would make our present taxes more easy to pay.

But they tell you that the money issued under this bill would be "fiat" money. Every intelligent financier on earth knows that every dollar of this money would be backed by 46 cents in gold, when the Federal reserve law only requires 40 cents. All our money is interchangeable under the law, and every dollar of this money would be worth just as much as a gold certificate any day.

They tell you that it would bring uncontrolled inflation. As a matter of fact, under the Owen plan, provided in the bill, this expansion would be controlled. When commodity prices begin to rise to an abnormal level, the bonds held by the Federal reserve agent may be sold and the currency reduced until we are able to stabilize prices at something like what they were in 1926, 1927, or 1928.

Yes, we are at war, and these ex-service men throughout the country who are fighting this battle for the passage of a law that will expand this currency, break this panic, and pay off these adjusted-service certificates are rendering just as patriotic service to-day as they did on the battlefields during the darkest hour of the World War. They are fighting to redeem this country from the clutches of a panic more destructive of our civilization and more dangerous to the welfare of our country than any war in which we have ever engaged.

This bill is going to pass the House. It then goes to the Senate. If those Senators will study it until they understand it, it will pass that body by an overwhelming majority. If it becomes a law, then we will have won a victory for the masses of the American people as well as for the ex-service men that will be felt in every nook and corner of the United States as well as throughout the civilized world.

It will not be a victory that will leave the battlefield strewn with the dead and dying. It will not be a victory at the expense and at the destruction of the young manhood of the country. It will not be a victory that will leave broken hearts and vacant seats and widows' weeds in every home.

It will not be a victory that will place a crêpe upon the doorknob of every household in America, and fill every park and public place with the maimed, the blind, the wounded and disabled victims of a great conflict. It will not be a victory that will burden our people with an indebtedness that will take a hundred years to pay.

But, on the other hand, it will be a victory that will bring light and hope to practically every fireside in America, one that will restore prosperity to agriculture, take our laborers out of the bread line, bring justice to our service men, and inspire in them a new devotion to and a new reverence for our American institutions. It will be a victory that will cause our country to awaken as it were from this horrible nightmare and step forward into the light of a new day of peace, happiness, and prosperity for all. [Applause.]

Mr. McSWAIN. Mr. Chairman, I move to strike out the last three words.

I am supporting this bill because the whole country needs it, as well as these tatterdemalions of the victorious Army of 1918.

Those who oppose increasing the volume of currency base their opposition upon the danger of extreme inflation that would go to the point of a depreciated and worthless currency such as Germany produced after the war and finally outlawed in 1924.

I do not advocate, and I do not believe anyone advocates, such extreme inflation. I know it would amount to confiscation for those who hold bonds, notes, and mortgages. I would oppose any such confiscation, even with my own life.

But, on the other hand, we are suffering from an extreme deflation, both of currency and of credit. This extreme

deflation is destructive of the debtor class. People who borrowed money a few years ago are now compelled to pay the same back in dollars worth two, three, and four times what they were when they were borrowed. It is not fair and should not be permitted.

Therefore, we are up to the choice of deciding on a moderate inflation to overcome the existing extreme deflation. Can there be anything unfair or unjust in such a middle course? Is it not right that a person who borrowed a thousand dollars when cotton was 20 cents a pound should be allowed to pay the same back with cotton of about the same price? If the man who lent the thousand dollars can now take the same money and buy four times as much cotton, five times as much land and houses, three times as much groceries, two times as much clothing, and so on through all the range of human wants, then has not the man who lent the thousand dollars been paid back two, three, four, and five times what he lent? Can anybody defend such a system as that? Is there any justice or fairness in any such system?

I do not mean that the lenders of money are to blame, but I do say that they are the beneficiaries of an unfair and of an unjust monetary system.

Scientific thinkers and trained economists have shown us how this can be overcome. The method is perfectly clear to the fair and unselfish mind that will study it long enough to get at the bottom of the facts. That is why I favor using the tremendous momentum of the bonus sentiment to increase the volume of currency in this country. If we can combine these two forces and distribute this more than $2,000,000,000 of Federal reserve notes all over the Nation, undoubtedly business will begin to revive, commodity prices will rise, the dark cloud of depression will begin to disappear, and when once again the wheels of business begin to turn all the forces which have so long been stagnant will begin to pull and push for the restoration of normal business activities.

Mr. Chairman, I deeply sympathize with these ragged and tattered remnants and representatives of what was a glorious and victorious army in 1918. Sleeping upon the ground, and often in the mud, hiding in half-wrecked houses to escape the rain, living on the charity of their destitute friends, these unfortunate boys excite my deepest pity.

But I am looking beyond them. I know that they are but typical of millions of Americans in the same destitute condition. I know how the hearts of these men who are husbands and fathers must agonize and suffer to contemplate that their dependent ones have no shelter over their heads except through the enforced indulgence of landlords, have nothing to eat except at the hands of charity, and that disease, and death itself, constantly stare them in the face.

In view of these considerations, I compliment the men now about Washington for their good behavior, for their self-control, and for their splendid discipline. If the proposition to pay them the bonus at this time should fail, and it seems doomed to failure, in view of the certainty of a presidential veto, and of the impossibility of obtaining a two-thirds majority in both Houses, to override the veto, then I hope that all of these men will quietly and peaceably return to their homes and families. If there should be any disorder and violence traceable to them, either before they leave Washington or on their way home, it will reflect discredit upon them and their cause, and will undoubtedly injure them. As one who has manifested his genuine interest in them as fellow citizens, and as one who will vote for the pending bill, in the belief that not only will the ex-soldiers be benefited thereby, but that the whole country will be helped, and that this widespread distribution of new money will give the necessary stimulus to start business back up the hill, I am appealing to these men to continue in the same fine spirit and to display the same good conduct until they reach home.

All political and social problems in America can and should be settled at the ballot box. It takes time, and patience, and concerted action to achieve results by slow constitutional agencies, but it can be done, and every good American should restrain himself from violence and disorder, but go resolutely and calmly to the polls and record his deliberate judgment for the men who represent his political aims and his economic views.

So, once again, I appeal here to these former soldiers as I appealed to them in person in their camp at Anacostia to suppress all forms of disorder, to drive out drunkenness and bootleg liquor that would produce drunkenness, to refrain from any contact with communistic or red influences, to submit their cause to the Congress, to the President, and to the country, respectfully and quietly, and, if defeated, to accept the decision as good sports in true American spirit, and cheerfully and quietly return home. [Applause.]

Mr. GRISWOLD. Mr. Chairman, when the Assistant Postmaster General, Mr. Glover, asked every postmaster to support the President, he was not criticized and his position was not taken away from him. We had no remarks of disapproval from the administration, but in my State, when a member of the American Legion, who is in the civil service of the Government, a man who is a member of the resolutions committee of a post of the American Legion, saw fit, in view of the fact we had given billions of dollars to Wall Street, to favor giving a few dollars to Main Street by way of this bonus proposition, and passed a resolution to that effect, the Post Office Department makes this charge against him through Mr. Arch Coleman, First Assistant Postmaster General. This is count 2 in the charges:

> It is also charged that you introduced a bonus resolution at a meeting of the American Legion, Crown Point, Ind., March 6, 1931, contrary to the expressed wishes of the President, who considers such legislation harmful to the country at this time.

We have been told here that the President will veto this legislation, and this is his right; but I do not believe the membership of this House believes it is his right, in view of the action of the Assistant Postmaster General at Springfield, Mo., to go out and coerce civil-service employees to keep them from expressing their views, as citizens, on legislation, when they do this as members of an organization of World War veterans and at the instigation of that organization. [Applause.]

Mr. MEAD. Can the gentleman inform us whether this man lost his position or not?

Mr. GRISWOLD. I do not know whether he has or not.

Mr. BLANTON. If he has been fired, we will put him back next spring.

Mr. GRISWOLD. I want the House to know of this matter so that they may know the methods that are being used to defeat this bill. The rights of American citizens are certainly being violated. Does the constitutional provision providing for the "right of the people to peacefully petition" apply to all the people except civil-service employees in the Postal Service? Must postal employees, to retain their positions, agree to support every whim and caprice of the President of the United States under penalty of discharge if they do not? Such a system is unjust and most reprehensible. Neither the President of the United States nor the First Assistant Postmaster General will be able to defeat this legislation by any such methods.

There are gentlemen here who say that we should not vote in favor of the bonus, because it will never become a law. That it will not pass the Senate. Is that a reason for us to fail to do justice? Is that a reason for Members of the House to fail to follow their conscientious convictions of duty? Those gentlemen continue their argument and say if it does pass the Senate the President will veto it. Maybe the Chief Executive will veto it. He has consistently opposed it. He has stated that he will veto it. He has tried through the press to lead the Nation to believe that it is unnecessary, unwise, and unprofitable. He has inferred that it is unpatriotic for the men who defended their Government in time of war to expect that Government to aid and protect them in time of peace. He has enunciated a new theory of government—the theory that men are created for the benefit of government. It replaces the theory of the fathers that "governments are instituted for the benefit of men."

But do not be too sure, my colleagues, that he will veto this legislation. Pass it and see. I think that he will approve it. I have noticed that popular demand has its effect even on the Chief Executive. Witness the wet and dry issue; four years ago it was "a noble experiment." To-day, if newspaper accounts be true, it has lost some of its nobility. It has passed the experimental stage and, from all the press reports of the White House conferences, it has become a political dilemma, with a deep anxiety being evidenced by the President to jump on the side of popular demand.

I think that if we pass this bill here in the House and in the Senate the President will sign it. I hope that he will be as compassionate to the down and out, jobless, sick, heartless, burden-bearing veterans of the country as he was to the corporations and banks when he signed their $2,000,000,000 bill creating the Reconstruction Finance Corporation. I have not lost faith in my President. I repeat, I think he will approve the bill.

On Saturday the gentleman from South Dakota [Mr. JOHNSON], an excellent gentleman, a handsome gentleman, and a gentleman whose articles appear in leading weekly publications giving his advice to young Congressmen, stated that the certificates should not be paid because he and others in Congress at the time of the passage of the original bill had agreed that payment would not be asked for until 1945. He called on his Republican colleagues to bear witness to that fact. Maybe he did make that promise. Maybe his Republican colleagues made it in the Republican caucus. By what right did they make it?

By what authority could the gentleman from South Dakota bind the veterans of this Nation to refrain from collecting a debt that the gentleman himself admits is a valid obligation of the Government? How can these veterans be bound by a contract made by the gentleman from South Dakota in which they had no part and of which they had no knowledge or opportunity to disapprove at the time? It would make an interesting subject for discussion in one of the gentleman's articles advising new Congressmen.

I have advocated payment of the adjusted-service certificates. I signed the petition to discharge the Rules Committee and bring the bill on the floor of the House for a vote.

Congress adjusted the pay of the railroads. It likewise adjusted the pay of war contractors in excess of $2,000,000. In recent years we have given other nations in excess of $10,000,000,000. We have allowed them to filch as much more from us in the sale of worthless bonds and securities. We have rehabilitated the Belgians and French, fed the Armenians and the Chinese—we have failed miserably in feeding our own.

None of the money we have given to business has trickled down to the farmer in my State. He is still selling his crops below cost of production. The banks for which two billion was provided and for which he is taxed are still foreclosing the mortgages on his farm. The laborer in my State is still unemployed. The tax collector is hauling away from his door his household goods. No one has money to buy. All of our Federal aid to big business has not helped him. We have tried starting at the top to revive industry and to save the farms. The plan has been a noticeable failure. It is time to begin to start at the bottom to erect our prosperity building. We have fully demonstrated that we can not start construction of a house with the roof. Let us change our method and begin with the foundation. Put money in circulation with the people. They are the ones who must buy to stimulate business—other means have failed. I opposed the other means—voted against them. They were contrary to economic law. This is a sound proposition. This will put more than four and one-half million dollars in circulation in the fifth congressional district of Indiana. It will put money in circulation in every township—in every precinct. It will permit men to pay debts, it will permit men to buy. It will stimulate business. We have the goods to sell. We lack buyers. We lack buyers because the man on the street lacks money.

The Reconstruction Finance Corporation cost us in taxes. This will not increase taxes one cent. This will be paid out of the sinking fund that is now set aside under the law and matures in 1945. Inflation of currency. Yes. We need it. Under the present law we must have 40 per cent gold reserve back of our currency. That is all the law requires. Issue this new currency to pay these certificates and we will still have more than 40 per cent gold reserve back of our currency. The bill further provides that if currency should be inflated too greatly bonds will be held in trust by the Federal reserve against the sinking fund in sufficient amount to restore the stability of the currency.

The man in the street and on the farm will have money. I supported the resolution to discharge the Rules Committee, and now that the motion prevails, I shall vote for the payment of the adjusted-service certificates in cash and now. I have never made a promise for the veterans, as did the gentleman from South Dakota. But I did make a promise to them, and I shall keep my pledge.

Mr. SCHAFER. Mr. Speaker, I favor the Patman bill as amended by the Owen amendment.

It is surprising to see some stand-pat Republicans get up on the floor of the House and indicate how terrible it will be for the Nation and the Treasury if we increase the amount of money in circulation in order to adjust the compensation of the veterans, many of whom went through hell in the World War overseas for a dollar and a quarter a day, while the war profiteers had their claims adjusted to the tune of millions, if not billions, of dollars.

Mr. Speaker, there is not one valid reason why a Member can oppose this bill, because, as some have stated, it will start the printing presses in operation. Many Members who oppose the pending bill on those grounds supported bills to relieve the bankers, who have already done much to wreck the country, and would allow them to run the printing presses just because they have some bonds, many of which may be worthless. If you are fearful about these new bonds as a reserve for new money to pay the bonus, then let us take the billions of dollars that the foreign countries owe us, and their bonds which are now in the Treasury, and use them as a reserve in back of the alleged printing-press money to pay the veterans. This method would be on all fours with the proposition which you approve in giving to the bankers a right to obtain new currency upon depositing their bonds as a security reserve.

Some Members oppose the bill because they say it will interfere with balancing the Budget. I picked up the paper this morning and saw that the politician, Bishop Cannon, says that you can not balance the Budget with a corkscrew. I do not believe that these professional drys know anything about how to open up a beer bottle. You do not need a corkscrew to take the cap off. Bring back beer and you will not have so many sleepless nights worrying about balancing the Budget and about burdensome taxes. All that the dry-speaking, dry-voting, professional politician, prohibition fanatics know about a corkscrew balancing the Budget is by opening distilled liquors with a corkscrew. [Laughter and applause.]

You dry Members who oppose this bill in the name of the Budget and the financial condition of the Treasury do not have a leg to stand on. My friends, these veterans are not asking for something which they are not entitled to.

They are not bums. Ex-service men from Milwaukee, numbering about 60, in Washington for the last few days, have presented their request to Congress, and I understand after doing that they are going to return home. They have just as much right to present their request to Congress as have these fanatic prohibition lobbyists housed in the Methodist Building a few steps from this Hall of Congress. [Applause.]

These Milwaukee veterans are not bums. Many of them were members of the Forty-second and Thirty-second Divisions, in which a great many Wisconsin boys were fighting the battles of the international bankers, who are now opposed to this bonus measure. The soldiers in these two divisions made history in the World War. There was no division in the World War that made a more enviable record than did these two divisions.

The international bankers and war profiteers helped drive us into the World War, which resulted in piling up our national debt to the stupendous sum of over twenty-nine and one-half billion dollars. At the urgent request of many of these powerful forces now opposing the pending bill the war debts of foreign countries were scaled over $10,000,000,000. If America could stand that reduction, she certainly can stand the passage of the pending bill to pay the debt we owe the veterans who fought the war, many of whom have been unable to find a job for several years and who are hungry, ragged, and in despair. [Applause.]

[Here the gavel fell.]

Mr. RAGON. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman from Arkansas rise?

Mr. RAGON. I rise to see if we can not get some agreement as to closing debate on this section and all amendments thereto. The next section is the one which will present the crux of the whole matter. I ask that debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent that all debate on this section and all amendments thereto close in 10 minutes. Is there objection?

There was no objection.

Mr. HORR. Mr. Chairman and members of the committee, the thought has been expressed that some of us have been coerced through fear to support this measure. I am of opinion that that is a charge that should not be leveled at the head of any man who desires to give expression on a measure in this House. If that were true, there is other legislation that has been brought before the House where the same charge of intimidation could be brought. I am sure that each and every one of us has conscientiously considered this matter of bonus payment, and I believe the expressions of which I speak are unworthy and should have no place in debating this great problem. I am voting for this bill, though I doubt if there are a half dozen men in the bonus army who are from my State. We had some here two or three months ago, who returned to the State of Washington. I have been questioned by only one man since this army came in respect to my position, and at that time I did not tell him my attitude or how I would vote on this measure.

This may be a momentous occasion in the history of this House. I saw nobody quivering when these other measures were brought before us—measures that dealt in sums equal to the amount carried in this measure. I say to you that the people of my district are not opposed to the passage of this legislation. Some men in business are opposed to it, but with the permission of this House I shall read a telegram which I received to-day, a telegram sent by the chairman of the Republican State committee of the State of Washington, who was a former State commander of the American Legion and who to-day is chairman of the Republican delegation attending the convention in Chicago. This telegram is addressed to the Hon. WESLEY L. JONES, Senator from the State of Washington, and reads as follows:

TACOMA, WASH., *June 10, 1932.*

Senator WESLEY L. JONES,
Senate Office Building, Washington:

Before leaving for national convention to-night feel it my duty to advise you on what I think of bonus situation. After careful survey find at least 10,000 veterans and their families on charity in this State. Veterans are now nearly unanimous in this State in their desire that this just debt of the Government to them be paid. Marked swing of general public toward payment at this time, because they are beginning to realize that this money will be distributed throughout the country more equitably than by any other relief means, and the channels of trade will be stimulated by the ability of these veterans to pay their debts, meet their obligations, and buy food for their families, which so many are sorely in need of. The entire population will feel the benefit of this added money in circulation. Citizens coming to the conclusion that if $2,000,000,000 can be found to relieve banks, railroads, and insurance companies through the Reconstruction Finance Corporation and billions for farm relief and over two billions for pork to build post offices in towns that do not need or want them without serious financial upheaval, then Congress should be able to find a way to pay a long overdue debt to its veterans. I believe this bonus matter to be the most serious economic measure before the American people to-day, and if not taken care of favorably by this Congress the very foundations of the Nation may be jeopardized before the summer is over. Will you please furnish copies of this telegram to our four Republican Congressmen at once?

HINTON D. JONEZ,
Past State Commander of the American Legion,
Chairman Republican State Committee,
Chairman Republican National Convention Delegation.

Gentlemen, I am not one of those who believe that payment of the adjusted compensation as provided in this bill will destroy the financial system of our Government. I think we all are agreed that the purchasing power of the dollar now is far beyond the 1926 quotation. Those of us who contracted debts 3, 4, or 5 years ago will now be compelled to liquidate on the basis of a dollar worth more than one and one-half times what it was worth at the time this loan was made.

We have already passed measures attempting to stabilize the purchasing power of the dollar. The issuance now of $2,400,000,000 worth of Treasury notes will place in circulation more than $2,000,000,000 of actual money. This, without doubt, will have a tendency to lower the purchasing power of the dollar and result in a slight inflation of the currency. Nevertheless, such inflation will be properly controlled, as there is a definite limitation upon the increase in currency. I think we all realize that there should be legislation along these lines. And properly controlled as this issue is, it will not endanger the financial structure of our circulating medium, while on the other hand it will start sorely needed money through channels of trade.

This distribution of $2,000,000,000 could hardly be more general. In every nook and corner of the country this money will be distributed.

We heard no complaint from industry or business when we pledged our credit to assist the railroads, banks, and insurance companies, and I am not criticizing this relief. No complaint was evidenced when we voted millions for the relief of agriculture. Yet the payment of this just debt, which calls for no appropriation at this time, is criticized in some quarters. Many gentlemen refer to it as giving aid to a certain class as against other classes. In all legislation up to date we have designated different classes of industry for aid and refused aid to others.

It is true that the payment of this bonus will not in itself bring prosperity, but it will assist. With aid to industry and business, with aid to agriculture, with aid to unemployment, and with aid to the veterans, we may be able to stimulate trade and business which will eventually solve in part this business depression.

I realize that this money is not yet due. But, as I said, we granted moratoriums to nations and extension of contracts to individuals, so I can see no danger in reforming the contracts entered into with these veterans. We can readily see why banking interests would oppose the issuance of this money. Naturally, as they are in possession of the currency of the country, it is their desire to keep the purchasing power as high as possible. The same thing applies to any individual or corporation, as it is their thought to make their dollar as valuable as possible.

I do not altogether agree with the manner of raising this money, although I can not see the harm that many of my colleagues do see in this system. When we speak of bankrupting the financial institutions we are reminded that on our payment of the first half of the bonus, though conditions were not nearly as bad as they are now, we were told at that time that the country could not stand the strain. I am loathe at this time to accept from the same source the same warnings.

And I shall vote for this bill and hope that this great army will soon be dispersed to their homes, where they can take care of themselves and their families and start in circulation through the channels of trade moneys received under the provisions of this bill.

Mr. BLANTON. Mr. Chairman, I resent the condemnation that Gen. James G. Harbord has passed upon our ex-service men who have seen fit to come to their Nation's Capital. Who is General Harbord that he should tell these men that they have no right to come to Washington? Who

is General Harbord that he should tell these men that they should leave their own Capital and go home? Why, of all the men in the Nation he should not be the one to do that. For 30 years he was educated by the Government at tremendous expense, and it has cost the Government thousands of dollars to complete and polish that education, and for years he has reveled in the lap of luxury at the people's expense.

Mr. CLARKE of New York. Mr. Chairman, I rise to a point of order. The gentleman from Texas is not addressing himself to the amendment.

Mr. BLANTON. I am discussing my own subject.

Mr. MARTIN of Oregon. Mr. Chairman, I resent this attack on General Harbord. He is one of the finest men in this country.

Mr. BLANTON. My colleague from Oregon [Mr. MARTIN] and General Harbord are in the same box. They are each drawing $6,000 a year retired pay, in addition to their big salaries.

Mr. MARTIN of Oregon. You confer a great honor upon me by associating my name with that of General Harbord.

The CHAIRMAN. The gentleman from Texas will suspend. The gentleman from New York makes the point of order that the gentleman from Texas is not proceeding in order. The gentleman has moved to strike out the last four words or made some other motion to get the floor. The last word is "residence." The gentleman must conform to the rules of the House.

Mr. BLANTON. Mr. Chairman, I have not made any motion but I will make my motion now, in order that I may have general discussion.

Mr. MICHENER. Mr. Chairman, I rise to a point of order. The gentleman obtained the floor under some motion and now if he is permitted in the middle of his five minutes to make another motion, he will be entitled to five minutes more on that motion.

Mr. BLANTON. Oh, no. I made no motion.

The CHAIRMAN. The Chair is inclined to think that the gentleman at this juncture is not entitled to offer a motion. The gentleman will proceed in order.

Mr. BLANTON. Mr. Chairman, I ask again what right has General Harbord to give orders to these ex-service men? It is true that he has been educated at Government expense. It is true that he draws from the Government $6,000 a year retired pay, as does also General MARTIN, and it is true that he draws a salary of at least $50,000 a year, and it is rumored that he draws $100,000 from the Radio Corporation of America.

Mr. MARTIN of Oregon. Mr. Chairman, I object. The gentleman from Texas is insulting one of the most honorable men in this country.

Mr. BLANTON. You sit down. I am going to give you orders now. Sit down! This is one time that you, a big major general, are going to take orders from a private. You sit down!

Mr. MARTIN of Oregon. Mr. Chairman, I ask that the gentleman's words be taken down.

Mr. BLANTON. The gentleman from Oregon has no right to interrupt my speech here, Mr. Chairman.

The CHAIRMAN. The committee will be in order. The gentleman from Texas will proceed in order.

Mr. BLANTON. Mr. Chairman, these retired generals have been so used to giving orders when they were in command that they can not get out of the habit. These ex-service men have just as much right to come to Washington as General MARTIN or General Harbord have and they have just as much right to stay here as long as they want to as these retired generals have.

Oh, I have seen these silk-hatted, white-spatted lobbyists of high finance come here and occupy their hundred-dollar apartments at Wardman Park Hotel, the Mayflower, or the Carlton and be received and entertained at the White House. It is all right for them to come. I have seen the high-finance lobbyists of railroads come here in their private trains. It is all right for them to come. I have seen the lobbyists of big monopolies—slick and pampered and big-bellied—come here from every part of the country, and be wined and dined and specially entertained for weeks and months, without one word of reproach from Gen. James G. Harbord. It is all right for them to come, but when the men who took that flag to victory in France want to come to their Nation's Capital, in perfect order, they are condemned by General Harbord, and ordered to leave here and go home. What right has he got to give them orders?

I want to say that I want to commend Gen. Pelham D. Glassford for taking care of these men. [Applause.] He proved that he is a real general, who thinks not of himself but of the welfare of his men. As long as I live I will be General Glassford's friend. He ought to have done exactly what he did do for these men. No one has had any right to criticize him. He did his duty. The Army ought to have seen to it that these ex-service men were properly housed. The War Department ought to have given them tents. They should not have been left to suffer in the rain. They ought to have had proper hospital facilities, and I say to you American Legion boys now in Washington you just stay here as long as you damned please. [Applause.]

Mr. CONNERY. Yes; and General Glassford is making just as good a chief of police as he did on the fields of France in my own Twenty-sixth Division. [Applause.]

Mr. BLANTON. Yes; and he is going to properly look after our ex-service men here in Washington in spite of General MARTIN and General Harbord.

It is strange, indeed, Mr. Chairman, just what changes occur as the passing years roll around. Gen. James G. Harbord has his name to-day before the National Republican Convention at Chicago, as an active candidate for Vice President on the Republican ticket. The keynoter at this Republican convention is our former colleague who once served with us in the House, Hon. L. J. DICKINSON, of Iowa, who is now a United States Senator. All of you older colleagues remember the futile efforts Congressman DICKINSON made in 1923 to keep this same Gen. James G. Harbord from taking advantage of the people of the United States. You will remember that when he was only 56 years of age, in the very prime of manhood, General Harbord succeeded in getting Mr. Secretary Weeks, the Secretary of War in President Harding's Cabinet, to retire him on a salary of $6,000 per year for life, with all of his other many perquisites, so that he could take a position with the Radio Corporation of America, at a salary of $50,000 per year. Let me quote you what happened from the CONGRESSIONAL RECORD of January, 1923. I quote the following from page 1909 of the RECORD for January 17, 1923:

Amendment offered by Mr. DICKINSONS On page 19, after line 25, insert a new paragraph as follows:

"None of the funds appropriated in this act shall be used for payment of any officer of the Army on the active or retired list while such officer is engaged in the business of selling supplies or services to the United States, or is employed by any individual, partnership, or corporation which engages in such business."

Mr. DICKINSON. Mr. Chairman, the provision of the Navy bill of June 10, 1896, carries this provision with reference to retired and active officers in the Navy. Just now we have put in a similar provision as to the retirement of General Crowder. Now we have the retirement of General Harbord, who immediately becomes president of the Radio Corporation of America, not because he is an expert in radio but on account of the influence that they hope he will have in selling their products to the United States Government. I have no objection to his getting a good job, but I do say that if he is going to be engaged in the manufacture of articles for sale to the Government he ought not to be entitled to any retired pay in the Army. [Applause.] For that reason I want to see a provision of this kind put in with reference to retired officers or active officers in the Army, and I call attention to a clipping in the Chicago Tribune of the other day:

"The Radio Corporation, now headed by General Harbord, formerly Assistant Chief of Staff of Army, is one of the most powerful aggregations of capital in the world. Behind it are the General Electric Co. and the J. P. Morgan interests.

"ALLEGE CONTROL OF PATENTS

"The activities of the Radio Corporation, some of which are now undergoing investigation by the Federal Trade Commission, are alleged to be in the direction of establishing a wireless communication monopoly through control of patents, through exclusive traffic agreements, and through direct governmental grants and provisions conferring exclusive rights to valuable bands of wave lengths.

"The Radio Corporation is reported to have closed a large number of exclusive contracts which will prevent any serious competition in domestic and foreign wireless communication. In the case of a country where radio is a governmental monopoly such an exclusive contract would give the Radio Corporation a monopoly of wireless communication from that country to the United States."

The purpose of getting General Harbord in this job is on account of his acquaintance with the people who are occupying positions in the Army and Navy whom they hope to influence, that is all. If he is going to occupy this position and draw a salary for it, all right, but he should not receive a dollar of Government money out of the Public Treasury while he is so engaged, and I hope this amendment will be adopted. [Applause.]

I want all of my colleagues and the country to note that this present Republican keynoter, Senator DICKINSON, of Iowa, on January 17, 1923, called attention to the fact that this 56-year-old major general had gotten himself retired on $6,000 a year for life and had been taken over by "the most powerful aggregation of capital in the world," the General Electric Co. and the J. P. Morgan interests, who were placing General Harbord at the head of their big monopoly, the Radio Corporation of America. Please be sure to note that Keynoter DICKINSON in 1923 said that they were taking over General Harbord not because he was a radio expert but "on account of the influence that they hope he will have in selling their products to the United States Government." Keynoter DICKINSON then further said:

The purpose of getting General Harbord in this job is on account of his acquaintance with the people who are occupying positions in the Army and Navy whom they hope to influence, that is all.

Was not that an indictment?

This House on said January 17, 1923, passed the Dickinson amendment, and the Senate finally killed it, but for which action General Harbord would not have been able to draw his retired pay of $6,000 per year from the Government, while this financial monstrosity used him, as Keynoter DICKINSON then said, to influence big contracts out of the Government for it. And since that—January 17, 1923—General Harbord has been permitted to practice his influence in getting contracts out of the Government, receive his salary of $50,000, which they say has since been increased to $100,000 per annum from the Radio Corporation of America, and at the same time draw his retired pay of $6,000 per annum from the Government and his other perquisites. Let me mention these other perquisites. He gets from the Government for himself and family all medicines, all medical treatment, all surgical treatment, all hospital facilities, all dental treatment, and he has the right of buying from Government stores at Government cost all of his family supplies and clothing, including coal, and so forth.

Has anyone ever contended that what then Congressman, now Senator L. J. DICKINSON said in January, 1923, about General Harbord is not true? No; it was not denied then, and it has never been denied since. Has anyone contended that Senator DICKINSON's assertions were untrue when he said that the General Electric Co. and the J. P. Morgan interests were taking over General Harbord at a tremendous salary for him to influence big Government contracts for them with Army and Navy officials? No; they have not. Has anyone ever impeached the standing and integrity of L. J. DICKINSON? No; they have not. He seems to stand fairly well with the National Republican Organization and the White House, for he was unanimously chosen the keynoter for the Republican National Convention now being held in Chicago.

You colleagues will remember that it was Secretary Weeks, President Harding's Secretary of War, who retired General Harbord at 56 years of age, and who criticized the House of Representatives for passing the Dickinson amendment, and who got the Senate to kill the amendment. I want to remind you that another prominent Republican, our former colleague from Kansas, Mr. Tincher, whom the Republicans in this House put up frequently on the floor to speak for their party, also condemned General Harbord, and at the same time condemned Secretary Weeks for criticizing Congress. I refer you to page 2210 of the RECORD for January 22, 1923, from which I quote the following:

Mr. TINCHER. Mr. Chairman and gentlemen, yesterday morning we had one of the occasional outbreaks from the Secretary of War. The Secretary of War, in an interview, very carefully prepared, has again denounced Congress. I do not know whether he does these things as a pastime, or whether he is really serious about it. This time I think the denunciation calls for a little more attention than his ordinary denunciations, because this time he denounces our Government, and says that General Harbord should be ashamed of it. He says he considers the action of this House as an insult to the general. He says:

"I do not believe the people of this country wish its great defenders treated in such a shameful way, and I should think General Harbord would feel that a country that would shamefully submit to such treatment of one of its officers was hardly worth serving."

Now, you know what it means, gentlemen of the House, for a man holding the position of a Cabinet officer to speak in that way of your country. What is the occasion of those remarks? An amendment in the Army bill providing that—

"None of the funds appropriated in this act shall be used in the payment of any officer of the Army on the active or retired list while such officer is engaged in the business of selling supplies or services to the United States, or is employed by any individual, partnership, or corporation which engages in such business."

Why should Secretary Weeks say that? The law, the substitutive law, pertaining to the Navy and the retired men of the Navy, has carried this provision since 1896. Why? What would you think of Congress if it did not put this provision in? We educate a man as an officer of the Army, no matter who he is, and we give him association with all the men who use the hundreds of millions of the people's money and buy supplies for the Government, and we let him be its buyer for a few years, and then we retire him with a good fat salary, paid from the Treasury of the United States.

Then the Government lets him take up the work of selling supplies to those men whom he has trained and associated with, the supplies to be paid for out of the Federal Treasury. It is not any reflection upon the officer. It is good, sound sense and business judgment. In all the instances where Congress has had a conflict with the present distinguished Secretary of War, Congress has been right and Secretary Weeks has been wrong. [Applause.]

I do not know whether Weeks ought to resign or not, but I do not know how they would do any worse. [Applause.] I think if Secretary Weeks had been a little more attentive to such as this Dickinson amendment and had read a little more about what is right and what is wrong, he might still be over in the other end of the Capitol serving as a result of the verdict of the voters of his own State. [Applause.]

Mr. BLANTON. He will be a little more careful hereafter.

Mr. Chairman, based upon my House Joint Resolution No. 355, upon which it held extensive hearings for several weeks, the Committee on Military Affairs brought in a measure here the other day and passed it which will stop big retired Army and naval officers from drawing retired pay where they draw a salary from the Government of as much as $3,000 per annum. If this bill passes the Senate, and is signed by the President, it will stop my good friend from Oregon, General MARTIN, from drawing his retired pay of $6,000 while he is drawing a salary of $10,000 at the same time from the Government. Probably the passage of this measure has caused General MARTIN to interrupt me so many times on this floor recently. Why have I not the right to discuss General Harbord? And I am calling attention to these facts because I am insisting on the Committee on Military Affairs bringing in here and passing another provision of my resolution, H. J. Res. 355, which provides that any retired officer of this Government who draws a big salary from a corporation shall not at the same time draw retired pay from the Government. This would reach General Harbord. When he gets retired he is presumed to have reached the age, or the condition, when his services would no longer be of value to the Government. If he can draw a salary of $50,000 or $100,000 per annum from the Radio Corporation of America, he should not draw retired pay from the people of the United States.

I want at this time to give you the entire picture. I want you to have the rest of Keynoter DICKINSON's handling of General Harbord. I quote from page 2349 of the RECORD of January 24, 1923:

Mr. DICKINSON. Mr. Chairman, an amendment offered to the Army bill on the floor of the House under date of January 17, 1923, bearing upon the right of retired and active officers of the Army to become employed by persons or corporations selling either service or material to the Government, has attracted the attention not only of the Secretary of War but also some of the

leading daily newspapers of the country. I refer to the statement of Secretary of War Weeks, issued and published in last Sunday's Washington Star on January 21, 1923, and also to an editorial appearing in the New York Times under date of January 22, 1923, bearing upon this subject.

The underlying principle involved in this legislation is as old as the Book of Books, and was advocated by the Master of Men when He proclaimed "That no man can serve two masters." [Applause.] It is the old rule of agency, that any person attempting to represent two interests that conflict, at the same time, does not faithfully serve either. I want to call the attention of the House to the fact that practically every State in the Union has long since passed laws controlling the Commonwealth and the municipalities of their respective States to the effect that no man holding public office can become a vendor of either service or material to such Commonwealth or municipality. This prohibition is imposed upon the State and municipality alike. Why strew the pathway of the Army officers or the Navy officers with temptation?

Under date of June 10, 1896, a permanent law was passed affecting officers of the Navy and Marine Corps, as follows:

"*And provided further*, That hereafter no payment shall be made from appropriations made by Congress to any officer in the Navy or Marine Corps on the active or retired list while such officer is employed after June 30, 1897, by any person or company furnishing naval supplies or war material to the Government; and such employment is hereby made unlawful after this date."

I note with regret that the Naval Affairs Committee of the House has favorably reported House bill 11002, with Report No. 835, providing—

"that all laws or parts of laws prohibiting officers on the retired list of the Navy from accepting employment with concerns furnishing supplies to the Government * * * are hereby repealed."

So far as I am able to learn, no hearings were held upon this phase of the bill, and I regret that such provision has been placed in the bill.

The retiring provisions of the Army and the Navy acts should be such as to encourage men to stay in both branches as long as they are useful to such organization, and the employment in outside enterprises by such retired officers should be discouraged, and particularly when such officers desire to enter into an activity wherein they are going to become instrumental in selling supplies to the Government, for either Army or Navy purposes. I am glad that such repeal provision will not be presented to the Senate in House bill 7864, and I hope that if House bill 11002 is presented to the House, that a sufficient number of Members will vote against the same to strike out the provision heretofore referred to.

Mr. CONNALLY of Texas. The gentleman from Ohio has just stated that he did not believe in making exceptions in the case of officers. I think the gentleman from Ohio is one of those who voted for the statute whereby General Harbord was made an exception and permitted to serve two terms in Washington of four years each, as against the general law which requires them to serve four years and then go out in the field.

Mr. DICKINSON. I shall refer to that a little later.

I call your attention to the fact that if this policy is carried out we would soon have retired naval officers controlling the organizations that provide the material for the building of our ships while receiving their retired pay from the Government; we would have a circle within a circle; corporations and concerns manned by officers of our Government promoting legislation for their own interests and selling their material to their respective departments, regardless of the interests of the public in general.

In the month of December, 1922, and about December 29, the Secretary of War, however, gave his approval for the retirement of General Harbord, even though his efficiency is not curtailed, his health is good, and no argument can be presented for his retirement except his desire to take up a more lucrative field of employment. Permit me to read from the hearings before the subcommittee of the House Appropriations Committee considering the Army appropriation bill, on page 802 thereof:

"I do want to say that the department and the Army have suffered a very serious loss in the retirement of General Harbord. The conditions were such that I could not refuse to approve his application to go on the retired list."

It has long been the policy of the War Department not to retire Army officers after 30 years' service unless they have become inefficient or are in ill health, and, barring the readjustment that had to be made when the Army was reorganized under the reorganization act, this policy should be the policy of the War Department in the future. Under all these conditions, I am thoroughly convinced that the Secretary of War was not justified in permitting the retirement of General Harbord as suggested.

As a further reason for the adoption of the amendment heretofore referred to, I want to state that, in my judgment, numerous Army officers are now holding lucrative positions with corporations and concerns manufacturing materials to be sold to the War Department, and that the practice in behalf of the Army can not be justified any more than it can for the Navy, and that this amendment not only should be retained in this appropriation bill, but should be later enacted into permanent law.

In this connection I want to call your attention to the fact that the radio equipment of both the Army and the Navy, built up during the war, by reason of recent improvements and inventions is now practically obsolete; that in the near future all of this equipment must be replaced with the new and up-to-date equipment at large expense; that, in my judgment, within the next few years this Government will be spending millions of dollars for radio equipment, and will be invited to purchase the same through the Radio Corporation of America if its present plans are carried out; and I contend, in view of these facts, that in the first place General Harbord should not have retired, because he is rendering the most efficient service of any time during his career; that the Secretary of War should not have approved his application to retire; and that this legislation should be passed as a warning to officers in the Army that it will not be the policy of our Government to foster them for years as junior officers and then when they acquire the highest efficiency that they shall seek retirement and go on retired pay in order to become connected with some corporation that can pay them lucrative salaries. It should be the determination of every officer to remain in the service as long as his age and his health will permit him to render service to the Government. Any other policy is derogatory to an efficient Army or an efficient Navy. General Harbord is 56 years of age, has at least eight years of time that he should give to this Government rather than to the service of the Radio Corporation of America while at the same time receiving 75 per cent of his pay as an Army officer.

If General Harbord through his efficiency has secured perfect service in the work referred to, and if he is still in perfect health, tell me why it is not his duty to continue to serve this Government that has so long fostered him and developed him to the man that he is now reported to be? In my judgment, under these conditions, if General Harbord desires to leave the service of the Army, he should resign, not retire on 75 per cent pay, in order to enter upon this service.

If the retired officers of the Army are now engaged in the enterprise of manufacturing material for the sole purpose of making sales thereof to the Government, then there is all the more reason why this law should not only be passed, but that an investigation should be made as to how far retired Army officers are interested in such enterprises, and a report made to Congress with reference thereto. It is my purpose to ask the Secretary of War, either through the introduction of a resolution in this House or through some other channel, to furnish to this House a statement of the list of retired officers engaged in such enterprises and connected with concerns selling materials to the War and Navy Departments.

Mr. Chairman, just why do we continue to allow these conditions to exist? Why have we not passed the Dickinson amendment? Why have we not stopped Army officers and naval officers from drawing retired pay and additional big salaries, Navy officers from retiring in the prime of life to take lucrative positions with big corporations, and sell their influence? We must stop it. I wonder why Keynoter DICKINSON got lukewarm on this subject? Why has he not pursued it? It is just as important a problem to be solved to-day as it was in January, 1923.

And why is it, Mr. Chairman, that whenever any of us from this floor discuss these important questions, you find some other major general getting up here and trying to stop us? Do they all stand together? Are they here to protect one another? Does not the same responsibility rest upon their shoulders to stop this practice that rests upon mine? Why do I not have their help and cooperation, rather than their obstacles? This is a fight that I am going to carry on until the matter is corrected. And when I start a fight, I have the reputation of not stopping, until the abuses stop.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Strike out section 509, page 1, line 6, and insert the following:

"PAYMENT OF PRESENT VALUE OF CERTIFICATES

"SEC. 509. The Administrator of Veterans' Affairs is authorized and directed to pay to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of the certificate and all rights thereunder, the amount of the net single premium determined as of the last anniversary of the certificate necessary to purchase a paid-up endowment insurance for the face amount of the certificate at the then attained age of the certificate holder for the unexpired portion of the original 20-year period, on the basis of the American Experience Table of Mortality and interest at 4 per cent per annum, compounded annually: *Provided*, That no payment shall be made under this section until the certificate is in the possession of the Veterans' Administration, or until all obligations for which the certificate was held for security have been paid or otherwise discharged: *Provided further*, That upon payment under this section the certificate and all rights thereunder shall be canceled."

Mr. CELLER. Mr. Chairman, I ask unanimous consent to proceed for two minutes to explain the amendment.

Mr. RANKIN. I reserve a point of order, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. RANKIN. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

The Clerk read as follows:

SEC. 2. Payments of the face value of adjusted-service certificates under section 509 or 510 of the World War adjusted compensation act, as amended, shall be paid in Treasury notes. The Secretary of the Treasury of the United States is hereby authorized to have engraved and printed a sufficient amount of Treasury notes, in the denominations of $1, $2, $5, $10, $20, $25, $50, $100, $500, and $1,000 each; such Treasury notes shall be full legal tender, noninterest bearing, exempt from all taxes, including Federal, State, and subdivisions thereof.

Mr. RAGON. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. RAGON: Strike out all of section 2 of the bill, commencing on page 4, line 17, down to and including line 2 on page 5, and insert in lieu thereof the following:

"SEC. 2. Payment of the face value of the adjusted-service certificates under section 509 or 510 of the World War adjusted compensation act, as amended, shall be paid in Treasury notes.

"The Secretary of the Treasury is hereby authorized and directed to issue United States notes to the extent required to make the payments herein authorized. Such notes shall be legal tender for public and private debts and printed in the same size, of the same denominations, and of the same form as Treasury notes, omitting the reference to any Federal reserve bank.

"He shall place such notes in the Federal reserve banks, subject to the order of the Administrator of Veterans' Affairs, to be used for the purposes of this act.

"He shall issue a like amount of United States bonds bearing 3½ per cent interest, payable semiannually, with coupons attached, and such bonds shall be due and payable in 20 years from the date of issue, subject to the right of redemption after 10 years.

"These bonds shall be deposited in the Federal reserve banks, as the agents of the United States, in approximate proportion to their current assets at the date of the passage of this act, and the Federal Reserve Board, by resolution in writing, may direct the sale to the public of such portions of said bonds as it may from time to time desire.

"Such currency received for such bonds shall be exchanged for these notes hereby authorized to be issued, and they shall be returned to the Secretary of the Treasury for cancellation."

Mr. KLEBERG. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Arkansas.

The Clerk read as follows:

Amendment proposed by Mr. KLEBERG to the amendment offered by Mr. RAGON: Strike out the fifth, sixth, and seventh paragraphs of the substitute and insert in lieu thereof the following:

"For the purpose of paying the interest on and retiring the bonds issued under the authority of the preceding paragraph, there is hereby created in the Treasury a special cumulative sinking fund. Into such fund there shall be paid the proceeds of the tax provided for in the following paragraph. All amounts in such sinking fund are hereby authorized to be appropriated for the payment of the interest on such bonds, and the payment of the principal thereof at maturity, or for the redemption or purchase thereof before maturity by the Secretary of the Treasury at such prices and upon such terms and conditions as he shall prescribe, and shall be available until all such bonds are retired. Bonds purchased, redeemed, or paid out of the sinking fund shall be canceled and retired and shall not be reissued. In case the amount paid into such fund in any fiscal year exceeds the annual increment determined by the Secretary of the Treasury to be necessary to provide for the payment of interest on such bonds and the payment of the principal of such bonds at maturity, the excess shall be held in such sinking fund for the two succeeding fiscal years, and at the end of the second fiscal year, such part of such excess as continues to be a surplus above the second succeeding annual increment, shall be paid into the Treasury as miscellaneous receipts.

"For the purpose of providing funds necessary for the purposes of this section, there shall be levied, collected, and paid into the sinking fund hereinbefore provided for, on all nonintoxicating beer, lager beer, ale, porter, or other similar nonintoxicating fermented liquor containing one-half of 1 per cent and not more than 2.75 per cent of alcohol by weight, brewed or manufactured and hereafter sold or removed for consumption or sale within the United States, by whatever name such liquors may be called, a tax at the rate of 3 cents per pint, such articles to be bottled at the brewery. The Secretary of the Treasury is authorized to prescribe such rules and regulations as he deems necessary and appropriate to carry out the provisions of this section."

Mr. RANKIN (interrupting the reading of the amendment). Mr. Chairman, I make a point of order that the amendment to the amendment is not germane. A sufficient amount has been read to show that it is clearly not germane, and I make the point of order that it is not germane.

The CHAIRMAN. The Clerk will read the remainder of the amendment.

The Clerk concluded the reading of the amendment.

The CHAIRMAN. Under the former ruling of the Chair on this same point, the Chair sustains the point of order.

Mr. O'CONNOR. Mr. Chairman, in order that the record may be clear, may I make an observation in connection with the ruling of the Chair, not only on this amendment but also on the previous amendment offered by the gentleman from Missouri [Mr. COCHRAN] because I fear the decision as a precedent.

Necessarily, any appropriation of Government funds or any plan or scheme to pay money out of the Treasury in any method involves the acquisition of that money by the Government. The only method the Government has of acquiring money is by taxation. I believe any bill that appropriates money can also provide the method of acquiring that money by taxation. Of course that would not be true on appropriation bills because of the special rule relating to such bills providing legislation on an appropriation bill. On other bills which are in themselves legislation, other legislation raising the funds necessary to carry out the proposal is properly in order.

The CHAIRMAN. If that were true, the Chair may state to the gentleman from New York, all appropriation bills would necessarily carry a revenue-raising provision.

Does the gentleman from Texas desire to be heard on the point of order?

Mr. KLEBERG. Mr. Chairman, I rely upon the Chair, and leave the matter to the judgment of the Chair.

The CHAIRMAN. The Chair sustains the point of order.

Mr. RAGON. Mr. Chairman, personally I do not feel there is a Member of the House who would entertain for a moment the payment of these adjusted-compensation certificates at this time if they had to be paid out of the now lean Treasury of the United States. I think there are but few Members who would indorse an uncontrolled issue of currency to meet the payment of these adjusted-compensation certificates at this time. So far as I am concerned I certainly would not; but under the provisions of the amendment I have just offered this issue of the currency would be made and at the same time the Government of the United States would issue bonds in the amount of the currency issue. Those bonds would bear interest at the rate of 3½ per cent, payable semiannually, with coupons attached, and be due and payable in a period of 20 years. These bonds would be placed with the Federal reserve banks to act as the agent of the United States.

Now, this bill, of course, is the Owen plan, except in order to make it entirely parliamentary we have eliminated one provision which, the parliamentarian advised us, if left in, would render it subject to a point of order, the eliminated provision being the 1926 dollar value as the yardstick upon which we would always keep the dollar. Therefore as the amendment is now drawn it provides that the Federal Reserve Board may, by resolution, in writing, direct the sale to the public of such portions of such bonds as it may from time to time desire.

These bonds would be placed in the Federal reserve banks' hands as the agent of the United States Government, and if the issuance of this amount of currency would have the tendency to wreck the dollar's value for the time being, the Federal Reserve Board could in a written direction release so much of these bonds as would bring that stability to the dollar which the Federal Reserve Board thinks would be proper.

I want to suggest that these bonds are not released, they are not disposed of in any way save and except at the discretion and direction of the Federal Reserve Board. While, in fact, they do draw interest, it is a mere bookkeeping proposition between the Federal Reserve Board and the Treasury, and the interest would not be effective and chargeable until the bonds were sold.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. RAGON. For a brief question, but I want to get through in five minutes.

Mr. LAGUARDIA. I want to get the matter clear. First, the currency is issued to meet the obligation of the certificates.

Mr. RAGON. Yes.

Mr. LAGUARDIA. And at the same time bonds are delivered to the Federal reserve banks and from time to time these are put on the market. Would not that cause a double liability? Would not that withdraw some of the outstanding currency that is also a liability?

Mr. RAGON. It would withdraw a certain amount of that currency, of course; but it is not a double liability.

Mr. VINSON of Kentucky. And, if the gentleman will yield, that is the very purpose of the bill.

Mr. RAGON. Let me state this, without further interruption, as the gentleman from Kentucky states, that is the control feature of this currency issue.

I asked Doctor Fisher, of Yale, and I think he is perhaps the foremost economist we had before the committee, if this was sound economics, and he said that it was. I asked him if the money mechanics of this proposition was feasible and practical, and Doctor Fisher stated that it was.

Mr. Chairman, Doctor Fisher was opposed to paying the bonus because he said he did not think it ought to be paid at this time inasmuch as it was not due until 13 years from now under his construction. However, he said, so far as my amendment is concerned, it was a practical and feasible plan for a proper and much needed expansion of the currency.

The great good which I feel would come to the country through an expansion of the currency is one of the things which prompts me to support this bill.

This was the position, I think, of every economist who came before the committee. They stated it would be the solution of some of our problems, and under this bill it is met by a controlled expansion of the currency by the Federal Reserve Board. The bill we are considering, commonly known as the Patman plan, makes absolutely no provision for control of this great issue of currency. When the provision in the amendment I have proposed was voted down in the Ways and Mean Committee, I could not vote to favorably report the pending bill because of its failure to control this expansion. After this bill was voted out of the committee it was agreed by friends of the legislation that we bring it up under the petition to discharge and amend the bill by incorporating the terms of the amendment which I have proposed, and I hope it will pass. [Applause.]

[Here the gavel fell.]

Mr. CHINDBLOM. Mr. Chairman, with the presentation of this amendment to section 2 by the gentleman from Arkansas [Mr. RAGON], we have probably reached the final form in which its proponents will offer this bill for passage. It has not been an easy task to devise a scheme by which nearly two and one-half billion dollars might be paid out without expense, loss, or obligation on the part of the Government. In fact, the effort has failed, as shown even by the form of the proposal now finally presented. That it would fail, in fact, was a foregone conclusion.

Mr. Chairman, the legislation for the immediate payment of adjusted-compensation certificates proposed by the gentleman from Texas [Mr. PATMAN], has passed through a process of evolution or metamorphosis during this session of the Congress. The gentleman has successively introduced and supported three bills. The ultimate purpose of each of them has been the same, namely, the immediate payment of these certificates, but the procedure for financing these payments has varied. The first bill, H. R. 1, introduced on December 8, 1931, merely authorized appropriations for the payment of the bonus without prescribing any method for obtaining the necessary funds. The second bill, H. R. 7726, introduced on January 14, 1932, and adversely reported by the Committee on Ways and Means on May 7, 1932, provided for the payment of the bonus in Treasury notes which the Secretary of the Treasury was authorized to have printed and which should be "full legal tender, non interest bearing, exempt from all taxes, including Federal, State, and subdivisions thereof."

Why it was provided that these Treasury notes, which in fact would be nothing but fiat currency, should be described as "noninterest bearing" and "exempt from all taxes," might be a matter of curious inquiry; are they essentially different from other forms of currency? The third bill, H. R. 11992, which the supporters of this legislation now propose to substitute in large part for H. R. 7726, provides for the same kind of payment to the veterans in Treasury notes which are to be "legal tender for public and private debts and printed in the same size, of the same denominations, and of the same form as Treasury notes, omitting the reference to any Federal reserve bank." The application of some of these provisions is not clear, but it is manifest that these Treasury notes are also fiat money, as determined by the manner and source of issue. However, both the last bill, H. R. 11992, and the amendment to H. R. 7726, now offered by the gentleman from Arkansas [Mr. RAGON], taken from H. R. 11992, incorporate what is called "the Owen plan," under which the Secretary of the Treasury shall "issue a like amount" (with the Treasury notes) of United States bonds bearing semiannual interest at 3½ per cent per annum, due and payable in 20 years from date of issue and subject to the right of redemption after 10 years. These bonds are to be deposited in the Federal reserve banks and, under the Ragon amendment, such portions of them as the Federal Reserve Board "may from time to time desire," shall be sold to the public when the Federal Reserve Board shall so direct. The amendment states no basis or requirement for such sale other than the "desire" of the board. Thereupon follows a very peculiar and significant provision to the effect that the currency received for such bonds shall be exchanged for the Treasury notes paid to the veterans for their bonus certificates and these Treasury notes shall then be returned to the Secretary of the Treasury for cancellation.

Apparently the Treasury notes given to the veterans are considered to be of lesser or baser value than other currency, as the other currency is to be exchanged for these particular Treasury notes, and these notes are thereupon to be retired from circulation, with no provision for their reissue.

The Ragon amendment makes one important deviation from the Owen plan. It omits all reference to the "restoration" and the maintenance of the purchasing power of the dollar. What a cruel blow to the advocates of this bill as the "greatest step" to the immediate return of prosperity.

After all the argument about the expansion of currency and the stabilization of commodity prices as a result of this legislation it is now proposed, under the amendment of the gentleman from Arkansas [Mr. RAGON] to omit from the pending bill the portion in H. R. 11992 which provided that the Federal Reserve Board should sell the bonds deposited with it only "in the event that the purchasing power of the dollar in the wholesale commodity markets, as ascertained by the United States Department of Labor, shall at any time fall as much as 2 per cent below the average value of the year 1926," and that then the sale should be "to the public of such portions of said bonds as may from time to time be necessary to restore the purchasing power of the dollar to the normal standard of 1926." Of course, the elimination of this provision has vastly minimized the danger of inflation by issuance of Treasury notes, but, on the other hand, it will necessarily result in the immediate flotation of bonds by the Federal Reserve Board and thereby in the increase of the national debt by the amount necessary for the full payment of the adjusted-service certificates. In other words, the bill now necessitates both increased taxation and increased indebtedness, the very things which its proponents have professed to have avoided by the Owen plan.

In his statement before the Committee on Ways and Means the gentleman from Texas [Mr. PATMAN] emphasized that "unless we can show that the payment of these adjusted-service certificates will benefit the country, promote

the general welfare, we are not entitled to win, we are not entitled to have this bill pass." Labored efforts have been made in the debate to prove that the immediate payment of these certificates, which will not be due until 1945 and later, is sought for the benefit of the country generally and not so much for the benefit of the holders of the certificates. Also, it has been repeatedly said that this payment "will not cost the Treasury anything." Realizing the danger of and objection to purely fiat currency to be used in payment, proponents now say that the wonderful Owen plan protects aganst undesirable inflation of prices; because whenever danger of such inflation appears, bonds are to be sold for the retirement of the Treasury notes, which are admittedly fiat currency in the first instance. Of course, these bonds will have to be paid and the interest upon them will have to be paid, so that when the total amount of bonds authorized under the legislation have been sold, they will have cost the Government the total amount of the bond issue, which is equivalent to the total amount of the issue of the Treasury notes, plus interest on the total sum at the rate of 3½ per cent per annum.

In other words, since $2,300,000,000 are now required to pay the adjusted-service certificates, the bonds which will be sold to protect the country against the effect of the inflation of the Treasury notes will cost the Government $2,300,000,000 in principal and in addition $1,610,000,000 for interest during the 20 years of their duration. The scheme might be termed clever and even subtle, but the cloven hoof is discernible under the mantle of financial legerdemain. Of course, in the last analysis the proposition resolves itself into the simple elementary formula that wealth or property, or even governmental resources, can not be evolved out of nothing. Eventually, if not immediately, the burden will have to be borne by the taxpayers of the country; but the disturbance and demoralization of confidence, credits, and of the hope for early economic recovery will be instantaneous. The result will be the same, whether the country believes that we have embarked upon monetary inflation by issuing fiat currency or that we have camouflaged the issuance of such currency by an ultimate additional bonded indebtedness that will eventually cost the Nation $4,000,000,000.

But, assuming that either one of these schemes is workable, that we can pay the adjusted-service certificates immediately out of appropriations out of the Treasury as provided by H. R. 1, or by unsecured Treasury notes as provided by H. R. 7726, or by such Treasury notes plus an eventual bonded indebtedness cost of $4,000,000,000, why should this method be employed to pay an indebtedness or obligation of the Government which will not be due for 13 years in preference to all other objects that might be attained by an immediate expenditure of $2,300,000,000?

Of course, the only true and complete answer is that the adjusted-service certificates will receive this preference because they represent the interests and demands of a group of large numerical and political strength. If that is not so, why do we not employ this method exclusively for the benefit of the needy and the unemployed, rather than for a group of whom many are not in want and many are objecting to this immediate payment? Of course, it might be asked, why not use these $2,300,000,000 for the immediate balancing of the Budget, or for the reduction of tax burdens, or even for the doubtful benefit of promoting public works?

Proponents of this legislation have said that they would be opposed to it if it meant an increase in the tax burden or the issuance of fiat currency. What else does it mean? Either these Treasury notes are not to be redeemed at all, or they are to be redeemed through the sale of bonds under the Owen plan. Either way, the proposal is the most uneconomical, hazardous, and illogical that the Congress might adopt at a time when we are imposing enormous tax burdens and reducing salaries and other expenditures for the purpose of balancing the Budget and when we are compelled to provide other large funds, not as gratuities but as loans, to rehabilitate and maintain both public and private credit and stability.

The gentleman from Arkansas [Mr. RAGON] a moment ago referred to Prof. Irving Fisher. It is true that the gentleman from Arkansas asked Professor Fisher before the Ways and Means Committee whether he had studied the Owen plan, and he replied "yes." He then asked Professor Fisher whether it was a sound measure. He answered: "That is a perfectly sound method, I think, if you are going to do the thing." Professor Fisher was discussing the use of bonds as against the issue of fiat currency. I do not think that any of us would claim that the increase of the indebtedness of the United States by $2,300,000,000 immediately, and eventually by even $4,000,000,000, might not be safe, but it certainly would not be prudent or wise. I think, too, that Professor Fisher was only discussing the mechanics of it, as I understood the gentleman from Arkansas himself to observe.

It is possible to sell bonds, but what is the result of the sale of bonds? Why have we been here for six months talking and legislating about reducing expenditures and raising taxes? Why did we have such a spirited discussion the other day about the President's alleged statement that we are $150,000,000 or $200,000,000 short of balancing the Budget? What difference would that make, if all we need to do is to pass a resolution here to issue $2,300,000,000 of Treasury notes and then sell bonds with which to pay them? [Applause.]

Mr. Chairman, all our sympathy for the veterans, all our desire to aid them now and show our appreciation of their loyal sacrifices and privations during the war, do not justify us in jeopardizing the welfare of the Nation, including the veterans themselves, by striking a blow at all hope for immediate economic recovery from the distressing depression from which all the people are suffering alike. United we can stand, divided we may fall.

[Here the gavel fell.]

Mr. BUSBY. Mr. Chairman, Congress is now called upon to decide whether or not it will rearrange terms of the World War compensation or bonus certificates, and make immediate settlement of them by cash payments.

After the World War was over, by an act of Congress, it was determined that the compensation received by soldiers during the World War was not a fair amount paid to them. While business and labor were receiving enormous profits and wages, soldiers were serving their country for a dollar a day, much of which was taken from them in allotments to dependents, insurance, fees, and other charges, which amounts were deducted from the small pay they were receiving.

Seven and one-half years after the war was over, Congress passed what was known as the bonus law, which provided that soldiers, sailors, and so forth, who served in this country, should receive an additional dollar a day for the time they served—not to exceed $500. Those who served in foreign countries were to receive a dollar and a quarter a day—not to exceed $625. This was not to be paid in cash, in fact no cash at all was paid. These amounts were figured at a compound rate of interest and given the World War veterans in the form of an insurance certificate to be paid 20 years later. In other words, these obligations all will mature and become payable at their face value in 1945. A sinking fund has been provided by law, which, if it is supported, will be enough in amount to pay off the certificates when they become due. The obligation of the Government is absolutely fixed.

Last year because of the distressing condition of the country Congress passed a law which provided that loans up to 50 per cent of the value of these bonus certificates would be made by the Government, because of the stressed times in which the people found themselves, and veterans in a great majority of instances having come from the most needy classes of our people, availed themselves of the opportunity and borrowed heavily on their certificates.

BIG INTERESTS OPPOSE BONUS

The financial interests of our country, and I believe the big-business class that made the most profit out of the war,

have opposed constantly any payment to the veterans. They opposed strenuously the original bonus law which sought to provide a fair amount of compensation to the veterans. They opposed the law last year which proposed to make loans to the veterans. They are now strenuously opposing the bill which would make payment in cash to soldiers, covering the balance due on their certificates.

MONEY USED WISELY BY SOLDIERS

It is often charged that the money paid to the veterans is wasted, and is used by them in an unprofitable way. That may be true in many instances—no doubt it is. The same can be said of business men everywhere who have done very foolish things in recent months, but in many other instances the loans that were made last year provided the funds among the poorer classes of our people, on which the family was able to make a crop and grow food and provisions on which to live. I believe that we can safely say that more than 90 per cent of the loans made in all sections of the country to the soldier in the family, was put to good account and furnished provision on which the family made a crop. It paid debts in many instances and brought relief to other members of the family other than the service man.

When I returned home last summer, hundreds of people told me that they could not possibly have made a crop but for the loan made on the bonus certificate to the soldier in the family. I believe that was a good business proposition for our Government, because it distributed relief among the needy and the distressed. It went not only to the soldier but it went to his family, his loved ones, and those dependent on him. The situation this year is no improvement over last year. Nine million laborers are out of employment. Thirty million people are in need, many of them being in destitute circumstances.

The obligation of the Government does not cease with paying off the bonus-certificate contract. Any just government must provide for the welfare of its citizens. When they have done all it is possible for them to do to labor and secure the necessaries of life, then if the government is to stand, it must come to their rescue, not with doles and handouts but in a statesmanlike way. It must solve their problem by making it possible for them to labor, secure food on which to live, and clothing to keep them from suffering. No surer way can be found to distribute to our people, especially the poorer classes, relief and financial assistance than by making payment at once to the World War veterans of the balance we are obligated to pay them on their insurance certificates.

We have provided loans through the Reconstruction Finance Corporation for the banks, railroad companies, life-insurance companies, and the other large financial institutions of the country. I believe it is right that we should have used the Nation's credit to serve these business institutions, because the welfare of so many people, even in the humbler walks of life, is dependent on these institutions surviving. We raised the money with which to make these loans selling Government bonds, which is a charge against the credit of our country, and the bonds must later be paid by taxes levied on the people. I voted for these measures. I think I did right in doing so. I am going to vote for the immediate settlement of the balance due the World War veterans on their bonus certificates because now is a real time of need with them. I think I will be right in supporting that measure also.

NO NEW BURDEN ON TAXPAYERS

Those who oppose this course say that the country can not at this time afford to make this payment. That is not a fact. Under the arrangement we are proposing to-day Government bonds will be issued and sold to raise the money with which to meet the payments on the bonus certificates. Instead of having an outstanding obligation in the form of nonnegotiable bonus certificates which will mature in 1945, the Government will have an outstanding obligation in negotiable bonds, which will mature and be taken up by the same sinking fund which is now provided and shall accumulate to pay all bonus certificates in 1945. No additional taxes need be levied because of the change from the Government's obligation on the bonus which bears interest, to its obligation on the bonds used in paying off the certificates, which bonds also bear interest. The only difference under the plan is that the soldier may be now, when he is most in need, able to use that which the Government has already promised to pay him for the service he rendered in fighting for his country. There is a great need for more money throughout the land. Business is stagnant because the people do not have money. We must supply trade and commerce in business with more money or they will perish for lack of buying power in the people. There is no better way, as I have stated, to help business in every way than to bring relief to the poor and suffering classes of our people by paying to the lowest as well as the highest the balance that is due him on his World War certificate.

I will vote for the bill, believing that it is the best thing to be done for the soldiers, for their families and dependents, for business, professional men, and for our Government itself.

The fear of the Members of this House seems to be that this Government may produce what would be termed unsound money. The currency statement issued by the Treasury Department on April 30, 1932, shows $5,464,000,000 of currency in circulation. I direct your attention to the basis on which some of that currency was issued. The gentleman from Michigan [Mr. WOODRUFF] suggested yesterday that "money is supposed to represent some value." Keep that in mind.

The first thing I will examine among the currencies outstanding is the silver currency. I found that in dollars and coins in smaller denominations there was $845,000,000 of silver currency in circulation. What is the commodity silver in that currency worth? About 28 cents per dollar. The commodity value of all that silver was $236,600,000; no more. But the money as a circulating medium is worth $845,000,000. So we are bound to conclude that the difference of $608,400,000 is purely fiat money. We must conclude that the difference between the commodity price of the silver and circulating medium or value is fiat money and nothing else, and gentlemen say it is not good money.

The next kind of money I wish to examine is the national bank notes. You will see from the daily statement that came into your office from the Treasury this morning that there is $737,000,000 of national-bank money or notes outstanding. What value are they based on? They are not based on any value. They are issued on a basis that is worse than no value at all. They are issued on bonded debts of the Government of the United States: They are issued on the 2 per cent bonds called consols and the Panama 2 per cent bonds. What are those bonds? They are debts, nothing but debts of the Government. Do you say that is an asset? Is the currency sound? Yes; it is sound for the same reason that fiat silver is sound. Taking those two items alone I found that of the currency outstanding there was $1,345,000,000 based on no value at all, but was simply printed or "fiat" money not backed by values of any kind.

Now we passed the Glass-Steagall bill, and under that we can issue Federal reserve notes, which are money. How much of those Federal reserve notes was issued on Government debts? We find in this morning's statement that $360,200,000 of Governments debts, which are in the form of Government bonds, are the basis for the issuance of these Federal reserve notes or money. So it would seem that of our outstanding money, $5,464,000,000, the sum of $1,705,600,000 is based on no value at all. Yet this money is sound. No currency is sound except the world and the people have faith in the ability of the country issuing the money and the standing of that country financially.

The ability of that country lies in the tangible properties and in the incomes of its people. That is the reason our currency is good in this country, not because of the gold so much, not because of the debts that it is issued on, but because with the reasonable exercise of the taxing power of the United States, money can be raised from the people and these debts redeemed. This is the only reason the currencies or moneys are good.

A great deal has been said here about "printing-press money." The amount of currency or money outstanding in any country should be kept in a proper relation to the needs of commerce, industry, and trade in that country. If the amount of money, even gold, is greatly in excess of the needs of the people, money will become cheap and commodities high. If the amount of money, even paper currency becomes scarce in relation to the needs of trade and commerce, then the money will become high. It is not now so much the "kind" of money that effects its value, but the "supply in circulation" that determines the value. Germany to-day is practically on a paper-currency basis, but the amount of paper currency is limited to the needs of the trade and commerce of the country. Germany is off the gold standard, and her money is not redeemable in gold, but the mark is selling almost at par because the amount is limited.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to proceed for five additional minutes.

Mr. CELLER. Mr. Chairman, reserving the right to object, I shall not object, provided I may have five minutes to explain my amendment, which was voted down.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RANKIN. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. RANKIN. All the money under this law would be interchangeable and the money that would be issued under this bill would be interchangeable with all the money that is existing now.

Mr. BUSBY. Yes.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. BUSBY. Yes.

Mr. VINSON of Kentucky. The gentleman has referred to the fact that $360,000,000 of Federal reserve notes are backed up by obligations of the Government. Is there not also $600,000,000 of our currency backed up by debts of private citizens and corporations designated as eligible paper?

Mr. BUSBY. That is also true and that represents the paper that is back of the issues of Federal reserve notes on the requirement of 40 per cent gold and 60 per cent eligible paper.

I would like to proceed and give you this further picture. The trouble with this country is not that the currency is not sound. No currency is sound unless the Government income be sound. We have been striving to balance the Budget and we may balance it in the light of present conditions, but you may balance it to-day and if the income of the people dries up, as it is drying up now, if farm commodity prices go down, as they are at the rate of about one-half of 1 per cent a week, a month from now you will have a condition where the Budget is not balanced. Why? Because income for the people is necessary in order to collect taxes; and if you can not collect taxes, you can not keep your Budget balanced, no matter what kind of law is passed.

Last year we had a surplus and this year we found that under the same laws we were not getting enough income. So we tightened them up and we say we will balance the Budget under present conditions, but if you create a condition where the income and the revenue and the earnings of the people are much worse, you create a condition that will unbalance the Budget.

So it goes all along the line. I am going to support this proposition because the currency issued under it will be just as sound as any other currency to which I have alluded. It will be more nearly sound than some, because we will be settling a debt that the Government ultimately must pay. We will be settling a debt that we have agreed to pay, and we will also be disposing of the proposition without levying any present taxes, and on the same basis that we originally contemplated.

Mr. RANKIN. Will the gentleman yield?

Mr. BUSBY. Yes.

Mr. RANKIN. Is it not also a fact that our gold reserve will be behind all this money just as it is behind our Federal reserve money?

Mr. BUSBY. We have got a lot more gold than we are using for monetary purposes, and the Federal Reserve Board will tell you so. The economists in the departments of the Government will tell you there is a lot of gold in this country that is just a "back log" for credit. It is in reserve. It is not being used for monetary purposes, and this is one reason why we have a scarcity of gold in the world. The United States and France have three-fourths of the world's monetary gold supply, and they do not need it for present use

Mr. MANLOVE. Will the gentleman yield?

Mr. BUSBY. I yield to the gentleman from Missouri.

Mr. MANLOVE. I would like to ask the gentleman how he expects the public to buy these 3½ per cent bonds at their face value when yesterday our 3⅜ per cent bonds were selling at 82?

Mr. BUSBY. I will explain that by telling the gentleman that the consols that bear 2 per cent and are eligible for national-bank note issues are worth to-day 101½.

Mr. MANLOVE. Yes; but these bonds, which would carry only one-eighth more in percentage of interest, are selling at 82 cents on the dollar.

Mr. BUSBY. I can not help that. The others are not. If these bonds have the national-bank-note-issuing privilege they will bring par and more. They will also enable the national banks to issue $2,000,000,000 national-bank note currency based on them if sold to these banks. That will help expand the currency in a sound way, just as all national-bank notes are issued now under the law.

Mr. WHITE. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. WHITE. The gentleman says that these bonds depend upon the soundness of the finances of the Government.

Mr. BUSBY. No; upon the soundness of the income of the American people, just like the Government depends on the same thing—the soundness of the income of the people.

Mr. WHITE. Did not the gentleman say that the soundness of the money of the Government depends upon the Budget?

Mr. BUSBY. No; I did not say anything that sounded like that.

Mr. WHITE. I beg the gentleman's pardon, if I misunderstood him.

Mr. BURTNESS. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. BURTNESS. Will the gentleman tell us specifically what gold, if any, there will be behind these Treasury notes? The gentleman has referred to the Federal reserve notes and the Treasury notes.

Mr. BUSBY. If the gentleman will read the March number of the Federal Reserve Bulletin, it will tell the gentleman how they can issue $3,500,000,000 of additional currency and not lower the amount of gold below the 40 per cent.

Mr. BURTNESS. The gentleman is not distinguishing between Federal reserve notes and Treasury notes.

Mr. RANKIN. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. RANKIN. The bonds to which the gentleman from Missouri referred would not be sold until prosperity returned and the country returned to the normal, then they would be sold if there was a tendency to unduly inflate.

Mr. BUSBY. I think the proposition is sound and that we should support it.

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, I offer the following amendment to the Ragon amendment.

The Clerk read as follows:

Page 5, at the end of line 15, start a new paragraph and insert the following:

"The Secretary of the Treasury shall, upon the application of the mortgagor of farm real estate, pay off any farm mortgage, including the face value and accrued interest thereon, which mortgage represents not less than 70 per cent of the fair value of the mortgaged land at the time the mortgage was executed. The

Secretary of the Treasury shall take in lieu of such mortgage a new mortgage in like amount of principal and accrued interest from the owner of the land, which mortgage bears interest at the rate of 3½ per cent."

Mr. RANKIN (interrupting the reading). Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The Chair sustains the point of order.

Mr. McGUGIN. I would like to be heard on the point of order.

The CHAIRMAN. The Chair is ready to rule, and the Chair sustains the point of order.

Mr. MANLOVE. Mr. Chairman, I ask unanimous consent that the gentleman from Kansas may have five minutes.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. McGUGIN. I am sorry, Mr. Chairman, that the gentleman from Mississippi [Mr. RANKIN], who is so solicitous about the plight of the farmer, made the motion against my amendment, which would have given relief to the mortgaged farm property. I am exceedingly sorry that he would not permit my amendment to be read in full. The amendment which I offered is nothing less than the Frazier bill over in the Senate. If you want to do something for agriculture, directly through the farmer, then permit the mortgages to be taken up and bonds issued against them and, in turn, currency issued against the bonds, as you are now advocating for the issuing of bonds to pay the soldiers' bonus, more than $1,000,000,000 of which is for twelve and one-half years of unaccrued interest.

Mr. RANKIN. Mr. Chairman, I make the point of order that the gentleman is not speaking to his amendment.

Mr. McGUGIN. I am not insisting that it is sound to use bonds of the United States as a basis for the issuance of currency for the purpose of taking care of a given class of people. But if the argument is sound that the currency of the United States may be backed by property, as the gentleman from Mississippi [Mr. BUSBY] says, then I insist that it is proper to use this means in coming to the aid of agriculture, which is being foreclosed and sold by the sheriffs.

Now, then, what is more sound than the real estate of this country? If we want to go into an arrangement of issuing money and circulating it, I submit that the Frazier bill is as sound a plan as the one you have here for consideration. The Frazier bill would do for the farmers of this country, who are daily going deeper and deeper into bankruptcy trying to produce food and clothing to sustain the human race, what you are here doing for the holders of bonus certificates.

Another thing, the idea that the United States Government can by magic print money and circulate it for only one class of people without doing it for other classes of people in this country is a fallacy. There are the farmers and the unemployed and dozens of other classes that need assistance.

Let me say this: The real spokesman for this measure, not a Member of the House, stated before the Ways and Means Committee, when that committee was considering this bill, that two and a half billion dollars is not enough inflation. I refer to General Coxey, foremost advocate of printed money. General Coxey said to the committee that the country needs $26,000,000,000 of currency.

You may not like it, but I want to say that if you pass this bill and convert the American people to the Coxey theory of printed currency, without regard to the metallic base, you are not coming back to Congress next December and deny to agriculture and the distressed unemployed the blessings of your magic formula of just printing the currency. If this bill is enacted into law, then the great plunge is made into unlimited inflation by the starting of the printing presses. May we stop somewhere short of where Germany went.

Of course, the Members of this House fully understand that many of those who are now so eloquently pleading for this bill in order to inflate the currency and assist agriculture are only trying to provide an excuse for their votes on this bill. Many of those who are now advocating the passage of this bill on the theory that it will help agriculture have in this session of Congress been advocating full payment of the bonus by the placing of a direct obligation upon the people in the form of bonds or direct taxation. They turned to this magic plan of printing money when they found that the Treasury was so hopelessly insolvent that it was utterly impossible to place a tax burden of $2,400,000,000 upon the people of this country without starting a tax rebellion. This bill, when it was first introduced, did not carry any provision for inflation of the currency in order to help the farmer. The change to the plan for inflation came after it was found that it was necessary to increase the taxes a billion dollars in order to meet the present current expenses of the Government.

Paying the bonus by printing the money makes a soft feather bed to land upon and justify a vote for this bill. It is a fine appeal to the soldier who wants his money, and it furnishes the appeal to the farmer that this inflation of money will increase his commodity prices.

The rejection of my amendment which would extend to the farmer who is losing his home by mortgage foreclosure the same kind of relief as is provided in this bill, shows conclusively that this appeal which we hear from Members for the inflation of the currency in order to help the farmer is merely the excuse and not the reason for supporting this bill. If inflation to help the farmer were the reason for supporting this bill, then why not give the farmer the direct benefit of inflation? Is the farmer so sick and weak that he can not stand direct relief and can only be given indirect relief? Since when will inflation indirectly administered provide greater relief for agriculture than inflation directly administered? [Applause.]

Mr. GRIFFIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. GRIFFIN: At the end of the pending amendment insert the following new section:

"SEC. 3. The amount raised as provided herein shall be paid in monthly installments of $30 per month; and

"*Further provided*, That no part of said moneys shall be paid to veterans in the following classes, or so long as they remain in said classes:

"(a) Those who have not availed themselves of the privilege of borrowing up to one-half of the face of their adjusted-service certificates under the act of February 27, 1931.

"(b) Those who are cared for in soldiers' homes.

"(c) Those who are now drawing disability compensation in excess of $40 per month.

"(d) Those who are engaged in regular gainful employment.

"*Further provided*, That on the amounts heretofore borrowed or hereafter borrowed pursuant to this act the interest charge shall be reduced to 2 per cent per annum.

"*Further provided*, That only the amount necessary to comply with the provisions of this section shall be raised, notwithstanding anything hereinbefore or hereinafter provided."

Mr. RAGON. Mr. Chairman, I reserve the point of order upon the amendment and move that all debate upon this section and all amendments thereto close in 15 minutes.

The motion was agreed to.

Mr. RAGON. Mr. Chairman, I make the point of order against the gentleman's amendment that it is not germane to the amendment which I submitted.

Mr. BROWNING. And it further provides the limitation of interest which was not considered at all in the pending amendment.

The CHAIRMAN. The Chair is ready to rule. In the opinion of the Chair the amendment offered by the gentleman from New York is germane, because it merely extends the details in reference to the methods of payment. The Chair overrules the point of order.

Mr. GRIFFIN. Mr. Chairman, as a veteran myself I am naturally sympathetic toward any proposal for the welfare of the veterans. I managed on the floor of this House the first hospitalization bill for the benefit of the veterans in 1919. Thousands of them and their families in my district owe the compensation they are now receiving to my efforts. I voted for the bonus, for disabled soldiers' compensation, and for every measure for their benefit up to this good hour. In the very nature of things I could not feel any hostility

toward them, and would welcome an honest, straightforward measure for the relief of those in distress.

It can not be denied that I have shown fair play. I voted to discharge the Rules Committee, and I voted for the resolution to take up the consideration of this bill, because I believe its advocates should have a fair hearing. But to pass it in its present shape is utterly unthinkable. That is the reason I have proposed these amendments. I submit that it must be some extraordinary exigency which would require this Government to depart from the well-established custom, and from the rules of law and of common sense, to pay a note before it is due. The adjusted-compensation certificates were granted to the soldiers and sailors upon the distinct understanding that they would wait until 1945 for the payment. I voted for it with the idea that it was a nest egg to be laid aside for these men and women for the benefit of their families. Last year a proposal came up to allow them to borrow one-half, and many of them did borrow one-half. The proposal now is to let them take the balance before it is due, before the accumulated redemption moneys are sufficient to meet the demand. The proponents of the Patman bill are now arguing that the bond issue provided in the Ragon amendment, embodying the Owen idea, is going to better the economic conditions which now distress us. They have gotten us into a maze of complications on financial problems which are all beside the question.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. MAY. Does the gentleman from New York feel that the substitution of a new bond issue for the same amount, deferring it for an additional seven years, would impair in any way the stability and soundness of the Treasury of the United States?

IF THE MONEY IS PAID IT SHOULD BE PAID TO THOSE WHO NEED IT

Mr. GRIFFIN. I do not; but I maintain that if it is our intention to help the veterans who are actually in need, we should do so directly and not use them and their necessities as a stalking horse to exploit fanciful notions of political economy.

I want this money which is to be raised to go to those ex-service men and women who are actually in distress and who are in dire need. I do not see why we should make a present of hundreds of millions of dollars to those who are holding good jobs in the Government service—national, State, county, and municipal. Nor should this money go to those who are actually employed in other gainful employment. This is the reason why I propose this amendment.

Please study these uncontradicted facts: There were 4,200,000 ex-service men and women entitled to receive adjusted-service certificates. Actually only 3,539,937 applied and received their certificates. Six hundred and sixty thousand, who were eligible for the adjusted-service certificates, did not apply for them. Why? Because they did not want them.

There are hundreds of thousands of ex-service men and women now employed in various branches of the Federal and State Governments. They certainly are not in need of the relief proposed in this bill.

Then there are those engaged in gainful employment with corporations and in other avenues of employment. In addition to those there are 700,000 who are now drawing veterans' compensation under the compensation laws. My amendment excludes all of those who are drawing in excess of $40 a month.

My amendment also proposes to prevent those being taken care of in soldiers' homes from depleting their adjusted-service certificates at this time. They are not in need of and have not asked for this gratuity. Most of them, I am satisfied, would prefer to keep their certificates intact so as to have something worth while to fall back upon in case of need.

REDUCTION OF INTEREST FROM 4½ PER CENT TO 2 PER CENT

My amendment also would reduce the interest on all loans heretofore or hereafter made from 4½ to 2 per cent per annum.

If my proposed new section to the Ragon amendment is adopted, it will limit the benefits of the act to those who actually need relief. It will save a billion dollars and enlarge by so much the resources of the Government to render relief to the 8,000,000 men and women in our country who are, through no fault of their own, now out of work and in dire distress. It is a sound enough principle that veterans should come first in our hearts, but it does not lie with a good grace in the hearts of good soldiers to run first to the boats when the good ship of state is in distress.

Under the Patman bill we are asked, practically, to pick out 10 per cent of the unemployed and give them this gratuity that is not due and will not be due until 1945.

Even though the face value of these certificates were now due, this is the least auspicious time for patriotic veterans to make their demand, when it ought to be plain that it can not be satisfied without impairing the resources and diminishing the opportunity of the Nation to render help to the other 90 per cent of the unemployed men and women in our country.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LAGUARDIA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LAGUARDIA. I desire to support the Griffin amendment. Will the remainder of the time on this amendment be used for the discussion of the Griffin amendment?

The CHAIRMAN. There are two amendments pending. Gentlemen who are recognized may use their own judgment as to what they will discuss.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, I do not deem it necessary for me to call attention to the apathy that exists throughout this Nation. That subject has been discussed here during the consideration of this legislation, and it is generally understood and agreed that there is need for an expansion of the currency.

The passage of this bill will bring about the only fair distribution of Government funds that have been provided for during this session, and at the same time the method employed will not in any way affect the credit of the Nation. Everyone knows that the purchasing value of the dollar is at present out of line with actual conditions and that prosperity can not be restored until there is a proper inflation of the currency. This distribution of money will immediately go into every section of the Nation, thereby directly or indirectly benefiting every citizen and industry. I regret exceedingly that the President and the Secretary of the Treasury are opposed to this payment. It would seem to me that after having sponsored a number of bills for the purpose of rejuvenating the big industries that at least they could support one measure that would result beneficially to those who are now walking the streets hunting a job, and at the same time reflect a healthy condition throughout the Nation.

I have been told that the outstanding amount of money that is available is something like $55,000,000,000, and that at present only $46,000,000,000 can be accounted for. That being true, it means that $9,000,000,000 is at the present time in hiding. In other words, $1 out of every $6 can not be accounted for. That brings about a situation that is most appalling from the standpoint of business. It does seem to me that after this measure has been properly brought to the attention of the House, and it has been shown that our gold reserve is sufficient to take care of the amount of money needed to pay the ex-service men without in any way interfering with our present financial condition, we should not hesitate any longer in the passage of this bill. This morning in front of the Capitol I saw the Oklahoma contingent composed of about 170 men. They were lined up in military formation, and they were maintaining the regulations as fine as any company of regular soldiers.

A few days ago I visited the camp down on the Anacostia River. There I saw these men using their own ingenuity to build some kind of a little hovel in order that they might be sheltered at night from the elements. On that same day

I happened to attend a picture show, and as a part of the program there was put on the screen a picture of General Harbord. He made a statement similar to that which he is making all through this Nation against this particular legislation. He called attention to the conditions that existed during the Revolutionary War period, and said that the soldiers of the Revolutionary Army came before our Congress at Philadelphia and that afterwards they called upon the United States Army to run them out of the city, indicating that that would be the plan he would follow if it were necessary to move these ex-service men. I resented the attitude that he assumed when he called upon citizens to do their duty. I know that he is receiving a bonus for service performed in the way of retirement pay equal to about $600 per month. I know that some of the officers who are opposed to this particular legislation did not even get close enough to the battle front to smell powder during the World War. I say to you that these boys have conducted themselves in a most honorable manner. In no way have they been accused of doing that which they are not entitled to do. I say that they have a right to come to Washington and to maintain the attitude they are now assuming, just the same as any other citizen, and as long as they continue in that capacity I am going to support this legislation and support them. [Applause.]

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. HAWLEY. Mr. Chairman, in the course of this debate the interest of the Federal Government, from the standpoint of its credit, has not been discussed. Members of the House will recall that their mail is burdened with demands from their districts that Federal expenditures be materially reduced and that Federal taxes be diminished. The country is suffering from stagnation in business. Credit is not obtainable. The credit of the United States is below par. Its bonds are selling below par. Those that are already issued show various depreciations.

We now come to the place where we are to decide between the payment of obligations not yet due to a portion of the citizens of the United States, on the one hand, and the benefit of the whole people and all of the unemployed and also the restoration of prosperity, on the other. In these remarks I am not inferring anything against the worthiness of the veterans or their families who will be immediately benefited.

Unusual appropriations and the decline in business in the United States, which resulted in a decrease in Federal revenues has created a serious situation which demands a drastic remedy—that is, reduction in expenditures and the creation of no additional indebtedness.

Let me call attention to a few figures. The United States will close its books this year on June 30 with a deficit of some $2,900,000,000 for the current year. We face a deficit, estimated at the beginning of this session of Congress at $1,241,000,000, for next year. We have endeavored to obviate that difficulty and eliminate that deficit by enacting a new revenue law which will bear heavily upon the people of the United States.

Mr. KUNZ. Will the gentleman yield?

Mr. HAWLEY. I regret that I can not yield now.

That tax bill will lay a further burden on the revival of industry; but it was thought better to balance the Budget and restore Federal credit, and with it all credit, and then build up, than to continue indefinitely to increase the indebtedness of the United States.

We are now asked to practically undo all the great work that has been done at this session. That is, instead of going into next year with a balanced Budget, and in the years succeeding, we are placing burdens upon the country and upon the Treasury that will cause an unbalanced Budget and leave the credit of the United States in doubt. This $2,400,000,000, if funded into bonds as intended, will add a burden on the Treasury of $84,000,000 in yearly interest at the rate provided in the bill. This additional yearly interest of $84,000,000 would aggregate in the next 12 years over $1,000,000,000, and will be that much in addition to the cost of the adjusted-service certificates, that much more than the Government promised and intended to pay.

There is another bonus bill pending for an immediate payment of $100,000,000, which will probably be brought up and passed. The House has already passed an appropriation bill adding $132,500,000 for roads. The House passed a relief bill estimated to cost $2,200,000,000. Of this amount, say only $600,000,000 is expended in the next fiscal year. It is true that the relief expenditures are to be made under the direction of the Reconstruction Finance Corporation by the sale of its debentures, which are, however, guaranteed by the United States; but taking into consideration only the deficit of this year, the payment of the bonus, and the road appropriation, we have an aggregate of $5,432,500,000, for which we have had and have now no means of payment except by borrowing upon the credit of the United States—$5,432,500,000 for which we have no money to pay. The $1,241,000,000 of new taxation is to offset the deficit anticipated for the fiscal year of 1932–33, and not that created by the legislation which we are now considering and other legislation adding new expenditures.

Who can believe that so enormous an excess of expenditures over revenues can result otherwise than in disaster to our financial structure, public and private, and in retarding the economic recovery. The country is demanding the opportunity to effect its rehabilitation. Our friends, the veterans, will be more greatly benefited by employment continuing in character than by any other measure, and this has the added factor that all others unemployed will participate.

Because we have maintained our financial integrity thus far, the United States has been regarded as the safest place in which to keep moneys. The nationals of other countries have on deposit here great sums, and also leave here their earnings from various sources. Investment in United States securities have been regarded as the safest method in which such funds could be preserved from loss. For this reason, the Treasury has been able to obtain very favorable rates of interest on its offerings. If now we impair the public confidence in the Federal Government, funds owned abroad will be withdrawn and our gold stocks depleted. I do not need to comment upon the adverse effect of such action. The great question before us now and on which we will shortly vote, is the maintenance of the public credit and the fortunes of the American people as an entirety.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

The Chair will recognize the gentleman from Illinois [Mr. PARSONS] for two minutes.

Mr. PARSONS. Mr. Chairman——

Mr. McFADDEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman yield for that purpose?

Mr. PARSONS. I do not, if it comes out of my time. I hope the gentleman can get time after I close, for I only have a few minutes.

Mr. Chairman, is this proposition sound, or is it not? That is the only question at issue here.

The bill we approved on February 27, 1932, known as the Glass-Steagall bill, reads as follows:

When any member bank—

Speaking of the Federal reserve system—

having a capital of not exceeding $5,000,000, has no further eligible and acceptable assets available to enable it to obtain adequate credit accommodations through rediscounting at the Federal reserve bank * * * the Federal Reserve Board may make advances to such member bank on its time or demand promissory notes secured to the satisfaction of such Federal reserve bank.

When it has no eligible security to give, the Federal reserve system is authorized to take their promissory notes, and issue currency to the bank, applying therefor, on the same identical principle involved in this bill to pay the adjusted-service certificates, if not, the exact routine of operation. Observe the language in the Glass-Steagall bill:

Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes

hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances acquired under the provisions of section 13 of this act, or gold or gold certificates.

Not "and" certificates, but or gold or gold certificates.

Provided, however, That until March 3, 1933, should the Federal Reserve Board deem it in the public interest, it may, upon the affirmative vote of not less than a majority of its members, authorize the Federal reserve banks to offer, and the Federal reserve agents to accept, as such collateral security, direct obligations of the United States.

We have passed legislation in the language quoted above. The banks, including the Federal reserve system, were selected as a favored class and permitted, even though they had no paper eligible for discount in the Federal reserve system, to give their promissory notes, which was nothing more than a promise to pay to the Federal Reserve Board. On this promise to pay, the Federal Reserve Board is empowered to place eligible securities or gold or gold certificates with the United States Treasury and receive in return therefor Federal reserve bank notes. Furthemore, the Federal Reserve Board is authorized to place with the Federal Treasury Government bonds and receive in return therefor currency issued against the credit of the United States Government to loan to the banks.

What this bill proposes to do is to have the veteran surrender his adjusted-service certificate, a nonnegotiable instrument, and the United States will issue bonds drawing 3½ per cent interest which the Federal Reserve Board can buy with the adjusted-service certificates collected in their hands. The Federal Reserve Board will then place these bonds to the credit of the United States Treasury, and the Treasury will issue therefor the bank currency, just as the Federal Reserve Board is now empowered to do for the banks of the country. It is a reflation or expansion of the currency, but it is controlled by the limitations in amount and the machinery set up for the carrying out of the act. The only difference that any Member of this House can make in the two propositions is: In the Glass-Steagall bill you are legislating for 20,000 banks and perhaps 100,000 bankers, but in the bill under consideration to-day you are legislating directly for the benefit of nearly 4,000,000 veterans of the World War, and indirectly for all the banks, their depositors, the business man, the professional man, and general relief for the entire American people.

There is actually in circulation to-day less than a billion dollars in currency and coin. Credit upon which volume of business is based is utterly destroyed. There can be no recovery from the present dilemma in which we find ourselves unless there is an expansion of the medium of exchange, making it plentiful enough to initiate the exchange of commodities upon a higher price level. This bill, if enacted into law, under the safeguards which have been provided, will place in circulation $2,400,000,000 in new currency, backed by the credit of the United States Government the same as every other piece of currency is backed, and it will be scattered into every nook and corner of the country according to our military population. It will go immediately into the arteries of trade and commerce, paying debts, buying the necessities of life, and I predict that within one 12-month period this issue of currency will enable the American people to wipe out $20,000,000,000 of indebtedness. The appropriations providing for retirement of the veterans' adjusted service certificates of $112,000,000 annually will serve as a sinking fund to retire the currency, the last dollar of which will be called in January 1, 1945, the date set for the retirement of all adjusted-service certificates. This is an extra safeguard and answers fully the question of the opponents who brand this issue as fiat money.

A further safeguard against an undue inflation or expansion of the currency is provided in section 2 of this bill, which says, in substance: That the bonds issued shall not be placed upon the market until such time as the revival of business conditions and commodity prices justify the absorption of the bonds. Under this arrangement not one single dollar of additional burden is added to the Treasury of the United States until a revival of business is obtained. Upon such a predication revenues sufficient to operate the cost of Government will pour into the Treasury. As I stated in the beginning, the same identical proposition contained in the Glass-Steagall bill is the principle involved in this bill. I submit that no man who voted for the Glass-Steagall bill can defend his action in voting against this bill to-day.

Mr. McFADDEN and Mr. CELLER rose.

Mr. McFADDEN. Mr. Chairman, I offer a substitute amendment.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. McFADDEN] has a substitute amendment that he desires to offer. The Chair feels the gentleman is entitled to recognition for the three remaining minutes.

The Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. McFADDEN: Page 4, strike out beginning with line 20 through line 4 on page 5, and insert in lieu thereof the following: "bonds of the United States or by check, as the veteran may designate in his application. In case the veteran designates payment in bonds and the amount of the face value of the certificate after the deductions, if any, made under subsection (c) of section 509, as amended, is not a multiple of the face amount of the bond of the lowest denomination issued (with the result that the entire amount can not be paid in bonds), any fractional amount shall be paid by check. The Secretary of the Treasury is authorized to prescribe such regulations as may be necessary to carry out the provisions of this paragraph.

"For the purpose of making such payments in bonds and to provide funds for payment by check, the Secretary of the Treasury is authorized and directed to issue bonds of the United States in such amounts as he may deem necessary. The provisions (except the limitation on the rate of interest) of the second and third paragraphs of the first section of the second Liberty bond act, as amended and supplemented, shall apply to bonds issued under this section, and such bonds shall be exempt both as to principal and interest from taxation to the same extent as bonds issued under the first section of such act, as amended and supplemented. For the purpose of retiring bonds issued under this section, the sinking-fund provisions of section 6 of the Victory Liberty loan act, as amended and supplemented, shall apply to the bonds issued under this section in the same manner as the provisions of such section 6 apply to bonds issued under the first section of the second Liberty bond act, as amended and supplemented.

"SEC. 3. This act may be cited as the 'emergency adjusted compensation payment and refunding act, 1932.'"

Amend the title to read as follows: "A bill to provide for the immediate payment and refunding of adjusted-service certificates, and for other purposes."

Mr. BROWNING. Mr. Chairman, I reserve a point of order on the amendment.

Mr. McFADDEN. Mr. Chairman, this proposal of paying the adjusted-compensation does not increase the public debt. It is just as much a part of the public debt as any outstanding Government bond to-day. The soldiers now hold the obligation of the United States.

My amendment would treat the settlement of this obligation as a refunding operation just the same as the Treasury carries on its present refunding operations. The only difference between this proposal and the regular refunding operations is that we are anticipating the payment of an obligation which does not mature until 1945.

The proponents of this legislation point out an emergency, and it seems to me that an emergency does exist so far as the ones who are to be benefited by this particular legislation are concerned. That was pretty well established a year ago, when we provided loans to these soldiers to help them in that emergency because of unemployment and hardship.

I am leaving the whole question of rate and terms on the bonds to be issued to the Treasury; I am leaving for them to fix the date of maturity and the rate of interest. So that these new refunding bonds will fit into the Treasury plan in dealing with the entire public debt. I am giving the soldiers the option of holding their present adjusted certificate or of taking in lieu thereof a Government bond or the cash.

I am not in accord with the proposal to issue money. The gentleman from Arkansas [Mr. RAGON] pointed out to you that which I believe was perfectly clear, that the issuance of $2,400,000,000 of currency, or, as was stated this morning,

increasing our circulating medium 45 per cent, will affect the value of the dollar and the purchasing power of the dollar. That is pretty well established. That is what I am trying to avoid. I want to make this a refunding operation pure and simple. At a time like this I think we are justified in taking from the class of our people who are the least able to pay the burden of carrying this particular amount of the public debt and letting those people who are the best able to pay, the investors, carry this burden. [Applause.] Particularly so when we are and will be giving them—the investors—the best security in the world—a Government bond.

Even though this House may not accept my amendment to this bill, I hope that the other body will accept it.

Mr. BROWNING. Mr. Chairman, I make the point of order the amendment is not germane, because the bill provides for payment in currency, whereas the amendment, as I understand it, provides for payment in bonds.

Mr. LAGUARDIA. And it is a refunding plan.

Mr. BROWNING. Further than that, it is a refunding proposition.

The CHAIRMAN. The Chair is inclined to overrule the point of order.

The Chair suggests the amendment is not in order at this time, because section 3 has not been read. The gentleman from Pennsylvania seeks to perfect section 3.

The Chair overrules the point of order.

The question is on the substitute amendment offered by the gentleman from Pennsylvania [Mr. MCFADDEN].

The substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment of the gentleman from New York [Mr. GRIFFIN].

Mr. STAFFORD. Mr. Chairman, I ask for recognition in opposition to the amendment.

The CHAIRMAN. The time fixed under the order of the House has expired.

Mr. STAFFORD. Mr. Chairman, I understand the amendment now under consideration is a new section, section 3. It has been offered as a new section. The order of the House was to limit debate on section 2.

Mr. RAGON. And all amendments thereto.

Mr. STAFFORD. And all amendments thereto. I ask for recognition in opposition to the amendment of the gentleman from New York, if it is a new section.

Mr. RAGON. It is not a new section.

The CHAIRMAN. The amendment of the gentleman from New York, as indicated by the gentleman from New York and by the Parliamentarian, is offered as an amendment to the pending amendment of the gentleman from Arkansas.

The question is on the amendment offered by the gentleman from New York.

Mr. GRIFFIN. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. BLANTON. I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. GRIFFIN].

The question was taken; and on a division (demanded by Mr. GRIFFIN) there were—ayes 80, noes 110.

Mr. GRIFFIN. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. RAGON].

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 161, noes 79.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 3. This act may be cited as the "Emergency adjusted compensation act, 1932."

Mr. CONNERY. Mr. Chairman, I move to strike out the figures "1932."

The CHAIRMAN. The gentleman from Massachusetts is recognized for five minutes.

Mr. RAGON. Will the gentleman yield to me, in order that I may make a motion?

Mr. CONNERY. I yield to the gentleman.

Mr. RAGON. Mr. Chairman, I move that all debate upon this section and all amendments thereto close in five minutes.

Mr. STAFFORD. Mr. Chairman, I make the point of order that that motion is not in order.

The CHAIRMAN. The point of order is sustained. The motion is not in order at this time, there having been no debate on the section.

Mr. CONNERY. Mr. Chairman, we have heard the financial aspects of this situation thoroughly discussed to-day and during the previous weeks before we brought up this bill. There are one or two points on which I want to touch before we vote.

We have heard different Members of Congress talk about this not being a debt that was due now by the Government; that it is only going to affect a class in the United States. Well, you only need to use a little common sense and decide that almost every service man in the United States has a family. The great majority of the ex-service men have fathers, mothers, sisters, and brothers and are married and have children; so if you will multiply 4,000,000 men by six or seven you will have 24,000,000 or 28,000,000 people who are directly affected financially by the passage of this bill. Furthermore, the funds put in the hands of the ex-service men and their families are going to be handed on to the butcher, the baker, and the candlestick maker, and thereby affect financially the entire population of the United States.

You did not ask when you gave a bonus to the railroads at the end of the war whether the debt was due then. You gave it to them. When you gave these refunds of millions and millions of dollars to the railroads and big corporations of the United States you did not worry then as to whether the money was due, but you just handed it back to them. This money is really due to-day if we go back to 1917 when the men earned it. When you give a man an average of $1,000 you can not attempt to adjust his compensation. You are not adjusting his compensation, but you are only giving him a little bit of money to repay him for what he lost in a monetary way when he went to France and fought on the field of battle for his country.

Now, this is something which we believe is going to bring back prosperity. You say this is only for a class when you know as well as I know that you are going to pass a relief plan before you adjourn this Congress. You are going to pass either the Garner bill, the Wagner bill, or some substitute proposed by the President of the United States. You are going to give relief to the people of the United States before you go home. If you pass a measure providing relief for all the people of the country and pass this soldiers' bonus, you will take care of the prosperity of the United States. [Applause.]

Mr. MCREYNOLDS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, a misapprehension, through the press and circular letters, has gone out through the country in reference to the way this bonus is proposed to be paid. In opposition to the full cash payment of the bonus at this time, it is being stated that $2,000,000,000 in bonds will be issued which will draw large rates of interest and increase the taxes on an already burdened people. If this were true, and other conditions as they are now, as much as I have always been in favor of a cash bonus for the soldiers, I could not support this bill. But this is not true, and anyone who has examined the bill knows that if we pass this bonus bill that it will not cost the Government or increase the liability of the Government one cent, but will save in taxes $112,000,000 each year, which is being set aside for the purpose of paying the adjusted-service certificates.

Most people say that they would be willing for the Government to pay this bonus off at the present time if the Government were in position to do so. There is no one in this House who believes in economy of government more than

I do and who has consistently voted to reduce appropriations, consolidate departments, and reduce salaries, so as to relieve the people.

Then the question arises, How are we to pay this bonus without cost? Of course, the Members of this House who have studied this bill are familiar with our plan. This bill provides that Government bonds shall be issued and placed in the Federal reserve banks and held by them as agents for the United States Government; that Treasury notes which are backed by all the gold and credit of this Nation shall be issued in payment of these notes; that these bonds shall be held by the Federal reserve banks and not sold unless the commodity prices reach within 2 per cent of the common level of 1926, at which time the Federal Reserve Board shall be authorized to sell so many of said bonds as is necessary to stabilize the dollar at that value, and the bonds will not draw interest until they are sold. This will be an absolute safeguard against any possibility of undue or harmful inflation. This is the plan of ex-Senator Owen, who was chairman of the Banking and Currency Committee of the Senate for eight years, and during which time the Federal reserve act was passed. It has been indorsed by many of the leading economists of the country as thoroughly sound and sane.

My purpose in supporting this bill is not alone in the interest of the soldiers, but because I feel that the issuing of this money will be of great service in bringing back this country to prosperity. It will not only not cost the people anything extra in taxes, but by being made prosperous again, it will enable them to pay what they owe.

This Congress has passed during this session the Reconstruction Finance Corporation act, with an expansion of credit to the amount of $2,000,000,000, for the purpose of stabilizing banks, railroads, and insurance companies. It has passed what is known as the Glass-Steagall bill, giving banks the right to take their Government bonds to the Federal Reserve Board and with a small rate of interest receive therefrom the full face value of their bonds in currency, and at the same time the interest on the Government bonds is paid to them. It has also passed an appropriation of $125,000,000 to aid the farm-land banks, to enable the farm-land banks to carry the loans of the farmers. The House has also passed what is known as the Goldsborough bill, which has for its purpose that the Federal Reserve Board shall buy Government bonds and issue currency thereon, until the commodity price level reaches that of 1926. All of these bills are on the idea of the expansion of the currency and making money cheaper, but this money issued, to a great extent, has found its way into the vaults of the big bankers. If this money is issued in payment of these bonus certificates, it will go to the people throughout this country, in every nook and corner, and the people will receive the benefit. If we ever restore prosperity, in my opinion, it must commence at the bottom with the producing class, and the theory of this bill, which we are supporting, will come nearer doing that than any other legislation that has been advocated.

Mr. RAGON. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. STAFFORD. Mr. Chairman, I offer an amendment to that motion. I move that debate close in 10 minutes.

The CHAIRMAN. The question is on the amendment of the gentleman from Wisconsin to the motion of the gentleman from Arkansas.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 23, noes 180.

So the amendment to the motion was rejected.

The CHAIRMAN. The question is on the motion of the gentleman from Arkansas.

The motion was agreed to.

The CHAIRMAN. If there are no further amendments under the rule the committee rises.

Accordingly the committee rose; and the Speaker pro tempore [Mr. RAINEY] having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee having had under consideration the bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, pursuant to House Resolution 220, he reported the same back to the House with an amendment.

The SPEAKER pro tempore. Under the rule the previous question is ordered on the bill to final passage.

The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed, read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. CRISP and Mr. HAWLEY demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 211, nays 176, answered "present" 3, not voting 40, as follows:

[Roll No. 97]

YEAS—211

Adkins	Doughton	Kelly, Pa.	Ragon
Almon	Douglass, Mass.	Kemp	Rankin
Amlie	Dowell	Kendall	Rayburn
Arnold	Doxey	Kennedy	Romjue
Auf der Heide	Driver	Kerr	Rudd
Bankhead	Elizey	Kleberg	Sabath
Barton	Englebright	Kniffin	Sanders, Tex.
Beam	Evans, Mont.	Kopp	Sandlin
Black	Finley	Kunz	Schafer
Blanton	Fitzpatrick	Kurtz	Schneider
Bloom	Frear	Kvale	Schuetz
Bolleau	Fulbright	Lambertson	Seger
Boland	Fuller	Lamneck	Selvig
Briggs	Fulmer	Lankford, Ga.	Shannon
Browning	Gambrill	Larrabee	Sinclair
Brumm	Garber	Larsen	Sirovich
Brunner	Garrett	Lichtenwalner	Smith, Idaho
Buchanan	Gasque	Lindsay	Smith, W. Va.
Busby	Gavagan	Linthicum	Somers, N. Y.
Butler	Gilchrist	Lovette	Spence
Campbell, Iowa	Gillen	Ludlow	Steagall
Canfield	Glover	McClintic, Okla.	Stevenson
Carden	Golder	McClintock, Ohio	Strong, Pa.
Carley	Goldsborough	McCormack	Sullivan, N. Y.
Carter, Wyo.	Granfield	McFadden	Sullivan, Pa.
Cartwright	Green	McKeown	Sutphin
Cary	Greenwood	McReynolds	Swank
Chapman	Gregory	McSwain	Sweeney
Chase	Griswold	Maas	Swick
Chavez	Hall, Miss.	Magrady	Swing
Christopherson	Hare	Major	Taylor, Colo.
Cole, Md.	Harlan	Maloney	Taylor, Tenn.
Collins	Hart	Mansfield	Thomason
Condon	Hartley	May	Thurston
Connery	Haugen	Mead	Tierney
Connolly	Hill, Ala.	Miller	Turpin
Cooper, Tenn.	Hill, Wash.	Mitchell	Underwood
Crail	Hogg, Ind.	Mobley	Vinson, Ga.
Cross	Hornor	Montet	Vinson, Ky.
Crosser	Howard	Moore, Ky.	Warren
Crowe	Igoe	Nelson, Wis.	Weaver
Crump	Jacobsen	Norton, Nebr.	Welch
Cullen	James	O'Connor	Williams, Mo.
Curry	Jeffers	Overton	Williams, Tex.
Davis	Johnson, Ill.	Palmisano	Wilson
Delaney	Johnson, Mo.	Parks	Wingo
DeRouen	Johnson, Okla.	Parsons	Withrow
Dickinson	Johnson, Tex.	Patman	Wolcott
Dickstein	Jones	Peavey	Wolverton
Dies	Kading	Person	Wright
Dieterich	Karch	Polk	Wyant
Disney	Keller	Pou	Yates
Dominick	Kelly, Ill.	Prall	

NAYS—176

Aldrich	Cannon	Davenport	Hall, Ill.
Allen	Carter, Calif.	Douglas, Ariz.	Hall, N. Dak.
Andresen	Cavicchia	Drewry	Hancock, N. Y.
Andrew, Mass.	Celler	Dyer	Hancock, N. C.
Andrews, N. Y.	Chinblom	Eaton, Colo.	Hardy
Arentz	Chiperfield	Eaton, N. J.	Hawley
Ayres	Clancy	Estep	Hess
Bacharach	Clark, N. C.	Evans, Calif.	Hoch
Bacon	Clarke, N. Y.	Fiesinger	Hogg, W. Va.
Baldrige	Cochran, Mo.	Fish	Holaday
Barbour	Cochran, Pa.	Fishburne	Hollister
Bland	Cole, Iowa	Foss	Holmes
Boehne	Collier	Free	Hooper
Bohn	Colton	Freeman	Hope
Bolton	Cooke	French	Hopkins
Bowman	Cooper, Ohio	Gifford	Houston, Del.
Brand, Ohio	Corning	Gilbert	Huddleston
Bulwinkle	Cox	Goodwin	Hull, Morton D.
Burch	Coyle	Goss	Jenkins
Burdick	Crisp	Griffin	Johnson, Wash.
Burtness	Crowther	Guyer	Ketcham
Cable	Culkin	Hadley	Kinzer
Campbell, Pa.	Darrow	Haines	Knutson

LaGuardia	Montague	Reilly	Taber
Lambeth	Moore, Ohio	Rich	Tarver
Lanham	Morehead	Robinson	Temple
Lehlbach	Mouser	Rogers, Mass.	Thatcher
Lewis	Nelson, Me.	Seiberling	Timberlake
Lonergan	Niedringhaus	Shallenberger	Treadway
Loofbourow	Norton, N. J.	Shott	Underhill
Lozier	Oliver, Ala.	Shreve	Wason
Luce	Oliver, N. Y.	Simmons	Watson
McDuffie	Parker, Ga.	Smith, Va.	Weeks
McGugin	Parker, N. Y.	Snow	West
McLaughlin	Partridge	Sparks	White
McLeod	Perkins	Stafford	Whitley
McMillan	Pettengill	Stalker	Whittington
Manlove	Pittenger	Stewart	Wigglesworth
Mapes	Pratt, Harcourt J.	Stokes	Williamson
Martin, Mass.	Purnell	Strong, Kans.	Wolfenden
Martin, Oreg.	Rainey	Stull	Wood, Ga.
Michener	Ramseyer	Summers, Wash.	Wood, Ind.
Millard	Ramspeck	Sumners, Tex.	Woodruff
Milligan	Reed, N. Y.	Swanson	Woodrum

ANSWERED "PRESENT"—3

Byrns	Erk	Yon

NOT VOTING—40

Abernethy	Clague	Hull William E.	Patterson
Allgood	Dallinger	Johnson, S. Dak.	Pratt, Ruth
Bachmann	De Priest	Kahn	Ransley
Beck	Doutrich	Lankford, Va.	Reid, Ill.
Beedy	Drane	Lea	Rogers, N. H.
Boylan	Fernandez	Leavitt	Sanders, N. Y.
Brand, Ga.	Flannagan	Murphy	Snell
Britten	Gibson	Nelson, Mo.	Tilson
Buckbee	Hastings	Nolan	Tinkham
Christgau	Horr	Owen	Tucker

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Erk (for) with Mr. Snell (against).
Mr. Hastings (for) with Mr. Johnson of South Dakota (against).
Mr. Patterson (for) with Mr. Tilson (against).
Mr. Reid of Illinois (for) with Mr. Lea (against).
Mr. Rogers (for) with Mr. Beck (against).
Mrs. Kahn (for) with Mr. Sanders of New York (against).
Mr. Fernandez (for) with Mr. Lankford of Virginia (against).
Mr. Boylan (for) with Mr. Tucker (against).
Mr. Flanagan (for) with Mr. Clague (against).
Mr. Buckbee (for) with Mr. Bachmann (against).
Mr. Doutrich (for) with Mrs. Pratt (against).
Mr. Christgau (for) with Mr. De Priest (against).
Mr. Abernethy (for) with Mr. Beedy (against).
Mr. Horr (for) with Mr. Gibson (against).
Mr Byrns (for) with Mr. Ransley (against).
Mr. Yon (for) with Mr. Nolan (against).
Mr. Allgood (for) with Mr. Dallinger (against).
Mr Murphy (for) with Mr. Britten (against).

Until further notice:

Mr. Nelson of Missouri with Mr. William E. Hull.
Mr. Drane with Mr. Tinkham.
Mr. Brand of Georgia with Mr. Leavitt.

Mr. BYRNS. Mr. Speaker, I understand the gentleman from Pennsylvania, Mr. RANSLEY, is not recorded. On last night, under the impression I would leave this morning to attend the funeral of my friend and colleague, Mr. Eslick, I agreed to pair with the gentleman from Pennsylvania. I voted "aye." If the gentleman from Pennsylvania, Mr. RANSLEY, were present, he would vote "no." I therefore withdraw my vote of "aye" and answer "present."

Mr. YON. Mr. Speaker, I withdraw my vote of "aye," as I am paired with the gentleman from Minnesota, Mr. NOLAN, and desire to answer "present."

Mr. CULLEN. Mr. Speaker, I desire to state for the RECORD that my colleague the gentleman from New York, Mr. BOYLAN, who is ill in a hospital in New York, if present, would vote "aye."

Mr. CONNERY. Mr. Speaker, the gentleman from New Hampshire, Mr. ROGERS, is unable to be present. He asked me to state that if he were present he would vote "aye."

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I desire to announce the unavoidable absence of my colleague, Mr. HASTINGS. If present, he would vote "aye." He is paired with the distinguished gentleman from South Dakota, Mr. JOHNSON.

Mr. KVALE. Mr. Speaker, my colleague the gentleman from Minnesota, Mr. CHRISTGAU, has requested me to announce that he is unavoidably absent. If present, he would vote "aye," and is so paired.

Mr. GOSS. Mr. Speaker, my colleague the gentleman from Connecticut, Mr. TILSON, requested me to announce that if he were present he would vote "no."

Mr. COOPER of Ohio. Mr. Speaker, my colleague the gentleman from Ohio, Mr. MURPHY, is unavoidably absent on account of illness. He requested me to announce that had he been present he would have voted "aye."

Mr. DARROW. Mr. Speaker, my colleague the gentleman from Pennsylvania, Mr. BECK, is unavoidably absent. If present, he would vote "no."

Mr. BACON. Mr. Speaker, my colleagues, Mr. SNELL, Mr. SANDERS, and Mrs. PRATT, of New York, are all absent in Chicago at the Republican National Convention. They have asked me to announce that if present they would vote "no," and are so paired.

Mr. ERK. Mr. Speaker, I voted "aye." I desire to announce that I am paired with the gentleman from New York, Mr. SNELL. If he were present, he would vote "no." I therefore withdraw my vote and ask to be recorded as "present."

Mr. BANKHEAD. Mr. Speaker, while the vote is being counted, may I announce that immediately after the vote is declared the House will go forward with the consideration of the Federal home loan bank bill?

The result of the vote was announced as above recorded.

On motion of Mr. RAGON, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS—PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

Mr. LUDLOW. Mr. Speaker, when the House of Representatives a few minutes ago rejected the so-called Patman plan of paying the soldiers' bonus and adopted as a substitute the Owen plan, it so vitally changed and improved the character of that measure that I am willing to give it my approval.

The adoption of the Owen plan, in my opinion, transformed the proposal before the House from an unsound measure to a sound one. It substituted financial security and stability for financial heresy. It served notice on the country that if the bonus is to be paid, it will be paid with sound money, worth 100 cents to every dollar.

I came to the House of Representatives to-day prepared to vote against the Patman bill unless the Owen plan or something that I regarded as equally sound and practical were substituted for the provision in the Patman bill which I believe would have filled the country with fiat money and would have depreciated the value of every dollar in circulation. My opinion evidently was the opinion of the House in respect to "printing-press money," as the House by a large vote has just adopted the sound Owen plan. Freedom of amendment was allowed in the consideration of the bill, and I was very glad to have the opportunity to vote to substitute the Owen plan for the Patman provision.

Under the Owen plan the great Federal reserve system will be the agency of paying off the bonus and it will accomplish the task on the sound basis of Government bonds and under a scheme which will keep the volume of circulation always under control. Wild and uncontrolled inflation, which was the danger of other proposed schemes, is not even possible under the Owen plan.

If the amended bill becomes a law, it will prove a measure of widespread relief to millions of poor people who are unemployed, many of whom are without a crust of bread, through no fault of their own. It will bring to the State of Indiana $59,232,219.87 and to the congressional district which I have the honor to represent the sum of $7,730,561.14.

Mr. Speaker, I have given most careful and conscientious study and thought to the proposal to pay the soldiers' bonus, my purpose being to reach a decision that would be right and without regard to any political considerations whatsoever.

I have had constantly in mind that the soldiers are not the only persons who are suffering in the United States, and that the bonus proposal, if it can be justified at all, must be justified not only as an act of fair dealing toward the soldiers themselves but as a general relief measure.

I was unalterably against the Patman bill to pay the bonus. It proposed to pay the soldiers by turning the printing presses loose. It is unthinkable. When and if the

bonus is paid, I want it paid in real dollars. The Nation has acknowledged this debt to the soldiers, and I do not want any debt of the Nation paid in stage money. I do not want it paid in such depreciated currency that when the veteran thinks he is getting a dollar worth 100 cents, he will be getting one worth 50 or 60 or 75 cents. The experience of Germany and other war-burdened countries with printing-press money ought to be object lesson enough to convince us for all time that it is a good thing to leave alone.

Without for a moment impugning the good intentions of my distinguished and able friend, the author of this bill, whose service in this House is outstanding and whose loyalty to the soldiers is perfectly admirable, I am forced to the irresistible conclusion that it would be handing a gold brick to the soldiers, and it would be handing a still larger gold brick to the millions who are not soldiers and would not receive any "bonus money," but who would find that the purchasing power of the dollars they manage to acquire by toil and honest effort would be sadly diminished by this uncontrolled flood of fiat money issued from the printing presses.

As stated, I would not vote for the Patman bill with its financing provision. Any plan to pay the bonus that receives my favorable attention must be a sound one. I do not believe it is possible to devise any plan of payment that would be based on the solid rock of sound finance, that would give to the soldiers 100 cents of value for every dollar, and that would keep the country out of the slough of a depreciated currency, unless it is based on bonds of the United States Government.

The plan of Robert L. Owen is sounder in every respect than the Patman plan. Robert L. Owen was United States Senator from Oklahoma and chairman of the Senate Banking and Currency Committee which drafted and secured the passage of the Federal reserve act. He proposes to put the Federal reserve system back of the bonus payment and to make that system the Government's agency in discharging this acknowledged debt to the soldiers. The Federal reserve system enabled the ship of state to weather the most horrendous war of all time without a quiver, and it may be accepted, I think, as a safe and dependable agency in paying the bonus. Mr. Owen proposes that bonds of the United States Government shall be issued in the amount of the bonus and these bonds shall be turned over to the Federal reserve system, which will issue Federal reserve notes in small denominations suitable for paying the veterans. Under the supervision of the Federal reserve system the veterans will be paid and they will drop out of the picture.

Thereafter the Federal reserve system, keeping in close touch all the while with commodity prices, will have the power and the authority, as the situation from time to time may require, to sell Government bonds and use the proceeds to retire the outstanding currency, its power extending to the point of enabling it to sell all of the bonds in one offering, if deemed advisable. This plan makes the Federal reserve system a stabilizing and governing body to regulate the volume of currency, to keep it at all times within proper bounds, and it is vastly different from the Patman plan of uncontrolled expansion. I have consulted expert officials of the Treasury Department and they tell me the Owen plan is sound. No less distinguished an economist than Prof. Irving Fisher testified and reiterated before the Ways and Means Committee that it is "a perfectly sound method."

The question arises as to whether it is in the interest of the entire Nation that the bonus should be paid at all at this time. If its payment can be justified, its principal justification, as I see it, must be that it is a general relief measure. I have worked and voted to bring about the deepest possible cuts in the cost of government and the elimination of waste. I voted against the bill to appropriate $132,500,000 to construct public roads because I thought it was wasteful. I voted against the so-called Garner bill to construct public buildings in towns above 1,500 inhabitants because I thought it would involve too much waste.

The payment of the bonus would at least have the merit, as I see it, that the money would not be wasted. It would go immediately into the channels of impoverished circulation and its vitalizing effects would reach every nook and corner in the United States. If the money to be paid out would reach only the veterans, and stop there, I would denounce the scheme as inadvisable, but it would immediately begin circulation throughout the entire community in every city, town, and hamlet in America. When John Jones, the veteran, receives his bonus of $300 he will pay $100 to his grocer on his overdue bill, $50 to his doctor, $75 to his landlord, and so on. The grocer in turn will pay the $100 to his coal dealer, the doctor will pay for the suit of clothes he bought last year, and the landlord will pay the carpenter for shingling the roof of his building. The turnover will go on ad infinitum and the whole community will be more or less benefited. It is not a wasteful plan of relief, but one that is almost 100 per cent effective. A furniture storekeeper in an Indiana county-seat town told me the other day that when the first 50 per cent of the bonus was paid it brought about $1,500 worth of business to his store and that the other merchants of the town benefited accordingly.

The adjournment of Congress is only a few days in the offing. Our able Democratic leader, Hon. HENRY T. RAINEY, is quoted as having made the sad prediction that there will be "no relief legislation." It will be unfortunate if something is not done by this Congress to bring relief to the men and women in the common walks of life who are unemployed, hungry, and sorely distressed. Fully 70 per cent of the enormous volume of mail that comes to my office is from veterans who plead for help. Many of them say that they and their families are verging on starvation; that they have no asset in the world except the Government's certificate which acknowledges the debt the Nation owes to its defenders as adjusted compensation and they are bitter because they can not get cash on that only asset to relieve their hunger and suffering. It is a perfectly human feeling. My heart goes out in unbounded sympathy to them, but it goes out no less sympathetically to millions of others in similar circumstances who do not even have the single asset of a deferred bonus certificate. Unless payment of the bonus, through the effect of putting money into general circulation, would relieve them, as well as the soldiers, it would not be justified.

I voted to create the Reconstruction Finance Corporation and for the President's other measures which have been helpful in stabilizing business and finance and which have stopped the failure of banks, but these measures have only thawed the top surface and have not so far penetrated down to the starving men, women, and children whose exigent circumstances require immediate relief. Payment of the soldiers' bonus now under a sound plan might afford the immediate relief which the situation imperatively requires and serve as a stop-gap until the normal processes of business and industry can get into swing through the operation of the Reconstruction Finance Corporation and a balanced Budget. Then, with the soldiers satisfied, with industry revived, and business again on the move, we can all pull together for better times, which I believe will be sure to come.

Authorities of the Veterans' Administration advise me that payment of the bonus now would save $500,000,000, or half a billion dollars, which is the estimated cost of administering the bonus loans between now and maturity date in 1945. This would be a saving equivalent to almost one-fourth of the amount that would have to be raised to pay the bonus in full. Why would it not be advisable to cut off this enormous personnel and pay the half billion dollars on the debt to the soldiers?

Payment of this bonus under a sound plan would not in any way unbalance the Budget. It is not as if we were creating a new national debt. The debt already exists. It was created in 1924. Under the Owen plan it would simply be transferring the obligation from one form of national indebtedness to another, which should be accomplished without even causing a break in the securities market and without creating any more disturbance than accompanies any ordinary refunding operation of the Treasury Depart-

ment, and not a cent would be added to the national indebtedness.

Mr. KARCH. Mr. Speaker, the propriety of paying the remainder of the bonus at this time, as provided in this bill, may very properly be questioned in view of the condition of our Natonal Treasury and on other grounds upon which reasonable men might honestly differ.

I shall not impute to any Member of this House who may oppose this measure any motive or purpose other than the exercise of his best judgment, actuated by highest patriotism and loftiest sense of duty to the people of the United States.

On the other hand, I resent the insinuations and, in certain instances, the direct charge emanating from some of the distinguished Members who have addressed this House to the effect that those who vote for this bill do so from cowardice and fear of consequences to their own political fortunes.

I wish the Members of this House to understand, and my constituents at home to know, that my support of the Patman bill is my free and spontaneous act, performed as a solemn duty to my country and as an expression on behalf of that country of a gratitude to 4,000,000 or more World War veterans, to whom we owe everything we are to-day and ever hope to be as a nation of the world.

Mr. Speaker, there is a sinister alignment of interests in this country against the payment of the soldiers' bonus. Behind that flimsy veil I see in opposition to the bonus the same Mephistophelean form I beheld skulking in dark intrigue to further in this House the enactment of the sales tax and to defeat the surtaxes; the same ilk which promoted the moratorium and national economy at the expense of underpaid workingmen and workingwomen in the service of our Government—against Federal relief to the starving men, women, and children of our land; against the Garner relief program to rekindle the life of our stagnant industry so that the 12,000,000 of our idle workmen may be reemployed and again become decently self-sustaining.

I see in the offing that same nefarious creature that originated and recently prosecuted against the membership of this Congress a dastardly propaganda of abuse and intimidation and insolence to the majesty of this high and solemn tribunal of the American people in an effort to coerce this Congress to balance the Budget, the unbalancing of which the very forces represented by that creature brought about.

Mr. Speaker, I shall support this measure for the character of the organized enemies it has outside of this House; I shall support this measure because it is the solemn duty of this Nation to pay to those veterans that debt which we have irrevocably acknowledged to be justly owing them.

"Ah," say the opponents, "we have acknowledged this debt, but have not agreed to pay it until 1945, and we will not pay it until 1945 because 'it is so nominated in the bond,'"

I recall the dramatic speech delivered by the distinguished gentleman from Pennsylvania [Mr. BECK] in this House last December in favor of the "Hoover moratorium," in the course of which he pathetically invoked the benign quality of mercy in behalf of our European debtors by quoting the famous speech of Portia in the Merchant of Venice.

I now invoke with equal fervor the same quality of mercy for which this distinguished Member so eloquently appealed in behalf of these foreign nations, who owe their very existence to the valiant services of the beneficiaries of this bonus in their behalf.

In 1945 many of the veterans will not need this gratuity from their Government, for which they so heroically fought and bled on foreign soil and in the furtherance of a foreign cause.

Many of them will not be here in 1945, and upon our consciences will rest the responsibility and the anguish of regret of having permitted in America—bountiful America, with wealth and resources beyond measurement and conception—the wives and the children, the mothers and the fathers of our heroes to starve and beg and to die just because it is "so nominated in the bond."

This country is rich enough and strong enough to take on obligations to the same amount in times of peace that it incurred in time of war. The good order of this Nation—the integrity and the hope of perpetuity of this Nation, the honor and the glory of this Nation—demand that we pay this bonus now, not by way of grace or succor or alms but by way of duty and for the sake of humanity under God.

Mr. LAMNECK. Mr. Speaker, the killing of two birds with one stone is a rare accomplishment. In Government, it would be a miracle. However, that opportunity is now present, if Congress will seize upon it and pass the Patman bill with amendments to pay the bonus in cash and in full.

This action at this time would serve this double purpose: First, it would care for the needs of World War veterans in their great hour of need; and, second, serve as an important aid in the promotion of business recovery. These are the two birds I have in mind.

Provision is made in the Patman bill, with Owen amendment, to issue $2,400,000,000 in paper money to pay the bonus. This method of raising the money will obviate any drain upon the Treasury. This sum, added to the currency now in circulation, would aid very materially in restoring confidence and stimulating business.

It would not be hoarded. Instead, it would immediately find its way into the channels of trade. It would serve to drive away doubts and fears, give impetus to business activity, and, finally, give us the victory over depression, which up to this time has successfully challenged the genius of man to conquer it.

This inflation of currency, it is said, would cheapen the dollar, but as it goes down it would meet all commodity prices going up. Manufacturers and farmers would be especially benefited. Farm products have reached such low levels that American farmers are in actual distress. Deflation in prices is a chief source of our present trouble.

The further argument is advanced that inflation of the currency would endanger the gold standard. A recent Treasury statement discloses that we now have $4,000,000,000 in gold. This reserve, according to a very high authority, would permit an increase in currency up to $10,000,000,000, which is now $5,500,000,000, without doing violence to the gold standard. The chief danger to the gold standard, in my judgment, lies in the fact that many countries have abandoned it. This means that it will take more of their dollars to purchase our goods and, therefore, make it more difficult for this country to recover its lost export business.

President Hoover, who is leading the opposition forces to the bonus, is apprehensive that it would "undo every effort to reduce public expenditures and balance the Budget." In my humble judgment, his alarm is not justified and will not be. I have full faith in the ability of the American people to solve their own problems. They always have and always will.

If President Hoover's misgivings should be justified, the necessity for reduced public expenditures would be the more imperative. Necessity itself would force a reduction in public expenditures, which should have been made long ago. Six or seven hundred million dollars could have been saved to the people long ago if needless bureaus, commissions, and boards had been abolished, and some of which are now to be abolished or consolidated. This tremendous saving would in itself pay the bonus and balance the Budget. The chief trouble about balancing the Budget is the fact that no one wants to be taxed.

President Hoover, in his so-called veto message of the bonus bill, made the statement that the American Legion is consistently supporting his position of opposition to the bonus. My information is that 98 per cent of the legionnaires are backing this bill and very urgent in their demand for payment of the bonus in full.

Other objections have been raised to the payment of the bonus. To me they are inconsequential, so that I will not pause to notice them. There is just one question to be determined in this whole matter; that is, whether payment of the bonus in cash and in full at this time would be detri-

mental to the best interests of the country. A careful survey of the situation convinces me that it would not, but on the contrary would be beneficial to the public welfare, for the reasons I have stated among others.

Reasoning from this standpoint, I think the bonus should be paid. There are two sides, of course. Here is the other side. At this time 750,000 able-bodied veterans are out of work, 75,000 slightly disabled veterans are out of work, and 800,000 veterans are working only one or two days a week. Other thousands are in hospitals of pain. These figures are amazing and depict more effectively and eloquently than words the serious situation of these World War veterans. Their unfortunate situation is no fault of their own. They are the innocent victims of conditions over which they have no control and brought about very largely by ill-advised, costly legislation.

There is much concern about the state of the Union. We have unlimited wealth and unlimited resources. The country is not bankrupt. Patriotism is not dead. American genius will lead us out of it all in due time. Sanity in legislation is what is needed. Lowering of tariff rates and repeal of the eighteenth amendment would instantly restore confidence and produce enough additional revenue to pay the bonus and balance the Budget, or nearly so.

Convinced as I am that passage of the bonus bill would have no ill effect on the country, I am persuaded that it is my duty to support the measure. This I shall do, with conscience approving, which after all, is the safest guide.

Each recurring Armistice Day, the beautiful and impressive ceremony of honoring some "Unknown Soldier," who lies buried in Arlington Cemetery at Washington, is observed. The President of the United States is the spokesman. In words of tenderness and love he voices the sentiments of the people of the country in expressing their reverence for the soldier living and dead. They rendered heroic service, which entitles them to this affectionate regard. Sympathy, of course, should not swerve one from duty to country, but where no injury is done and infinite good is accomplished, its proper exercise is a Christian duty.

I do not and would not ask any Member of Congress to vote for this bonus measure against his honest convictions. However, if upon investigation and a careful analysis of all the facts, it is found that it will not impair the Nation's credit, then in God's name and in fairness and justice of these veterans, vote for this bill. It is an old saying, and in many instances a true one, that nations are ungrateful. We should never permit that to be applied to our own country, which has constantly and consistently led all nations in the matter of fairness and justice, liberty and equality, and the largest measure of freedom to all the people.

Mr. PALMISANO. Mr. Speaker, the main contentions of the administration and the Members who are opposed to the immediate cash payment of the adjusted-service certificates are that if the certificates are paid it will unbalance the Budget, and that it will be detrimental to business. In the Sixty-ninth Congress, when this adjusted-service certificate act was passed, the Government's income was greater than its expenditures. In the Seventieth Congress we reduced taxes to the extent of $190,000,000. There was no unbalanced Budget then. In both of these sessions there was always opposition to the immediate payment of these certificates—incidentally, I do not understand why the Sixty-ninth Congress considered these certificates "adjusted." From the attitude of some of the Members they should have named it the "injustice" service certificate. If they had done so, some of their arguments to-day would have been justified.

The unbalancing of the Budget began in the Seventy-first Congress. At that time it was the duty of the President and the Secretary of the Treasury, Mr. Mellon, to advise Congress of the situation, or they should have submitted some plans toward the balancing of the Budget, but instead the President and the Secretary of the Treasury said nothing to us officially, and immediately upon the adjournment of Congress the country was advised that there was a deficit of $1,000,000,000. In order to make up that deficit the Secretary of the Treasury, besides borrowing on short notes issued $800,000,000 4 per cent long-term bonds. The President and the Secretary of the Treasury knew then that the expenditures of the Government were $1,000,000,000 more than its receipts. Notwithstanding their knowledge of that fact, the President refused to call a special session of Congress in order that we might devise some ways and means of balancing the Budget for the year 1932. But the President, unable to meet the situation, refused to call Congress in special session and again permitted another deficit of approximately $1,200,000,000. Now on the eve of election he expects this House to make up the deficit of $1,200,000,000 and to cut Government expenditures in order to balance the Budget for the year 1933. If the President and the Secretary of the Treasury will issue bonds for the deficit of 1932 as they did for the 1931 deficit, then there would be no question before this Congress about balancing the Budget for 1933.

The Secretary of the Treasury refusing to issue bonds for the 1932 deficit, expects this Congress to make up the deficit of $1,200,000,000, and in addition to that expects it to reduce Government expenditures between $600,000,000 and $700,000,000; he had the Director of the Budget to reduce the Budget about $400,000,000 and Congress further reduced the appropriation approximately $250,000,000, making a total of reductions about $650,000,000. I would suggest that the Government issue bonds to take care of the adjusted-service certificates. These bonds, to run for a period of five years, which could be easily taken care of by repealing the Volstead Act and permitting the States to make beer. The Government has not hesitated to issue bonds for the Reconstruction Finance Corporation to take care of the banks and big corporations of the country, and is now ready to issue bonds to increase the Reconstruction Finance Corporation and for the home loan bill, yet it still refuses to advance the payment of these certificates.

I believe the Government could abandon a further increase for the Reconstruction Finance Corporation and pay these adjusted-service certificates, which would place cash in the hands of 3,500,000 veterans scattered throughout the country, most of whom are out of employment or unable to earn a living wage at this time. By doing so we would not only help 3,500,000 veterans but you might multiply that figure by five. We would help approximately 17,500,000 people in the United States, about one-seventh of the population. This would permit them to pay their debts and help to stimulate business in the United States.

The President during the World War won the reputation of a "great humanitarian" and took care of the people suffering in Belgium and in the Far East, and I hope that he will exhibit the same feeling toward the veterans of the World War by signing the bill.

Mr. COOPER of Tennessee. Mr. Speaker, I am happy to have the privilege of raising my voice in support of the passage of the pending bill which has for its purpose the payment of the balance due on the adjusted-service certificates held by the veterans of the World War.

The enactment of this legislation will not only provide for the payment of a just debt to these veterans which has already been acknowledged by the Government but will afford the greatest measure of benefit throughout the entire country of anything that has thus far been proposed. It will provide for the payment of this debt to the veterans at a time when most of them need it more than they ever have since the date of the acknowledgment of the debt, and will also afford this measure of relief throughout the country at a time when it is needed more than at any other time in the history of this Nation.

The veterans have based their claim upon the high ground that the passage of this measure will afford relief throughout the entire country and will benefit all classes of our citizens. The World War veterans loved their country enough to fight for it in time of war and they love it enough to live for it in time of peace. They do not base their claim

for consideration upon the selfish ground that they alone will be benefited by this legislation.

The money used for the payment of this obligation of the Government will go to every nook and corner of the entire country. The service men went from everywhere that anybody else lived, and at the close of the war they returned to their former homes. As an illustration of the widespread distribution of these funds, I cite the case of my own State of Tennessee. The balance due on these certificates to the veterans of Tennessee, after deducting the amount of loans already made on the certificates, will amount to the sum of $36,108,472.80. The veterans of the counties of the congressional district which I have the honor to represent will receive the following amount: Crockett, $239,554.20; Dyer, $433,389; Gibson, $642,086.40; Haywood, $359,669.40; Lake, $144,706.80; Lauderdale, $323,002.80; Obion, $401,386.80; Tipton, $379,472.40; Weakley, $403,815.60; making a total sum of $3,327,083.40 for these nine counties. This illustration is typical of the situation which will exist throughout the Nation.

The situation presented by the pending bill presents the strongest possible evidence of the fact that no question is ever settled until it is settled right. The adjusted-compensation question has not been settled right; therefore, it still remains unsettled to-day. I have always taken the position that the original optional plan proposed by the American Legion for the settlement of adjusted compensation to the veterans was the fairest and best that has ever been proposed. It afforded the veteran the opportunity of exercising his option as to whether he would receive the cash payment provided for the adjustment of his compensation or would receive a certificate which really amounted to an insurance policy. I entertain the view that if I owe a man a hundred dollars it is my duty to pay him, and I have no right to tell him what he has to do with his money after I pay the debt. I think it was a mistake for the Government to try to assume the rôle of a self-appointed guardian for the veteran and determine the question of the purpose for which money should be used which was acknowledged to be due the veterans. If this original optional plan had been enacted by Congress, I have no doubt that this question would have been settled long ago. The Government adopted a different policy toward the veterans than that adopted for others.

When the veterans returned from the service they were given the sum of $60, which was not enough for them to actually change from the uniform to civilian clothes, based upon the price levels prevailing at that time. The Government gave $240 each to civilian employees, which was paid in cash. The Government then paid some $3,000,000,000 to war contractors in an adjustment of their compensation, and about $2,000,000,000 to the railroads, all of which settlements were made on a cash basis. I submit that in view of this action it was unfair to give the veterans a certificate due 20 years from the date it was issued.

The question has been raised that the debt is not due until 1945. In answer to this I would invite attention to the fact that if the average amount which was acknowledged to be due the veterans, based upon $1 a day for service in this country and $1.25 a day for service overseas, is taken as a basis and the same average amount of interest figured on this amount, from 1918 when the debt was really due, which the veteran has been required to pay on the loan made on his certificate, that it will be shown that the present face value of these certificates would have been due on October 1, 1931.

One of the most important questions involved in the pending bill, and which is presented by the so-called Owen amendment, is that of an expansion of the currency. I have been endeavoring to make some study of this question and I am inclined to believe that this offers the best course to bring about some measure of relief throughout the country. Many of the leading economists of the Nation, including some of the most eminent professors in this subject in the leading colleges and universities, take the very definite position that this kind of action is necessary to afford a measure of relief for the deplorable conditions now existing. I think there can be no doubt that there is too great a difference between the present value of the basic commodities of the country and the present value of money. Of course, agriculture is the basic industry of the Nation and the products of this industry are at such a low level that I can see no hope for much improvement until this price level is raised or the value of money brought down nearer the same level. As an illustration of the point that occurs to me in this connection, let us take for example a few of the basic agricultural commodities and consider the situation presented relative to them.

Let us take the case of the man who contracted a debt when cotton was selling around 18 cents per pound, wheat around $1 per bushel, and corn around 75 cents per bushel, and then consider the condition of this man when cotton is around 6 cents, wheat around 35 cents, and corn around 25 cents, and it can readily be seen that this same man is required to pay the value of 3 pounds of cotton or 3 bushels of wheat or corn for 1 pound or 1 bushel at the time his debt was contracted. Unless there is something done to improve this situation I am at a loss to see how this man will ever be able to pay his debt or any way for business conditions to improve.

The passage of this legislation will not take any money from the Treasury and will not affect adversely the balancing of the Budget. The settlement of this debt at this time on the basis provided in this bill will save the sum of $112,000,000 per year to the Treasury from now until 1945, as this amount is now required to be appropriated each year to meet the necessary sinking-fund requirements.

The question is also raised that the issuance of the additional currency provided for under the Owen plan would not have behind it an adequate gold redemption fund. I submit that this position can not be sustained when the provisions of the act of March 14, 1900, known as the gold standard act, is taken into consideration. It was shown by the officials of the Treasury Department who appeared before the Ways and Means Committee during the hearings held on this bill that while the present amount of 40 per cent gold reserve was required for the issuance of currency that there was actually 71 per cent gold reserve then in existence, and that the issuance of the additional currency contemplated under this plan would only reduce that reserve to about 45 per cent, which would be 5 per cent above the required amount. Some of the leading economists of the Nation, including Dr. Irving Fisher, of Yale University, in appearing before the Ways and Means Committee at the hearing took the very definite position that currency issued under the plan proposed by ex-Senator Owen would be perfectly sound.

Therefore I submit that the passage of this legislation would save to the Treasury Department of the United States the sum of $112,000,000 per year until 1945, would discharge an obligation justly due the veterans, and would provide for a sound method for the expansion of the currency which would be to the benefit of the people throughout the entire country.

Mr. MARTIN of Oregon. Mr. Chairman, 15 years ago, we were drawn into a great war. One of the belligerents had by illegal means at sea destroyed our children, our women, and our men. Contrary to the laws of nations, it had, against our too patient protests, destroyed our ships and their cargoes. It had sent into our country its agents of subversion, waste, and sabotage. Its attitude toward us was contemptuous. It insulted our flag. Its conduct of the war and its behavior toward others were such as to warrant the belief that, if it were to be successful in Europe, it would attack our own sovereignty.

So we entered the war against it; and when our aid had brought about its end, we had sent to the firing lines a million men, and to support them another million, while we had ready at home 2,000,000 more in case of need. I hold every one of these men in honor, wherever he served.

Now, we find ourselves in another war, a war of a different kind, a war against economic adversity. It was unforeseen and unprepared against by three Republican administra-

tions wholly in control of the Government until last December and still dominating. Since November, 1929, our prosperity has been subnormal, but for 19 months thereafter the need for aggressive measures in combating it was unrecognized. Only the weak, puerile, and inept methods of pacifistic conference and persuasion had been resorted to. But in June, 1931, we were told that we were "fighting in a war on a hundred fronts."

For several months we had been confronted by a great deficit in the Treasury and in that month it was known that it would approximate $900,000,000 for the year. But in that month resort was had to extraconstitutional methods to bring about the postponement of income of a quarter of a billion dollars that would have offset it in part. The deficit has grown and so far this year amounts to $2,700,000,000.

Mr. Speaker, there are a few simple principles of war. One is that "there is a main objective," against which, according to another, "there should be concentration of forces." Dispersion of effort gets nowhere decisively. We are not and never have been properly in a "war on a hundred fronts." Our efforts should be concentrated upon the deficit as the main objective in promotion of the general welfare. We should fight upon a single front.

To overcome a deficit there must be economy on the side of ordinary expenditures, or increase of income on the side of ordinary receipts, or both.

Economy is measured by the ratio of what one gets to what he expends. In many discussions in committee and on the floor, speakers have thought only of the denominator of that fraction.

Increase of income can come only from rising taxes. Taxes of any kind impose a burden upon prosperity.

In the management of budgets, short-time obligations may properly be incurred to bridge temporarily a gap that it is foreseen will soon be filled by current receipts. Long-term bonds are excusable on two grounds, one for the purpose of constructing productive works, the other with the object of providing what will be for the general welfare of future generations. We have no right to mortgage the future of our descendants to make up for our own extravagance or waste.

Thus we are thrown back upon the necessity of imposing economy upon the Government and taxes upon the people. We come back to another war principle, that of "simplicity."

It will be difficult to raise more revenue than is provided by the bill recently enacted into law. So we are left nothing to do but economize. And in the face of that necessity, we are counterattacked by the advocates of the immediate cash retirement of adjusted-service certificates. This is nothing but a raid upon the Treasury. There is no economy in it, for the numerator of our fraction will be zero and the denominator will be $2,400,000,000.

By virtue of my membership in this distinguished body, I have the right to oppose this raid. I believe it to be hostile to the general welfare. By virtue of my service also, I have the right to speak. Most of my life has been spent in support of superior authority and in exercising authority within my own sphere. I commanded the training camp at Leon Springs, Tex., whence we sent 1,500 splendid young emergency officers who helped to distinguish one of our finest divisions of civilian soldiers, the Ninetieth, from Texas and Oklahoma. From Camp Grant, Ill., where I commanded for a time, 200,000 trained soldiers graduated. In France, the unique experience came to me of commanding three different divisions. At all these places we taught, and taught successfully, love of country, respect for constituted authority, submission to privation, fortitude in danger and hardship, forgetfulness of self in loyalty to the higher ideal of the general welfare. We taught officers and men to be simple, thorough, direct, prompt. At all these places, there was no survivor who did not benefit spiritually, morally, mentally, and physically, if he was amenable at all to improvement.

From the origin of the American Legion I have been a member. I belong to one of the great posts—No. 1 of Portland, Oreg. I was on its executive committee.

Last August it was proposed to demand cash payment of the bonus; our State convention at Corvallis disapproved it. Then the national convention of the Legion disapproved it by a decisive vote at Detroit in September. As for all my mature life I have done, I propose now to follow the legally constituted authority; that is, "to refrain from placing unnecessary burdens upon our Governments" and to unite my efforts with those of the well inclined "to the end that the war against depression be victoriously concluded." I shall oppose my endeavors against this raid on the Treasury, this attack on our general welfare, particularly odious because, among its self-constituted leaders are some men who will owe their loyalty to the Legion; some men who, by no stretch of the imagination, experienced any more risk during the war than though they had never volunteered or been drafted; some men who served a little while and were rejected as unfit; some men who appeal to greed in their own personal political interest; some men who resort to fallacies, to arguments over and over disproved for 25 centuries in propagandizing against the general welfare for an evanescent advantage of a special group. There are leaders even who had no part in the World War, who have persuaded legionnaires to desert to a new standard, which should bear the strange device, not "excelsior," but "grab." The Veterans of Foreign Wars saw the opportunity to build upon the hardships of the World War veterans and have conducted what labor circles would call an "outlaw strike," building membership rapidly, as in other periods of adversity, from the disaffected and easily led, prostituting patriotism.

Mr. Speaker, there were a great class that suffered from the war. There were the dependents, relatives, and friends of those who laid down their lives on account of violent injuries on the battlefields, valiant heroes who themselves gave all, and of those who died equally honorably from other accidents, injuries, and disease, at home as well as abroad. There are many thousand of others still suffering from disabilities directly traceable to the war. To all of these I cry the greatest honor and glory. For all of these I bespeak the deepest gratitude, the freest generosity, the most sympathetic help. Our people have given that, are giving it, and will, I am sure, continue to give it, and that policy I shall support.

But I appeal to the able-bodied among the World War veterans to make the good fight against depression just as they would willingly have made the combat against the armed enemy so few years past, animated by the same motives as were effective then, namely, "Duty, Honor, Country." The adjusted-service certificates constituted an honorable and generous settlement. Let the situation remain on its present legal basis. To do otherwise will be certainly to lose the present battle.

Our Treasury is now bankrupt. It is falling behind at the rate of $8,000,000 a day. In Congress there is an earnest effort to reduce outgo and to increase income. Income can not conceivably be increased to provide $2,400,000,000 to pay the bonus. There are only two ways to get the money. One is by borrowing, the least objectionable. This is vicious because the money would not be put into productive enterprise, or into permanent improvements, nor could it soon be repaid. Moreover, it would depress the prices of other bonds and the assets of insurance companies on which so much of the security of our people depends.

Further, it would injure the credit of our Government and tend to increase interest rates for agricultural and other borrowers. And it would add to the tax burden. The other way is by printing money. A few days ago I gave some examples from American history of the disastrous effects of such a policy and later on in this talk I shall say more of it.

But now, let me show what would happen, even if the money were available and even if it were as good as gold.

Two billion dollars worth of goods can not change hands and enter into consumption without loss of wealth, if those who receive it give nothing in return. The demand would be superficial and temporary; and if capacity to produce were rushed to meet it, there would be left a vacuum in business and industry as soon as the rush had gone by. We

are suffering to-day from the effect of such a vacuum caused by the last bonus payments.

Men who are employed and receive funds for accomplishment, which directly or indirectly produces wealth or consumes goods, are constant customers and their demand is a continuing one as long as they are employed. Under such circumstances their purchases represent no loss to any individual or to the country, whereas purchases with money which the Government might give to men for doing nothing must be a direct burden upon all the people.

If $2,000,000 worth of goods were taken without payment by the Government from merchants and given to a million men, each merchant would lose 100 per cent of the value of the goods taken from him. If the Government, instead of taking the goods from the merchants without giving them anything in return, gave them promises to pay that they could use to purchase more goods, the loss would be transferred to the Government which gave the promise. It, in turn, must collect it from the people through taxation. Every merchant from whom goods were taken under such circumstances would have to pay his part of the loss, his proportion of the increased taxation necessary.

If the thought in the minds of those who are advocating the payment of currency to veterans in order that they might buy goods is that the use of such paper by the veterans will deplete the stocks of goods in the country so that their replacement will start up business, it would be even more effective for the Government to buy $2,000,000,000 worth of goods from the merchants of the country and destroy them, thus creating not only a vacuum in goods, but still leaving a demand for goods on the part of the veterans which would add to the demand for new production to replace the goods which had been destroyed.

Should the Government undertake any such action, it would have to be paid for by taxing the people and under no different conditions in effect than would be true if it paid men in printed currency to buy the goods. Under the plans that are before the public to pay a bonus to ex-soldiers, their purchases in large part would not mean any depletion of the market, but merely a transfer of the goods from the market to the veterans supplying their natural demand but without the creation of any character of force that would require any greater replacement of goods than would be true if the veterans made their purchases from such normal income as they might command.

Following the war when the soldiers returned to their homes in certain European countries, governments desiring to protect them from unemployment, while industry was holding back for fear that there might be no market, placed the soldiers upon payrolls or upon some income basis that did not require them to give anything in return for what they received.

In Austria, for instance, men were placed upon the Government railroads or in other positions where they could not give a return because their services were not required and could not be utilized. The Government of Austria paid these men with printed currency. There was no thought at the start of developing a progressive depreciation of the currency, which would work toward the ultimate destruction of its value, but once this system was started, it was impossible to stop. The result was that all good money left Austria and the printed money fell rapidly in value day by day until in 1920 the people were brought to the point of starvation. The situation reached such a crisis in the spring of that year that the governments of some of the allied and neutral nations had to supply Austria with food. The whole nation suffered and has really never come out of the depths of the disaster into which it fell because its soldiers were being paid in printed money for doing nothing.

In 1923 in Germany obligations of Government were met with printed currency, which once started also ran into a progressive depreciation of the currency, and that was so rapid that it threw the whole country into turmoil, resulted in great loss of wealth to the nation due to the export of German goods below real values, and in June, 1924, reached a point where there were over a sextillion German marks outstanding. In the reorganization, it took a trillion of these marks to equal one single mark of the former value of 23.8 cents.

There are innumerable cases of inflation of currency to the breaking point furnished by history, but these two which are of such recent date as to be in the minds of all would seem to show the menace of entering upon any such operations.

If $2,000,000,000, or, to be exact, $2,400,000,000, in new currency were issued, it would reduce the reserve percentage in the United States to about 45 per cent, bringing it very close to the legal minimum of 40 per cent. At the same time that we approach this point the free gold would be reduced to something like $500,000,000.

The effect upon the United States of engaging in such tremendous inflation would be actively felt through the withdrawal of foreign funds now in the United States, which would mean an outflow of gold.

We are not required to use our imagination to see that this would happen, for in September and October, 1931, when there was fear abroad that the United States was going to engage in operations that would cause serious inflation there was actually shipped from this country $427,000,000 in gold. These shipments resulted merely from the fear that there might be inflation in this country; and if we enter into any such process, we can confidently expect that over a billion dollars in gold would be withdrawn from the United States, a sum that would be more than double the free gold that might be available.

We have had other evidence in recent weeks of such a certain development through the fall in the value of the American dollar in foreign countries when rumors that we were to undertake inflation spread throughout Europe.

To-day one-fourth of the Budget of the United States Government goes to the payment of veterans. Is it possible that those men who constituted the great American Army in 1917 and 1918 are willing to take part in the economic disruption of our country, or that they are unwilling to do their part with their fellow citizens in trying to stem the tide of the depression?

The ex-soldiers in this country should send their lobby home and should never again allow political or other forces to lead them to strive for further payment from our Government, which means that they are in effect taking from their neighbors something of that which their neighbors labor to earn.

What a wonderful example to the world would be set and what confidence would be created in the United States of America if the ex-soldiers of all of our wars, except the war disabled, would come forward and demand the return of their full American citizenship on a basis of equality with their friends and neighbors and the rising generations, and with the announcement that from this day forward they will work to protect the Treasury of the United States from all of those forces of every character which may operate to unwisely increase the burden of taxation under which our people are laboring.

That is what we would expect from our veterans and that is what they would gladly give if freed from political pressure. May we hope that they will see the light and assert the right. They were a wonderful army. They can still be a wonderful army.

Mr. FIESINGER. Mr. Speaker, I charge no one in this House with cowardice nor with being influenced by the veterans here in Washington or with the veterans back home. I concede to those in this House their sincerity of purpose in doing what they believe to be for the best interests of their country at a time when, O Lord of Hosts, it needs help.

I voted to bring this measure upon the floor of this House for two reasons. First, that the veterans who served their country in its time of peril and gave of their blood, their time, and strength, not for money, or at best for a mere pittance of money, but for the love of country, are entitled, of all men, to be heard by this body. Second, that I thought when I voted that the bill might be amended in some manner proposed by Mr. KLEBERG, of Texas, or Mr. COCHRAN

of Missouri. On account of the parliamentary situation, I understand that can not be done, so I am constrained to vote against the bill under consideration with the principles involved.

I am moved to that attitude not because of any lack of feeling for the interests of the veteran nor because the money is not due. Legally, of course, it is not due, but the exigencies of the law in instances should give way to moral consideration. And it seems to me that this is one of the instances providing that the interests of the United States and all the people thereof are not harmed by so doing. No Member of Congress should cast his vote against the interests of the people in the United States except on strict legal grounds. Now, I know that the Members who favor this measure believe that it is in the interests of the people of the United States to vote for the measure and I am not criticizing them. I honor them for their stand. I would do the same thing if I believed as they do. But I do not believe as they do, so it would be dishonor on my part if I voted otherwise than my true and honest convictions. I want in the limited time allotted to me to state the reasons for my belief, first stating, as I said before, that I would have no difficulty in getting over the moral grounds, because many of the veterans are out of employment, they are suffering with almost all of our fellow countrymen, especially the class who labor. All classes are suffering, if not physical then mental suffering, and this goes for Members of Congress as well as those who share the responsibility of government. Without digressing further, let me now state the reasons for my belief.

There is about $11,000,000,000 in gold in all the world. That is all the real money in the world except silver, where silver is used as money. Upon that gold there has been erected a vast superstructure of fiduciary money, government debts credits of every kind and description. The truth is that that superstructure became top-heavy, at least it did so in the minds of men, and we are going through a settling-down process, the evidences of which is depression throughout the world. We do not speak of it as a settling-down process, we call it lack of confidence. Lack of confidence in what, lack of confidence in the ability of the world to pay its debts in the money of ultimate redemption. When the settling-down process has gone far enough, or when men believe that it has, confidence will revive and business will again go on. Is it the way to restore confidence to add at this time more than two billion to this superstructure without adding to the base? I know at once this thought will occur that you are not adding to the superstructure, because you are merely substituting one obligation for another. My answer to that is you are changing the nature of the obligation, you are changing the obligation from one not directly bearing upon this gold to one bearing directly upon this gold.

The obligation now is noninterest bearing and means have been provided for its final liquidation; it therefore rests lightly on gold, whereas under the proposal of this bill you provide for interest-bearing obligations; and while it may be said that the same means be used to liquefy these obligations, yet you are adding the interest charges which will have to be provided by the taxpayers in addition to their already burdensome taxes and to the extent at least of these interest charges you have an additional and direct burden on gold. The interest charge on $2,400,000,000 at 3½ per cent is $84,000,000 annually. You are putting that on the backs of the taxpayers when everybody is howling for reduced taxes, which also means less burden on gold; and when business is stagnant and men are out of employment, when people are being sold out because of high taxes, how can I justify a vote that is going to add more to their burdens and cause a lessening of trade and commerce which are bound to follow these taxes? Instead of putting men to work you are going to throw more men out of work. The veteran will have used his money, which will be but temporary relief, and find himself worse off than now, because these veterans out of work will need work and then little, if any, will be available and they will become public charges unless some further means are found for their relief, which means more taxes and with the added burdens less work, and so on ad infinitum until we are all engulfed in destruction.

Now, you say that you are not going to sell those bonds until prices rise. Let me warn you that until those bonds are sold and a sinking fund provided for the same, including the interest, you are going to have an unbalanced Budget, which will cause more hoarding and drive capital out of the United States, which will cause more unemployment. Now, that is not a rosy picture, but it is possible—yea, probable—and, feeling as I do about its possibilities, I can not vote for the measure, because, according to my way of thinking, it is not for the interest of all the people of the United States, the veteran included.

Now, I have talked about gold and the bearing of this new obligation upon gold, which will retard economic recovery. We here did not make the gold standard. We know it has worked very badly, and the thought of the world is now turned upon it. I for one believe it can be made to work if the world would turn to silver to supplement gold for additional reserves.

In that statement I am not advocating bimetallism with any fixed ratio. I would add silver to the base of gold as a means of supporting the superstructure. I would monetize silver and stabilize it in terms of gold. I would not wait for other nations. I would advocate an American policy with reference to silver and then invite the other nations to join us. I know what I am saying is contrary to the recent findings of the gold council of the League of Nations and many leading economists throughout the world. However, in advocating silver as a supplement to world reserves I am supported by many statesmen, bankers, financiers, and business men of the first rank throughout the world. That is another story. I am injecting it here as food for thought, as a means for reviving business, to cure unemployment, make business profitable, and ultimately to pay the soldiers' bonus and give the soldiers work without endangering the whole governmental and financial structure.

Mr. MITCHELL. Mr. Speaker, ladies and gentlemen of the House, the United States Government is admittedly indebted to those who kept the faith of our Nation during the years of 1917 and 1918. These brave men, living and dead, met our most glorious expectations and upheld America's ideals upon foreign soil and returned our flag unsullied and in triumph. To these valiant and intrepid soldiers, sailors, and marines, who fought, bled, and died upon foreign shores, Congress has through appropriate legislation admitted the country's indebtedness.

Upon the convening of Congress at the present session, I introduced a bill providing for the immediate cash payment of the ex-service men's adjusted-service certificates without interest deductions. This bill, as well as those of other Members of Congress seeking relief for the ex-service men, is receiving serious opposition on the part of those who would extend the credit of the United States to the extent of $2,000,000,000 for the purpose of raising money to loan the banks and railroads and so-called big business interests to pay dividends on watered stocks and bonds and to grant moratoriums to foreign nations who are indebted to us to the extent of millions of dollars. It was not expected that bills introduced to pay the debts justly due our Nation's heroes would meet with the approval of the banking houses of Morgan, the Mellons, and other international bankers, nor was it expected to meet with the approval of President Hoover or any of his friends when we take his past record into consideration. It might not be amiss to pause and here pay tribute to President Hoover for his loyalty to the international banking interests, the railroads, and so-called high finance of our country who made his election possible. Regardless of the opposition of the larger interests of the country, the fact remains that we are indebted to our ex-service men approximately $2,000,000,000 (the sum recently appropriated to loan the railroads and banks).

If this money is admittedly due them, now is the time to settle in full. Now is the time to help the masses, the unemployed, the wage earners, the farmer, and the small business men of the Nation. The railroads and banks have

been aided by huge appropriations. Foreign nations have been granted extensions of their debts, but our long-suffering common people have either been entirely ignored or forgotten.

If the bill which I have introduced, same being H. R. 8016, is enacted, or the pending bill passed, it will bring about the following results:

First. It will adjust in part the obligations which we owe to those who offered their lives that our country might survive and retain its place and standing among the nations of the earth.

Second. It will increase the actual cash in circulation to an amount almost double that in circulation to-day. This must be done if we are to prosper.

Third. It will help directly our common people, a class who have been sadly neglected and whose interests have been overlooked.

Fourth. It will help directly the farmers, the small stores, wholesalers, factories, and the smaller banks.

Fifth. It will again restore confidence by serving notice to the people that money is plentiful and as a result money will become cheaper.

Sixth. By putting money in circulation among the masses instead of the classes, it will discourage hoarding.

Seventh. It will make it possible for people to pay their debts and taxes and will bring a definite and speedy end to the worst depression in history.

The Government owes this debt; it must be paid some time and now is the logical time during this serious depression when everybody will be helped and the general welfare of the Nation promoted.

If this just debt is not now paid, practically all of the remainder due the ex-service men on their adjusted-service certificates will be consumed by compound interest paid to the Government and to the banks. The country needs this additional money in circulation.

When the flower of America's manhood responded to their country's call a few short years ago, nothing was too good for them. We pledged every resource of the Nation to the winning of the war and made every promise to our fighting men. Have we forgotten our debt? Are we failing to keep faith?

If the adjusted-service certificates are paid in full without interest deductions, it will mean that $36,108,472.80 will be put in the hands of small merchants, farmers, small bankers, in the State of Tennessee and prosperity again be restored in my State. The obligations of foreign governments to the United States on December 31, 1930, amounted to $11,678,093,000. If our Nation can afford to grant moratoriums on these huge debts due us from foreign nations, surely we can advance to our war veterans slightly in excess of $2,000,000,000 to pay a debt justly due them. The adjusted-service certificates do not represent a bonus, as many mistakenly believe; they represent an honest debt that has been confessed by Congress. This debt is due the soldiers who carried rifles in France and Belgium and slept in the mud of Flanders fields while billions were being made by our citizens manufacturing war material at home to destroy human lives.

Take up our quarrel with the foe:
To you from failing hands we throw
The torch; be it yours to hold it high.
If ye break faith with us who die,
We shall not sleep, though poppies grow
In Flanders fields.

Are the Members of the present Congress going to break faith with our former soldiers and sailors and their dependents?

As far as I am concerned, I am pleased to adopt the immortal lines of Mr. Lillard:

Rest ye in peace, ye Flanders dead.
The fight that ye so bravely led
We've taken up.

Mr. DISNEY. Mr. Speaker, I am and have been from the beginning of this session, in favor of this measure, for to my mind it is one of the measures that will go far toward relieving this terrible depression that has been upon us.

Mr. Speaker, the people of my part of the country are in favor of the passage of this measure for many reasons, both financial and moral. The merchants, bankers, and other business men are in favor of it because it will pay bills at the store, notes at the bank, and relieve unemployment by the circulation of a large amount of money in my district.

For instance, in Tulsa County there will be distributed to the veterans the sum of $3,117,479.88. It will put into circulation in Osage County, $786,691.08; in Washington County $461,653.74; Craig County, $300,024.24; Delaware County, $255,449.40; Mayes County, $297,215.46; Nowata County, $226,214.82; Ottawa County, $640,568.04; Pawnee County, $330,438.84; and Rogers County, $315,048.72. How many thousands of bills to merchants and other like obligations will be paid! It is hard to estimate. Circulation of this vast amount of money in these 10 counties will be of untold benefit to every man, woman, and child.

In my judgment, Mr. Speaker, it is therefore sound business for each congressional district in the Nation that the bonus debt be paid. Our per capita debt is $145 for every man, woman, and child. This is not a great burden when we consider that the per capita debt of England is $857, and that of France $2,000.

Under the system of payment devised under this bill, much of the credit for which is due to my fellow citizen, Hon. Robert L. Owen, one of the greatest economists of this age, bonds will be issued in lieu of the adjusted-service certificates, and on these bonds the currency will be issued. The bonus is already an existing debt, so it will add no penny to the public debt of the Nation to pay it by the issuance of bonds and new currency, because the bonds upon which the currency will be based will be equal in amount to the adjusted-compensation certificates already outstanding against the Government.

I am in favor of this legislation for another reason; that is, for currency expansion. Nearly every schoolboy knows that we need an expansion of the currency. This bill will expand it two and one-quarter billions of dollars without increasing the public debt a dime. In the period of 10 years before 1929, we incurred debts at 100 cents on the dollar, the same dollar is now worth $1.56, so the people who owe the debts are confronted with the problem of paying the debts, incurred at 100 cents, at the rate of 156 cents, with the money many times as hard to get. No one opposes currency expansion except the creditor class who receive these Shylock payments at $1.56, and who want dear money instead of cheap money, and want the debts paid to them in dear money at $1.56.

It is well known, Mr. Speaker, that our Treasury has twice as much gold coin as is necessary for the outstanding currency, so the cry of "fiat money" is altogether ill founded and is false propaganda.

I do not consider this a bonus, but an earned compensation. England gave her men a bonus of $1,427, Belgium, $492, Canada, a private $600, and an officer $972, France $249, and our Government gave our boys a bonus of $60 at a time when $60 did not go very far. Mr. Speaker, I believe that charity begins at home, so I voted against the moratorium, which costs us $263,000,000, and against the Reconstruction Finance Corporation, which cost us $2,000,000,000, because I knew we could not afford to do either. I reserved my vote to cast it for the earned compensation for the boys who carried the flag across the seas.

Up to 1924, the United States remitted, canceled, or lost the enormous sum of $10,705,618,006.90 in war debts. This Government settled with France at 46 cents on the dollar, Italy at 24 cents, and others likewise. The profligacy of the administrations which so gently treated foreign nations and their obligations has brought us to the deficit we are confronted with and for which my party is in no wise responsible. This deficit is not enlarged or reduced by the passage of this bill.

May I at this time suggest that the men who have recently come to Washington to lobby for this bill have the same right to come as any other interested citizens of the United

States. They have been orderly and their conduct has been above reproach. Other interests hire offices and establish a force of clerks by which to present to the Congress the merits of their claims. These men have the same right and I accord them that privilege as American citizens. I am proud to do it.

Mr. Speaker, I am proud to cast a vote in favor of this measure which does not add to the public debt, but puts in the mouths of hungry people food and drink, which starts the circulation and expansion of money which we need. It is a great step toward the business revival we so much desire, and any Member of this Congress who casts aspersions on any of the hungry, down and out veterans who have come here in the interest of this measure, enduring hardships almost as great as those who crossed the deep in defense of the flag endured, will have much to think about as the years go by.

Mr. O'CONNOR. Mr. Speaker, on Monday I voted "no" on the motion to discharge the Rules Committee from further consideration of the resolution to consider H. R. 7726, the Patman bill, and again voted "no" on the adoption of that resolution.

I did so for two reasons. First, I felt that, being a member of the Rules Committee which had heard the application for the rule and had taken no action on it, I could not properly vote to discharge my own committee or vote to adopt a resolution which my committee did not see fit to adopt.

My second reason for so voting was that the resolution provided for the consideration of the Patman bill, H. R. 7726, which merely provided for the payment of the adjusted-service certificates by the issuance of new currency without any provision for financing the payment. For some time I have told many of my colleagues that I could not vote for the Patman plan, but would vote for the Owen plan or any other plan which properly financed the payment.

To-day the Owen plan, H. R. 11992, was for the first time offered and approved in the committee, and with that plan in the bill, I shall support the measure, because I believe it is now economically sound and will contribute to relieving the distressful conditions existing in our country to-day. This money will be distributed in every State, city, and village in the United States among millions of our citizens. It will expand our currency, already shrunk by hoarding and frozen credits.

Beyond relieving the suffering and distress of the immediate recipients and their families, it should stimulate trade and business in every community. In my opinion this stimulation is what the country needs most, a revival of buying and spending as contrasted to hoarding.

Mr. CANFIELD. Mr. Speaker, I can not but feel that many of the Members who have spoken against the proposed legislation which provided for the immediate payment to veterans of the face value of their adjusted-service certificates do not understand that it is the intention of the members of the Ways and Means Committee who signed the minority report to amend the Patman bill with the proposal made by former Senator Owen.

If they do, one can not but feel that they do not understand the Owen proposal, for if they did many statements that have been made against the proposed legislation in my opinion would never have been made.

Under the Owen proposal the Secretary of the Treasury is authorized and directed to issue United States notes to the extent required to make the payment of the face value of the adjusted-service certificates. Such notes shall be legal tender for public and private debts and printed in the same size, of the same denomination, and the same form as Treasury notes, and he shall place such notes in the Federal reserve banks, subject to the order of the Administrator of Veterans' Affairs, to be used in paying of the face value of the World War veterans' adjusted-service certificates.

He shall issue a like amount of United States bonds bearing 3½ per cent interest, payable semiannually, with coupons attached, and such bonds shall be due and payable in 20 years from the date of issue, subject to the right of redemption after 10 years.

The issuing of bonds for this purpose does not create any additional Government obligation, as the adjusted-service certificates that the soldiers hold are already Government obligations, and the only thing we do by this legislation is to deliver to the soldiers a circulating obligation of the Government in the form of Treasury notes in exchange for the noncirculating adjusted-service certificates that they now hold, and order that 20-year United States bonds bearing 3½ per cent interest be issued and deposited with the Federal reserve banks, to be held by them as the agents of the United States until such time as the Federal Reserve Board, by resolution in writing, may direct the sale to the public of such portions of said bonds as it may from time to time desire.

The proposition of such payment does not call for any additional appropriation out of the Treasury or for the levying of any additional taxes and in no way interferes with the balancing of the Federal Budget, as the bonds are not to bear an interest charge against the Government until the Federal Reserve Board decides that the price of commodities have advanced to the point where it is advisable to sell the bonds to the public, and by so doing contract the currency.

What we need, and, in my opinion, what we must have, in the country before business conditions will improve is more money in circulation. This will put over $2,000,000,000 more money in circulation at once and, not only that, it will put it in every nook and corner of the United States, where it will be put in circulation at once. The soldiers can pay what they owe and buy the things they need for themselves and their families. Those that receive the money from the soldiers will likewise spend the money, which will make a demand for commodities of all kind. Farm products will increase in price and the demand for manufactured articles will create employment, and labor can again be employed.

The facts are, Mr. Chairman and ladies and gentlemen of the House, the passage of this bill will not only help the World War veterans but will help 90 per cent of the people of the country.

I insert here the figures by counties in my own State and if this proposed legislation becomes a law it would put this much money in circulation in Indiana at once and will not only help the soldier but will help practically every citizen in the State.

INDIANA

Adams	$365,013.53
Allen	2,683,929.47
Bartholomew	454,762.56
Benton	217,394.94
Blackford	249,054.93
Boone	407,684.10
Brown	94,522.72
Carroll	275,246.21
Cass	631,334.22
Clark	562,673.56
Clay	484,300.91
Clinton	499,847.41
Crawford	185,826.40
Daviess	472,467.28
Dearborn	385,114.24
Decatur	316,563.32
De Kalb	455,622.19
Delaware	1,230,368.30
Dubois	375,914.37
Elkhart	1,259,723.75
Fayette	351,954.47
Floyd	633,839.95
Fountain	328,689.59
Franklin	265,168.42
Fulton	275,045.02
Gibson	534,104.58
Grant	933,997.14
Greene	575,787.49
Hamilton	428,790.76
Hancock	303,705.45
Harrison	315,575.66
Hendricks	360,770.25
Henry	644,503.02
Howard	854,069.84
Huntington	531,745.17
Jackson	434,039.99
Jasper	244,866.52

Jay	$381,273.34
Jefferson	350,838.78
Jennings	215,822.00
Johnson	397,002.74
Knox	801,339.77
Kosciusko	502,755.52
Lagrange	252,036.20
Lake	4,779,359.90
La Porte	1,106,362.10
Lawrence	650,813.07
Madison	1,516,021.52
Marion	7,730,561.14
Marshall	458,658.33
Martin	184,783.87
Miami	530,995.28
Monroe	657,964.46
Montgomery	493,464.20
Morgan	355,264.96
Newton	179,991.89
Noble	409,769.16
Ohio	68,532.63
Orange	319,325.11
Owen	207,609.79
Parke	302,900.69
Perry	304,071.25
Pike	299,242.69
Porter	417,396.09
Posey	326,531.37
Pulaski	204,756.55
Putnam	373,993.92
Randolph	454,671.11
Ripley	330,646.62
Rush	355,045.48
St. Joseph	2,927,003.57
Scott	121,884.56
Shelby	485,636.08
Spencer	305,680.77
Starke	194,239.80
Steuben	244,829.94
Sullivan	514,552.57
Switzerland	154,221.28
Tippecanoe	869,415.15
Tipton	278,154.32
Union	107,545.20
Vanderburg	2,072,622.80
Vermillion	425,023.02
Vigo	1,808,167.69
Wabash	460,359.30
Warren	167,664.43
Warrick	333,426.70
Washington	297,852.65
Wayne	1,002,456.61
Wells	336,737.19
White	289,548.99
Whiteley	291,377.99
Total	59,232,219.87

Relief from the present economic depression or panic can only be accomplished by increasing commodity values to a normal level and the quickest and best way to accomplish this is through an expansion of the currency or by accelerating the existing volume of the currency. The passage of this bill will do both and thereby do more than any thing else we can do to get us out of the worst depression the Nation has ever known.

Not only the World War veterans are demanding relief but men and women in every walk of life are demanding that this Congress do something to make it possible for them to have a chance to make a living. Between eight and ten million men are out of work and millions of farmers are unable to get the cost of production for their crops. This can not go on much longer. Something must be done to relieve this condition.

The passage of this bill can not but help, for every dollar of this money will be spent here in America; and as I previously stated, will not only help the World War veteran but will help 90 per cent of the people who to-day are demanding, and I think rightly so, that Congress do something that will help them.

The passage of this legislation will help them. Let us hope that it will not only be passed in the House but will be passed in the Senate, and that the President will decide that the time has now come when something must be done that will help not only the soldiers but the unemployed, the farmer, and the average business men of the country, and will sign the bill so it may become a law.

Mr. WOLVERTON. Mr. Speaker and Members of the House, there has been no question before Congress during the present session concerning which more misleading information has been given to the public than that pertaining to the payment of adjusted-service certificates to World War veterans.

The interests opposed to the payment of adjusted-service certificates have sought by widespread propaganda (1) to create the impression that payment of these certificates at this time would result in such a drain upon the Treasury as to "unbalance the Budget," enlarge the deficit, increase the burden of taxation, prolong the depression, and be generally disastrous to the national welfare; (2) that notwithstanding the fact that the service was rendered in 1917–18, for which adjustment was made by the Government in 1925, it is unfair and unpatriotic to expect payment prior to 1945, the due date of the certificates issued by the Government; (3) by using the term "bonus" instead of "adjusted-service certificate," they have sought to arouse resentment by encouraging the thought that the ex-service men are seeking in a time of national distress to obtain a special gift or gratuity from their Government at the expense of their fellow men; and (4) that relief should be given to all who are in need in preference to a class.

It can readily be understood how effectual such a diversity of reasons would be in creating opposition to the cause of the ex-service man, provided they were justified by the facts. Our attitude for or against measures dealing with public questions is usually based upon the facts as we know them. Much of the difference of opinion existing, not only as to this particular question, but likewise to others, is due to a difference in our knowledge of the pertinent facts. If it were possible for all to be in possession of the same identical facts, our opinions concerning the subject matter would more often agree, and the present case would be no exception. Whatever may be the viewpoint of others, I am firmly convinced, after a most careful ascertainment of the true facts and thoughtful consideration of the same, that payment can now be made of the adjusted-service certificates without creating any of the harmful effects predicted by the opponents of such a course, and, furthermore, without curtailing in the slightest degree the relief that should and will be extended to the needy throughout the Nation.

The opinion that payment of the certificates at this time would drain the Treasury, enlarge the deficit, increase the burden of taxation, and unbalance the Budget is based upon the theory that payment is to be made by a withdrawal of funds from the Federal Treasury or by the issuance of interest-bearing bonds that would create an additional burden of taxation to meet the payment of the same at maturity.

If either of the above plans were the means to be adopted in providing the necessary funds, then the result would be as claimed. However, such is not the plan provided for their payment. It is proposed to replace the present outstanding certificates, which are already an obligation of the Government, by a form of bond to be deposited in the Federal reserve banks and against which currency in the form of Federal reserve bank notes is to be issued and with which payment is to be made. While opponents of the plan have sought to create prejudice by a cry of "flat" or "printing press" money, yet, in fact, the plan is similar and identical in principle with that by which national banks are authorized to issue currency in the form of bank notes, and bears the stamp of approval of leading economists and financial experts who declare that such a plan will not disrupt or disarrange our financial structure and that it is safe and sound.

This plan eliminates the necessity of withdrawing any funds from the Treasury, and consequently it neither increases nor creates a deficit; and, as the present Budget already provides for the payment each year of an amount sufficient to redeem the existing certificates at maturity, the same amount would be applied under the present plan to the redemption of the bonds at maturity, if desired. Thus is provided a means of payment that in no way increases the burden of taxation, and yet provides payment of a debt due

our veterans at a time when needed by the vast majority of them.

It will thus be seen, when the real facts are in hand, that there is no basis for either fear or apprehension upon the part of anyone, not even the most conservative; and what would seem from statements of opponents to be a real menace of disaster, if payment was now made, evaporates as a phantom into thin air under the strong light of the true facts.

The charge, however, that the present outstanding certificates are not due and payable until 1945 is true, except to the extent or qualification that they are immediately payable in case of death. This fact, therefore, presents for consideration the question, Why should such certificates be paid now instead of in 1945? The arguments against payment often seem to be based on the thought that it is an open question whether any adjusted compensation should be paid to veterans. In support of such a position reference is often made to the expenditures each year by the Government in providing hospitalization, medical care, and compensation to wounded and disabled veterans, and death benefits to the dependents of deceased veterans, and the thought expressed that no further obligation exists upon the part of the Government.

This is not a true statement of the facts. The actual fact is that not only has the Government very definitely committed itself to the policy of caring for its wounded and disabled ex-service men and the dependents of deceased veterans, as it should do, but it has likewise definitely determined that there is due to those who served in the World War service compensation, adjusted on the basis of one dollar for each day of service on this side of the water during the World War and one dollar and a quarter for each day of service on the other side, plus 25 per cent for a deferred payment in 1945, and interest thereon until that time. This is a definite, settled, and determined obligation of the Government enacted by Congress in 1925, and for which certificates of indebtedness have been issued by the Government to World War veterans. Therefore the only question is whether the ex-service men are entitled to payment at this time instead of waiting until 1945 or death prior to that time.

In the first place, before giving consideration to the thought that in equity and good conscience the adjusted compensation is due now notwithstanding the terms of the certificates making it payable in 1945, I wish to emphasize the fact that the vast majority of our ex-service men are in dire need. A survey made by the director of the Veterans' Employment Service, Department of Labor, some months ago corroborates this fact, and undoubtedly in the time that has elapsed since that report was made the conditions have become much worse.

The letters from ex-service men or from members of their families that come into my office each day reveal a situation that is pitiable. Homes being sold over their heads because of inability to pay mortgages or refinance them; families of six and seven feeling the pangs of hunger and destitution and need in every conceivable form, all because of inability to procure work. And can it be possible that these are the men who but a few years ago received the plaudits of an appreciative people as they went forth to sustain and support our Nation in the hour of emergency? And yet, to-day very often the very men who in that day sang their praises the loudest, but stayed behind to "keep the home fires," and, incidentally, reaped the rich harvest of high wages and great wealth that came to those who did not enter the service, are the ones who cry loudest against present-day recognition of the claims of ex-service men for help in an hour of need. Look about you and observe, and you will find that practically without exception the man who raises his voice in opposition to payment at this time is a man who was not in the service and who, either as employer or employee, received in 1917–18 the benefits of the unparalleled prosperity of that war time.

Let us ponder for a moment what our condition as a nation and as individuals would have been to-day had not our boys been successful in that great conflict, and as we realize that what we have to-day—ideals and even the material things of life—was made secure by those who some would now seem to dishonor and forget, then, if conscience and gratitude are not dead within us, acknowledge our indebtedness and give that help they so sorely need as they gave their help in our hour of national need.

Furthermore, I would impress upon you the fact that seems to have been entirely overlooked during the entire discussion of this matter, and that is the fact that the service for which compensation adjustment has been determined was rendered in 1917–18, and yet the argument of those who are opposing payment now would indicate that the compensation therefor is not due until 1945 unless death should sooner occur. In answer let me ask: Do you know of anyone who rendered service in 1917–18 in any capacity whatsoever, "butcher, baker, or candlestock maker," who did not receive his compensation then? Do you know of any corporation that supplied war materials to the Government in 1917–18 that had to wait until 1925 to have compensation adjusted, and then have payment deferred until 1945? No; of course not. It is true, however, that many of these corporations that supplied war materials found years afterwards that adjustments were due them, but in each instance payment was ordered and adjustment made on the basis of 1917–18, with accrued interest at 6 per cent to date of settlement. The United States Steel Corporation and the Aluminum Co. of America and others too numerous to mention were so compensated and received millions of dollars in settlement.

But in contrast to the fair and honorable treatment accorded others who had rendered service or had claims to collect, the soldiers who gave the highest order of service, at a personal as well as a financial sacrifice, enduring hardships and inconveniences little known by those who did not serve, were compelled to wait until 1925 before even their claim was acknowledged, and then told to wait for payment until death, or if alive in 1945, to take it, provided a balance should remain after payment of loans obtained with interest compounded, and enjoy it as old age began to creep upon them. I resent the idea expressed by some of the opponents of this measure that the ex-service men are seeking a preference. They are not. They are simply asking that they be treated the same as everyone else has been treated who rendered civilian service or sold materials to the Nation while at war. They are only asking that which is just and right—"That they be done unto as others have been done unto."

Now I wish to call your attention to a feature of the adjusted-service-certificate enactment passed by Congress in 1925 that demonstrates beyond any doubt that, regardless of the technical terms of the legislation and the certificates issued thereunder, fixing the dates when payments may be made, the spirit of the law would justify the payment of the certificates at this time.

The feature to which I direct your attention is the reason that underlies the two dates fixed by the act for payment, namely, (1) death, and (2) 1945, this latter being a time when the average age of a World War veteran will be 51 years. In both instances it will be recognized that a condition of need would probably, if ever, exist. In the case of death, the family of the veteran is cut off from his services in their behalf; consequently a time of need. Such a condition was recognized as likely to exist, and hence the certificates were made payable at that time, even though prior to the year 1945. The latter date would likewise be a probable time of need for the reason that, with approaching years, and especially after 45 years of age, it is difficult for employment to be obtained in any industrial establishment. This difficulty increases rapidly with additional years. Therefore, when it is considered that the average age of our ex-service men at that time would be 51, and recognizing that many must necessarily be beyond that age, then it can be readily assumed that a time of need would likewise exist, a need that would grow out of difficulty in obtaining employment. It was therefore proper that these times of need should be taken into consideration in framing

the legislation providing for the payment of adjusted compensation.

The law acknowledging an obligation upon the part of the Government for the payment of adjusted compensation to World War veterans was passed in 1925, a time of unparalleled prosperity. In a time such as that it would hardly be possible to have considered that any other time of need could arise—certainly no such conditions as now confront our Nation were considered as possible to happen. This view is emphasized by the fact that no provision was made in the law to permit even a borrowing on the basis of accrued value to any soldier who might through circumstances find himself in need. Hence, there was a necessity at the last session of Congress to pass such an amendment. But, in doing so, Congress fixed a rate of interest which, if compounded, would eliminate any further value to the certificate, provided the loan was not repaid before 1945. Therefore, unless this present bill is passed, service men who found it necessary last year to borrow on their certificates, and who through present conditions are unable to make repayment, will never receive another cent from the Government on the certificates which they now hold. But, the point I wish particularly to emphasize is the fact that a new condition of need has arisen, a need that is evidenced in many cases for the very necessities of life and bordering upon a condition of absolute destitution.

The conditions now prevailing throughout the country create a need just as real as that produced by death or by inability to obtain employment at an advanced age. The spirit of the law that recognized need as the time at which payment should be made justifies a recognition by Congress at the time of a new need just as real and imperative as that which was recognized in 1925 when the original act was passed. The spirit of the law justifies us in rearranging its technical terms to give expression, not merely of our gratitude for services rendered but to that human instinct which would alleviate those in need.

Time and again the opponents of this measure have referred to it as a "bonus" bill. Evidently the purpose was to create the impression that the enactment of this bill would provide a gift to our ex-service men. Nothing is farther from the truth. This is not a gift. It is compensation, and poor compensation at that, for services rendered. It has been said by some that patriotism can never be paid for. This is true, and no one could justly consider the present bill as in any way a compensation for patriotism. If such were the case, it could never have been adjusted upon the basis of a dollar a day. It is an insult for anyone in opposing this bill to say that the trifling allotment of $1 a day for service rendered on this side of the water, or $1.25 a day for the service rendered "over there" in the mud and filth of the trenches, is compensation for their patriotic endeavor, and then to refer to it as a "bonus" is adding insult to injury.

If the Government had dealt fairly in the matter of adjusted-service compensation, the debt would have been paid long ago, and instead of such not being due until 1945, as claimed by so many who have spoken against the bill, the fact is that on the basis the service was rendered in 1917–18, and with 6 per cent interest from that time until the present, it was due in full on October 1, 1931. It is an overdue payment instead of a payment not yet due. And do not overlook the fact that a payment upon this basis is merely recognizing and applying a principle to soldier compensation that has already been acknowledged and applied by the Government to compensation and claims paid to others. It is not doing for the soldiers any more than has been done for civilians; and if a preference had been asked in behalf of our ex-service men, who more than they would be entitled to such consideration?

Finally, I wish to suggest how unfortunate as well as unfair has been the effort to create the impression that any payment made to an ex-service man at this time would result in diminishing the relief to be given to others throughout our land, and that relief should be on a basis that would include all rather than a class.

This viewpoint overlooks entirely the fact that while indirectly there is justification for the passage of the present bill as a relief measure, yet the undeniable fact is that it is in an entirely different class than a relief measure, because it is the payment of a debt already acknowledged by the Government as owing. Already millions of dollars have been expended by charitable organizations and municipal and State governments for the relief of all who are in need. Congress since it convened in December last has been concerned in the passage of legislation that has provided for the expenditure of millions, yes, billions, of dollars in an effort to revive business and create employment. Congress is now ready to pass, and will pass before it adjourns, relief measures carrying expenditures of millions of dollars for use by the States and municipalities in direct relief for the needy; and there will be no adjournment of Congress by my vote until adequate provision has been made for general relief.

There is no thought upon the part of anyone who supports this bill to deny one dollar that is necessary to give the relief that will care for destitute and starving people. The passage of this measure does not indicate a choice as between relief for soldiers and relief for people generally. It is no more, and it is no less, than a payment of a debt, and certain I am that those who support this measure would not do so if the enactment of such would in any way curtail or prevent the giving of help to all classes who are now in need.

This bill is not selfish in character nor restricted in its benefits to a soldier class. Bear in mind that it will bring benefits not merely to 4,000,000 ex-service men, but to their families as well, and will thereby touch approximately 20,000,000, or one-sixth of our entire population. And the benefits of this act will not stop even there. The money under this act will go into every nook and corner of our great country. It will be utilized to pay debts long past due, stop foreclosures, and provide health and the necessities of life for millions. In the expenditure of these funds the merchants, the banks, and small business men in every community will feel its beneficial effects.

It will mean the expenditure in the first congressional district of New Jersey, which I have the honor to represent, of almost $7,000,000. Of this amount the veterans of Camden County will receive $4,826,728.56, and there will be paid to the veterans of Gloucester County $1,354,442.26, and to those of Salem County $704,634.42, making a grand total of $6,885,805.24 that will enter into the channels of trade of the three counties comprising the first congressional district of New Jersey. And all of this without one cent of additional expense to the Treasury of the United States, because of the wise plan adopted, and without adding one cent to the tax burden of our people. In this connection do not forget that the money so to be paid would not be wasted. Investigation conducted by the Veterans' Administration as to how and in what manner the moneys loaned on adjusted-service certificates had been expended revealed the fact that 93 per cent had been used in discharging obligations, making worth-while purchases, and in other wise and judicious ways.

Therefore, in conclusion, this bill, instead of being for the benefit of a favored few, will result in beneficial effects that can not be estimated and that will touch directly or indirectly practically all of our entire citizenship. And if this were not sufficient justification for favorable consideration being given to the bill, then let it be upon the basis of our discharging a national debt long past due for a quality of service that brought safety and security to our entire people.

Mr. WIGGLESWORTH. Mr. Speaker, I have no desire to speak at length this morning. I realize that in all probability nothing I can say will change a single vote in the House. I desire, however, to record myself with all possible sincerity as opposed to the enactment at this time of the measure now under consideration. I do not question the motives of any Member of the House. Others may estimate the situation confronting the Nation at this time as less serious than I do. I hope my estimate is wrong. In the

light of that estimate, however, in the light of observation in other countries in recent years, I feel compelled to state, regardless of political consequences, that I could not support the pending measure to-day without feeling that I had failed to measure up to my responsibility to district and Nation.

I speak as a veteran of the World War. I speak as one privileged to wear the uniform of our country for upwards of two years, both in America and in France during that war. I speak as one who has a genuine feeling of comradeship for every veteran of that war—for every veteran of every war in which this country has engaged. I speak as one who always has done and always will do all that he properly can to further the best interests of these, our comrades. And, Mr. Chairman, I speak as one who believes that no thinking veteran would expect him or any other Member of this House to take any action which, in his honest judgment, carried with it a real danger to the Nation as a whole.

In my judgment, the enactment at this time of the bill under consideration would carry with it the possibility of the gravest danger to the welfare of the Nation.

Throughout this session we have been striving to bring the National Budget into balance. We have been striving also to assure the integrity of the national credit and the national currency. Why have we striven to realize these objectives? Simply because upon their realization depends in large measure that intangible force called confidence, that force which is so vital to the country at this time; confidence at home, confidence abroad in the financial stability of the Nation. Without that confidence recovery is impossible. Without that confidence, economic difficulties far greater than those yet experienced in this Nation may well be in store. That confidence, Mr. Chairman, is highly sensitive. Confidence in a Nation, like confidence in a financial institution, is easily destroyed. Once destroyed, no institution, no Nation, financially speaking, can escape disaster.

Developments during the past summer demonstrate this fact conclusively. Austria, Germany, England. Successive runs on each; withdrawal of short-term funds in the equivalent of hundreds of millions of dollars; depletion of central-bank reserves; threat of financial collapse; government intervention; restriction of bank payments and foreign exchange; suspension of gold payments, even in America the withdrawal in a matter of weeks of funds amounting to upward of seven hundred millions of dollars, all the result of loss of confidence.

The bill under consideration not only provides for the immediate discharge of large indebtedness, which is not due and which will not become due until 1945. It not only provides for the payment of this indebtedness to veterans of the World War, whether in need or not, at a time when we are bending every energy to find ways and means to help meet the commanding problem of unemployment relief throughout the Nation. It provides also for the discharge of this indebtedness through that most dangerous process, the issue of fiat money to the extent of two billions four hundred millions of dollars, with possible adverse effect which no one can estimate.

In my judgment, Mr. Chairman, the enactment of this legislation at this time would carry with it a body blow to essential confidence, both at home and abroad, in the financial stability of this country. In my judgment, it would carry with it the possibility of the withdrawal of hundreds of millions of dollars by depositors, both at home and abroad, endangering our banking structure, our credit, our currency.

I have seen something, Mr. Chairman, in other lands of the human misery which is possible as a result of a policy which depreciates credit and currency. For four years I was face to face with it in Germany and witnessed the struggle by government after government in the endeavor to alleviate it. No words can describe it. Similar conditions were to be found in Austria, in Hungary, and in other countries in central Europe. France, too, had its share of suffering, being rescued from complete breakdown by a program of rigid economy and drastic taxation under the leadership of Poincaré. No one sensing that suffering could run the risk for one moment of inviting it or any part of it to our shores.

Recovery in this Nation, with the permanent alleviation of the suffering which is already ours, is dependent upon the restoration of confidence. Nothing, in my judgment, is more conducive to making that confidence impossible than unsound legislation which threatens the National Budget, the national credit, the national currency. Destroy the confidence that remains and you will threaten the well-being of every American citizen, veteran, and nonveteran alike.

The enemy, Mr. Chairman, which menaced the Nation during the World War was apparent to all. It took self-sacrifice, courage, and united national action to overcome that enemy and bring us victory. Those same qualities are called for to-day if we are to overcome the enemy which confronts us at this time—an enemy far more difficult to visualize but no less menacing.

The fact that the pending measure can not become law at the present session of Congress must be apparent to us all. Its defeat in the House at this time would make that fact apparent to the entire country, restoring that confidence which has been lost as a result of its consideration at this time.

Mr. REILLY. Mr. Speaker, I am not unmindful of the hardships and privations that our present industrial depression has brought to the ex-service men. Neither am I unmindful of the suffering and the privation to-day of millions of our citizens, who through no fault of their own have not been privileged to be ex-service men. During all my service in this body I have always been sympathetic toward legislation looking to the relief of the veterans of all our wars.

The pending bill, known as the Patman bill, provides for the issuing of $2,400,000,000 of United States Treasury notes, for the purpose of paying in full the bonus obligations of the United States Government. In other words, under the terms of this bill the United States Government is to print new money to settle these obligations.

The adjusted-service certificates held by the ex-service men are due and payable in 1945. The Seventy-first Congress passed a law permitting the ex-service men to borrow 50 per cent of the face value of their certificates at an interest rate of 4½ per cent. This bill is being urged not because the adjusted-service certificates are due and payable at this time, not because the ex-service men are more in need than others of the millions of the unemployed, but because by the printing of $2,400,000,000 of new paper money by the United States Government and the giving of the same to the ex-service men in payment for their adjusted-service certificates Congress will help not only the ex-service men but the whole country by bringing about a revival of industry.

Mr. Speaker, I have given hours and hours to the reading of the hearings on this bill, contained in a volume of about 900 pages, and, besides, for months I have given serious study to the proposal contained in this bill. It is my conclusion from all the information I have been able to gather, and from all the authorities that I have been able to consult, that the issuing of $2,400,000,000 of paper money, new money, fiat money, rag money by the United States Government at this time in settlement of the bonus obligations would bring about an unemployment situation infinitely worse than exists to-day.

Our trouble to-day appears to be not a lack of money, for we have $1,000,000,000 more in circulation to-day than we had in 1929, at the peak of our prosperity, but rather a lack of confidence in the financial stability of the United States Treasury, and the soundness and integrity of our banking institutions. The passage of this bill will, in my judgment, do more to destroy confidence in our banking institutions and in the soundness of our money system than almost any other thing that this Congress could do.

As I read the hearings on this bill, I can draw but one conclusion and that is that if this measure becomes a law our country would be forced off the gold standard, and industrial and financial chaos would result.

It may have been all right for England to have gone off the gold standard because England's prosperity lies in her foreign trade and her obligations are mostly payable in the pound sterling, while our country's prosperity is largely involved with our domestic trade and millions and millions of our obligations, Government and individual, are payable in gold.

The American dollar and not the pound sterling is to-day the standard of value of international trade. There is no fundamental difference between the Patman bill and the Owens bill, which has been substituted for the Patman bill. Both bills provide for a huge inflation of our currency, and the mere announcement that either one of these bills is to become the law of our land would immediately greatly depreciate our money and cause gold to go out of the country and to be hoarded at home.

When England went off the gold standard about a year ago $700,000,000 in gold left this country in two months. This movement of gold is said to be the greatest flight of gold in all history. If this bill should be passed, the gold flight of 1931 will have to take a second place to the gold flight of 1932.

The author of this bill says that we have not money enough in this country to do business on, that prices are too low, and that we must start the printing press in order to start the coming of prosperity. As I have stated, we have more money in our country to-day than we had in 1929 at the height of our great prosperity, and we are doing 40 per cent less business than we did at that time.

It is quite apparent that there is something else lacking in our country to-day than a scarcity of money. The banks are filled with money as never before. If our industrial world lacks a sufficient supply of money, we have a safe way of supplying that need through the Federal reserve system without trying a hazardous method that the best minds of the country say will produce wreck and ruin to industry and make unemployment the rule instead of the exception.

Mr. Speaker, I can not vote for this bill for another reason. The hearings on this bill disclose the fact that only 18 per cent of the unemployed are ex-service men and that only about one-third of the ex-service men are out of work. Assuming that it would be safe and beneficial for Congress to authorize the issue of $2,400,000,000 of new money, is it possible that our ex-service men, who were willing to make every sacrifice for their country in a time of war, have become so selfish as to demand that such a huge sum of money be appropriated for their special benefit alone at a time when there are perhaps 8,000,000 other American citizens unemployed and many of them starving?

Many of our larger cities and not a few States of the Union are beseeching Congress to make Federal appropriations to help them in their herculean task of feeding and housing their large armies of unemployed. It is submitted that if Congress can make an appropriation of $2,400,000,000 or can issue that much new money with safety to industry and the stability of our financial institutions that such money should be used to feed and to provide work for all of the unemployed and to aid agriculture and industry, and not be given to a class of our citizens, two-thirds of whom are not members of the army of the unemployed.

It is said that this law will help business and end the panic by putting this huge sum of money in circulation. A year ago the same argument was made when Congress passed a law putting twelve hundred million dollars in circulation when it permitted the ex-service men to borrow on their certificates. Nobody noticed any great improvement in business as a result of the payment at that time of more than one-half of the sum that this bill calls for to our ex-service men; in fact, the industrial situation is getting worse, and there is no guaranty that the $1,600,000,000 that will go under the terms of this bill to the ex-service men not out of work will immediately reach the buying counter.

We hear a great deal through the press and from the veterans about Congress having given $2,000,000,000 to the railroads, the banks, and the insurance companies, and having treated these institutions in such a manner, should be able and willing to give $2,400,000,000 to the ex-service men in payment of the balance of their bonus obligations. Congress has not given $2,000,000,000 to the railroads, the banks, and the insurance companies. It has not given a dollar to any such institutions. Congress has provided by law for the loaning of $1,500,000,000 to banks, insurance companies, railroads, building and loan associations, and so forth; these loans are made on an interest basis, and to date only about $700,000,000 has been thus loaned.

These institutions are getting money from the United States Treasury on the same basis as the veterans got their loans on their certificates. I sympathize with the army of the ex-service men who have gathered here in Washington for the purpose of urging the passage of the Patman bill. These men have been misled. They have been told that their Government, that has been running behind $7,000,000 a day for the past year, had plenty of money, and could and should pay the balance of their bonus obligations in full; that all the Government has to do is to start the printing press, issue paper money, rag money, and hand the money to the veterans, and our country will once more become prosperous.

If this bill will do what its proponents say it will do—raise the price level about 100 per cent—our country will be engaged in the doubtful business of paying the bonus boys off with a 50-cent dollar, or phony money.

Another reason that the ex-service men have been asking for the full and final payment of their bonus obligations at this time is because of the fact that the interest rate fixed by Congress on their loans is so high that when 1945 comes around most of the men will have nothing coming from the Government. I favor a reduction in the interest required to pay on the money borrowed on these adjusted-service certificates to about 3 per cent, or to an interest rate that equals what the Government has had to pay on the money loaned to pay these certificates.

I have been warned that if I vote against the pending bill my vote will retire me to private life. It is possible that such a result will follow and with no great loss to governmental Washington. However, if I were to vote for this bill, believing as I do that it constitutes dangerous and unsound legislation and an unjustifiable discrimination by Congress in the relief of a few to the neglect of the many, then my vote would be cast that way because I feared ballots more than the veterans ever feared bullets.

If my vote on this bill will retire me to private life, I will have the consolation of knowing that in my political exile from Washington I will have the company of my self-respect.

Mr. WITHROW. Mr. Speaker, I want to take this opportunity to urge the favorable consideration of this bill to provide for the immediate payment in cash of the adjusted-compensation certificates. First, however, I want to call your attention to the remarks which were made in this body several days ago by the gentleman from South Dakota who said that he absolved himself of all responsibility for any injury, sickness, or suffering caused by reason of the bonus march on the Capital. I say to you gentlemen that the responsibilty for the sickness, injury, and suffering of veterans who have made this pilgrimage to Washington rests directly upon the shoulders of the leaders of this Congress, who have deliberately delayed the consideration of this measure, notwithstanding the fact that the majority of the Members of this House are in favor of its passage.

The leaders of this House have always made it very clear that it is not right and it is not proper—that it is not the theory of the House that a minority should obstruct a majority. But, gentlemen, throughout this session we have beheld the unholy spectacle of these same gentlemen deliberately obstructing this worthy piece of legislation which is in the interests of all of the people of the United States. Congress itself is responsible for the veterans coming here, because the veterans realized that Congress was "stalling" and was not giving this measure, which was so vital to them and to the entire country, the proper and fair consideration it deserved.

Some of the newspapers have tried to tag the bonus march on Washington as being a communist march; but the veterans have entirely disproved this false statement as they did in 1917 and 1918 when they fought for their country.

There are five reasons why I am particularly anxious to pay the adjusted-compensation certificates in cash now:

First. That morally this obligation is due now; had the Government paid the veteran interest from 1917 and 1918 when the services were rendered, instead of dating that interest as of 1925, and had the Government not deducted from the base compensation the $60 which the soldier was entitled to as compensation for the clothes that the Government took from him when he enlisted, and were the Government to pay the rate of going interest which the veteran has to pay, instead of the amount that an endowment policy from a private insurance company would earn, then the adjusted-compensation certificates would be due now.

Second. If we do not pay them now, those who have borrowed one-half the face value will have nothing to collect in 1945; in fact, they will be owing money to the Government.

Third. Because the payment now, under the Patman-Owen plan for controlled currency expansion, will tend to bolster up commodity prices, which is the first essential of normal prosperity, and will provide badly needed direct relief, which will be equally distributed.

Fourth. Due to the fact that credits have been contracted, we must expand our currency or resort to bartering as our forefathers did.

Fifth. Because the payment will not cost the taxpayers one additional cent.

When the additional currency provided for in this plan is issued—and remember that we are merely paying an old debt, taking up an existing obligation, not a new one—it will be widely and equally distributed throughout the United States; money goes in every city, in every town, in every hamlet, and in every community of this entire country. The people, and not the banks, become its beneficiaries.

The more I have studied this proposition the more positive I have become in my opinion that there has been no bill proposed here which will more surely serve to bring about the happy result—and, to my mind, that necessary result—the lowering of the value of gold and providing an increased value of commodities.

Gentlemen, I do not have the time to enter into a lengthy discussion of the gold standard; pages and pages of material have already been devoted to this subject. I do not have time to prove to you that the passage of this measure will not endanger the credit of our country. Expert testimony has already been made to that effect.

Gentlemen, the time has come in our national existence when we must have an expansion of our currency, such as this bill will provide. I say that for this reason: The dollar is now worth $2.03 compared with what it was worth in normal times.

How can you expect a farmer or working man to pay a debt he contracted for $1 in normal times when he has to repay that debt with $2.03 to-day?

How can you gentlemen expect a farmer to pay the now high taxes you have levied when he received only a fraction of the normal price for the products which he has to sell.

The farmer is not asking for a dole. He is asking only for an opportunity to do business on the basis of an honest and just dollar, and the passage of this bill will make it possible for the farmer to receive a just and normal price for his farm products.

The administration has seen fit to give aid to foreign countries, to insurance companies, and to the railroads, but none of these measures has restored prosperity. It all goes to show that we can not build a house by starting with the roof. We must start with the foundation and put the farmer and workingman in position to earn a fair living.

Shortly after the war the administration paid more than $3,000,000,000 to war contractors, had given and loaned $2,000,000,000 to railroads, and millions to feed the hungry of Europe. There is never any argument about how to get money or where to get it when the direct interest of the big interests are involved. The theory is to make successful those on top of the heap and some of their profits will sift through to the masses of the people.

Twenty-six billion dollars war expense, then $3,000,000,000 to war profiteers, and $2,000,000,000 to the railroads immediately after the war, billions of dollars to European nations by way of war-debt reductions, and all the hundreds of millions recently paid out for other purposes certainly convinces me that this Nation should pay the adjusted-service certificates.

Undoubtedly there is no reason why we could not adopt the method of refinancing herein suggested when these obligations now outstanding are due in major part, if not in whole—particularly when the refinancing is without cost of an added cent to the Treasury of the United States. While I may refrain from fully expressing my attitude toward the human equation involved, I can not, in my mind and heart, forget the boys of yesterday who were the proud defenders of our flag. We have heard talk about the payment of $6,000,000,000 for their injuries and illnesses. As an economic proposition, how many billions of dollars has this country taken from them in their physical and mental inability to pursue their hopes and their ambitions?

Gentlemen, here is a direct challenge to your sincerity. Here is an opportunity to pay a just debt to loyalty and sacrifice.

The passage of this bill will not in any way impair the credit of the United States. On the other hand, it will do an enormous amount of good, not only to the veteran, but also to the farmer and workingman in the fact that there will be a resultant rise in commodity prices.

Mr. SWEENEY. Mr. Speaker, the recent action of the House in the adoption of the rule making possible consideration of this measure to-day indicates, in my opinion, that the majority of the Members of this Congress are conversant with the Owen provision of financing the payment of the so-called bonus. I think most of us are convinced that this plan will insure a safe and necessary method of expanding the currency to meet this emergency. I do not think any of the supporters of this legislation will be swayed from extending relief to the ex-service men of the Nation by the shop worn threats that the proposed plan of financing payment of the adjusted-compensation certificates will throw us off the gold standard, destroy the credit structure of the Government, or unbalance the Budget.

The American people approved and applauded the action of Congress in providing for adjusted compensation, insuring payment of certificates in 1945. Thousands of ex-service men who are in need at the present time are not going to be alive in 1945, unless we furnish by the adoption of this measure the financial oxygen to alleviate their distress, and to spare them suffering and hunger, which is the result of conditions over which they have no control. We all appreciate there are millions of people on the border line of actual starvation to-day, and this Congress has reached the conclusion that Federal aid to relieve the unemployment situation will be forthcoming before we adjourn.

Because of the fact that we have millions of other people besides the ex-soldiers of the Nation, literally standing in the bread line, I can to a degree sympathize with the attitude of our courageous colleague [Mr. LAGUARDIA] of New York, who for the time being opposes this legislation. I am not going to address myself to the question of whether or not our act in passing this bill would represent a discrimination against others who are in dire need.

However, I do want to take issue with another distinguished gentleman from New York, Mr. HAMILTON FISH, who from the floor of this House the other day, while opposing the motion to relieve the committee from further consideration of this resolution, made a significant statement with reference to the ex-service men of the Nation. He said, "We owe them nothing." Then he resorted to the implication that the presence of several thousand veterans at the National Capital was tantamount to an act of coercion to-

ward the Members of this Congress. I do not know of a single threat against any Member of Congress coming from the ex-service men who are here at Washington or elsewhere throughout the land. They have just as much right to lobby in behalf of this measure as the bankers and predatory interests did in behalf of the Reconstruction Finance Corporation and many other measures passed by this Congress. Whether or not they were ill advised in coming here in such large numbers is not an issue. Their conduct during their stay here demonstrates that they are orderly, quiet, and patriotic.

The statement that "we owe them nothing" is a reflection of the sentiment that many of us receive by way of protest from the privileged class of the country who are opposing the soldiers' bonus. This class who belong to the house of privilege is made up of one-third of 1 per cent of our population, and it is they who control 60 per cent of the Nation's wealth. Their membership includes steel magnates, captains of industry, czars of railroads and shipping industries, the war profiteers, financial jugglers, and international bankers who always play an important part in fomenting war and creating panics and depressions.

Back in 1917 and 1918 when the soldiers and sailors of our Nation were making the world safe for democracy, this privileged class was engaged in the innocent pastime of making millions of dollars to add to their swollen fortunes. If there is to be a privileged class in the Republic, let it be those boys we took from the countryside, from the towns and cities, and from the universities; those boys we took from the factory and office; those boys we took from their families and loved ones and shipped them like cattle across the sea to fight, many of them untrained, in a cruel war, and to live in rain-soaked and vermin-infected trenches. All that for the preservation of a so-called democracy.

You say, "We owe them nothing." The Government paid them the munificent sum of $30 a month, out of which many of them paid their premium on their war insurance and their payments on the Liberty bonds to the tune of 100 cents on the dollar, only to find that within a few months after the discontinuance of hostilities when they were in need of money and had to sell or hypothecate these Liberty bonds, they had to do so at a loss of 10 to 15 per cent, thanks to the money changers in the temple of Wall Street who manipulated the Liberty and Victory bond issues of the country.

These doughboys are fully aware of the agencies opposing this effort to secure relief. The newspapers of the country who are now opposing the soldiers' bonus are the same newspapers who prior to our entry into the World War and during the duration of the conflict became the beneficiaries of the untold wealth of Lord Northcliffe because of the malicious, deliberate slander and false propaganda they spread throughout this country against Germany and her people as a whole, in an effort to bolster up patriotism and incite hatred and lust for blood in the American people.

The doughboys know now that they fought a war not necessarily to get rid of the Kaiser and the Hohenzollerns of Germany but to assist in the extension of imperialism throughout Europe, as evidenced by the spoils of the war in the form of thousands of miles of territory and the acquisition of control over millions of subjected people allocated to Great Britain, France, and our other allies by the vicious treaty of Versailles. The doughboys know the destruction of 11,000,000 human beings and the maiming of 19,000,000 more was the price paid to make secure several of the thrones and the crowned heads of certain royal families on the continent of Europe. They know now that Uncle Sam received the worst of that conflict, and they remember that when they marched down Fifth Avenue, Pennsylvania Avenue, or Main Street they were acclaimed with music, flowers, and applause, and that when they emerged from the conflict and returned to civil life, in many instances, they found the factory gates closed against them, their old jobs gone, and all they have to show for their efforts to make the world safe for democracy are bodies damaged mentally and physically.

I am conscious of the splendid effort of the Nation to take care of the sick and disabled veterans, and I am conscious of the abuse of legislation in extending many benefits to those who become ill or injured through no service-connected disability.

The gentleman who states "we owe them nothing" is very much interested in the activities of the communists in the United States. He sees a Trotsky, a Lenin, or a Stalin on every street corner and at every crossroad. If there be clouds of revolution on the horizon, as some say there are, then I am fearful if the Government takes the attitude "we owe them nothing" the ranks of communism will grow and the capitalistic system of our Government, now on trial in the United States, will disappear. Disillusioned as they are these men are still patriotic and loyal to the free institutions of America. If you are going to deprive them the relief they are seeking through this legislation, then explain if you can the conduct of our Government in scaling billions of dollars from the war debt of foreign governments; explain if you can the granting of the moratorium to foreign nations; explain if you can our action in this Congress in appropriating $450,000 to defray the expenses of four delegates and their personnel who are sitting at the disarmament conference at Geneva in a futile attempt to bring about world peace; explain if you can the action of the Government in subscribing to $500,000,000 of stock in the Reconstruction Finance Corporation, and its pledge of $1,500,000,000 to assist the house of privilege and big interests in this country.

Yes, you may say the Reconstruction Finance Corporation takes ample security for the loans negotiated. Many of us have a suspicion that they are accepting the same security that caused the failure of 4,000 banks throughout the Nation in 1931. Unless there is a phenomenal rise in the value of these securities, when the Reconstruction Finance Corporation comes to rendering an account of its stewardship, I will wager that Uncle Sam will have an oversupply of engraved lithographed securities sufficient to paper the walls of the White House. These boys gave the best security in the world for the loan they are seeking to-day. They gave their youth, their health; they offered their lives to the service of the Nation. Do not let it be said that the Nation will fail them in this their critical hour. The great mass of the American public, who are not attached to the house of privilege, will not concur in the sentiment expressed on the floor of this House that "we owe them nothing." On the contrary, their action will be reflected in the votes of the Representatives within a short time, which will be a message to the ex-service men of the Nation that the Government of the United States is an appreciative Government, and that we do owe something to those who made the sacrifice for us in time of war.

If there are rumblings of unrest and talk of revolution throughout the land, it is due not to the conduct of these ex-service men and the millions of our citizens who are now pleading for Federal aid from the Government to prevent them from starving, but rather to the breakdown in the capitalistic system long sustained by Government favor and privilege at the expense of the taxpayers of the Nation.

Mr. MEAD. Mr. Speaker, the Members of the House who are supporting this legislation assume the position that the time has come when the adjusted-service certificates should be paid in full. It is contended, and justly so, that the transaction can be consummated to the advantage of the country, the betterment of our economic situation, and for the relief of our distressed veterans. Like every great question, this question is a 2-sided one. It has its friends and its foes, those who honestly and conscientiously defend and denounce it.

While the proponents point to the soundness of the Owen plan which has been accepted by the sponsors of the Patman bill, the opposition still voices the opinion that it is fiat and printing-press money that will wreak havoc and chaos upon our people. This contention has not only been denounced by the minority members of the Ways and Means Committee reporting the measure, as well as by the sponsors

of the bill, but their fears have also been dissipated by the evidence presented at the hearings by the very best authorities on this question in the country, the statement that this legislation might lead us to the precipice of disaster and cause a money panic to break upon us is ineffective because we have already reached that point even though we have passed every so-called relief measure so far recommended by the President, including the moratorium, the Reconstruction Finance Corporation bill, the Glass-Steagall bill, the bill to sustain the bonds of the farm-loan banks, the revenue bill, and within a few days we may add to this list the economy bill as well as home-loan bank bill. All this we have done at the request of the President and the financial leaders and yet business declined more in 1931 from 1930 and more in 1932 from 1931, and is at present declining at an increased rate every month.

These measures so far provide only opportunities for business but not business itself. They begin at the top with money instead of at the bottom with money and work. They do not, in my opinion, attack the cause but merely apply to the effect of our economic difficulties. Everyone will admit that the dollar to-day is a swollen dollar. Experts maintain that it is valued at $2 as compared with the dollar of 1919 and that it has a value of approximately $1.60 as compared with the value of the dollar in 1926. While the dollar has reached its highest point, commodity prices are at the lowest level in our country's history and until this differential between the dollar and the commodity values is narrowed there can be no substantial basic relief for our country and its suffering people.

This measure which we are now considering aims to bring about the happy results which all admit are necessary to the proper solution of our economic ills. If this measure will result in a degree of inflation of values, as the majority members of the Ways and Means Committee set forth in their report upon the bill, and as the opponents of this measure advance as one of their objections to its passage, that objection is dissipated by expert opinion which holds that this is just what is needed at the present time.

While I have never recommended debasing the currency, do we admit that our currency was debased in 1928 and 1929 when the purchasing power of the dollar was only one-fourth of the purchasing power of the dollar of to-day? Is the dollar more sacred than humanity and does it possess greater rights than man? Is it necessary that our citizens lose their homes, their character, and be reduced to the depths of human misery in the midst of an abundance of every human need in order that we maintain the dollar at its present highest level? The opponents of this measure seek to maintain the wages of money while its sponsors, with due regard for the currency of the Nation, would maintain the wages of labor. Our present economic condition, which finds us fighting with our backs to the wall, was accentuated by a deliberate attempt to manipulate the values of securities in the expectation of making large fortunes. The crisis came in October of 1929. Then values of securities declined. Emergency calls were made for loans. Stocks and bonds were dumped upon the markets in such unprecedented quantities that the situation got out of control and the worst financial debacle the world ever witnessed resulted. Values to the extent of billions were destroyed in the shortest space of time and that disastrous financial storm, with all its devastating effects, fell with merciless severity over every section of the country.

Up to the present time we have only attempted to slacken the progress of this engine of destruction, but in this legislation we plan a bold but constructive remedy. The plan involved in this bill has been developed by Robert L. Owen, formerly a United States Senator from Oklahoma and chairman of the Senate Banking and Currency Committee which drafted and sponsored the passage of the Federal reserve law. By this plan it is proposed to place the Federal reserve system back of the bonus payment and to make that system our Government's agency in paying this acknowledged debt to the veterans who are in possession of adjusted-service certificates. If the Federal reserve system weathered the tremendous strain in financing the World War, it will, I am sure, prove both a safe and dependable agency in carrying out the provisions of this bill. Under the Owen plan it is proposed that bonds of the United States Government shall be issued to the amount of the bonus, and that these bonds shall be turned over to the Federal reserve system, which in turn will issue Federal reserve notes in denominations suitable for paying the veterans. The Federal reserve system will at the same time keep in close touch with commodity prices.

They will have the power and the authority as the situation develops to sell Government bonds, the proceeds of which will be used to retire the outstanding currency, this power extending to the point of authorizing it to sell all of the bonds in one offering if this procedure should be deemed advisable. Under this plan the Federal reserve system becomes a stabilizing and governing body to regulate the volume of currency, to keep it within proper limitations, and in that regard it differs from the original Patman proposal; it will not permit of uncontrolled expansion. Prof. Irving Fisher in his testimony before the Ways and Means Committee explained that this was a perfectly sound method. I agree with him in that deflation or dollar swelling is not an act of God with a special mandate to baffle the human race. We do not have to wait for a happy accident to neutralize deflation. It may be neutralized by design. Man has control of his own currency, if he will use it. And this bill with the Owen amendment is designed to bring about this very situation.

RELIEF OUR MOST VITAL NEED

Aside from the contention that the bonus can be paid without taxing our people or without withdrawing money from the Treasury, there is a more important feature of the problem for Congress to consider. With 10,000,000 of our people out of work, including a great number of veterans, it occurs to me that the Government should supply them with work, or, failing to do this, the bonus becomes a necessary relief measure.

European countries are not as fortunate as we are in that their central governments have been contributing to unemployment relief for a number of years, and up to this late day our central government has frowned upon unemployment insurance and all other forms of direct relief.

The bonus army now encamped within the vicinity of the Capitol is composed of a splendid type of our citizenship. Men from nearly every walk of life can be found in their ranks. They are neither communists nor radicals, and they believe, and justly so, that they are within their constitutional rights in petitioning Congress for relief.

Some Members seem to resent the appearance of the veterans in the Capital at this time, but they have the same right to be here as those who represented the Anti-Saloon League when they forced a hesitant Congress to propose the eighteenth amendment and enact the Volstead law.

They are as much within their rights as the swarm of lobbyists that arrived in Washington when the recent tax and tariff legislation was considered. No one seemed to resent their coming, and no one has the right to resent the coming of any citizen while he remains within his rights as a citizen.

If the veterans are paid the bonus according to the Owen plan it is bound to have a beneficial effect upon general conditions throughout the country. It will be evenly spread in every community throughout the land and will be used in the payment of bills to grocers, butchers, druggists, landlords, doctors, and others. Expanding our currency within careful limits and controlled by the sound policy provided in the Owen plan will most certainly stimulate business and lessen the depression.

If Congress adjourns without approving a vast relief program which will provide for a proper expansion of the currency, direct relief for our destitute citizens, and a program of public and private works that will insure employment to large numbers of our jobless, it will not be doing its full duty to the people or the country.

Economists of note, experts on finance, students of currency, and even some in high places on the Federal Reserve Board and in the Treasury admit the soundness of the principle contained in the Owen plan, and if such is the case relief, as will be provided by the bonus not only to the veterans and their dependents but to legions all over the land, is an obligation we can not avoid.

Mr. DICKINSON. Mr. Speaker, when the World War ended a deserved cash bonus was asked by the World War veteran. An insurance policy instead was given him, with the right to borrow on it; when 50 per cent was loaned him at a high rate of interest compounded the interest would eat up the balance. The Treasury makes millions of profit by this transaction. A class or a per cent can carry the policy without borrowing. The larger class are out of a job and walk the streets asking for work. The country is without sufficient money to meet business demands. Its money is hoarded, estimated to the extent of nine billions; values reduced, commodity prices down below the cost of production, credit gone, depression, and want of confidence abound. The country has been drained of its money by high finance and stock speculations, ending in the crash of 1929, encouraged by those in control.

Something must be done to relieve this condition. Under the Federal Constitution, the right to coin money and regulate the value thereof is a fundamental right and duty. New blood—a larger circulating medium—is a necessity. The adjusted-service certificate is as much an obligation of the Government as its bonded debts. Hoarded money will not come out of hiding, except for investment in tax-exempt securities.

Ex-Senator Robert L. Owen, a former national banker and coauthor of the Federal reserve system, suggested an amendment to the Patman bill to relieve the condition of distress. On extensive hearings before the Ways and Means Committee, the accepted Owen plan was deemed by eminent economists to be feasible, safe and sound—and the issue of additional currency backed by the credit of the Government and the gold reserve—and based on Government bonds to be held by the Federal reserve banks and the currency controlled thereby—and the outstanding so-called bonus certificates paid off—and the country relieved by new money—helpful to business and small banks everywhere—and a distressed condition ended.

Then the hoarded money will come out of hiding and business will revive and depression end, the high-priced hidden dollar will no longer control, commodity prices will rise, an emergency will have been met and justice done, and more completely done with lowered tariff walls and a change of Federal administration. Relief must come under the powers fully granted under the Constitution or ruin will follow in the wake of a centralization of power, warned against by Jefferson, who believed in the right of the people to control the dollar and not the dollar the man.

Place human rights above the sordid dollar, which flees like a coward into hiding in times of distress, and which seeks to control the Government and its agencies for profit by deflating the currency and enhancing the value of the gold dollar—by making the dollar the master rather than the servant of mankind and its business. Remember the immortal utterances of Bryan who proclaimed the rights of man. Read again the minority report of Kitchin and Crisp, Oldfield, Carew, and Tague on the soldiers' adjusted-service certificate, filed March 30, 1922, when this so-called adjusted-service certificate was substituted for the cash bonus.

SOLDIERS' ADJUSTED COMPENSATION—WHAT THE DEMOCRATS PROPOSED

March 20, 1922, the following-named Democrats, members of the Ways and Means Committee, filed a minority report which contained the following statements (67th Cong., 2d sess., Rept. No. 804, pt. 3):

In justice to the Democrats of the committee and of the House who shall vote for the bill, it must be remembered that no Democratic member of the committee was permitted to participate at any meeting either in the discussion or preparation of the bill, nor was any Democratic member allowed even to be present at any meeting for the discussion or consideration of the bill, so this bill is exclusively a barred-door Republican product.

We are confident that if the Democrats had control of the committee and the writing of a bonus bill was committed by the House to their charge, they would have prepared and presented to Congress a bill far more just and satisfactory to both the veteran and the Government."

The duebill, rain-check, borrow-money bonus mode of payment, as provided by the bill, is an insult to every World War veteran and a shameful discredit to Congress and the Nation. By the bill the veteran is given a scrap of paper and told to go out and hawk it from bank to bank in the hope, after being held up for a high rate of interest, of getting a little cash on it, not, however, to exceed 50 per cent of what the bill confesses the Government now justly owes him.

If the Government justly owes the veteran an additional compensation, as the bill admits, why should it not treat him as it does its other current creditors—pay him on demand in cash? When our country needed his services and required of him sufferings and sacrifices of blood, limb, and life, he went, and willingly, at once. He did not demand an installment plan or delay of 20 years for his services and sacrifices.

We are unalterably opposed to this Harding-Mellon money-power scheme. Treat "the boys" white, gentlemen of the Republican Congress. If you really favor the money bonus, pay them, like men, in cash in full, and do not send them out of the Capitol with only scraps of paper as tramping mendicants at the mercy of the banks in our towns and cities. During the war he treated you and your country "white." He now deserves fair, manly treatment at your hands.

The Republicans ask, How can we get the cash now to pay? We answer: Exactly as we have been getting the cash to run the Government for the last five years. Exactly as the Republicans got the cash to pay $3,000,000,000 to the war contractors, two billions to give and loan to the railroads for the benefit of the holders of railroad securities, fifty million for the war-minerals contractors, millions to feed Europe, and exactly as they propose to raise millions for the purpose of paying a ship subsidy.

When his country called he offered life and limb. What do you now offer him—a "gold brick"?

CLAUDE KITCHIN.
W. A. OLDFIELD.
CHAS. R. CRISP.
JOHN F. CAREW.
PETER F. TAGUE.

The unnatural condition existing in our country is due to those in high authority and those who have controlled the Government, and who now ask from the Government billions of money in loans to save them from impending disaster. Let us get at the root of the evil and save humanity from ruin, so that government of and for the people may live and civilization be preserved. The hoarded high-priced and hidden gold dollar will not give life to the Nation. Agriculture that gives annual added millions of wealth to the country must be protected and encouraged, or want and depression will not end. The necessities of life and the heartbeat of the Nation for relief and justice must be heard, and sordid greed for more profit and a domination of Government and its agencies for selfish ends must yield to the demands of humanity or history will repeat itself, and our civilization will fall as Rome fell in ancient days.

Mr. Speaker, I insert here the Owen amendment, as offered by Mr. RAGON:

Mr. RAGON. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. RAGON: Strike out all of section 2 of the bill, commencing on page 4, line 17, down to and including line 2 on page 5, and insert in lieu thereof the following:

"SEC. 2. Payment of the face value of the adjusted-service certificates under section 509 or 510 of the World War adjusted compensation act, as amended, shall be paid in Treasury notes.

"The Secretary of the Treasury is hereby authorized and directed to issue United States notes to the extent required to make the payments herein authorized. Such notes shall be legal tender for public and private debts and printed in the same size, of the same denominations, and of the same form as Treasury notes, omitting the reference to any Federal reserve bank.

"He shall place such notes in the Federal reserve banks, subject to the order of the Administrator of Veterans' Affairs, to be used for the purposes of this act.

"He shall issue a like amount of United States bonds bearing 3½ per cent interest, payable semiannually, with coupons attached, and such bonds shall be due and payable in 20 years from the date of issue, subject to the right of redemption after 10 years.

"These bonds shall be deposited in the Federal reserve banks, as the agents of the United States, in approximate proportion to their current assets at the date of the passage of this act, and the Federal Reserve Board, by resolution in writing, may direct the sale to the public of such portions of said bonds as it may from time to time desire.

"Such currency received for such bonds shall be exchanged for these notes hereby authorized to be issued, and they shall be returned to the Secretary of the Treasury for cancellation."

Remember that currency and coins bearing the stamp of the Government are measures of value, made so by law, and mediums of exchange of the necessities and comforts of life, which constitute the real wealth of the country. The corn, wheat, cotton, cattle, and hogs, and other products of farm and factory constitute this wealth. But the dollar to-day, the medium of exchange, has become the master, while real wealth, that constitutes the necessities of life, is under control. The Government, under the Constitution, can furnish the relief. Will the governing power permit it? If not, more taxes, less incomes, and increasing indebtedness, and less hope for the future. In shrunken values the wealth of the United States before the crash of 1929, estimated at three hundred and ninety billions, has fallen to an estimate of two hundred and fifty billions and burdened by debt—the loss due largely as a result of stock speculations, estimated above sixty billions; also to loans and investments abroad that bring no return, to hoarded money withdrawn from industry. No suggested remedy except to wait Micawber-like for something to turn up, while special interests seek to increase their hold on the country and cry out against any currency relief where most needed.

Those loudest in opposition to this relief are among the class who reaped large profits under war conditions when prices were high and to whom millions of dollars were refunded of income taxes, in the aggregate over $3,000,000,000. This is the class who rush to buy tax-exempt securities and loan and invest abroad, and urge cancellation of foreign loans due the United States, so their private loans may be enhanced in value, and cry aloud against fiat money when they know that the money sought to be issued under the Owen plan is backed by the bonds of the United States and the gold held in the Treasury and the Federal reserve banks and of like value in kind as other moneys now in circulation and exchangeable for gold notes.

Mrs. NORTON. Mr. Speaker, there comes a time in the life of every public servant when it is necessary to choose between the thing you would like to do and the thing that you know you should do.

I know of no case since I have been in Congress where to do the thing that I believe to be right hurts me as much as it does to-day, to vote against the bonus at this time.

I have not forgotten the service performed by the youth of our country when they answered the call that to many of them meant death and to others a life of illness and misery. I am thinking of those men to-day and the many other thousands who shall within the next few years pass on to join the ranks of those who have made the supreme sacrifice.

It is because of these thoughts and my convictions that I can not vote "aye" on H. R. 1, otherwise known as the "bonus bill." I truly believe that it would not only alienate the rank and file of the people of this country who have heretofore supported legislation to benefit the veterans; but it would be a real tragedy, for up to now the veterans have had the great majority of citizens in sympathy with their cause.

It would also be a great injustice to the wives and children of men whose only asset, in the event of death, is the adjusted compensation granted by the Government—known as the bonus but in reality an insurance upon their lives. In the event of the death of a veteran at any time this compensation is paid in full to his nearest dependents.

In reviewing many of my cases in the Veterans' Bureau, my attention has been called to the fact that thousands of veterans die without a dollar to defray even their funeral expenses, and if it were not for this adjusted compensation or life insurance awaiting the dependents, the $100 provided by law, as we all know, would be insufficient to pay for even the most ordinary funeral. It would mean that the widow of the veteran would probably be in debt for years for the funeral expenses of her husband.

Another reason for my voting in opposition to this bill to-day, is that at a time like this, when Congress has been obliged to levy high taxes in order to balance the Budget, and letters are pouring in from all classes of Americans begging for help, it seems neither right nor proper that we should place a price on patriotism.

Many of these citizens who are now on the verge of starvation were among those who in 1917 and 1918 contributed to the Red Cross, worked day and night without any compensation to assist the men who had gone to war, bought Liberty bonds, and made every kind of sacrifice. I do not mean by this to minimize the noble work done by the veterans, whose devotion to their country was, and is, and always shall be appreciated.

I merely wish to call attention to the fact that they were not the only heroes of the war, nor do I believe that these heroes are represented by the men who have come to Washington to demand from the Treasury money that is not theirs.

We can not legislate for any one class, and in view of the 8,000,000 men who were not veterans but who are out of employment and on the verge of starvation, this surely would be class legislation. The great danger of this "bonus bill" is that it might repeal much of the legislation that has taken us years to enact for the benefit of the veterans and their dependents.

The thing that should be done quickly and without quibbling is for Congress to pass a proper public works bill to benefit all classes.

Americans want work, not charity. I can not and will not believe that the patriotic soldier who offered his services to his country would expect or wish to be singled out as a class apart and embarrass the country he defended by insisting upon the payment of a debt at this time, when it is not and will not be due until 1945.

For the sick or disabled veterans we are doing and shall continue to do everything within our power; but this does not apply to the man who has no service disability and is merely insisting that he be paid now, with interest, a sum of money that the Government contracted to pay him in 1945. Such a demand is unjust and not patriotic.

I have too much faith in our veterans to believe that any large number are in favor of paying something that might destroy the credit of the country they fought to defend. When and if the bonus is paid, I want it paid in real dollars. The Patman bill proposes to pay the soldiers by turning the printing presses loose. I do not want the bonus paid in depreciated currency, so that when the veteran thinks he is getting a dollar worth 100 cents he will find he is getting one worth 50 or 75 cents. It is merely handing a gold brick to the soldiers and a much larger gold brick to the millions of Americans who are not soldiers and would not receive any bonus money, but who would find that the purchasing power of the dollars they managed to acquire by toil and honest effort would be sadly diminished by this uncontrolled flood of fiat money issued from the printing presses.

The adjournment of Congress is only a short time away. It will be unfortunate if something is not done by this Congress to bring relief to the men and women in the common walks of life who are unemployed, starving, and sorely distressed. Fully 75 per cent of the enormous volume of mail that comes to my office is from people who plead for help. My heart goes out in unbounded sympathy to them, and I believe some relief bill should be passed.

My record in Congress with regard to veterans' legislation is well known. I have been and shall continue to be their loyal friend. I could not conscientiously consider myself such if I voted for this bill. It would be an expedient vote, not an honest one.

I ask the veterans of New Jersey to trust me now as they did when I promised in my first term in Congress that I would not rest until a hospital in New Jersey for the disabled veterans had been secured. I have kept faith with them.

Mr. LICHTENWALNER. Mr. Speaker, after listening to every argument for and against the payment of the adjusted-service certificates held by the veterans of the World War with an open mind I have concluded to vote for the bill.

In coming to this decision I wish it distinctly understood that I am doing so without having been influenced in any way by those of the veterans who have come to Washington to try and influence the Members of Congress to vote for the bill. The men who are here from my district represent the very best type of World War veteran in this country.

I understand that the contingent from my district in their encampment are a model for the entire army at Anacostia; that the discipline in that outfit is the same as in war time; that no liquor is tolerated in the camp; that anyone coming into the camp under the influence of liquor is ejected immediately; that anyone preaching communistic doctrine is not only forcibly removed but also handed over to the police authorities so he will be sent out of the city. In short, our boys by their example have won the respect and admiration of the entire encampment.

I do not know whether this army of men here in Washington has helped their cause or not. I do know that these men, by the fine manner in which they have conducted themselves and by their splendid parade here the other evening, in a city which, fortunately, is not faced by the terrible conditions prevailing in the rest of the country, and therefore not as conversant with the hardships undergone in the other communities, have converted the people of the District of Columbia to a sympathetic understanding of their cause. I do think that whatever the results of this vote may be, that if the vote should or should not be favorable in the Senate, that this army of men should then return to their homes and not subject the people here to the dangers of disease and themselves to the certainty of an epidemic, and thereby undo all the good they may have accomplished for the benefit of veterans in general.

After this problem has been disposed of I think the men would certainly be better off at home, where at least at the very worst they are not subjected to the rigors of camp life and of sleeping on the ground.

The men who have called on me have not tried in any way to coerce me on my vote, or even to influence me. I have told them that I would listen to the debate with an open mind; that I would not allow any political consideration to affect my judgment; that while I had received hundreds of letters and telegrams urging my support of the pending bill, and a comparatively few communications against it, that I had given the same reply to all of them. I further informed the delegations that called on me that I was most sympathetic to their cause, but that I would vote for the cash payment of the bonus only if I could be convinced that it would not injure the credit of the Government of the United States of which they and I are a part.

After most careful consideration I have come to the conclusion that it not only would not be detrimental to our credit but would be a means of bringing back the business of our country by circulation of the money, which would not be hoarded.

I have gladly voted for every measure that I thought would bring back business. The Reconstruction Finance Corporation bill, which was enacted to provide loans up to $2,000,000,000 to banks, railroads, and insurance companies; the Glass-Steagall bill, which I hoped would loosen up the credit situation; the Federal farm loan bill, for extension of credits. While I think these measures have had a good effect by stopping the wholesale closing of banks, yet they have not given employment to a single person. Business, instead of being on the upgrade, as we all hoped it would be, is at the lowest ebb now that it has been at any time since the beginning of the depression; and instead of more people being employed than there were when we convened in session of Congress in December, there are now several millions more out of employment.

Since there seems to be no prospect of a large public-works program of several billion of dollars being provided, a policy which would give employment to a great many people and a plan which would give work rather than charity to those who desired to work—I might say here that these millions of men want to work and feel that there is something wrong with a system where in a land of plenty they can not obtain jobs to provide a living for their families.

I believe that something should be done to at least in some measure bring back business, which would also indirectly give employment. I do not claim to be an authority on the subject of economics, but after some study of it I believe that some inflation of the currency at this time, which would force a rise in commodity prices, would, within limits, of course, be the most desirable result which could be brought about at this time. How can we expect to get back to any degree of prosperity when almost everything we are making is being sold at less than the cost of production?

We have been forced in a spirit of patriotism to vote for a tax bill which will place on the backs of the people a most onerous burden in order to make the receipts of the Government equal to the expenses, and this after the cutting of hundreds of millions of dollars from the estimates of appropriations as submitted by the Bureau of the Budget. Yet even with the heavy burdens we have placed on the people by this revenue act, the Budget will not be balanced if business does not soon return to a more stable condition.

I know all the arguments against the cash payment of the bonus, the principal one being that the certificates are not due until 1945. The Government, though, has revised other debts in favor of the peoples of other nations. If the men were to receive their $1 a day for service at home and the one dollar and a quarter a day for foreign service, which is the basis of the certificates, dating from the close of the war, with the interest at a rate that they had to pay for borrowing money, the full amount of the certificates would have been due in 1931.

Yesterday our good friend and colleague from Tennessee [Mr. ESLICK], than whom I held no man in this House in greater esteem for his character and for his opinions, was stricken while making the greatest plea for the bonus that has been made on this floor. His last words were: "But, Mr. Chairman, I want to divert from the sordid. We hear nothing but dollars here. I want to go from the sordid side." It may be that seeing this noble man fall to the floor dead, passing away as many of us would like to do, in the performance of our patriotic duty—it may be that seeing the admirable way in which the 18,000 men who are here in Washington pleading for the bonus have conducted themselves has affected some of our sympathies when we shall cast our vote, but after all, if we as a nation should turn from the "sordid side" and bring relief to those in distress that would affect favorably the conditions of all of the people, I for one am glad to cast my vote for that cause.

Mr. UNDERWOOD. Mr. Speaker, ladies and gentlemen of the House, I favor paying the soldiers' adjusted-service certificates in cash. These certificates were not a bonus. They were a debt that our Government has confessed to be due the ex-soldier for adjusted pay, based upon service rendered. The adjusted-service certificate is not, and was not, intended as a reward for patriotism. Our Government admitted that we owed a debt to each ex-soldier equal to $1 additional per day for each day of home service and $1.25 additional per day for each day of overseas service. The issuance of these certificates was an attempt on the part of Congress to equalize the amount the soldier received with what others received who were not in the military service.

Congress in 1924 passed what is commonly known as the adjusted compensation or bonus act. After the war Congress adjusted the pay of the railroads to the amount of $1,600,000,000; we adjusted the pay of the war contractors to the amount of $2,000,000,000. We did not ask them to take adjusted-service certificates. Under the foreign-debt settlements we canceled approximately $11,000,000,000 owed to us by foreign countries. I believe the ex-service men have the same right to the payment of their adjusted-service certificates in cash as the railroads and war contractors,

who made enormous profits out of the war. Our soldiers hold the Government's duebill; the obligation is just; they need the money. Those who do not want their certificates paid in cash can keep them in the present form. They would not be compelled to cash their certificates.

I am supporting this legislation to-day upon the theory that it was due and owing to our ex-service men for their loyalty in the hour of need. I am supporting this measure upon the broader basis that it is a relief measure which would help to take care of serious economic conditions; that it will help relieve distress and suffering in all corners of our land. I am supporting this measure in the firm belief that beneficial results will flow from it in restoring prosperity to the distressed of our Nation.

I have consistently supported the payment in cash of these adjusted-service certificates. I have previously taken up the cause of the disabled veteran, in whom I have always been deeply interested, and have insisted upon a cash payment to them. According to the best information obtainable, from Director Shaw of the veterans' employment service, Department of Labor, 1,600,000 veterans, who are unemployed and absolutely destitute, need their money at this time. These certificates do not represent a bonus or gift, they represent an honest debt admitted by Congress to be due and owing to our soldiers who are the safeguards of our Nation and the defenders of our flag.

The cry goes up, Where are we going to get the money to pay? The facts and figures disclose the story. Experts tell us that there is enough idle gold in the Treasury to authorize issuance of Treasury notes to pay this debt in full. In this way the debt can be paid without a bond issue, without increasing taxes, and without additional interest. The debt must be paid sometime—everyone will be helped by payment now. The question becomes this, Which will help more and promote the general welfare of all our people of this great Nation more, the payment of this money now or permit the banks to consume it by compound interest? It is estimated that payment at this time will distribute $18 per capita over the entire Nation.

The money will be paid quickly without graft, additional taxes, or favoritism, and the people in every city, county, and State in the Union will get their proportionate share. The money will go to patriotic American citizens. Purchasing power will be placed in the hands of consumers, and the money will be spent at home for clothing, food, and fuel, thereby promoting production and employment. Cash payment now will convert a noncirculating Government obligation (adjusted-service certificate) into a circulating Government obligation (Treasury note). We want justice for our veterans, but that alone is not enough; we want justice for all our people. We want a fair price for corn, cotton, wheat, hogs, and other agricultural products; and we want a fair living wage for our workmen, our merchants, and our business and professional men and women. Honestly owed money in circulation will in part effect this very thing and will set in motion the idle wheels of industry and stagnant business and raise (to a higher level) farm commodity prices somewhere near the value of the dollar. We need to enable debtors to pay creditors. We must raise the price level—by increasing circulating medium, or by increasing its activity, in other words, reduce hoarding. Payment of adjusted-service certificates will accomplish this.

My State alone would receive $117,845,937.81. My congressional district alone would be benefited in the amount of $2,983,622.13. The following table will show the actual amounts by counties:

Ross County	$801,059.13
Fairfield County	780,297.30
Perry County	557,519.85
Pickaway County	482,929.74
Hocking County	361,816.11

If we can not furnish jobs—pay the bonus, which is an obligation any way. Give the 3,600,000 soldiers, scattered in all corners of our Nation, the money due and owing them. The payment of money in Treasury notes will not take one cent from the Treasury—will not levy any additional taxes—will not float any bonds. Payment would start business moving. Payment would be money spent for shoes, clothing, food, and payment of debts. Price levels would be raised by increased circulating medium or by increasing its activity.

What the country in general needs is not money in hundreds of millions put away in bank vaults, but money scattered all over the country to start again the circulation of trade. The country needs money that will be spent, not accumulated. Would not the spending of this money by 3,600,000 men start everything moving?

Those who would now look upon the jobless veterans as a needless burden were among the first to cheer them on their way "across the pond." Then they were well fed, well dressed, well disciplined. To-day, these same boys are poorly dressed, hungry and without jobs, but still patriotic, well-behaved, fine boys. We were proud of our boys in 1917—why not express it to them now?

Our soldiers are the defenders of our Nation. Whatever we enjoy to-day of life, liberty, and happiness we owe to these heroic men and women. Compensation paid them for their disabilities is not charity. Our Government can not restore the life given in the service of our country, but it has a duty to help comfort the mother, the widow, and the orphan. Our Government can not restore health to the body broken in defense of our flag. It can in a measure lessen the suffering, the hardship, the sickness of our disabled by providing liberally and cheerfully for those who have given the best they had to their country in the hour of need.

Pay the bonus in cash now.

Mr. CROWE. Mr. Speaker, the payment of the adjusted certificates, commonly called the bonus, has been given much study by myself long before I even came to Washington for the present session of Congress; and, in fact, in a way my views were expressed at my home, Bedford, Ind., November 19, 1931, and those remarks were entered in the daily CONGRESSIONAL RECORD on January 7, 1932, at the request of the Hon. ARTHUR GREENWOOD. I have no apology to make for my stand. Why should I offer an apology? The Sixty-seventh Congress, in March, 1922, acknowledged this debt and acknowledged that it was for service rendered during the war, several years before that date. Other institutions who called upon Congress for a bonus, such as the railroads, manufacturing interests, and so forth, and adjustments were made with them, and they were not paid with checks due in 1945, but paid in cash.

Some years after the war ended, certain large interests in the country convinced the Government that they had overpaid in income taxes and they were promptly paid the amount said to be due them at that time and they were paid 6 per cent interest from the time they had paid the money to the Government up until the time they were reimbursed. When the bonus certificates were first issued it was said, in some parts of the United States, that the veterans had to pay as high as 8 per cent to borrow money on their own certificates and to borrow the money that was already due them, and long past due.

TEN BILLION DOLLAR BONUS TO EUROPE

Our splendid country has gone much further than that in giving a bonus. When the war was ended, a war into which we were dragged to save the faces of certain countries of Europe and when they were fighting with their backs to the wall, we stepped in with our billions of dollars of gold and hundreds of billions of natural and other resources. Many thousands and even millions of people of the United States profited, some to the extent of hundreds of millions of dollars on account of the war. We sold Liberty bonds, thrift stamps, and so forth, and the slogan was "to give until it hurts."

In selling these bonds I was told to tell the citizens that Europe was to pay us dollar for dollar and that they were to pay interest on same, but what happened? When the war was over, those countries, with the nerve that they are known to have, asked us to pare down and we did and gave them a bonus of some $10,000,000,000, and on the remaining approximately $10,000,000,000, the Government very obligingly gave them terms of settlement ranging in differ-

ent countries from 1⅛ per cent up to the highest which is 3½ per cent, and this was another bonus. Then we gave another bonus to Europe last year when their agents together with the international bankers of Wall Street, came to the President wringing their hands and asked for a moratorium.

In that war who was sent? It was the flower of the manhood of this country. Not the boys who were crippled, defective eyesight, sick, and so forth, but the choice young men who had a future. They were taken from all that was dear and near to them, and they spent their time training in camps, and clothed by Uncle Sam, to be sure, and all for $1 a day on this side and $1.25 a day on the other side. Some say they had better jobs than they ever had in their lives, but did they?

They did not all get over, but there were not any who knew that they would not be sent across. Let us see what kind of a good job those who went over had. Well, they had the beautiful dugouts and trenches to live and sleep in which were infested with rats, vermin, and so forth. They had the opportunity of going over the top to be riddled with machine-gun fire and to breathe poison gases, and all for $1.25 a day. While those on this side who were not physically able, or were too young or too old to go, were drawing salaries from $3 up to $18 per day at home. They were living in safety and comfort. The big operators were making war material and piling up huge fortunes. Whether right or wrong, our Government, all three branches, decided that the boys were entitled to additional pay; they acknowledged that, but when they did there was no reason in the world, not any substantial one, why they should not have been paid that additional sum at the time that they acknowledged the debt, and there is no reason that I know of why it should not have been started and have been dated at least at the time of signing the armistice, or when the boys were mustered out of service, and the same amount should have borne interest at the rate of the man who overpaid his income tax, that to be added to the amount due them and all paid at once.

We find some very fine gentlemen in Congress that have established splendid records, some of them overseas men perhaps, in the thickest of some of the battles. They all have my respect and I am for them and I would not detract, if I could, any of the glory due them. Some of them, however, have said that paying the bonus is very unjust and that the veterans are not entitled to it, and many such statements, but these men have sufficient means to take care of themselves and their families. They are also men who are now drawing nice salaries as Congressmen from the Federal Government and there are some who are also drawing a handsome retired officers' pay. However, I do not begrudge them of it and I am not opposing it; neither am I considering that; but with the retired officers' pay plus their salaries, I doubt if they can realize the suffering of many of the veterans.

At this date a good many thousands of the veterans are in Washington. Their being here has not changed in any way my mind concerning paying the bonus; in fact, it has convinced me more thoroughly that I was right in being for the bonus, even more than I was before they came here.

A better-behaved and more orderly group of men, in my opinion, have never marched through the city. Sure, some reds took advantage of the situation and came to Washington—probably some of them were already here—but the veterans promptly threw them out of their camps when they were found and reported them to the police. Considerable talk has gone around questioning the right of these veterans' coming to Washington. Why should they not come here, when they are unemployed and have been for months, some for a year or more, and their families hungry? What group of men, I wonder, would have any more right than these veterans to come to Washington and ask for in a gentleman's way what they think is due them, and what is due them? Other groups come here. The big interests send their groups here, and many have received what they came for. One big difference, however—they stay at the best hotels, have fine clothes, and make good money, and they represent in most part the big interests of the country. It is true we have to have big interests, and conditions have arisen where something had to be done for them. I joined with the President in most of his program, which I thought would help these conditions in general, and I opposed his plans which I thought would not be for the best interest of the country. In my opinion, there is no group of men in this country who have more right to come to Washington, their Capital, and to ask for the things that they feel are due them, than these veterans.

BALANCE THE BUDGET

Out of 140 years, the Budget of this Nation has been out of balance 47 years, or approximately one-third of the time. Our Budget has never been balanced in times of war and in years of distress. While I was just as anxious as anyone could be to see the Budget balanced, yet, for the two preceding years one did not hear anything about balancing the Budget. This year it has been continually talked and the scare has been given the people that unless the Budget is balanced that there is no telling what would happen to the country. How much better it would have been if the Director of the Budget would have fulfilled his duty, made the necessary reduction of the expenses of the Government. Then, if the President had sent it to Congress, saying here is the amount that must be deduced from each branch of the Government, and forbidding the departments to have lobbyists around the Capitol, and had given the amount to be deducted from each department, leaving to Congress the right to make any additional deduction that it might find necessary in order to balance the Budget. Then the increase of income taxes to be derived from those who have profits, the Budget would have been balanced, or as nearly so as it will be when Congress adjourns, and the country saved all the turmoil it has endured.

But what does this program of paying the bonus have to do with balancing the Budget? It is an acknowledged debt for services performed during the war. Under the bill as passed by the House, it is to be handled by bonds issued by the Government, held by the Federal reserve bank, against which an issuance will be made, and same will pay any debts that any other money will pay, and would be just as good as the bonds the Government has issued to these veterans, because they will have the seal of the United States Government on them. At the present time the money in circulation in this country is approximately $15 below normal, and business is always bad when there is a shortage of money in circulation. There is much unwise and unsound talk that this money would be money with nothing back of it, which are not statements of fact. There is a certain amount of gold held by our Government which is lying idle in the vaults. Against this issue of currency and bonds could be placed 40 per cent of gold, which is all that is required to be up in gold against any issue of currency. In fact we have a certain amount of silver certificates and each of these silver certificates is backed by a silver dollar, and that dollar is to-day worth only 28 cents in real value; but who refuses to take a $1 bill and who would not like to have many of them? What store or bank would refuse them? None. Why? Because the seal of the United States Government is on them.

The payment of this bonus would reach every city, village, crossroad in every corner of the United States. There are more people idle in our country to-day than have ever been known before, and there is more suffering and hunger. Something has to be done to help the farmer and to aid the working people, and this bonus will go a long way toward helping everybody in the country. This money will not be wasted by the veterans as some people tell you and as some honestly believe. According to a statement made by General Hines of the Veterans Bureau, quite to the contrary happens. When the veterans received 50 per cent of this bonus,

only 7 per cent was wasted, while 93 per cent went to pay grocery bills, payments on homes, autos, or to finish payment on homes, and so forth.

It is commonly said that a dollar paid to one person, pays nine others, and this bonus, if paid, would reach to every section of our country.

Something must be done in this country for the unemployed, of whom, it is estimated, the veterans comprise approximately 1,000,000. Means have got to be taken to either feed these hungry, starving people or give them jobs. Something must be done for the farmers. Up to this date, I am sorry to say, practically nothing has been done for them, and there must be something done for them. Relief to the farmer and relief to unemployment is the only way back to normal conditions.

Are the big interests going to continue to stand for themselves and to oppose the interest and welfare of the entire country, and are they not going to learn that the country is not and can not and never will be prosperous until the working men are supplied with jobs at more than a living wage and farmers given a market for their product with the opportunity to pay taxes and live?

Mr. LARRABEE. Mr. Speaker, much has been said on the floor of this House during the present session of Congress in regard to "patriotism, courage, and moral stamina" when such subjects as the revenue bill and the economy bill were discussed.

That, ladies and gentlemen of this House, has been the sum and substance of the courage displayed. There has been an utter lack of courage when it came to the matter of handling legislation that will serve to bring back prosperity, by restoring the even flow of money through the Nation, providing jobs for the jobless, relief for the farmer, and immediate succor for the starving people.

Instead of standing up and facing these problems boldly and patriotically, this House has shied away from them, evidently thinking that to balance the Budget is all that is needed.

Balancing the Budget is entirely a separate question. It should serve to restore confidence, but continued decline in the prices of commodities and stocks since the Budget-balancing performance has been completed has proven conclusively that much more is needed to even restore confidence of our own people in the ability of the Federal Government to cope with conditions such as threaten our very existence as a government of the people who are governed.

But that is beside the question now. Measures must be enacted at once if this Nation is not to be reduced entirely to a nation of subservient people.

Money must be made available to the people of ordinary means in normal times, who are the people that keep the money in circulation.

The guarantee of bank deposits has been a step in that direction in that it provides means of safeguarding the Nation's monetary system by insuring the even and uninterrupted flow of money after the flow has been reestablished.

It is my own personal belief that we are fortunate—and deeply fortunate—in having the means at hand for quickly placing into circulation more than $2,000,000,000. That can be done by paying the soldiers of the World War the debt we owe them. Thousands of these men are here in the National Capitol to-day begging Congress to permit them to aid in reviving prosperity. Pay them their money and we need have no fear that this two billions will be hoarded—at least not until it finds its way into the hands of the wealthy hoarders.

Pay them this money that they may go home to their wives and families and provide them with food and clothing and pay their creditors.

It is a sorry spectacle when Congress falters, fears to act, at a time like this, especially when such action is the action that is required to lift us from the mire of panic, distress, and take us back from the brink of national chaos.

Two billions of dollars put into circulation at once will turn over quickly. Each time it changes hands it pays either $2,000,000,000 worth of debts or buys $2,000,000,000 worth of the farmers' produce or the manufactured wares of the Nation's industries. If it changes hands only in normal routine the effect will be remarkable to behold.

Pay Veteran Jones his bonus and he will pay it over to his grocer, his landlord, his clothing merchant, and his doctor and others.

The grocer will pay it out to the wholesaler, the landlord will pay interest on his notes and doubtless spend some of it in improving his properties for his own protection. New paint, new roof, new wall paper will be bought. Many will buy new clothing, new radios, and perhaps new cars, and the money has gone on its way doing its part toward restoration of prosperity.

The clothing merchant will pay his bills, buy some new stocks, and perhaps at least pay off the interest on his notes. The money he receives goes on its way.

The doctor pays his drug bills, the interest he owes on his notes, and perhaps, if he can possibly do so, he will buy a new car to replace the one he has driven for two or three years. Perhaps the doctor will paint his home, buy his family some much-needed new clothing, and the money has again gone on its way.

Some of this money will quickly reach the farmer, and no one needs it more than he does. Some of it will quickly reach the producer of manufactured articles, enabling him to give work.

The farmer who gets the money will buy the things he needs, and keep the money flowing onward. The employee of the factory will not hoard it, either. His family has been in want too long to permit him to hoard any of it.

Two billions of dollars placed into circulation in this way now will turn over more times within a given period, and benefit more people, than ten billions in normal times. People who get it must keep it going through the regular channels of money flow. They have no alternative. They could not hoard it if they wanted to do so.

The stimulus to business this will provide will enable banks to extend new credits, further reviving the flow of money.

Payment of the bonus will greatly reduce the burden on charity and permit the money now being spent for the bare necessities of sustaining life in the unemployed and their families to go into other channels. It will send the money they would have to spend for that purpose traveling normally once more through the hands of the merchant and shopkeeper to the farmer and the producer of manufactured goods.

It will permit the entire Nation to take a new grasp on prosperity.

Coupled with the benefits to be derived from the enactment of the Garner relief measure, if this measure is not killed by a group of politicians playing politics with human misery, payment of the bonus and reopening of jobs to thousands by the unemployment relief to be given through the building program, it is our hope for reestablishing the possibility of American people again supporting themselves.

The only argument advanced against payment of the bonus is the argument that it will again unbalance the National Budget, increase the tax burden, and destroy confidence.

The first part of this argument is absurd. As long as we owe this debt, and refuse to liquidate it, our Budget is not balanced. But, considering that such was the truth, there is no reason why it should be. We have already established a bonus sinking fund, to be paid out in 1945. There is no reason advanced yet why we could not issue bonds or debentures secured by the bonus sinking fund without the necessity of increasing taxes one cent.

If you fear this, and there was no fear of bonds or indebtedness, or even of an unbalanced Budget, when our President extended a moratorium to European nations on their debt to us, last July, then there are other plans, some of which may be even better, for financing the bonus payment.

There was no fear of bonds when we fed 3,000,000 of these soldiers in Europe fighting in the World War. There was no fear of bonds when we extended ten thousand millions of dollars to foreign nations to help them finance—or in fact to finance their share of the World War. And we spoiled our possibilities of regaining much of this when our President extended a moratorium last summer to these debtors.

It was patriotism then. Why is it not patriotism now, when we do not have the destructive influence of war to contend with, to regain our courage and go forward?

Many plans aside from the above have been advanced for paying the bonus without unbalancing the Budget. Others, doubtless, could be devised, and collection of the war debt owing to us from foreign countries, which the moratorium has apparently prevented us from ever collecting, could have been one means.

As far as the section of the argument dealing with "destruction of confidence" is concerned, nothing could be more removed from the truth. The exact opposite would occur. New confidence would be aroused as the public was brought to realize that the Federal Government is in fact big enough to cope with such conditions as this—big enough to relieve distress and put the idle back to work.

In this panic, or in any other panic, there is no such thing as standing still. If we refuse to act to restore the wheels of industry, to feed the hungry and the distressed, we will continue to go backward. To date nothing has been done except to pass the Garner bill in the House—and that is threatened in the Senate and by the White House veto—to restore industry and feed the hungry.

A few weeks ago it was found to be an easy matter to secure $2,000,000,000 for the big banks and the big corporations who have wrecked themselves by their reckless gambling and who have dragged down others in their own ruin.

To-day we face the spectacle of Congress claiming that two billions can not be found to pay this just debt to the soldiers and at the same time take one mighty long stride toward restoring prosperity.

Putting it bluntly, men who are afraid to tackle this kind of a job have no place in Congress. The future is brilliant if we have the courage and vision to go forward. It is worse than gloomy, it is mighty dark, if we stand idly by in this time of distress and refuse to take advantage of the simple expedients at our command to restore prosperity through reviving the flow of money.

This Nation was not built by men with hearts afraid. It did not grow out of the Revolution under leadership of men who shrank from duty. It did not recover from the Civil War under the leadership of men afraid to act decisively, nor will it recover from our present panic until we move forward boldly and with the determination that the task can be done.

No one favors economy more than I. No one opposes needless Federal appropriations more sincerely. But this is not a question of saving dollars; it is a question of saving the entire Nation from ruin, and saving thousands from death by starvation and deprivation.

We can have economy, tax reduction, and the curtailment of waste of public funds and at the same time produce the money we must have to revive business and save the Nation and its people.

While we should rejoice that we do not have a conflict with other nations at war, we must realize that we are threatened by an even more sinister, more destructive, and horrible enemy to-day. Unemployment, hunger, want, and starvation stalking the land and reaching a grim hand into every section of the country constitute a far more deadly menace than war between nations. In war the spirit of patriotic nationalism arises. In panic this spirit, vital to the welfare of the Nation, is crushed, and the very foundations of democracy are attacked.

Patriotism, courage, and moral stamina must be displayed by the men in government if this disease or plague gnawing at our very vitals is not to be spread to all the people.

Let us act now before it is too late. Pay the bonus and go forward. Send the thousands of former soldiers who have come here to plead with us back to their families bearing a message of cheer and the knowledge that the Government they offered their very lives to defend will at least make an effort to save them now from starvation.

Mr. WHITTINGTON. Mr. Speaker, the so-called Patman bill provides for the immediate payment of the adjusted-service certificates to the veterans of the World War. These certificates will not be due until 1945, and the unearned interest amounts to $1,353,000,000. The title to the original bill was to provide for the immediate payment of the certificates. The title to the substitute, embodying the so-called Owen amendment, is to provide for controlled expansion of the currency and the payment of the face value of the adjusted-service certificates, which is about $773,000,000 more than their actual or loan value. Reasonable expansion is desirable, but it is worse than fallacy to say that it can be provided by the Patman bill. It is unthinkable to say that the Government can issue $2,400,000,000 in currency to pay the veterans and not be able to do the same thing to relieve the taxpayers.

The revenue act of 1932 imposes additional taxes upon the citizens of the United States in excess of $1,000,000,000. The Nation is now in distress. All citizens and all classes should be treated alike. If the currency could be expanded to pay the bonus, it could certainly more justifiably be expanded to pay the expenses of government. Taxpayers are being burdened as never before, and all taxpayers should be relieved.

Many veterans are laboring under a misapprehension. Many of them have come to Washington thinking that their certificates are due. The Government owes nothing to any able-bodied veteran on his certificate until 1945. I have always maintained that the bonus when granted should have been paid in cash, but the depleted Treasury will not permit payment at the present time. Many veterans have been misled. They have been told that Congress has voted to give $2,000,000,000 to banks, railroads, and insurance companies through the Reconstruction Finance Corporation, but such is not the case. Banks were in difficulties. When banks fail, citizens are in distress. The Reconstruction Finance Corporation merely provides loans on adequate security, and they are to be repaid. Such loans have been provided for farmers as well as bankers.

It is argued that $2,400,000,000 would be widely distributed. If the argument is sound and if a distribution of money will solve the depression, much more good would be accomplished by distributing $2,400,000,000 among the entire population. All would then be treated equally. If loans for 50 per cent of the value of the certificates in 1931 did not help the depression, surely the payment in full can not cure the depression. Reckless borrowings by individuals and governments lead inevitably to bankruptcy.

The bill provided for the United States to issue currency. By substituting the so-called Owen amendment, to provide for the issuance of bonds, the fallacy was confessed. The unsoundness of the original bill was admitted, but the Owen substitute is no better. It is nothing more nor less than an additional burden upon taxpayers of the United States at a time when they are least able to pay. Sinking funds must be provided, and interest must be paid.

I have gladly supported all measures in behalf of the disabled and wounded veterans and their dependents. I have supported legislation for the beneficiaries and dependents of veterans who lost their lives.

The United States has been most generous with its soldiers and sailors. Approximately 25 per cent of all Federal revenues are expended for their benefit. I am a friend of the ex-service man; but when we are undertaking to curtail governmental expenses, when we are undertaking to put the country on a pay-as-you-go basis, a grave injustice would be done the taxpayer by increasing his burdens. Moreover, the demand for the bonus will probably further delay legislation for the worthy widows and dependent children of veterans who sacrificed all for their country.

The United States is doing more for its veterans than all other so-called great nations combined. During the World War the United States mobilized 4,757,240 men and lost in dead and wounded 322,497, while the appropriations for the fiscal year 1932 for World War veterans and their dependents aggregated $860,635,000. Germany mobilized 13,000,000 men, lost 6,111,862, and the expenditures for the year 1932 were $298,690,000. France mobilized 8,410,000 men, lost 5,623,000, and the expenditures for 1932 were $286,722,000. Great Britain mobilized 6,600,000 men, lost 3,000,000, and expenditures for the year 1932 were $174,802,000. Italy mobilized 5,615,000 men, lost 1,597,000, and expended in 1932 $69,853,300; and Canada mobilized 619,636 men, lost 232,045, and expenditures for 1932 were $61,123,000.

It will be seen that the United States, with 322,497 in killed and wounded, is expending approximately as much for the veterans of the World War and their dependents annually as Germany, France, Great Britain, Italy, and Canada combined, with more than 16,000,000 killed and wounded, are expending. The veterans are receiving $860,000,000 annually, and in the existing depression are thus probably better off than any other cross section of the population of the United States.

It is said that during the Civil War the Government issued greenbacks, but they were not satisfactory. It is folly to repeat mistakes. The soldiers are entitled to be paid in full for their certificates at maturity. The greenbacks of the Civil War became worth 38 cents on the dollar. We should not deceive veterans of the World War. It is entirely probable that the so-called currency for which the pending bill provides would depreciate so that veterans would be discriminated against. Greenbacks were never satisfactory until their redemption became interchangeable with other currencies.

There will not be a return to normal times or prosperous conditions until commodity prices increase. This means that there must be a reasonable expansion of the currency. I gladly promoted the Goldsborough bill and the Glass-Steagall bill, to provide for such expansion, but unreasonable inflation leads to a debased currency. We have the experiences of Germany in the use of the printing press following the World War. When the currency is debased, the laboring man is the first to suffer. His purchasing power is reduced.

To pass this bill would increase the tax burdens and further retard the recovery of the Nation. Unemployment would increase and a return to prosperity would be long delayed.

There is now $900,000,000 more currency outstanding than in 1929. The need is trade and commerce. There must be a turnover of currency and credits. The need is for the velocity of currency. Silver has declined, but that is no reason for issuing more silver certificates. There is better reason for acquiring additional silver bullion and coining additional silver dollars. There is better reason for the Government acquiring more silver for the issuance of more silver certificates.

The need is the restoration of confidence. I can think of nothing that would retard the economic recovery of the Nation more than the issuance of $2,400,000,000 in fiat money. We need greater confidence in both our currency and our Government.

Mr. GARRETT. Mr. Speaker, under general leave granted Members to extend their remarks, I wish to place in the RECORD my views upon the bonus bill.

It was my intention to do this on the floor of the House, but in view of the short time allowed for general debate, I felt that my colleagues who served in the World War should be granted preference in the general debate on the floor of the House, and therefore yielded them the time that was allotted to me for general discussion.

The scenes in Washington for the past several days have brought sorrow and regret to those of us who were here in 1917 and 1918.

The scenes down on Pennsylvania Avenue leading from the White House to the Capitol are different now.

In 1917 the boys from all parts of the United States, clad in bright and new uniforms, with playing bands and flying flags, were cheered lustily by thousands and thousands of people as they marched along the Avenue and on by the White House to be reviewed by Woodrow Wilson, the great war President of these United States.

To-day it is different down on the Avenue. In abandoned buildings that are waiting to be torn down will be found hundreds and thousands of ex-service men now in Washington endeavoring to persuade Congress to mature their adjusted-compensation certificates that will be due in 1945 and to pay them now.

In this they are not asking any more than the Government has been doing for others. We are told that the Government has matured and paid ahead of time over $4,000,000,000 of the public debt.

If this had not been done, there would have been no deficit in the Treasury. And there would not have been any need of this hue and cry to balance the Budget and increase taxes. But instead of a deficit of over $2,000,000,000 the Budget would actually not only be balanced but there would be a surplus in the Treasury of something like $2,000,000,000 or more.

May I say that in my opinion there is more misunderstanding and misrepresentation about the bonus bill than any legislation that has been before the House of Representatives during my time as a Member of this honorable body.

You would think from some of the speeches that have been made in Congress, and some of the articles appearing in the press of the country that the proposed legislation was to make a donation or gift of some kind to the soldiers of the World War. Such an impression is so erroneous that it could easily be classed as untrue.

SOLDIERS NOT RESPONSIBLE FOR THE WAR

It should forever be remembered that the ex-service men of this country were in no manner responsible for our entry into the World War.

It was the Congress of the United States acting in accord with a special message delivered in person by President Woodrow Wilson that declared a state of war to exist between the United States of America and the Imperial German Government.

It was Congress that passed the draft law that called four and one-half million of America's best men to arms and clad them in uniforms, put rifles in their hands, and sent them to the battlefields of France.

A GREAT ARMY

No one will deny that any greater army or better, braver, and truer soldiers ever walked this earth than the veterans of the World War.

BONUS IS ALLOWANCE

The soldiers' bonus is nothing more or less than an allowance by the Government of additional pay to what the soldiers received while in the service, and was never intended by Congress to be considered as a gift or gratuity on the part of the Government.

It will be remembered that the private soldier during the war received only $1 per day—$30 per month—for his services in this country and $1.10 per day—$33 per month—for his services while in foreign lands, while those not in the service received the highest wages ever paid in the history of our country.

After the war was over and the armistice had been signed and the boys began to return home, it was found that many of them, while they expected to return to their former positions, found that in many instances they had been filled by others, and they were left without jobs.

So that Congress decided that in view of the fact that nearly everybody except the soldiers themselves had made money out of the war, that the soldier who had offered his life as a living sacrifice in defense of his country, should receive more compensation than was allowed him at the time of his enlistment.

DEATH CERTIFICATE

Therefore, Congress passed the ex-service man's adjusted compensation act, now usually referred to as the bonus bill, by the terms of which each soldier was allowed additional compensation for each day's service rendered, of $1 per day for time served in the United States and $1.25 per day for time served in foreign countries.

And upon this basic pay there was executed to him what was known as an adjusted-compensation certificate, due and payable 20 years after date of its issuance, or in 1945. This was not satisfactory to the ex-service men at the time and never has been.

Many of them have referred to it as merely a death certificate, and so far as being ample additional pay for the services they had rendered their country, it was a rather feeble settlement on the part of the Government with the men who had defended its honor and sustained its prestige at home and abroad.

Of course, if the soldier lives for 13 years more, this certificate will be paid to him in full, if he has not lost it in the meantime by having to borrow money on it that he can never pay back. If he should pass away in the meantime, it would be paid his beneficiary.

DEBT TO SOLDIERS

But the real question now involved is whether the Government is willing to waive the time of paying these certificates due in 1945, and in view of the distressed condition of the ex-service men at this time mature them and pay them now.

My candid opinion is that, in view of what the Government is now doing for almost every interest and industry in the country to whom it owes no special favors, that it should mature these obligations that it owes the ex-service men and pay them in full now.

FOREIGN DEBTS SETTLEMENT

At the end of the World War foreign countries owed the United States in round numbers $22,000,000,000, which we had loaned to them to prosecute the war.

In the readjustment of these debts the United States has lost or remitted the huge sum of about $11,000,000,000—this is what we have done for foreign countries in the way of settlement and readjustment of the international war debts.

During the present Congress in addition to the above we have granted foreign countries a moratorium of one year on interest payments amounting to over $250,000,000, which in my opinion was inexcusable and indefensible.

RECONSTRUCTION FINANCE CORPORATION

The present Congress also set up a Government Reconstruction Finance Corporation with a capital stock of $500,000,000 to be subscribed by the Treasury of the United States, for the purpose of making loans to banks, railroads, insurance companies, and other financial and industrial institutions.

On the 6th of this month, President Hoover at his Rapidan summer home, gave out the statement with reference to the work of the Reconstruction Finance Corporation in which he says the review of the work of the corporation showed that in the 14 weeks of its life loans of about $500,000,000 were authorized to something like 4,000 banks, agricultural credit corporations, life-insurance companies, and other financial institutions, and additional thereto about $170,000,000 to railroads.

It is a strange coincidence that the Reconstruction Finance Corporation has taken care of 4,000 banks, which is just about the number of ex-service men now in Washington, waiting and hoping that Congress will do something for them.

I am not criticizing the President or the Reconstruction Finance Corporation for the hundreds of millions of dollars of Government credit that they have extended to the banks, railroads, insurance companies, building-and-loan associations in order to save them from bankruptcy and ruin, but I do insist that after having extended such a strong helping hand to these institutions to whom the Government owes no special obligation that it can well afford to extend the financial help to the soldiers to whom the Government has already executed its obligation to pay him in the year 1945 a fixed and definite amount as additional compensation for the services he has rendered our Government in time of war and pay him the full amount of his compensation certificate now.

The plan by which this payment is to be made under the present bill will cause the Treasury no financial embarrassment for the law provides that the Treasury issue currency in the amount of the balance due on the certificates, good for the payment of all debts, public and private, backed by an abundance of unassigned gold, to be used for payment to the men holding these Government obligations. This would serve a double purpose of paying the men and imperative expansion of currency which we must have if commodity prices are to be revived.

There is provision for the issuance of a like amount of bonds with the currency, same to be placed in the Federal reserve banks as custodians, so that if the value of the dollar ever falls below normal, the Federal Reserve Board can place these bonds on sale and thereby take out of circulation enough currency to stabilize the dollar at the normal level.

This currency will not be fiat money as contended by the enemies of this legislation, but upon the contrary will be just as sound as any currency now in circulation.

Furthermore, the passage of the bonus bill and the payment of the amount of the adjusted-compensation certificates now held by ex-service men will not only be doing justice to the soldier, who is just as much in financial distress as any of the great institutions that the Government is helping, but it will, in my opinion, have a most uplifting financial effect upon our entire country, because it will distribute over $2,000,000,000 of new money more equally among all the people than anything that can happen just at this time.

Of the amount paid to the soldiers, Texas will receive $95,000,000.

My congressional district will receive $6,924,346.84, distributed as follows:

Harris County	$5,900,165.76
Fort Bend County	487,969.56
Grimes County	371,781.64
Waller County	164,429.88
Total	6,924,346.84

Who will question for one moment that what the country needs now is more money in circulation, and this bill would put into almost immediate circulation the amounts as above stated; and who will question for a moment that this amount of money distributed as nearly equal as could be possible over the entire country among a people that would immediately put the same into every artery of trade and commerce, would not be a financial blessing?

The ex-service men would immediately begin the payment and liquidation of their debts, which would include merchants, doctors, banks, mortgage companies, home builders—in fact, every institution to whom he owes obligation, and it would do more, in my opinion, to relieve the economic depression and start us on the road to financial recovery than any one thing that we could do at the present moment.

Therefore, let us meet the full obligation that we now owe the men who offered to make the supreme sacrifice to defend and maintain the honor and glory of our country both at home and abroad, by paying him in full his bonus and start the wheels of prosperity going once again.

Mr. ALMON. Mr. Speaker, ladies and gentlemen of the House, I favor this measure providing for the payment of the adjusted-service certificates to the soldiers of the World War, often called soldiers' bonus.

First. I do not believe there will ever be a time when the soldiers will need it worse or can use it to a better advantage.

Second. It will provide $2,400,000,000 additional circulating medium in the form of Treasury notes without levying and collecting any additional taxes.

The bill as amended provides for payment of the adjusted-service certificate by the issuance of Treasury notes. No opponent of this measure or any economist has claimed

that this would not be just as good money as any now circulating.

It will not be denied that the dollar to-day is a high dollar. It is rated by economists as worth $2 as compared to the 1919 dollar, and about $1.60 as compared with the dollar in 1926. Leading business men think of it now as a $2 dollar. Before there can be substantial and permanent relief to our country the difference between the dollar and commodity value must be narrow. I believe the main opposition to this bill comes from that interest which would not have the value of the dollar affected.

The adjusted-service pay to the soldiers was not intended as a reward for patriotism. Congress admitted that there were due each of the soldiers $1 additional per day for home service and $1.25 for each day overseas service. The issuance of these certificates was intended by Congress to equalize the amount the soldier received with that of those who were not in the military service.

This adjusted compensation or bonus act was passed by Congress in 1924. After the war Congress adjusted the pay of the railroads to the amount of $1,600,000,000; also adjusted the pay of war contractors to the amount of $2,000,000,000. They were not asked to accept adjusted-service certificates, but were paid in cash. Congress canceled approximately $11,000,000,000 owed to us by foreign countries in the foreign-debt settlements.

I voted against each of these bills providing a reduction on debts due us by foreign countries. Early in this session of Congress I opposed and voted against the moratorium recommended by the President extending payment of debts due our Government by foreign countries for money loaned them during and after the World War. I am opposed to any modification or cancellation of these foreign debts. I believe that everyone will agree that the World War veterans should have been paid their adjusted-service certificates in cash, just as the railroads and war contractors were paid, who made enormous profits out of the war. The World War veterans hold a due bill of our Government.

Under the provision of this bill only certificates will be paid when applied for by the soldier. When we drafted these men into the service they were told that they would receive just treatment at the hands of our Government when the war ended. I have favored the payment of these certificates from the very beginning and even voted to pass a bill providing for the payment over the veto of the President. They should have been paid long ago, but that is no reason why they should not be paid at this time.

A table compiled by the Veterans' Administration shows that the amount that would be paid to the holders of adjusted-service certificates in the State of Alabama amounts to $29,876,139.92; and each of the counties in the eighth Alabama district, which I have the honor to represent, would be paid as follows:

Colbert County	$337,119.40
Jackson County	416,386.49
Lauderdale County	464,357.70
Lawrence County	304,175.16
Limestone County	413,541.41
Madison County	729,593.67
Morgan County	521,327.04

These amounts would go a long way toward relieving much distress. Many of the holders of these certificates are in dire need of money with which to purchase the necessities of life. This money would no doubt change hands a dozen times within 90 days. It is not difficult to understand the advantages that would accrue not only to the service men but to practically everyone in the community where the soldier resides.

It is said these certificates are not due. It is true that Congress made provision for their payment in 1945. This was very unfair and unjust to the soldiers and should be corrected. No one else has been required to await payment of a claim against the Government. This was merely an act of Congress which can be amended and repealed. Such things are happening every day in Congress. Since the time of payment was fixed for payment in 1945, Congress authorized the ex-service men to borrow as much as 50 per cent of the face value of their certificates, and are required to pay 4½ per cent interest, compounded annually. This rate of interest is very unfair and unjust to the ex-service man. The result will be that those who have borrowed on their certificates would only receive an average of about $18 in 1945.

It is estimated that there are 750,000 able-bodied ex-service men of the World War now unemployed who are in dire need of the amount due them by the Government to aid in the support of themselves and families during this awful depression.

This bill provides for the payment of these certificates, as I have said, without any additional taxation, simply by taking up the obligation of the Government which is in form of adjusted-service certificates and issue in lieu thereof Treasury notes. We issued and sold Liberty bonds and loaned money to our allies and foreign countries, some of which was used by them in paying their soldiers a bonus much larger than was provided for ours.

In 1917 and 1918 when some of the privileged class who are now opposing this legislation were engaged in the innocent pastime of making millions of dollars to add to their swollen treasury, these ex-service men were drafted and taken from their homes, their families, their business and shipped across the sea to fight. Many of them untrained in a cruel war to live in rain-soaked and vermin-infested trenches.

Mention has been made that the presence of several thousand veterans at the National Capital was tantamount to an act of coercion toward the Members of Congress. I have not heard of a single threat against any Member of Congress coming from an ex-service man who is here in Washington or elsewhere in the country. They have just as much right to lobby in behalf of this measure as the bankers and predatory interests did in behalf of legislation in which they are interested. Whether or not they were ill advised in coming here in such large numbers is not an issue. Their conduct during their stay so far has demonstrated that they are orderly, quiet, and well behaved. Many of them have told me they had rather have a job than cash on their adjusted-service certificates.

The enactment of this legislation would not be in conflict with our program of economy, as it calls for no additional taxation.

I have supported and voted for each measure providing for a reduction of salaries of Federal employees and Federal officials.

I trust that we will be able to enact legislation that will relieve all who are in distress and provide work for many who are now unemployed.

Mr. DAVIS. Mr. Speaker, I had asked for and had been promised time to speak on the pending Patman bill providing for the full cash payment of the soldiers' adjusted-service certificates. However, by reason of the tragic and untimely death of our beloved colleague, Representative E. E. Eslick, while pleading for the passage of this bill, it was agreed that there should be no further general debate on the bill. Consequently I am availing myself of the privilege accorded all Members to extend my remarks in the RECORD on this subject.

I am unqualifiedly in favor of paying the soldiers' adjusted-service certificates in cash and in full. I have always been in favor of cash payment to the soldiers of adjusted-service compensation.

This is not a bonus. It was a just obligation of the Government even before the issuance of the adjusted-service certificates. When our boys were sent into military service, the pay of a private soldier, as fixed by the law many years previously, when the cost of living was much less, was $30 per month for domestic service and $33 for overseas service. It was generally recognized that this was inadequate compensation under conditions and prices then obtaining, and especially for men to undergo the risks and hardships of real warfare. Besides a large portion of the meager wages of most of the soldiers was consumed in the payment for war-risk insurance and subscriptions for Liberty bonds and

war-savings stamps; and many of the soldiers made allotments to dependents of a portion of their pay. While they were in military service, a large percentage of those remaining at home received greatly increased wages and income.

During the war there was considerable discussion in Congress in favor of increasing the soldiers' wages; but there being a difference of opinion as to the amount of wages which should be fixed and also many pressing war measures pending, the matter was passed over for later adjustment.

After the conclusion of the war there began a discussion and consideration of fixing and paying the soldiers' adjusted compensation—a reasonable amount in addition to the wages received by them, so as to pay them fair and just wages for their services. The American Legion recommended a five fold plan, including an option for payment in cash. We passed such a bill through the House of Representatives in 1920, the adjusted pay being on the basis of $1 per day for service in this country and $1.25 per day for overseas service, excluding the first 60 days of service, presumably because the soldiers had been paid $60 upon discharge. However, that bill died in the Senate.

In the next Congress, the Sixty-seventh, the friends of the ex-service men again sought to enact legislation providing for the payment of adjusted compensation to the soldiers. The Committee on Ways and Means held hearings on the same kind of a bill which had previously passed the House and as recommended by the American Legion. However, the committee reported to the House a bill providing for the issuance of adjusted-service certificates payable in 20 years or upon the death of the holder of the certificate.

The bill was brought up under a rule which precluded the right of amendment. I then insisted that it was a just obligation which the Government should pay in cash, as it paid its other obligations, and not compel the soldiers to wait 20 years for payment, and that at least 90 per cent of the soldiers desired to be paid in cash; that the proposed plan was not the one recommended by the American Legion or the one desired by the ex-service men. Hereinafter will be found a portion of my remarks on the bill at the time. Billions of dollars were paid to war contractors and for various other losses growing out of the war, and paid in cash. Much of this involved neither a legal nor a moral obligation on the part of the Government but was called "equitable claims." Everybody was paid in cash except the boys who had gone to war and risked their all for our country. This is a just obligation, and the Government should have long since paid it. Least of all should the soldiers have been required to wait for their adjusted pay. However, no opportunity to amend being permitted, a bill providing merely for the issuance of adjusted-service certificates, payable 20 years from date of issuance, was passed and vetoed by President Harding.

In the following Congress the Committee on Ways and Means again ignored the recommendation of the American Legion and the wishes of the soldiers and their real friends in the House and reported another bill providing for the issuance of adjusted-service certificates, to be dated seven and one-half years after the war, and payable 20 years thereafter except in the case of death. No opportunity was given for amendment, and so the bill passed in that form and became a law. During the pendency of this bill I again vigorously insisted that the veterans should be paid in cash, or at least given the option to receive their pay in cash. Naturally, the ex-service men have never been satisfied with those certificates instead of being paid in cash. There has ever since been a pronounced sentiment in favor of cash payment to the ex-service men. This natural insistence became more pronounced during the present panic by reason of the fact that so many of the veterans were out of employment or working on part time.

We made a fight in the last Congress for the full cash payment of these adjusted-service certificates, resulting in a compromise bill, providing that the holders of the adjusted-service certificates should be permitted to borrow up to 50 per cent of their face value, provided the certificates had been issued at least two years previously. As those in power forced these certificates upon the veterans, they should have certainly been dated back to the time the services were rendered.

During the past 12 years I have repeatedly declared in favor of the cash payment of the amount due the World War veterans as adjusted compensation for their services rendered during the war. During the last summer and fall I so expressed myself in several speeches in my district. For instance, in an Armistice Day address I delivered at Winchester, under the auspices of the American Legion, I discussed the matter fully, insisted that it was a just obligation of the Government which should be paid in cash and in full, and stated that we friends of the veterans would renew the fight in the ensuing Congress. From the beginning of the present session I have so expressed myself repeatedly in letters to various veterans' posts and to numerous others.

When the present Congress convened it was generally agreed among the friends of the ex-service men in the House that Congressman PATMAN's bill should have right of way. Finally the Ways and Means Committee held hearings thereon. Before this committee acted, but when it was indicated that they were hostile to the bill, a poll was taken to ascertain whether sufficient signatures of Members could be obtained to discharge the committee and bring the bill to the House for a vote, and I then announced that I would sign the petition.

I did sign the petition as soon as I learned it was on the Speaker's desk and before formal notice was sent to Members that the petition was on the Speaker's desk for signatures.

If there had ever been any doubt as to an obligation on the part of the Government to pay the World War veterans' adjusted compensation, that was finally and definitely settled when, pursuant to congressional act, the obligation was recognized and the Government issued to the veterans obligations in the form of adjusted-service certificates. These are just as binding as any other obligation of the Government.

Those who are opposing the cash payment of these obligations to the soldiers were chiefly the ones who revised the obligations to the United States from various European nations and canceled a large part of those obligations; those most bitterly opposing this just measure are the ones who were chiefly instrumental in granting the $252,000,000 moratorium to foreign nations during the present session.

I voted against those debt cancellations and this moratorium not only because I thought it was unfair to the American taxpayers but also because I thought that we should be just to our own citizens before we should be generous to aliens. This Government should certainly be just, first of all to those who were taken away from their homes and required to risk their lives and health in camp and in actual warfare in defense of our country and its honor before being so generous to foreign nations and also the big business interests.

There could never be a time when these veterans will need this money due to them from their Government any more than they do now.

I am not only for the full cash payment of these adjusted-service certificates now because it is a just obligation which should be paid, but I am also for the pending bill because in my opinion it would prove to be the most effective general-relief measure which has yet been proposed. As strongly as we are convinced that these adjusted-service certificates should be paid now in cash, and in full, yet the author and the advocates of this bill have made it clear that we would not ask for the payment of these adjusted-service certificates at this time, if it involved any additional burdens upon the taxpayers.

This bill calls for no taxes and imposes no burdens upon the public. In fact, we are convinced that it will not only prove of great benefit to the veterans in a time of dire distress but will prove of very great benefit to the country as a whole. As has been fully explained, it is provided that these soldier obligations shall be paid by the issuance of new cur-

rency in a manner which is declared to be perfectly sound by some of the highest authorities on economics in this country.

It is generally conceded that one of the causes of our present economic distress is due to the fact that our currency is unusually contracted and much of the outstanding currency is being hoarded. The dollar is too high and commodities are correspondingly too low. We can have no economic recovery until the dollar is stabilized on a proper basis when measured in commodities. The purpose of this bill is to bring the dollar and commodity prices to the basis obtaining in 1926. The dollar is now worth about $1.60 compared to what it was then.

The dollar is much higher than that when measured in farm products. Cotton, wheat, corn, hogs, cattle, and most other farm products bring only about one-fifth of what they did a few years ago. Most of the present debts were contracted when farm products were bringing several times what they do now. It is an unfair and an unjust situation, and it is our duty to reduce the purchasing power of the dollar to a normal basis. That can be done by the expansion of our currency and a proper distribution of the currency. No method could possibly be devised which would bring about a wider and more equitable distribution of the currency than to pay it to the World War veterans. It would go into every nook and corner in the land and would be put to immediate use.

This bill simply proposes to convert non negotiable Government obligations into negotiable obligations and puts them into immediate circulation throughout the land; it not only imposes no new obligations upon the taxpayers but will actually save $112,000,000 a year from now until 1945, which is required to create a sinking fund to liquidate the outstanding adjusted-service certificates.

If this bill providing for the immediate cash payment of adjusted-service certificates becomes a law, the World War veterans in Tennessee will be paid in cash $36,108,472.80. The World War veterans of the new fourth congressional district of Tennessee will be paid $3,880,532.40, distributed among the different counties as follows: Bedford, $290,862.60; Cannon, $123,303; Clay, $132,162.60; Coffee, $231,853.80; DeKalb, $196,139.40; Fentress, $152,296.80; Franklin, $300,784.80; Jackson, $187,528.20; Lincoln, $350,823.60; Marshall, $214,921.20; Moore, $55,710.60; Overton, $249,490.20; Pickett, $77,487; Putnam, $327,874.20; Rutherford, $445,546.80; Smith, $213,527.40; Wilson, $330,220.20.

We hear the same old charge that if the boys are paid in cash, they will waste their money. I deny that. General Hines, Director of Veterans' Administration, kept records and gave out statistics showing that an overwhelming percentage of the loans made to veterans last spring was used for necessities, and a very small percentage was wasted. Besides, that is none of our business. The money is due them, they are all grown men, and have a right to spend their money as they please.

Mr. PATMAN. Mr. Speaker, the CONGRESSIONAL RECORD of June 20, 1932, on page 13515, contains the following statement in the remarks of the gentleman from Alabama [Mr. McDUFFIE]:

> This Government is taking care of its soldiers ten times better to-day than any other Government to-day or in all the history of the world. [Applause.]

An analysis of this statement will reveal that all the facts probably were not taken into consideration and very likely the statement was made in the heat of debate, without attempting to be absolutely accurate. Similar statements are being made by newspapers and magazines. The United States is spending less for her veterans than any of our allies during the war or Germany.

WHAT ARE THE FACTS?

Four million five hundred thousand men were mobilized by the United States during the war. During and since the World War the Government has expended about $5,500,000,000 on these veterans and their dependents, widows and orphans; this amount includes more than a billion dollars of insurance benefits that the men paid for themselves with their own money and should not be charged up against them, but it is. This expenditure has been for the benefit of about 500,000 crippled and disabled veterans and to dependents of those who were killed during the war or died of service-connected disabilities during or since the war. Very little of this money has fallen into unworthy hands. There have been abuses; they should be eliminated and are being eliminated. Four million of the men mobolized have never, since the war, received a penny from the Government, except their adjusted-service certificates and the benefits accruing to them therefrom.

TWO OUT OF EIGHTEEN

An illustration of benefits may be given in this way: Separate 18 average veterans from the others, or divide them into groups of 18. Of that number, 1 of the 18 has a service-connected disability and is drawing the average compensation of $44 a month. Another of the 18 was not able to prove that his disability was service connected or has a disability not connected with his service and is drawing the average disability allowance of $18 a month for a disability of 50 per cent to 74 per cent. The other 16 veterans have never drawn a penny in the form of compensation or disability allowance. Yet many people would have the country believe that all veterans of the World War have been receiving compensation in some form from the Government.

GENEROSITY COMPARED WITH OTHER NATIONS

In determining benefits to veterans the ability of the Nation to pay should be taken into consideration. According to national wealth and national income, our Government spends much less for its veterans of the World War than any other nation.

The United States expends for her World War veterans annually the sum of $1 for every $800 of national wealth and owes 4 per cent of her national wealth; France, $1 for every $170 of national wealth, and she owes 20 per cent of her national wealth; England, $1 for every $700 of national wealth and owes 40 per cent of her national wealth; and the conquered country, Germany, even expends for her World War veterans the sum of $1 for every $130 of national wealth.

The United States expends for her World War veterans annually the sum of $1 for every $125 of national income; France, $1 for every $26 of national income; England, $1 for every $110 of national income; and Germany, $1 for every $40 of national income.

In addition to these benefits and other expenditures for veterans, France has furnished her veterans employment since the war. When they are not employed they are paid unemployment insurance and doles. All people in France over 65 years of age and the poor, infirm, and incurables are provided for. They are provided with insurance against normal risks and loss of time by reason of illness, maternity, disablement, old age, and death.

England, in addition to benefits named for veterans of the World War, also expends for her World War veterans and other citizens hundreds of millions of dollars annually for unemployment relief (last year this bill was $265,000,000), poor relief, housing the working class, widows, orphans, old-age pensions for all over 65, free medical relief, and doles. The bill for all these benefits aggregates almost a billion dollars a year. Veterans of the World War and other citizens of Great Britain who are at the present time residing in this country and are unemployed are being paid what is equal to $7 and $8 a week, in our money, each week in the form of unemployment relief.

Germany, the conquered country, that is borrowing so much money from our international bankers on the credit of the United States, is not only spending several times as much for her veterans as we are spending, but she also gives her veterans and other citizens doles and unemployment insurance. Over 4,000,000 citizens of Germany, many of them veterans, are receiving $500,000,000 annually; no part of it is charged up as veteran relief.

No person, veteran or nonveteran, is permitted to go hungry and without sufficient clothing in England, France, and other countries that received from our Government

a gift of more than $10,000,000,000 a few years ago; these countries also paid their veterans bonuses and adjusted compensation for war services, in some instances as high as $7,290 each.

WHAT VETERANS WILL STAND FOR

I am sure the veterans of the World War will continue to maintain the same unselfish and patriotic attitude that they have maintained in the past; that they will advocate and cause the enactment of laws for the benefit of the poor, aged, unemployed, sick, infirm, widows, and orphans, and continue to fight for measures in the National Congress that will promote the general welfare. The veterans of the World War are not asking for service pensions.

THE GENTLEMAN FROM NEBRASKA, MR. SIMMONS

The gentleman from Nebraska [Mr. SIMMONS] made a speech in the House June 14, 1932, in which he attempted to show that the United States is paying her veterans more than the conquered country—Germany—or any of our allies during the war, and indicated we should reduce expenditures for our veterans. His statement that the United States is expending $860,635,000 this year for the relief of World War veterans and their dependents is evidently a mistake. He is doubtless charging up to the veterans the insurance benefits that they themselves paid for and certain benefits extended to veterans of other wars.

THE GENTLEMEN FROM MICHIGAN, MR. CLANCY

The gentleman from Michigan [Mr. CLANCY] made a speech June 14, 1932, in opposition to the bill to pay the adjusted-service certificates. In this speech I am severely criticized and the gentleman from Michigan informs the House of his many alleged activities in connection with the full payment bill. The gentleman's statement discloses that he does not know what the bill H. R. 7726 with the Owen amendment provides. He advocates a bond issue, when he knows we would have no chance to get such a proposal through Congress. The bill voted upon in the House was identical with H. R. 1 except the financing part. No informed person refers to the money that is to be distributed in payment of the remainder due on the certificates as "fiat money." It is no more fiat money than any other money. In my speech of June 15, 1932, this proposition is thoroughly explained. The gentleman was misinformed as to what I said before the Rules Committee; the typewritten copy of the testimony was available, and I am sorry that he did not inform himself before making the statement.

The gentleman has done so little, if anything, to accomplish what he claims he has stood for; and he knows so little about the merits of the proposal, I do not care to spend more time commenting upon his remarks. He never signed the petition to force consideration of the bill; that was the only way consideration could be obtained. Last year when his help was very much needed on the bill, which resulted in the passage of the 50 per cent loan law, he was on a junketing trip to Panama.

FEDERAL EMPLOYEES DURING THE WAR

The 500,000 Federal employees, with annual salaries of $2,500 or less, received an average of $1,000 adjusted or additional pay for their war services; they were paid cash at the time the services were rendered. That is all the veterans are asking for, the payment in cash of the $1 and $1.25 a day that has already been acknowledged as of the time the services were rendered.

RAILROADS

The railroad owners were paid between one and two billion dollars extra pay for their war services—paid in cash at the time the services were rendered and shortly thereafter. Why compel the veterans to wait 26½ years after the war for their adjusted compensation?

WAR CONTRACTORS

About $3,000,000,000 were paid to war contractors shortly after the war. The fifth Victory loan drive provided the funds for this purpose and the payment to the railroads. The war contractors, in order to get this additional amount, were given a special act of Congress, which was passed in 80 minutes' time, validating and legalizing contracts that were void and in violation of the law.

FOREIGN COUNTRIES

After the war, foreign countries, our allies, had their debts adjusted and were given the enormous sum of $10,000,000,000 by the United States Congress; they used this money to pay their own soldiers and are now using it to provide for the hungry and destitute people in their countries while our own people are required to suffer.

MELLONS

The World's Work for March and April, 1932, has a very interesting article about "My Brother and I," referring to Andrew W. Mellon and his brother. It discloses that this pair now own and control wealth of our Nation aggregating $7,995,000,000. I venture the assertion that at least $7,000,000,000 of this wealth was brought into their ownership and control by the World War and by reason of the country's misery and misfortune. If the President had not pardoned Mr. Mellon in the middle of a trial before the Judiciary Committee of the House some very interesting disclosures would have been made about the accumulation of this wealth.

ADJUSTED-SERVICE CERTIFICATES

They must be paid. The debt has already been confessed and acknowledged. We are merely asking that it be paid as of the time the services were rendered instead of 1945; that is asking that the same principle of government be invoked for the veterans that was invoked for the war profiteers. It is true a revision of one part of the contract is being asked—the adjusted compensation act of 1924—but only for the purpose of carrying out another part of that same act which said the veterans were entitled to $1 a day for home service and $1.25 a day for service overseas. We want the payment made as of 1917, 1918, and 1919, instead of 1925. A dollar paid in 1925 was equal to a payment of 60 cents or 70 cents in 1918. Foreign countries asked Congress to revise their contracts. The request was quickly granted and the gift of $10,000,000,000 extended. If the payment is made now, the country will be helped; it can be made without a bond issue, or increase of taxes. If paid now, it will require about $2,200,000,000. If not paid now, the Government and the banks will consume practically all the remainder due in compound interest charged on prior loans.

HOW MUCH IS $2,000,000,000?

The railroad owners received two billions for war services in addition to regular pay. The war contractors received three billions in addition to regular and legal payments. Foreign countries received five times as much as two billions. The Mellons obtained possession of at least three times $2,000,000,000 by reason of the war.

REFERENCES

Discussions of this subject may be found in the CONGRESSIONAL RECORD as indicated:

Full discussion of the proposal explaining why full amount is due; how much veterans in each State will receive; number of veterans in each State holding certificates; interest received by war profiteers; how much of each certificate will be consumed by compound interest; General Hines's statement of how the 50 per cent loans were expended; foreigners given ten billions; how American Legion at Detroit voted; war contractors, railroad owners, congressional committee disclosures; Mellon aluminum adjusted pay; Mellon companies that were war profiteers, and settlements received by them; soldiers who worked on public roads paid cash; and total debts canceled by the United States owing by foreign countries, in the CONGRESSIONAL RECORD of date December 10, 1931, commencing on page 350.

Radio speech delivered January 23, 1932, in which proposal is discussed in full, is contained in the CONGRESSIONAL RECORD of date January 23, 1932, page 2566. This speech includes the following: Veterans grateful to Government—the representatives of plain people; a debt not a bonus; number borrowed and remainder due; is demand for

full payment unpatriotic; others received adjusted pay in cash; misleading propaganda; did veterans cause Treasury deficit; where will money come from; equalize burdens of last war.

The $8,000,000,000 Mellon family and Mellonism fully discussed February 29, 1932, in the CONGRESSIONAL RECORD, pages 4964–4966.

Why more money is needed in circulation, although there is a billion dollars more money outside of the Treasury and the banks than there was one year ago; expansion of the currency; equal distribution of money under plan; inflated debts with deflated dollars; and $2,000,000,000 not too much to be put into circulation fully discussed in the CONGRESSIONAL RECORD, May 24, 1932, page 11077.

Copy of bill considered by House, page 13020, with Owen amendment introduced by Mr. RAGON, page 13043 of the CONGRESSIONAL RECORD of date June 15, 1932.

My discussion of the bill, page 13020, same date. My testimony before the Ways and Means Committee on pages 13022–13033, inclusive, same date. Discussion of the National Economy League and shipping subsidies received by its members and its Teapot Dome executive secretary on pages 13021–13022, same date. The money question is fully discussed in this RECORD.

The CONGRESSIONAL RECORD of date, February 18, 1932, contains a statement showing the amount of money the veterans in each county of the United States will receive in the event the full payment bill becomes a law.

The hearings before the Ways and Means Committee of the House commenced April 11, 1932, and concluded May 3, 1932. There are 841 pages of testimony in the printed record. The question is fully discussed in this volume. I hope every member of the House will read Senator Owen's testimony before the committee in support of this legislation.

Mr. SCHNEIDER. Mr. Speaker, let us by all means enact this bill and finally dispose of the debt we have owed the World War veterans since they served us in 1917 and 1918. We acknowledged this debt by the act of 1924. We admitted it to be a just debt. The whole purpose of providing these adjusted-service certificates was simply to compensate the soldiers more adequately for their services, by bringing their pay somewhere near that which workers who served in industries at home during the war received. It is, of course, absurd to claim that even with the adjusted compensation the payment for the services rendered by the soldiers is adequate. But be that as it may, the Congress recognized the debt, and provided that there should be an additional payment of $1 per day for home service and an additional $1.25 a day for overseas service.

The veterans preferred, and I, along with many other Members, favored the cash payment of the adjusted compensation in 1924 when the bill was before the House. However, the Congress decided instead to give the veterans a certificate equivalent to the amount of insurance that money would buy on a 20-year endowment plan. All certificates applied for before 1925 were dated January 1, 1925, and those applied for subsequently were given the date of application and were made payable 20 years after date. These certificates range in value from $126 to $1,590 each, the average being $1,000.

If interest at the rate of 6 per cent compounded semiannually were paid on this sum from the war period to date, it would be found to be equal to the face value of the policy due in 1945. Therefore this debt is due now, unless we wish to apply to those who served us in the World War a principle different from the one that we applied to the munition manufacturers, who were paid in cash, and who have drawn interest on what they have received ever since. The veteran earned this money the same time that the munition manufacturer earned his. He should have gotten it at the same time.

Much of the opposition to this measure has been artificially stimulated and rests on grounds that have no justification in fact.

I am in favor of paying the bonus not only because it is a just debt, and we pride ourselves on paying our debts, not only because it will help the veterans, most of whom are in distress, but because it will help the Nation and every group of the population in the first serious attempt that is being made to restore some measure of economic recovery.

The Congress is getting ready to adjourn, and the only measures that have been enacted so far, in the face of the worst panic that this country has ever been in, have been measures that proceeded on the theory that if you help the people on top some of the help will percolate down to the bottom rungs of the social ladder.

The Reconstruction Finance Corporation, you will recall, was going to restore prosperity by making available $2,000,000,000, which would be put into circulation. If it has been in circulation, my constituents have not been able to find any of it, and that is true of the constituents of most of us. I suspected at the time the law was enacted that it would not achieve the purposes which its sponsors claimed. Events have confirmed my predictions.

The revision of the banking laws that would enable the smaller banks to pool their resources and obtain assistance from the Federal reserve bank has not been any more effective in bringing about the one thing which everyone concedes is essential before there can be any advance toward economic recovery—the circulation of money, not on top, where they now have more than they know what to do with, but at the bottom, where money is scarcer than it has ever been since the beginning of the depression.

I am convinced that the crux of our difficulty to-day is to be found in the shortage of money. Drives have been made against hoarding, but the 10,000,000 men who are reported to be out of work are not hoarding. The thousands of farmers who find that their homes are being sold for nonpayment of taxes and interest are not hoarding. The business men, driven to the wall by the inability of the workers and farmers to purchase the necessities of life, are not hoarding.

It is admitted by economists and all students of the problem that if money can be put into circulation—again I say, at the bottom, where the people need it, not at the top—there will be some immediate relief. The proposals for the undertaking of public works on a large scale are in line with that idea.

So is the adjusted-service measure which we are now considering. The enactment of this bill will place in circulation $2,400,000,000 of additional money. It will make money more plentiful, and as money comes down commodity prices will go up. The soldiers will begin buying. The buying power will be reinvested in our farm population, since the farmers will have money with which to buy.

The same economic law that governs the price of wheat, corn, cotton, oil, and everything else that the farmer raises or the manufacturer makes, also governs the price of money. When money is plentiful, money is cheap; when money is scarce, money is dear. Paying the cash bonus will, as I have said, make money more plentiful and, therefore, cheaper.

Every dollar that the soldier receives through this bill will help make purchases and pay debts immediately. Thousands of homes will be saved from foreclosure, and as many farms will be saved to the present owners. So desperate has the situation become that Gov. Philip La Follette, of Wisconsin, has recently declared a moratorium on sales of tax-delinquent property. Instead of putting these properties up for sale June 15 the owners will have until October 15 to meet their tax assessments. But unless something is done, and done soon, the problem will have only been postponed, not solved.

There are 3,660,000 World War veterans in the country, distributed throughout the land. Giving them the money will give it the widest possible circulation. It will reach into every village and into every hamlet. There is no other program that I know of—not even the public-works program—that would affect as wide a distribution. In addition to this, I hope that Congress will not adjourn until legislation providing for a nation-wide public-works program is enacted to give work to the unemployed.

All we have to do to accomplish this is to pay a debt which sooner or later must be paid anyway, and which, if

paid immediately, will benefit millions of people who are on the very precipice.

What is more, if we pay it now under the method that has been proposed, we will save the Government $112,000,000 a year. To that extent it helps balance the Budget.

The argument that many regard as the most plausible in opposition to this bill is that the payment of the cash now will unbalance the Budget. But those who advance that argument either deliberately or unwittingly overlook the method by which the payment is to be made.

Under the Owen amendment, which this bill carries, sufficient currency to make the payment in the form of Treasury certificates would be issued. We would by that action inflate the currency. That is necessary if we are to get down to earth. But we would not be issuing fiat money, as some contend, and which I would certainly oppose.

There is approximately $5,600,000,000 in currency in the United States to-day. The payment provided by this bill would bring the total up to about $8,000,000,000. Under the Owen plan the Treasury Department would issue $2,400,000,000 in Government bonds, bearing interest at 3½ per cent, payable in 20 years, with an option to pay after 10 years. These bonds are to be placed in all the Federal reserve banks with directions to the Federal Reserve Board to sell these bonds only when deflation becomes necessary—that is, when the buying power of the dollar goes downward and reaches the point at which it was in 1926. When that point is reached sufficient bonds will be released and currency accordingly taken up to hold the value of the money at a fairly stabilized position. If this occurred, the panic would be over. And if the experiment helped bring us back to normal conditions, it would be worth many times more than the amount paid to the veterans.

The currency so issued is not fiat money. It is controlled currency and is fully protected as to parity under the gold standards act.

Prof. Irving Fisher, one of the Nation's foremost economists, testified before the Ways and Means Committee of the House, and in reply to inquiries as to the soundness of the Owen plan, said that this was a perfectly sound method. I shall not go into his testimony in detail, but it supports the view advanced by the most reliable authorities on the subject that we can achieve the thing most urgently needed—a general and widespread circulation of money—to benefit the Nation, on terms that will save the Government money and will supply to all groups of the population much-needed funds.

Every State and every group within every State should benefit. In my own State of Wisconsin it will place into circulation $52,431,867.04, and of that amount $5,365,094.56 will be paid to veterans living in the eighth congressional district.

The following table, compiled from information furnished by the Veterans' Administration, shows the amounts which will be paid to veterans residing in each of the counties of the eighth congressional district:

Brown	$1,253,242.16
Door	324,366.88
Florence	67,221.12
Forest	198,345.12
Kewaunee	286,100.08
Manitowoc	1,046,744.16
Marinette	598,175.20
Oconto	470,726.24
Outagamie	1,120,173.60
Total	5,365,094.56

Mr. Speaker, for the reasons I have assigned, I shall vote for the pending bill. I consider it a constructive measure of general, nation-wide significance that will halt the forces of disintegration and demoralization. This Congress has tried many other methods since we first met last December. They have failed, in my judgment, because they started at the wrong end of the social ladder. This bill starts at the other end, the one that has been neglected. We have assisted by acts of Congress the creditors of the Nation, the bankers, the insurance companies, the railroads, and so forth. Let us pass this bill and help our debtors.

I am not among those Members who have been horrified by the presence of a large number of the assembled unemployed veterans. They have not intimidated me. They have encouraged me to believe that there is enough manhood and fight left in Americans to prevent a catastrophe. I would much rather see these men gather here from the four corners of the Nation to demand a square deal than to have them humbly and submissively die of starvation. They are part of the army of unemployed. They are victims of the crisis; otherwise they would not be here. The greatest danger that we faced was that Americans would go under without having the courage and fortitude to demand that they should not starve in the midst of plenty.

After all, these men are lobbyists. Not the kind of lobbyists to which we are accustomed. They do not come to town on well-furnished Pullman trains seated in reclining chairs. Their Pullmans are the side-door Pullmans or the rods above the rails. They do not stop at expensive hotels. They do not work quietly at secret committee meetings or in social gatherings to achieve their aims. Many of them lie down in the mud at night; all of them are exposed to severe hardships; but when they request a hearing they are out in the open, their colors displayed, their motives fully known. They have come in large numbers, because they must make up in numbers what, as poverty-stricken veterans, they lack in influence. If they were to come more often, some of the things that have brought about the condition our country is now in might have been avoided. For one thing, this might be made the kind of country they were told it would be when they went across the sea "to make the world a better place to live in."

For their sake, for the sake of millions of our fellow citizens, for the Nation's sake, let us enact this bill.

Mr. BULWINKLE. Mr. Speaker, under the permission to extend my remarks in the RECORD I wish to state my reasons for opposing the Patman bill, which was up for consideration before the House and which passed the House by a small majority and which was defeated in the Senate by a very large and decided majority.

Practically everyone in both Houses of Congress has known for some time past that this bill would never become a law. The President of the United States, several months ago announced his determination, on account of the financial condition of the Government, to veto any proposed bonus legislation. And after the announcement of the President, through the public press, I doubt if there were any Members of Congress who did not realize in the first place that there were not sufficient votes in the House to pass the bill over the President's veto, and that if it should pass the House, which it did, that it would be defeated in the Senate, which it was. In addition to this, the Ways and Means Committee of the House by a majority report, reported adversely on all bonus legislation and the Rules Committee of the House of Representatives refused to give a ruling upon this adverse report. Two of the greatest committees in the House refused to consider this legislation, and when the bill finally went to the Senate, the Finance Committee of the Senate by a vote of 12 to 2 also reported adversely upon the consideration of the so-called Patman bonus legislation.

Before stating the reasons for the opposition to this bill, it is not amiss to say that practically every Member of the House and Senate would like to see the bonus paid, but the opposition to this bill was that it was unsound and that it would seriously affect the financial welfare of each veteran as well as the finances of the country. It was nothing more nor less than the issuance of paper money, commonly called fiat money, without anything to back it up. I do not believe that there is a veteran who would contend that either he or the Government could be benefited by the issuance of paper money without any reserve to back it up, of $8,000,000 a day for 300 working days in a year, or of $1,000,000 each and every hour in the day, or $16,666 each and every minute in the hour. So it amounted to nothing more or less than turning the printing press loose to print money at the rate of $16,666 per minute.

There are some who contend that an inflation or expansion of the currency without any reserve to back the currency is all that is necessary to restore prosperity. If this were so, then the entire administration and the entire Congress, instead of raising taxes to balance the Budget to pay the running expenses of the Government, should have just issued this kind of paper money; for the $3,000,000,000 deficit that we ran short for this past year in the operating expenses of the Government, which the Government owes and is an obligation.

All that is necessary would be to issue this fiat money to pay this obligation or debt, and you could carry it on in the same way that the Government could pay off all its indebtedness of $19,000,000,000 with this printing-press worthless money. In fact, it would be useless to have any taxes at all, because if this were so, all you would have to do would be to turn the printing press loose and print enough money on which to run the Government. You would not need any gold or silver reserve, according to this argument. I do not think that there are many service men or others interested in the adjusted compensation who believe that printing paper money would be beneficial to the veteran or to the Government.

A short time before the bonus bill came up for consideration in the House I introduced a bill to take care of the adjusted compensation. While it had its defects, it was far less objectionable from an economic standpoint than the bill which the House considered and which was defeated in the Senate. Quite a few veterans, as well as Government officials, expressed the opinion to me that this bill that I introduced was far more sound than the one which was considered. After quite a large amount of work I saw that I could not receive sufficient votes in the House to amend the bill that was being considered by substituting my bill. At some future date, when the Government is in a better financial position, I hope to press my bill for final passage.

I also introduced a bill at the first of the session to relieve the adjusted-service certificates from the interest on the loans which have been made.

Mr. SABATH. Mr. Speaker, due to the unfortunate death of our colleague [Mr. Eslick] on the floor of the House during the debate on the bonus bill, further debate and discussion was terminated; therefore I have taken the privilege of expressing my views on this all-important question after the passage of the bill rather than before it, as I hoped.

Mr. Speaker, for two long and almost unbearable years the Republican Party, under the leadership of ex-President Roosevelt and aided and financed by the international bankers, our large industrialists, and the militaristic groups, conducted the most determined propaganda to force our Nation into the most devastating war in the history of the world. Realizing the horrors of war, I seriously hesitated before I cast my vote for the declaration of war; and after it had been declared, I urged and advocated enlistment to avoid general conscription. But since it was imperative to have as large an Army as possible in the field as quickly as possible, there was no alternative except to vote for general conscription. The Nation called them in her hour of need and they responded nobly. But then and there I firmly resolved and made a solemn vow that the men who had enlisted and those who had ben conscripted and offered their lives to their country would not go unrewarded, that I would do my part to see that they received fair treatment.

And in accordance with my promise, I advocated and voted for the war-risk insurance, rehabilitation, and compensation acts, believing that these men who sacrificed their position and good jobs were entitled to many times the dollar a day that they received. No one will deny that, I know, because those who remained behind were earning five to ten times as much.

Employment, position, opportunity were all laid aside in their desire to serve the country. Heroes they were then. But when they returned from France and the camps a rude shock awaited them, for they soon discovered that the heroes of 1917 and 1918 were "nobodies" of 1919 and that the jobs and positions that they left in a blaze of glory were filled by those who had stayed behind. Unfortunately, too, the patriotism shown by our leaders of industry during the war turned to greed soon after. And while it was my firm belief that the boys who served their country were entitled to the restoration of their jobs on their return, and while I made every effort to see that this was done, yet little or no response was paid to my appeals. The disillusionment that overtook many of the heroes was not pleasant to see, and it soon gave way to disgust. Some entered new fields of endeavor; some were successful; but the great mass of these men, maimed in mind and body, never fully recovered their pre-war status in industry.

Therefore when I realized that they were being discriminated against, that their service was not appreciated, that their health was undermined, and that their pleas were ignored, I joined in with a group of Members to enact legislation that would partially compensate them for the financial losses they sustained. We prepared the so-called bonus, which is, however, nothing more than a partial payment of the sum they could have earned, based on the lowest wage then paid to the American common laborer if there had been no war and they had stayed at home; 1945 was set as the date of payment because it was thought that it would be to the best interests of the majority of veterans if paid at that time.

But when unemployment continued and the needs and wants of the veterans increased I felt it was absolutely essential to discharge this debt without delay, for under no conditions was it anything else, and I advocated legislation to make it possible for them to secure loans up to 50 per cent of the adjustment certificates—that is, the pay that rightfully belonged to them. However, the general conditions, instead of growing better, have grown intolerably worse, and instead of there being only 25 per cent of these men out of employment, there are more than 50 per cent unemployed and in dire need of immediate relief.

But, gentlemen, a need for the payment has arisen which is far greater than any we had contemplated—a need which will affect not only the lives of these deserving ex-service men but the well-being of our entire Nation.

Our Nation is now in the throes of the most terrible economic and social cataclysm in its history. The agencies which we have created to cope with it apparently believe that the country's salvation depends upon aid to industry, the producer, and they have overlooked the people, the consumer. They have aided banks, railroads, and injudiciously the farmers, but there has been no diminution in the number of business failures, lowered business and commodity values, and the increasing unemployment and starvation. They have entirely overlooked the fact that the limited purchasing power of the consumer is the cause of the present plight of industry; and it appears to me that the agencies we created to restore normalcy are repairing the top of our financial structure without paying any attention to the foundation, which is tottering.

It is for the reason that the immediate payment of the adjusted-compensation certificates will increase the purchasing power of business and put money into circulation where it is most needed, and that this payment will have a tendency to restore confidence and make for the immediate revival of business that I have voted for this bill. We will not increase our indebtedness by providing for the immediate payment now; in fact, we will cancel it by the adoption of the so-called Owen plan, save approximately $120,000,000 in interest charges to the Government, and above all put $1,500,000,000 into circulation.

I have given this matter much study and I am satisfied that these 2,000,000 ex-service men who are needy and out of work will place this much money into circulation, for it will enable them to pay their obligations to their grocers, butchers, landlords, and, in many cases, taxes, which will prevent the loss of their homes. I am of the opinion that this will aid business and create a demand for labor.

Within the last few weeks I have received many telegrams and letters demanding that I vote against the bonus bill. Careful investigation has shown me that these telegrams

and letters are in nearly all cases the result of a well-organized propaganda by the big bankers and financiers of this Nation—the very men who were foremost in advocating and demanding war, who were the beneficiaries of war's slimy profits, and who are responsible for the existing conditions. I do not feel, nor is it necessary for me to do so, that I should enlarge on the statement made by Mr. Brisbane in regard to the advisability of the immediate payment of the adjustment certificates:

The House to-day voted immediate cash payment of the $2,400,000,000 bonus certificates. Veterans would have preferred jobs, although spending two and a half billion dollars cash among the merchants, big and little, would be a wonderful thing for business revival.

Unfortunately, it is necessary to warn veterans that the bonus so quickly passed in the lower House will hardly become a reality.

There are those who believed that paying the bonus with money printed by this Government would in some way offend our national fetish, gold. We sent tens of billions to Europe without destroying the gold standard. But when it comes to paying men that we also sent to Europe, that is different.

For these reasons I have signed the petition to bring the bill before the House and subsequently have voted for it. I am satisfied that if it is enacted into law, it will reduce rather than increase taxes, will eliminate discontent, will instill confidence into the consumer, and hasten the return of prosperity, and will be a general blessing to all, even to those who are now strenuously opposing the measure.

Some claim that the authorization of the payment of the compensation at this time and in this manner will result in the inflation of our currency. There is, I believe, no justification for that claim. Not only have we enough gold as a reserve to warrant the issuance of additional Treasury notes, but this money will be just as good a currency as that issued by the Government or the banks against bonds, which in the last analysis have nothing but the assets of the country behind them. Therefore, instead of issuing bonds and paying the interest on them, why is it not possible and expedient to issue the currency directly? Of course, the banks dislike this because it would deprive them and the individuals who are hoarding the dollars whose purchasing power is high, and though it will not injure them, I feel that it will be of tremendous aid not only to the ex-service men and their families but indirectly to the entire Nation.

It has been claimed that the passage of this bill will hinder rather than aid the return of prosperity. The opponents of the measure claim that it will result in the inflation of our currency similar to that in Germany directly after the war. Several Members have stated that no country has ever solved its financial troubles "by way of the printing press." That phrase has been coined by the publicists and lobbyists of the very men and the very investment banking group that has kept the printing presses working day and night printing worthless stocks and bonds which these individuals have unloaded on the American people at exorbitant prices, and they are the men who are opposing the payment of certificates under this plan.

It is my contention, however, that conditions in this country are not at all similar to those in Germany after the war. We have a very peculiar condition before us. The law states that the gold reserve at any time must be at least 40 per cent of the notes in circulation. In comparison to other countries, this figure is very high. However, the important thing that I wish to bring out is the fact that our bullion reserve is not 40 per cent but about 60 per cent of the total amount of currency in circulation. Gentlemen know that this was not the condition in Germany after the war.

I am of the firm opinion that issuing the Treasury notes to pay up the ex-service men, going on with needed construction, and loaning amounts to the States and municipalities to enable them to pay their teachers and other employees, and provide work for their unemployed are the only things that will help the country out of the morass of stagnation and despair.

Mr. POLK. Mr. Speaker, because of the curtailment of general debate on the bonus bill, which was caused by the death of our distinguished colleague from Tennessee, which made it impossible to obtain time to speak before this bill was passed, I am availing myself of the privilege granted me to extend my remarks in the RECORD.

At the outset may I state that if the benefits provided in this bill were to accrue only to those who served in the Army, the Navy, and the Marine Corps during the World War, this measure might be objectionable class legislation. However, I believe that if enacted into law this proposed immediate cash payment of the bonus to the soldiers of the World War as provided by the bill H. R. 7726 as amended will be a direct benefit to people in all walks of life. I believe this bill as finally passed by the House of Representatives will, if enacted into law, provide for a needed expansion of the currency in a practical way which will benefit all parts of the country.

Money is subject to the economic laws of supply and demand. When it becomes scarce its value increases, and the price of commodities fall. This is the condition which now confronts this country. In testimony given before the Ways and Means Committee of the House of Representatives (hearings, p. 747) it was shown that less than half of the total money outstanding in the United States is in actual use. It was further shown (p. 51) that it would be possible to issue as much as $3,500,000,000 of new currency against the present gold reserve of the United States without bringing that gold reserve below the 40 per cent minimum required by law.

The Director of Research and Statistics of the Federal Reserve Board stated, that the total amount of money that does not do any actual business is $2,900,000,000 and that the active money is only about $2,500,000,000. Of the money that is inactive it was testified that about one and three-quarter billions is hoarded, and that there is about a hundred millions estimated to have been destroyed in various ways. In other words, the testimony before the Ways and Means Committee shows that less than half of the money which should be in circulation through the channels of business is now in circulation. There are several reasons for this but I do not propose to encroach on the time of the House by discussing these causes further than to state that those who deal in money as a commodity, the so-called Wall Street and international banking interests, those who have in their possession or under their control most of the money and credit in the United States, are deriving benefit from this money panic, for it is making their holdings of money more valuable. As commodity prices go down the value of money correspondingly increases, which is, of course, beneficial to these financial interests.

It is, I believe, a significant fact, that this bill is in the main being opposed by these financial interests who fear it will break their grip on the control of money in this country.

As the economic situation now exists, those who contracted debts only a few years ago can not hope to pay those debts with the high-priced money of to-day. 6-cent tobacco, 25-cent wheat, 20-cent corn, 3-cent hogs, 11-cent butterfat, 9-cent eggs mean that a dollar is two or three times more difficult to obtain to-day to pay off these debts than when the debts were contracted. In other words, a debt of a thousand dollars has become a debt of twenty-five hundred or three thousand dollars, as measured in terms of the commodity prices received by those who have to pay these debts.

Taxes which were burdensome in the extreme when money was comparatively cheap are impossible of payment with the expensive money we have to-day.

An expansion of the currency—in other words, a cheapening of money—is the only way of raising the prices of the products the farmer has to sell. "Honest money," as Mr. RAMSEYER and others have termed it, is what we need. By the bonus bill as passed by the House of Representatives we have a safe, practical way of bringing about something like "honest money." Its most fair and just distribution of this money, which will go into every nook and corner of our country and which is here proposed to be used in paying a just debt which should have been paid in 1919, makes this plan for inflation of the currency not only practical but just.

The following table shows the amounts of money, as estimated by the United States Veterans' Bureau and recorded in the CONGRESSIONAL RECORD February 18, 1932, that each of the six counties of the sixth Ohio district would receive from the payment of the veterans' adjusted-service certificates.

Scioto	$1,440,048.33
Adams	361,355.13
Brown	357,224.04
Clermont	528,105.78
Highland	450,625.68
Pike	246,021.48
Total	3,383,380.44

This money would do more to revive business in my district than any legislative measure which has so far been passed by this Congress. It will not only benefit the veteran who receives it first, but it will be passed on to the farmer, the "butcher, the baker, and the candlestick maker." In fact economists estimate that for every veteran who receives payment, nine others will be benefited thereby.

Furthermore, this measure puts into operation the principles contained in the Glass-Steagall bill, which was recently passed by the Congress. When this measure was under consideration it received the almost unanimous support of business interests everywhere. It provided for an issue of circulating medium, 60 per cent of which is of identically the same character as is proposed in this bill. There is 40 per cent of gold, as a reserve back of the circulating medium authorized under the Glass-Steagall bill, but 60 per cent of that medium has for its soundness and its stability, only the soundness and stability that go with the Government of the United States. That is identically the same standing and soundness, it is identically the same character of credit, identically the same character of obligation, identically the same protection as in the case of the issuance of the $2,400,000,000 under this bonus bill.

It is my belief that small banks, building and loan associations, merchants, business men, and the public generally, will be benefited by an orderly cheapening of money; in other words, by an inflation of the currency as provided in this bill. Such inflation will cause a rise in commodity prices. People buy things when prices are rising. Falling prices create fear, and cause a sort of paralysis of business, for everyone is waiting to avail himself of the lowest prices before he buys commodities, and therefore little business can be transacted during a period of falling prices. On the other hand, when prices are rising there is a corresponding stimulation to business activities, which would be very beneficial at this time.

The argument has been advanced that this debt is not due until 1945; that the veteran has entered into a contract with the Government that he will not be paid until 1945; that because of this existing contract, the veteran has no right to ask for payment now.

Let us examine the history of the last few years and see if the veterans have any precedents upon which to base their claim for immediate payment in cash of these adjusted-service certificates.

At the close of the World War foreign governments owed us about $12,090,677,000. They were under contract to pay us this sum which we had loaned to them. Notwithstanding this solemn contract, we acceded to their demands and canceled this entire sum of over $12,000,000,000. This is the first precedent I wish to cite in favor of the veterans' demands at this time. While there was no serious objection raised to canceling a debt of over $12,000,000,000 of the foreign countries who had gotten us into the World War, we now receive a storm of protest because we propose to pay our soldiers about one-fifth that much, a sum which should have been paid at the time their service was rendered, instead of waiting until 1945, 27 years after the armistice was signed.

Second. I wish to cite the bonus of $529,000,000 given to the railroads of the country after the World War, which figure was arrived at by allowing them 6 per cent interest upon greatly inflated appraisals of their losses as a result of Government ownership and operation during the period of the war. They were paid in cash.

Third. I wish to call your attention to the way in which our Government dealt with the contractors who had built cantonments and who had contracts for war materials and supplies when the war ended. These contractors were making tremendous profits out of the war. They said, "You closed the war too soon for us; you quit fighting; we have these contracts, and it is going to cost us some money. We need a bonus. We need adjusted compensation." Congress immediately paid it. The sum of approximately $3,000,000,000 was allowed by Congress to the war contractors as adjustments on their profiteering contracts for war materials and supplies. This was a change in binding contracts which led to immediate payment of approximately $600,000,000 more than the entire cost of the soldiers' bonus figured on the 1945 value.

Since the closing of the war adjustments have been made in the taxes paid by the great corporations and wealthy individuals of this country, and refunds have already been made to them totaling nearly $4,000,000,000, exceeding by one billion six hundred millions the total amount asked by the veterans.

Then, coming down to this recent summer, our President asked and was given authority by Congress to grant a $250,000,000 moratorium on European interest payments which were due and could have been collected under the original contracts. These are all precedents which, in my humble judgment, are clearly in line with the present proposal to pay the soldiers' adjusted certificates now.

Then we should consider the further fact that these other payments were made in cash, not in an insurance policy due 20 years after the service was renderd. Furthermore, the original debt was due when the service was rendered, from 1917 to 1919, and the veteran should have been paid at that time or have been allowed interest at 6 per cent as was granted the railroads in their bonus, and this interest should have begun to run at the time the service was rendered instead of in 1925.

It should also be recognized that the bonus payments as granted to be paid in 1945, were based on the lowest estimated rate of pay for unskilled labor during the war, namely, $60 a month, making the bonus for each day of home service $1 and for foreign service $1.25 a day. These ridiculously low wage adjustments for the veterans' risk of life and future health are, in my humble judgment, in themselves sufficient grounds to justify immediate cash payment.

It seems to me that the fundamental question involved in the veterans' demand that these adjusted-service certificates be paid in cash now, and the determined opposition which has manifested itself against this proposal is another example of the age-old conflict between human rights and property rights. When the demands were made upon Congress to pay the railroads, the war contractors, and to cancel the debts owed us by foreign countries, the question was fundamentally a question of property rights. It involved the money value of stocks and bonds, in the value of securities owned by the international bankers; and no burden placed upon the taxpayers of America to safeguard their interests was considered too heavy. Now the war veterans come with a similar demand because many of them, their parents, their wives, and children are suffering because of a lack of the bare necessities of life and ask the Congress of the United States to do for them what it did 12 or 13 years ago for those business interests which suffered no hardships because of the war.

Because it is alleged that this proposed immediate payment to these war veterans of this debt which was due in 1919 will cause some financial loss to these same business interests, they are throwing all their influence toward having this worthy measure defeated. As for myself, I shall continue to follow the Democratic principle, that human rights are more important than property rights, that man is more important than money.

In conclusion, may I again remind the House that the passage of this legislation will not take any money from the Treasury, and will not affect adversely the balancing of the Budget; neither will it place one cent additional tax burden upon our people. Furthermore, the settlement of this debt at this time on the basis provided in this bill will save the sum of about $100,000,000 a year to the Treasury from now until 1945, as this amount is now required to be appropriated each year to meet the necessary sinking fund requirement. For these reasons I am glad to support and vote for the immediate payment of the adjusted-service certificates.

Mr. CELLER. Mr. Speaker, in deciding the question of the payment of the so-called bonus, the task of a Member of Congress is difficult: "He is damned if he does, and he is damned if he doesn't." He must, above all, consider the welfare of the entire country as well as the welfare of his own immediate district, and of the veterans in particular. He can not be a mere weathercock to register the views of the people back home. That might lead to legislation which would disrupt and destroy the welfare of countless thousands in the rest of the country.

To-day the Nation's Treasury is empty. It is worse than empty. We face a staggering deficit. At the end of the fiscal year that deficit may be over $3,000,000,000. To vote for the full payment of the bonus would increase that deficit by $2,400,000,000. No country in peace time can with impunity withstand a deficit of $5,400,000,000.

Where is the money to come from? From taxes? We are taxing our people to the limit now. Ask your tax-ridden butcher, grocer, baker, small tradesman, your clerks, stenographers, the white-collared class, your truckmen, carpenters, plasterers, artisans, the Federal, State, and municipal employees. They are overburdened with direct and indirect taxes. Their salaries, their incomes, are lessened, sometimes to the vanishing point. The burden of taxation falls on them. They can not pay any more taxes. Although they may not know it, in their rents, in what they pay for goods, including clothing, shelter, and the necessities of life, they pay for income and other taxes which are included in the cost of these things. To vote for the bonus would be forcing them to pay now or hereafter the value thereof.

I must, therefore, consider all the people of my district, whether one is a taxi driver along Pitkin Avenue, a grocer or storekeeper on Reid Avenue, a peddler on Sutter Avenue, or a cigar man on Broadway. The veteran on Myrtle Avenue who is out of a job must be considered as well as the idle nonveteran on Gates Avenue. Only 13 per cent of all the unemployed are veterans; 87 per cent are nonveterans. If that same proportion holds in my own district, and I vote for the bonus, I shall be severely held accountable by the 87 per cent of the unemployed in my district who are nonveterans. I can not discriminate against them. All of the unemployed are the object of my concern.

The bonus bill as presented favored the rich veteran and the poor veteran alike. One of my colleagues offered an amendment to give the bonus only to the poor, unemployed veteran. I voted for this, but it was defeated. I repeat that all the poor or the unemployed are the object of my concern. To that end I voted in favor of all the unemployment relief measures—for the Glass-Steagall bill which would give greater credit to industry and therefore make more jobs, for the reconstruction finance bill to prevent banks from closing, thus keeping the wheels of industry revolving and as many workers as possible in their jobs. This measure has held in positions millions of persons, because it has helped the railroads and other large employers of labor.

I recently voted and battled for a bill to permit the distribution of 40,000,000 bushels of wheat by the American National Red Cross for the relief of the poor and needy. This past week I voted again for another 40,000,000 bushels of wheat to be distributed by the American National Red Cross, most of which is to be processed into flour and exchanged for other food to succor the needy and starving. I voted also for the distribution of one-half million bales of cotton to be manufactured into clothing for the poor and naked among us.

If the bonus would take care of most of our unemployed, I would be for it, but in this crisis I can not make an unjust distinction among those who are in the ranks of the poor and unfortunate who are unable to find work, just because they are veterans.

My sympathies are with the veterans, and I have transmuted that sympathy into action by voting for every veterans' bill that has come before Congress in the past 10 years. It was due to my votes, among others, that we are paying the veterans to-day $1 out of every $4 spent by the Government. The Government has already paid on account of the veterans of the World War, up to date, over $6,000,000,000, and if we continue at the present rate, with no increase of commitments, by 1945, the date scheduled for the payment of the bonus, we will probably have spent for the World War veterans $21,500,000,000. This would equal the total cost of our participation in the World War.

Previous to the World War we spent for veterans of all other wars, up to date, only $8,000,000,000. The average citizen has no idea of the vast amount of money involved in these figures. But consider, if you were given a dollar for every minute since the beginning of the present era, that is, since the beginning of the year 1 down to date, the total amount would not even equal the unearned interest on the soldiers' bonus which is due in 1945. This unearned interest amounts to $1,300,000,000. All these figures, reaching into billions, are inconceivable. They dwarf the remoteness of the sun or the number of years it would take a beam of light to reach us from Pluto, the planet farthest from the earth; it is in fact 3,000,000,000 miles away.

I can not turn my eyes from human suffering caused by unemployment, but if anything is done to alleviate this condition, we must do it all over the country on a nation-wide scale, with billions of money behind it for the construction of public buildings and public works. We must make the dirt fly immediately. In this connection I voted for the Garner bill, providing for the spending of billions for public works construction, which will employ thousands of workers, and I shall work for the Wagner bill which does the same thing.

These words are being written subsequent to my vote in the House against the bonus. Since then the Senate by an overwhelming vote of 18 to 62 defeated it. My views were again approved by the adverse votes against this bill by Senators WAGNER and COPELAND. These Members, with Senators WALSH and COOLIDGE, of Massachusetts, issued the following statement:

We have supported and will continue to support all measures for the compensation and relief of disabled soldiers. We always urged and voted for a cash payment or bonus instead of the adjusted-compensation certificates. We believed this to be the fairest way of meeting the inadequacy of the Government's compensation to its soldiers during the World War.

The proposition as it is presented to us, however, is not to pay the veterans the cash surrender value that may be due. We favor that. It is a proposal to pay the veterans $2,400,000,000, including 12 years' interest not yet due for certificates not payable until 1945. It is also a request that the taxpayers of the country advance the interest on these certificates that may be earned during the next 12 years. This represents an absolute gift of $1,635,000,000, which is the exact amount over and above the present value of the certificates.

If the country were prosperous and free from the danger of an economic breakdown, we could defend this vast expenditure, in view of the distressed condition of many veterans. But, unfortunately, the veterans are not the only unemployed sufferers; millions of other Americans are in the same sad plight. But even this situation would ordinarily justify preference to the veterans.

However, a much more important obstacle prevents our approval—an obstacle that can not be waived aside without most serious consequences to the whole country. The condition of the Public Treasury and the serious menace to the credit of our Nation make it impossible to act favorably on this measure without bringing financial ruin to the country. To take this action now would, in our opinion, produce financial chaos.

Our opportunities to study this problem give us an understanding of what may happen to individual credit, to bank accounts no matter how small, to home mortgages, to insurance companies, and other savings institutions. It means prolonging and intensifying unemployment and an increase in suffering for those who pray for the reopening of shop and factory and a restoration of building and trade. We sincerely believe the relief of the veterans would be offset a hundred times by the increase in hunger and suffering throughout the land.

The Federal Treasury is the last hope of a distressed people. Upon this we must depend if all else fails. It may prove our only hope to save the people from starvation. If the Nation's credit is further contracted, as this proposal is certain to do, the depression may continue indefinitely, with even the danger of our institutions, financial and political, being irreparably impaired.

That we shall need an unimpaired Treasury next winter no one can question. We propose that when the call comes for that last-ditch aid the Federal Treasury shall not fail the hungry, the suffering, and the destitute.

Against all the dictates of our personal desire, and after long and most serious consideration, we have concluded we would be unfaithful to our public trust and our obligation to all the people if we were to support the pending bonus measure.

DAVID I. WALSH, *Massachusetts.*
ROYAL S. COPELAND, *New York.*
ROBERT F. WAGNER, *New York.*
MARCUS A. COOLIDGE, *Massachusetts.*

If further authority for my viewpoint is desired, let me quote to you the resolution adopted by the American Legion at their last national convention:

Whereas the unqualified, generous, and unstinted relief of our disabled comrades has always been and ever will be the task to which the American Legion is chiefly dedicated, and is the surest path for service to God and country; and

Whereas the American Legion, having never demanded gratuity for the able, but now, as always, unrelenting and determined in its solicitation for succor by a grateful Government for those disabled in its service, protests any proposed economy at their expense, but

Whereas millions of men and billions of dollars and of property can not be destroyed except the survivors be called upon for sacrifice and self-denial to make good the loss which has visited service-connected disability upon all mankind; and

Whereas the Nation to-day faces an economic and financial crisis which calls for sound, unselfish, and patriotic action on the part of all America: Now, therefore, be it

Resolved, That the American Legion, in full possession of its limitless faith in the destiny of the Nation we fought to preserve, calls upon the able-bodied men of America, rich and poor, veteran and civilian and statesmen, to refrain from placing unnecessary burdens upon National, State, or municipal Governments, and to unite their efforts as they all did in 1917 to the end that the war against depression be victoriously concluded, prosperity and happiness restored.

During the consideration of the bonus bill I offered an amendment to pay the soldiers the surrender value of the adjusted-compensation certificates as of date. I asked the Veterans' Administration to figure out for me, as an actual basis, what it would cost to pay the veterans this cash-surrender value, less whatever amounts the veterans may have borrowed on their certificates. The following figures include the cost of the surrender value of the policies or adjusted-compensation certificates with the additional 25 per cent per diem allowance figured up to 1945:

The following calculation is as of June 30, 1932:

Amount appropriated[1]	$1,096,000,000.00
Interest earned (investments and loans)	150,506,989.66
	1,246,506,989.66
Payments (matured certificates, redemptions, etc.)	133,951,446.50
Value of fund	1,112,555,543.16
Present value outstanding certificates (on basis of allowing earned portion of additional credit granted because of deferred payment)	1,879,331,854.00
Amount appropriated (act of June 30, 1932)	100,000,000.00
Additional amount necessary to pay present value of adjusted-service certificates	666,776,310.84

It will be noted that taking into consideration the $100,000,000 appropriated by the act of June 30, 1932, it will be necessary to appropriate $666,776,310.84 additional to pay the present value of these adjusted-service certificates. The average bonus certificate would be worth in 1945 about $625. The average borrowing thereon is about $525. Thus each man would receive an average of about $100 under my plan.

I was anxious to bring this payment about, but my colleagues did not see eye for eye with me on this matter. While many voted with me, there were not sufficient to constitute a majority of those present in the House.

[1] This does not include the $100,000,000 provided for in the current pending appropriation bill to be credited to this certificate fund. If this were added, the amount necessary to be provided by current appropriation or current funding in order to pay cash value of outstanding certificates, as of May 31, 1932, would be $669,000,000.

I would pay this $669,000,000, first, by legalizing the sale of beer and light wines. The revenue derived therefrom would be more than ample to pay it. If necessary, however, I would cut further the expenditures of Government, but that would be the limit to which I would go in aid of the veterans at this time. Later, when conditions have become better, I would be more generous and aid the veterans to the fullest.

A TAX ON CORPORATION "SURPLUS INCOMES"

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a bill which I introduced to-day.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, to-day I introduced a bill, H. R. 12643, to tax the accumulated surplus of corporations. The bill is designed to reach the income of our large corporations which they are concealing and withholding from both their stockholders and the Government through fanciful reserves for depreciation and depletion. Some of the abuses which the act is intended to prevent are indicated in section 5 (b).

This act would raise within the next five months between $400,000,000 and $700,000,000 of new revenues from sources which are unjustly and artfully escaping taxation. For example, it would collect some $10,000,000 or $12,000,000 from the 1931 income of the United States Steel Corporation, which had actual net income of around $100,000,000 in 1931, and reported net income of over $60,000,000 before "reserves," but provided only $80,000 for Federal income tax, as is shown on pages 6 and 18 of their annual report. The financial troubles of the United States Government are largely traceable to this sort of tax evasion by our large corporations, which the act is primarily designed to remedy.

For 1932 and subsequent years this act would raise some six hundred to one thousand millions of revenue annually. Incidentally it provides "dividend credits" which would operate powerfully to prevent the cutting of dividends and the reductions of wages which frequently accompany dividend cuts.

To prevent hardships the act grants a specific exemption of $500,000 income to each corporation or affiliated group of corporations, and wholly exempts banking and insurance institutions. The act will thus apply to less than 1,000 corporations out of the 500,000 which report to the Bureau of Internal Revenue. Conservative restrictions are placed on the deduction of "reserves," although deduction for all actual replacements is permitted. Liberal credit is also provided for dividends distributed, and by all these means the act is limited to the great corporations whose hoarding of funds has notoriously contributed to the depression.

The act provides also for reduction of normal tax rates from 4 per cent and 8 per cent to 1 per cent and 2 per cent. In addition it establishes credits for taxes paid to the States—like the credit now allowed against Federal estate taxes—thus rendering substantial assistance to the States in tax collection, and incidentally relieving further the tax burden upon individuals. The estimates above given as to the productiveness of the tax are after allowance for these tax reductions and credits.

The proposed rate of taxation, 33⅓ per cent, is high, but not in comparison with the newly established surtax rates. Without such an increase in the rate of corporate income taxation, the new surtaxes will be universally evaded, except by salaried and professional classes. On the other hand, such high corporate rates are made practicable and justifiable only by the liberal credits allowed in the act to both corporations and individuals, and particularly by the elimination of existing double taxation of dividends. This measure rectifies the present disparity between individual and corporate rates, and at the same time furnishes the means through which an early reduction of surtax rates may be attempted.

The proposed act offers the advantages of a sales tax without some of its disadvantages. A sales tax, unless shifted to the consumer, is simply a tax on gross income without deductions. This act permits deduction of all direct costs and also all actual overhead expenses, disallowing only certain overhead reserves which have been abused and are unnecessary.

The tax on corporate surplus income can not be pyramided or shifted to the consumer. It will not add one cent to the cost of doing business. It will encourage liberal dividend and wage increases, thereby enlarging the buying power of the public. Without any inflation, it will presently force a half billion dollars of existing money into circulation—money now held in stagnant surpluses of giant corporations. Careful study has shown that it will not impose undue strain on corporate finances to pay the tax for 1931 or later years, but the act contains novel provisions to insure against exceptional hardship in any case.

The tax is needed to relieve stockholders, rectify injustices, restore the national credit, provide for necessary relief measures, and relieve the pressure for Federal and corporation wage cuts. It is submitted that at this time few other measures could do more to restore confidence, revive business, and stimulate the normal flow of money and commodities in commerce.

The bill is as follows:

PROPOSED CORPORATE SURPLUS TAX ACT

H. R. 12643

IN THE HOUSE OF REPRESENTATIVES.

An act to equalize taxation, prevent evasion, and provide revenue, and for other purposes

Be it enacted, etc., That this act, divided into titles and sections according to the following table of contents, may be cited as the corporate surplus tax act of 1932:

TABLE OF CONTENTS

SECTION 1. Application of act.

TITLE I. CORPORATE SURPLUS TAX

SEC. 2. Corporate surplus tax.
(a) Rate of tax.
(b) Exempt corporations.
SEC. 3. Surplus income.
SEC. 4. Deductions from gross income.
SEC. 5. Items not deductible.
SEC. 6. Affiliated corporations.
SEC. 7. Credits against the tax.
(a) Taxes of foreign countries and possessions of the United States.
(b) Certain State and local taxes paid after taxable year 1931.
SEC. 8. Returns for corporate surplus tax.
SEC. 9. Returns and payment of tax for 1931.
SEC. 10. Returns and payment for subsequent years.
SEC. 11. Relief in cases of special hardship.
SEC. 12. Laws made applicable.

TITLE II. RELIEF FOR INDIVIDUAL TAXPAYERS

SEC. 13. Reduction of normal tax rates.
SEC. 14. Dividend credit to individuals against income tax.
SEC. 15. Credit to individuals for State income taxes.
SEC. 16. Normal tax on nonresident alien individuals.
SEC. 17. Dividend credit to nonresident alien individuals.
SEC. 18. Withholding of income tax at the source.

TITLE III. MISCELLANEOUS PROVISIONS

SEC. 19. Separability clause.
SEC. 20. Act effective immediately.

SECTION 1. Application of act: The provisions of this act shall apply only to the taxable year 1931 and succeeding taxable years. In respect of the taxable year 1931, all references in this act to the revenue act of 1932 or any section or provision thereof shall be deemed to refer to the revenue act of 1928 or the corresponding section or provision thereof, unless otherwise indicated by the context.

TITLE I. CORPORATE SURPLUS TAX

SEC. 2. Corporate surplus tax: (a) Rate of tax.—In addition to any tax imposed by other acts now or hereafter in force, there shall be levied, collected, and paid for the taxable year 1931, and for each taxable year thereafter, upon the surplus income of every corporation, a tax of 33⅓ per cent of the amount of such surplus income, as defined in sections 3 and 4 hereof. Such tax shall be known as the corporate surplus tax.

(b) Exempt corporations.—All banks, trust companies, and other banking institutions, all insurance companies, and all organizations exempted from income taxation by section 103 of the revenue act of 1932 shall be exempt from the tax imposed hereby.

SEC. 3. Surplus income: For the purposes of this act "surplus income" means the gross income computed under section 22 of the revenue act of 1932, less the deductions allowed by section 4 hereof.

SEC. 4. Deductions from gross income: In computing surplus income there shall be allowed the following deductions:

(a) All the deductions specified in section 23 of the revenue act of 1932, except as otherwise provided in sections 5 and 7 (b) hereof.

(b) The amount received as interest upon obligations of the United States heretofore issued which is included in gross income under section 22 of the revenue act of 1932, but only if and to the extent that such interest is exempt from the corporate surplus tax by virtue of the respective acts authorizing the issue of such obligations, as amended and supplemented;

(c) In the case of a domestic corporation, a specific deduction of $500,000: *Provided*, That the total deductions under this subsection (c) for a group of corporations affiliated as defined in section 6 (a) hereof shall not exceed $500,000 and shall be prorated among them in proportion to their net incomes as computed before any deductions under this subsection (c) or under the following subsection (d); and

(d) In the case of a domestic corporation or group of corporations so affiliated, one-half of the amount by which all dividends actually paid in cash by it to stockholders during the taxable year (exclusive of intercompany dividends in an affiliated group) shall exceed the aggregate of dividends (other than stock dividends) received by it in such taxable year: *Provided*, That if the dividends so paid were less in amount than four-fifths of the dividends so paid in the year preceding the taxable year, no deduction shall be taken or allowed under this subsection (d) unless the commissioner shall, upon application and due proof, have first determined that the reduction in such dividends was reasonably necessary and not designed to avoid surtaxes or to restrain interstate or foreign commerce by means of manipulating stock or commodity prices or wage rates. Every such application and all proceedings had thereon shall be open to the public.

SEC. 5. Items not deductible: (a) In computing surplus income for any taxable year ending on or before September 30, 1932, no deduction shall be made for depreciation (including exhaustion, wear and tear, and obsolescence) of tangible assets having at their date of acquisition a probable useful life of more than four years.

(b) In computing surplus income for any taxable year ending after September 30, 1932, deductions for depreciation (including exhaustion, wear and tear, and obsolescence), and depletion (including depletion of discovery values and percentage depletion as defined in section 114(b) of the revenue act of 1932), shall not be allowed, except that a reasonable allowance for such depreciation and depletion shall be deductible where the major portion of the value of an asset is likely to be exhausted within two years from the date of its acquisition by the taxpayer. This provision shall be liberally construed to effect its purpose of preventing abuses which have developed, such as arbitrary and excessive reserves, distortion of income accounts, and concealment of income through straight-line methods of calculating depreciation in periods of reduced output, duplication of deductions for maintenance and replacements, fictitious bases for "discovery" and "percentage" depletion, and errors and corruption in appraising properties, estimating their recoverable contents and useful life, and allocating reserves as between taxable periods.

(c) In computing surplus income no deduction shall in any case be allowed in respect of—

(1) Any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate; or

(2) Any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made for any other taxable period under the revenue act of 1932 or any income tax act previously or subsequently in force.

SEC. 6. Affiliated corporations: (a) For the purposes of section 4(c) and section 4(d) hereof two or more corporations shall be deemed affiliated (1) if one corporation owns directly or controls through closely affiliated interests or by a nominee or nominees over 50 per cent of the stock of the other or others, or (2) if over 50 per cent of the stock of two or more corporations is owned or controlled by the same interests.

(b) For all other purposes, affiliations shall be determined and consolidated or separate returns may be filed, in like manner and with like effect (except as to the rate of tax) as provided in section 141 of the revenue act of 1932.

SEC. 7. Credits against the tax: (a) Taxes of foreign countries and possessions of the United States.—The tax imposed by this act shall be credited with all the credits specified in section 131 of the revenue act of 1932, except to the extent that a credit therefor against income taxes, or a deduction thereof in computing net income, shall have been allowed under the revenue act of 1928 or 1932 or any income tax act hereafter enacted.

(b) Certain taxes paid to States after taxable year 1931: The tax imposed by this act for any taxable year ending after December 31, 1931, shall also be credited with one-third of all amounts which shall be actually paid by the taxpayer (whether before or after making the return hereunder) for taxes for such taxable year to any State or States of the United States or any political subdivision thereof: *Provided*, That such credit shall not exceed one-third of the tax otherwise computed hereunder, that any amount so credited shall be disallowed as a deduction in computing surplus income hereunder, and that for the taxable year 1934, and any year thereafter this credit shall be allowed only for taxes so paid in respect of the income of the taxable year or as franchise taxes measured or determined with reference to such income.

SEC. 8. Returns for corporate surplus tax: Returns for corporate surplus tax, in such form as the commissioner may prescribe,

shall be made in like manner and under like conditions and penalties, as are or shall be provided in respect of corporation income taxes by sections 52, 141, and 235 of the revenue act of 1932 and by other provisions of said act. Such returns shall be filed for the taxable year 1931 and each taxable year thereafter, by every corporation not exempt under section 2 (b) and having for such year any surplus income taxable under this act or a net income in excess of $100,000 as determined under the revenue act of 1932.

SEC. 9. Returns and payment of tax for 1931: (a) Returns for the taxable year 1931 (i. e., for the calendar year 1931, or the taxpayer's fiscal year ended in 1931, as the case may be), shall be made on or before August 15, 1932 (or within such extended period as the commissioner may prescribe in accordance with sec. 53 of the revenue act of 1932).

(b) The tax imposed by this act for the taxable year 1931 shall be payable in three equal installments, the first installment on August 15, 1932, the second installment on October 15, 1932, and the third installment on November 15, 1932 (or within such extended period or periods as the commissioner may prescribe in accordance with sec. 56 of the revenue act of 1932 or sec. 11 of this act). If any installment is not paid on or before the date fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the collector.

SEC. 10. Returns and payment for subsequent years: Returns for any taxable year ending after December 31, 1931, shall be made at such time as is specified in respect of income taxes by section 53 or 235, as the case may be, of the revenue act of 1932 (or within such extended period as the commissioner may prescribe in accordance with sec. 53 thereof), and the tax imposed by this act for any such taxable year shall be payable at such time or times and in such installments and on such conditions as are specified in respect of income taxes in section 56 or 236, as the case may be, of the revenue act of 1932: *Provided*, That the return for any fiscal year ending in 1932 prior to August 31, 1932, need not be made until November 15, 1932, and the quarterly installments of tax therefor shall be payable on November 15, 1932, and February 15, May 15, and August 15, 1933.

SEC. 11. Relief in cases of special hardship: (a) Where the payment by any taxpayer of all or any part of the tax imposed hereby on the due dates thereof would impose exceptional hardship, the commissioner shall (in addition to any period or periods not exceeding six months granted pursuant to section 56 (c) of the revenue act of 1932) further extend the time for payment of the tax or such part thereof for such period or periods (not extending beyond two years from the original due dates of the tax) as shall be reasonably necessary.

(b) Interest at the rate of 6 per cent per annum shall be collected upon the tax in accordance with section 295 of the revenue act of 1932 for any period of extension under said section 56 (c), and in case of any extension under this section there shall further be collected as part of the tax interest thereon at the rate of 1 per cent per month or fraction thereof from the expiration of such extension under section 56 (c) until the same shall be paid.

(c) No bond or other security shall be required for any extension in respect of the tax imposed hereby, whether under said section 56 (c) or under this section.

(d) If it shall appear that the solvency of any taxpayer or its financial ability to continue business, or the safety of creditors or others transacting business with such taxpayer, might be materially affected by payment of the tax when due, the commissioner shall, in addition to granting any extension or extensions under subdivision (a) of this section, issue to such taxpayer a certificate waiving any and all liens in favor of the United States in respect of the tax or any part thereof for which such extension shall be granted, and subordinating to the claims of existing creditors and of all who shall become creditors during the period or periods of such extension, all claims of the United States for or in respect of the tax or the part thereof for which such extension shall have been granted, including interest.

(e) The provisions of this section shall be liberally construed and applied in favor of taxpayers, with a view primarily to the preservation of business interests rather than the collection of revenue in cases of exceptional hardship. Any denial of relief or any other action by the commissioner under this section, whether in whole or in part, shall be subject to judicial review and control notwithstanding the provisions of section 3224 of the Revised Statutes and section 604 of the revenue act of 1928.

SEC. 12. Laws made applicable: Titles I and IX of the revenue act of 1932 (except sec. 102 thereof), Titles III, IV, and V of the revenue act of 1928, Title IX of the revenue act of 1924 as amended, Titles X and XI and section 1203 of the revenue act of 1926 as amended (including all definitions contained in said acts), and all administrative and special provisions of law, including the law relating to assessment of taxes, so far as applicable and not inconsistent herewith, are hereby extended to and made a part of this act.

TITLE II. RELIEF FOR INDIVIDUAL TAXPAYERS

SEC. 13. Reduction of normal tax rates: Section 11 of the revenue act of 1932 is hereby amended to read as follows:

"SEC. 11. Normal tax on individuals: There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax equal to the sum of the following:

"(a) 1 per cent of the first $4,000 of the amount of the net income in excess of the credits against net income provided in section 25; and

"(b) 2 per cent of the remainder of such excess amount."

SEC. 14. Dividend credit to individuals against income tax.

(a) The revenue act of 1932 is hereby amended by adding a new section thereto, to be known as section 32–A, as follows:

"SEC. 32–A. Dividend credit against tax: In the case of an individual the tax shall be credited with 16⅔ per cent of the amount received as dividends in cash after December 31, 1931—

"(1) from a domestic corporation which is subject to taxation under this title, or

"(2) from a foreign corporation when it is shown to the satisfaction of the commissioner that more than 50 per cent of the gross income of such foreign corporation for the 3-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of section 119.

"The credit allowed by this subsection shall not be allowed in respect of dividends received from a corporation organized under the China trade act, 1922, or from a corporation which under section 251 is taxable only on its gross income from sources within the United States by reason of its receiving a large percentage of its gross income from sources within a possession of the United States. In the case of any individual who is a member of a partnership his tax shall be credited with 16⅔ per cent of his proportionate share of such dividends received after December 31, 1931, by the partnership. In the case of any individual who is a legatee, heir, or beneficiary of an estate or trust, his tax shall be credited with 16⅔ per cent of such portion of such dividends received after December 31, 1931, by the estate or trust as is required to be included in computing his net income, and the tax of the estate or trust shall be credited with 16⅔ per cent of any remaining portion of such dividends."

(b) Subsection (a) of section 25 of the revenue act of 1932, providing for a credit of dividends against income in computing the normal tax, is hereby repealed.

(c) In section 163 (a) and (b) and section 184 of the revenue act of 1932, relating to credits against net income in the cases of estates, trusts, and partnerships, the words "dividends and" are hereby stricken out, wherever they occur, and the words "(a) and" are hereby stricken out from the phrase "section 25 (a) and (b)," wherever they occur.

SEC. 15. Credit to individuals for State taxes: The revenue act of 1932 is hereby amended by adding a new section thereto, to be known as section 32–B as follows:

"SEC. 32–B. Credit to individuals for State and local taxes: In the case of an individual the tax shall also be credited with all amounts, up to but not exceeding 3 per cent of the net income for the taxable year, which shall be actually paid by the taxpayer (whether before or after making the return hereunder) for taxes for such taxable year to any State or States of the United States or any political subdivision thereof: *Provided*, That any amount so credited shall not be deductible in computing income under section 23, and that for the taxable year 1934 and any year thereafter this credit shall be allowed only for taxes so paid in respect of the income of such year."

SEC. 16. Normal tax on nonresident alien individuals: Section 211 (b) of the revenue act of 1932 is hereby amended to read as follows:

"(b) Aliens resident in contiguous countries—In the case of an alien individual resident in a contiguous country, the normal tax shall be an amount equal to the sum of the following:

"(1) One per cent of the amount by which the part of the net income attributable to wages, salaries, professional fees, or other amounts received as compensation for personal services actually performed in the United States, exceeds the personal exemption and credit for dependents; but the amount taxable at such 1 per cent rate shall not exceed $4,000; and

"(2) Two per cent of the amount of the net income in excess of the sum of (A), the amount taxed under paragraph (1) of this subsection, plus (B), the total credits against net income allowed to such individual."

SEC. 17. Dividend credit to nonresident alien individuals: Section 216 of the revenue act of 1932 is hereby amended to read as follows:

"SEC. 216. Credits against tax: A nonresident alien individual shall not be allowed the credits against the tax for taxes of foreign countries and possessions of the United States allowed by section 131, but shall be allowed the credit against the tax for 16⅔ per cent of dividends received in cash after December 31, 1931, as provided in section 32–A."

SEC. 18. Withholding of income tax at the source: Section 143 (b) of the revenue act of 1932 is hereby amended by substituting the words: "(other than income received as dividends of the class described in section 32–A)," in lieu of the words "(other than income received as dividends of the class allowed as a credit by section 25 (a))."

TITLE III. MISCELLANEOUS PROVISIONS

SEC. 19. Separability clause: If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 20. This act shall take effect upon its enactment.

I believe any question of the constitutionality of the foregoing bill is answered by the following authorities:

CONSTITUTIONALITY OF THE PROPOSED TAX

The fairest measure of present ability to contribute to the revenues is to be found in the past year's earnings. So far as the retroactive feature of the tax is concerned, its constitutionality seems clear, under the doctrine of Brushaber *v.* Union Pacific Railroad Co. (1916) (240 U. S. 1).

The disallowance of depreciation and depletion is justified by Burnet *v.* Thompson Oil & Gas Co. (1931) (283 U. S. 301, 304), United States *v.* Biwabik Mining Co. (1918) (247 U. S. 116), Goldfield Consolidated Mines Co. *v.* Scott (1918) (247 U. S. 126), and Cf. Weiss *v.* Wener (1929) (279 U. S. 333, 335).

In addition depreciation and depletion deductions were expressly or tactily disallowed in the Civil War income tax laws and the law of 1894, yet no point was made of this by the learned counsel who argued the Pollock case. (Pollock *v.* Farmers' Loan & Trust Co. (1895), 157 U. S. 429, 158 U. S. 601; Railroad Co. *v.* Collector (1879), 100 U. S. 595, 597; Bailey *v.* Railroad Co. (1882), 106 U. S. 109, 115.)

As was observed in a note to the concurring opinion of Mr. Justice Brandeis in Missouri ex rel. Southwestern Bell Tel. Co. *v.* Public Service Comm. ((1923), 262 U. S. 276, 294):

Several different methods are used for measuring depreciation: (1) The replacement method; (2) the straight-line method; (3) the compound-interest method; (4) the sinking-fund method; (5) the unit-cost method. It is largely a matter of judgment whether and to what extent any one of these several methods of measuring depreciation should be applied. They may give widely different results.

PAYMENT OF THE BONUS

Mr. WEST. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WEST. Mr. Speaker, during the course of the debate upon the payment of the adjusted-compensation certificates to the veterans it has been made clear that the main problem involved in this proposal is the establishment of a sound method for the immediate cash payment of these claims. Sympathy for the veteran in his present distress and a desire to render justice to the men who served their country so valiantly during the crisis of the great World War are not lacking on the part of Members of Congress. While we act to secure justice for the veteran we can not forget that there rests upon us at the same time as the Representatives of the people of this country the grave responsibility to safeguard the integrity and stability of the financial institutions of the country.

During this period especially when widespread economic distress exists throughout the land it is highly important for us to be conscious of our solemn duty as the trustees of the people to adopt only those measures that are wise and sound and which will least subject the financial structure of the country to further economic strain.

There is no greater need in our country at this moment than the restoration of genuine confidence in the fundamental integrity of our Government and its financial system. If the security of our financial system can be maintained through a system of sound financing of the bonus payments, this obligation of the Government should be discharged at once. It is not only a matter of sympathy for the veteran but also a matter of concern for the financial welfare of the country itself.

In my own case my signature upon the petition to discharge the committee which made possible a vote upon the bonus question and my vote to discharge the committee in order that the matter could be passed upon directly by Congress itself are ample evidence of my sympathy toward the proposition itself and an expression of my desire to find a method of financing the payments that would be sound and practicable. But I am compelled to vote against the bill in its present form because I have not been convinced that it is wise at this time to pass the proposed measure with its unsound scheme of financing and I am unable to reconcile myself to the payment of these certificates in inflated currency. The money which the veteran is now getting is not great but it is good money and I am unwilling to cheapen the money of our country in order to pay the balance due him now.

Our country is confronted with an economic and financial crisis of the gravest character. Unless the trend toward improvement becomes established during the next few months, the situation in this country which is even now alarming may become more critical and more fraught with danger than at the present time and may make imperative relief and emergency measures of the most drastic character.

To print paper money to the extent of $2,400,000,000, or to issue such money against a bond issue similarly unsecured except by the mere promise of the Government to pay is direct inflation of the currency of the most vicious sort and is highly unsound and unwise. The reserve strength of the Government rests upon a very narrow margin of safety. If we should exhaust this reserve strength at this time and then in a few months find our country facing a condition of destitution and distress that calls for emergency measures of the most urgent character, our Nation would find itself utterly helpless in the crisis, with its reserve gone and its currency inflated and the same desperate conditions which prevailed in Germany and other countries of Europe when their financial systems crashed during the period of postwar inflation.

It is unfair to the service man to place upon him the responsibility for the adoption of a scheme of currency inflation that may do the country a great deal of harm. If this obligation to pay the veteran his adjusted-compensation certificate is just, as it most certainly is, then it should be financed by any of the generally approved methods of finance that are above reproach. The discharge of the obligation should rest upon its own merits and should not be tied up with any scheme of unsound money. If currency inflation is to be made a part of the fiscal policy of our Government, this is a separate problem and should rest upon its own merits as such. If we are going to inflate the currency of the country and tinker with the monetary system, it is unfair to the service man to place upon him the responsibility for the adoption of such measures and the direful consequences that may result therefrom.

Payment of the adjusted-compensation certificates with inflated currency is unfair to the great number of the disabled veterans and those dependent upon them. Every month the Government sends out 1,400,000 checks to disabled veterans, widows, and others. It is not denied that the purchasing power of this money is reduced under the present scheme of financing the bonus payments and the burden of the payment is thus shifted from the able-bodied veteran to the shoulders of the more unfortunate disabled and their dependents.

The cause of the service man is just and should be justly met. The obligation to pay the adjusted-compensation certificate has been created and should be discharged at the earliest possible moment. Since the claim of the veteran is fair and just the Government should be equally fair in financing the payments in accordance with the approved methods of sound public finance and should not resort to a scheme of currency inflation which would endanger the financial security of our country.

SOLDIERS' BONUS

Mr. KELLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a short excerpt from the original report on this bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. KELLER. Mr. Speaker, there are four objections put forward to "paying the bonus" at the present time. The first one is that the certificates which the boys hold constitute a contract, and that the contract is not due; second, that we can not pay now; third, that if we pay the bonus we will unbalance the Budget; fourth, that we can not both pay the veterans and give a large amount of employment on public works. I intend to take these up in their order.

First. This is not a "bonus" at all; it is an adjusted compensation. That simply means that when Congress took the matter up in 1922, they admitted the obligation of

the country to carry out the original agreement with the men before they entered the Army. Everybody will recall that the official expression and the general acceptance was that we would keep every soldier harmless economically. That is, we would, as nearly as possible, put him in such shape financially when the war was over as he might reasonably have expected to be in if he had not gone to the war. That was the agreement; that was the contract. It was under that agreement that these boys went into the Army.

We ought all to recall that we agreed to keep their jobs open for them. We cheered them when they went through the towns. Wherever the trains stopped our most motherly women and beautiful girls brought lunches and hot coffee; and the men who were left at home cheered them on their way.

During the entire war our obligation to these boys to make up for them the difference that they lost financially by going into the service was stressed by every speaker that went on the platform.

Unfortunately, when they came back very few of their jobs had been kept open for them. They were compelled to hustle for themselves, and they did. But public sentiment compelled both political parties to recognize the obligation which the Government owed these men. The people recognized then as they do now that a real contract existed at the time they enlisted, and that their part of the contract was fulfilled when they were mustered out. The Government so proposed it, the soldier so accepted it, the people indorsed that idea of it and finally compelled some action to be taken by Congress, though the action taken was in no wise a fulfillment of the actual contract. What Congress really did was to give these boys, without their consent, a 20-year rain check.

The amount agreed to as being due at the end of the war was an extra dollar a day for those who remained in America, and a dollar and a quarter a day for those who went over. In truth and in fact this was not a fair compensation and everybody knows it, and knew it then; because the boys who remained at home during the war made $5 a day, $10 a day, $15 a day, lived in ease and comfort, and without danger or exposure. These soldier boys were paid a dollar a day for service in America and a dollar and a quarter for service overseas.

The compensation added an equal amount as set by Congress in 1922. That made $2 a day for the men who served in America, and $2.50 a day for those who served overseas. In view of what the other boys received at home that is ridiculous; but while that amount was agreed to by Congress they put off payment for 20 years, which they had absolutely no right to do. The contract should have been carried out, and whatever amount was agreed on should have been paid cash in hand as soon after the period of service as possible.

The country was in great prosperity. Our war-made millionaires were running up tremendous profits on everything. Instead of paying the soldiers their adjusted compensation, as we ought to have done, as a part of the war debt, we gave them a 20-year rain check. They had not participated in making this second contract, they were simply handed these certificates. I am not overstating the case.

I am taking the privilege which was granted me by the Speaker, of making a part of this a short report written by Congressman Kitchin, and submitted as a minority report on March 20, 1922. I asked permission to insert this because it will reawaken us to conditions which by no means should be forgotten. I here insert this report:

[House Report 804, pt. 3, Sixty-seventh Congress, second session]

SOLDIERS' ADJUSTED COMPENSATION

Mr. Kitchin, from the Committee on Ways and Means, submitted the following minority views (to accompany H. R. 10874):

Of the 8 Democratic minority members of the Ways and Means Committee, 3 voted against reporting the pending bill favorably and 5 voted to report it favorably but do not approve of many of its provisions.

In justice to the Democrats of the committee end of the House who shall vote for the bill, it must be remembered that no Democratic member of the committee was permitted to participate at any meeting either in the discussion or preparation of the bill, nor was any Democratic member allowed even to be present at any meeting for the discussion or consideration of the bill, so this bill is exclusively a barred-door Republican product.

The committee and the House being absolutely under the control of the Republicans, according to Republican methods, this is the only bill which any Democrat in the committee or in the House will be given a chance on which to vote.

So, under the Republican scheme, the proposition confronting the Democrats is: This bill or nothing. Many Democrats of the House prefer this bill to nothing, as it may be of some little possible aid to some needy veterans. Some prefer nothing to this bill.

We are confident that if the Democrats had control of the committee and the writing of a bonus bill was committed by the House to their charge they would have prepared and presented to Congress a bill far more just and satisfactory to both the veteran and the Government.

The undersigned are unanimous in the following views:

Undoubtedly a large majority of the Democrats and Republicans in Congress favor a bonus or adjusted compensation of some sort to the World War veterans of the United States, and undoubtedly the House will pass the pending bonus bill, provided the Republicans who profess the most devoted, affectionate, and exclusive friendship for the veteran have the courage to keep their repeated pledges to the members of the American Legion and defy President Harding and Secretary Mellon and the money power, whom they represent, in their violent opposition to a bonus.

We believe that President Harding and the Republicans were right in their first proposition, to wit, that whatever kind of bonus bill or compensation act should be passed, there should be included in it a specific levy of taxation for the payment thereof.

We believe and insist that the amount of the money bonus or service credit which Congress concludes is justly due the veteran should be paid in cash on demand, and we protest against the veteran be given, as is provided by the pending bill, a 20-year duebill or, as the Comptroller of the Currency calls it, a rain check, which he can pawn with some bank for a loan of only one-half of the amount which Congress by the bill confesses the Government justly owes him, provided, of course, he can get some bank to ignore and defy the administration in its advice to the banks not to loan a veteran a penny on such due bill or "certificate." If the Government justly owes the veteran an additional compensation, as the bill admits, why should it not treat him as it does its other current creditors, pay him on demand in cash? When our country needed his services and required of him sufferings and sacrifices of blood, limb, and life, he went, and willingly, at once. He did not demand an installment plan or delay of 20 years for his services and sacrifices.

The duebill, rain-check, borrow-money bonus mode of payment, as provided by the bill, is an insult to every World War veteran and a shameful discredit to Congress and the Nation. By the bill the veteran is given a scrap of paper and told to go out and hawk it from bank to bank in the hope, after being held up for a high rate of interest, of getting a little cash on it, not, however, to exceed 50 per cent of what the bill confesses the Government now justly owes him.

Should a grateful Nation, after by act of Congress it confesses that it justly owes him an amount as additional compensation for his sufferings and sacrifices and offerings of life and limb during the World War, permit the banks, in order for him to get a pittance in cash, to hold him up to the extent of from $200,000,000 to $500,000,000 in interest charges at the high rate of from 6 per cent to 8 per cent, when the Government, according to the reports in yesterday's papers, can and is now getting all the money it wants to pay its current and other expenses on its certificates of indebtedness at the rate of 4¼ per cent interest? Why should not the Government also issue certificates of indebtedness, borrow money at 4¼ per cent, and pay its indebtedness to the veteran, admitted by the bill to be absolutely just? Why give him a duebill or rain check, and then stab it in the back, as does the administration through its Comptroller of the Currency with the warning and advice: "Nonnegotiable—no bank should loan to any veteran a penny of money on it."

Every Republican member of the committee, when it provided in the bill for the veteran to borrow money from the banks on his duebill or "certificate," knew that the administration's Comptroller of the Currency, who is the supervisor of all the national banks, had publicly announced in an interview published in all the papers throughout the country that he was going to advise all the national banks in the United States to refuse to loan a penny of money on them. They knew, too, that the President was opposed to the payment of any bonus or adjusted compensation to the World War veterans except by a sales tax.

The proposition in the bill, with this attitude of the administration and its Comptroller of the Currency, is absolutely a "gold brick" handed to the veteran, and a plain violation of the wide-mouthed pledges daily made for the last two years by the Republicans to the World War veterans. So we are presented with the shameful spectacle of the party that aborted the war, divided our country's war associates, disgraced the peace, deluded the people, deceived the veteran, deserted the wounded, relieved the profiteer, reduced the millionaires' income tax, repealed the excess-profits tax on the profiteers, and which still maintains a blasphemous, bibulous bootlicker at the Court of St. James to besmirch with his drunken banquet babble the high war purposes of the American people and the inspiration of the American soldiers, now offers to redeem its reckless campaign pledge with an

I O U, designated a "certificate," which the administration has, in advance of its issue, fatally impeached and discredited.

They are not conscious of, they do not realize how the insulting, mortifying indignity involved in sending the soldier from the Capitol to hawk his duebill about the country from bank to bank in search of some bank which for a high rate of interest will ignore the administration's advice and loan him a few dollars on it.

The schemers, the conspirators, the assassins who stabbed the peace can never thrill with the ardor of the American soldier who crossed the sea to end war, singing, "We won't come back till it's over over there." Envenomed with envy during the war, they never felt that exultant thrill, and as they are incapable of appreciation they are not capable of rewarding such a service.

Their eyes have never seen the light of the torch of Flanders field. With the veteran and his needs they reveal their incompetence. They start and stop. They are for this to-day and for that to-morrow. They potter around in darkness, they fumble, they muff. Incapable of dealing with the economic situation, they have directly brought upon the American people the worst depression that ever came upon them. Equally incapable of dealing with the war-veteran situation, they stutter and stagger. Blind, they wander around. They pick it up and put it down. Their last condition is worse than their first. Their victory of November, 1920, has turned to ashes. The honey of March, 1921, has turned to the wormwood of March, 1922. With a bold and impudent effrontery they offer to the American soldiers not the glory of a complete victory or the tribute of the Nation's gratitude but a pawn ticket or a rain check. "How long, O Lord, how long!" cry the people unto Thee. "When wilt Thou deliver us from the body of this death?"

We favor and insist that whatever kind or sort of bonus or adjusted compensation Congress shall deem justly due the World War veteran should be paid out of the taxes specifically levied for such purpose upon the big incomes of the millionaires and multimillionaires, whose number has more than trebled and whose wealth has increased to the extent of many billions of dollars since the beginning of the war, and upon the conscienceless, excessive profits of the big monopolistic corporations, who have plundered and profiteered upon the people and the Government since January 1, 1916, to the extent of over $40,000,000,000 of net profits and who persist in continuing their profiteering. These millionaires and multimillionaires and corporations were the real financial beneficiaries of the war. Why should they not now be made to pay this additional expense of the war?

For this purpose we favor the reenactment of the surtax on the large incomes of these millionaires and multimillionaires which was repealed by the Republicans in their revenue act of 1921, and a reenactment of the excess-profits tax which was also repealed by them in said act, with a specific exemption of $50,000 instead of $3,000, as provided for in the act of 1918. By such exemption we would lose or sacrifice less than one-tenth of the excess-profits tax. In other words, heretofore corporations making an amount in excess of $50,000 yearly have been making nine-tenths of all the corporate incomes and have been paying nine-tenths of all the excess-profits taxes and will continue to make and pay in such proportion if we reenact the excess-profits tax as above set out for this unquestioned war liability.

Ten hundred and twenty-six corporations, with incomes each from five millions to five hundred millions, had several hundred millions more income yearly and paid several hundred millions more excess-profits tax annually than all the balance of the 317,000 corporations in the United States, and these are the corporations which have, during the war and since, and will continue, especially under Republican administrations, to profiteer and prey upon the people of the United States and the Government. By our method we propose to make them bear the largest portion of this additional expense for the World War veterans' adjusted compensation should Congress pass one.

Since the Republican Congress and administration, in its last tax bill, relieved from taxation the millionaires and multimillionaires to the extent of over $90,000,000 yearly, as estimated by the Treasury Department, on their big incomes; that is, reduced the rate of taxation on the incomes of the millionaires to that extent, and released to the big monopolistic corporations of this country, whose big stockholders are contributors to the Republican campaign funds, over $450,000,000, according to the Treasury's estimate, annually hereafter, by the repeal of the excess-profits tax, why can not the Republicans now be equally as generous to the brave boys who made sacrifices, who braved the dangers of the sea and the trenches, and who took the risks of life for their country and their flag, and rescind the repeal and make these big incomes and excess profits of the millionaire profiteers, corporate and individual, who, without making a sacrifice, without enduring a hardship, without incurring a risk, remained at home in peace and safety and collected out of the people and the Government billions of blood money, pay whatever sort of bonus Congress may pass. They were filling their coffers here while the boys were spilling their blood there, and are still and will continue to prey upon and plunder the people.

Be it remembered that our brave boys were making these sacrifices, enduring these hardships, and taking these risks and shedding their blood in defense and for the protection of these same millionaires and corporations—these same fabulous blood-money profits—as well as for their Government and for their country.

The Republican administration favors paying the bonus out of taxes levied upon a general sales tax; that is, levying a tax upon the necessity to buy in order to sustain life. It wishes to put the taxes as much as possible upon the people—the soldiers themselves, and relieve the millionaire profiteers, corporate and individuals. It desires to make all the people, the poor as well as the rich, World War veteran as well as the rest of the people, pay this tax; that is, it desires the poor veteran, with no property and no income, to pay as much toward the bonus, or adjusted compensation, as John D. Rockefeller, with his billion of wealth and millions of yearly income.

President Harding and Secretary Mellon boldly offer a bribe to the World War veterans to espouse the cause of the money power in their efforts to establish as a part of our revenue system the vicious policy of a general sales tax. They offer a bonus in consideration of the veteran and his friends favoring a sales tax. They vigorously fight a bonus without a sales tax, in the hope that the brave boys will be tempted to yield and be willing to help the President and Mr. Mellon and the money power to drive the first effective wedge under the established policy of the income tax, founded upon the principle of ability to pay, and finally to force from our statute books the revenue policy of the entire income tax—a policy which the people established in our tax system after a quarter of a century of hard and persistent struggle with the money power and the Republican leaders.

We undertake to say that the World War veteran even for the bonus or adjusted compensation offered by the Republican President and his Secretary of the Treasury is unwilling to surrender to the money power of the United States the fruits of the people's struggle and victory, and in its stead establish, which the President and Mr. Mellon heartily desire, the vicious principle of taxing the necessity of all the people to buy, proclaiming a new doctrine for the United States—equal burdens by all, rich and poor alike—no relief to any, except the millionaires and monopolistic corporate interests. We are unalterably opposed to this Harding-Mellon money-power scheme.

Treat "the boys" white, gentlemen of the Republican Congress. If you really favor the money bonus, pay them, like men, in cash in full, and not send them out of the Capitol with only scraps of paper as tramping mendicants at the mercy of the banks in our towns and cities. During the war he treated you and your country "white." He now deserves fair, manly treatement at your hands.

The Republicans ask, How can we get the cash now to pay? We answer: Exactly as we have been getting the cash to run the Government for the last five years. Exactly as the Republicans got the cash to pay $3,000,000,000 to the war contractors, two billions to give and loan to the railroads for the benefit of the holders of railroad securities, fifty million for the war-minerals contractors, millions to feed Europe, and exactly as they propose to raise millions for the purpose of paying a ship subsidy.

Levy the taxes as we suggest and issue certificates of indebtedness in anticipation of collection of taxes, to be redeemed when the taxes are paid, as is now provided by law.

When his country called he offered life and limb. What do you now offer him—"a gold brick"!

CLAUDE KITCHIN.
W. A. OLDFIELD.
CHAS. R. CRISP.
JOHN F. CAREW.
PETER F. TAGUE.

I then desire to point out that the majority of the Congress of the United States not only felt it was more important to reduce the rich man's taxes in 1921 than it was to pay the soldiers' compensation, but that in 1924 the Congress again reduced the income taxes very largely; then again in 1926 they reduced these same income taxes; then in 1928 they again reduced the income taxes. In December, 1929, after the great stock debacle in New York, during the tremendous panic which resulted, and in the very first of the terrible depression, the Congress again reduced the income taxes and compelled the national deficit with which we have struggled ever since. Moreover, in each one of these five successive income-tax reductions the Congress and administration were not satisfied that the reduction of tax rates should apply for the next year but every time actually remitted a full year's tax already due the people from the corporations and rich men and women of America. These reductions contributed largely toward finally cutting the income of the Government from more than $6,000,000,000 per year to less than $2,000,000,000 a year.

During this entire period the men who had served their country, made this very wealth safe, and which had been created under their protection, were waiting outside holding a rain check due 27 years after the war ended.

It is the great tragedy of the war that the men who made billions from the war were permitted to deny the pittance which their controlled representatives had finally admitted being due to the soldiers who fought the war. It is, therefore, clear that the certificates held by the men did not con-

stitute the contract at all and have nothing to do with the agreement made by those men. It is perfectly clear also that they never accepted willingly any such an arrangement and they have a perfect right to call for the balance of their pay now. They have had that right ever since the war ended.

The suggestion to discount these bills now is thoughtless and cruel on its face. Instead of discounting we ought to compound the interest from the day the war ended to the present minute and pay it gladly and willingly to the men who earned it.

Anyone who doubts that I am here expressing the feeling of the American people was not permitted to see the parade of these 10,000 veterans now in Washington and to hear the cheers of the people who lined the sidewalks along Pennsylvania Avenue. Every man and woman in America would have joined in these cheers had they seen that great procession.

Second. The pretense that we can not pay now is not only untrue but should not be accepted by any man who has the interest of the Government at heart. The plan proposed in this bill known as the Owen plan is, as every economist knows, entirely feasible, entirely practicable, entirely sound, and will in no wise affect our financial system adversely, but on the contrary, if we are wise enough to follow this plan and pay these men it will do at least two things.

First, it will pay an obligation long past due. It will fulfill a contract that we made in 1917. It will not only do that, but it will put into every community a large amount of new money. The very thing which this country is suffering from at the present moment more than any other one thing is the lack of actual cash in hand. Everybody knows that. It is the intention and was originally written into the bill that the bonds provided for in the bill should be held without interest until such time as the price level of 1926 shall have been reestablished. The matter is only left in the hands of the Federal Reserve Board because there was some question as to the legality of this special provision. There is no such question now existing in the form of the bill which is evidently to pass this House.

The idea of the Government using its own money both for itself and for its political subdivisions without interest for carrying on its own work may be new, is new, but that we shall logically and rationally arrive at such an arrangement for all our public improvements is bound to take place. And to those who desire to understand the operation of such an arrangement I call attention to my own House bill No. 12282.

We are going to do a lot of new things before we get out of and away from our present terrible plight. There is no use of gagging at a gnat and swallowing a camel. We may just as well observe that we are going to do these things and figure out how to do them rationally, then proceed to do them. And one of the steps we must take is to pay what has become known as the soldiers' bonus, though it is no bonus at all but a just debt.

Third. Contention that we will unbalance the Budget shows a total lack of understanding of what a budget is. This Congress has not only balanced the Budget but, as one of our leaders says, "We have balanced it with a vengeance." We have gone into this matter carefully. A budget for the Nation is like any other budget. It only includes running expenses, operating costs. A family budget includes rent, food, clothing, fuel, lights, education for children, entertainment for the family; but if the family decides to buy a farm that would not be a part of the budgetary expenses at all. That goes properly into capital investment.

And when we are talking about budgets and budget balancing, without understanding this simple truism, we are bound to mix the entire matter in relation to our National Budget. In short, a properly constituted Budget for the Nation includes only the operating expenses.

I have taken all the appropriations of the present Congress and worked out with some care the table which I here insert:

Total amount appropriated, first session Seventy-second Congress, including amounts for the fiscal year 1933 and supplemental and deficiency amounts for the fiscal year 1932 and prior years[1]	$4,159,119,823.56
Permanent annual appropriations, fiscal year 1933, which require no action by Congress, and which include $1,136,803,478 for sinking fund and interest on the public debt (estimated)[2]	1,285,907,728.00
Total, including postal appropriations	5,445,027,551.56
Total approximate amount of appropriations for permanent improvements and for loans and investments	1,350,815,828.32
Net amount of appropriations, less permanent improvements and loans and investments	4,094,211,723.24
Of this latter sum, the amount for the fiscal year 1933, including postal appropriations, is approximately	4,000,000,000.00
Deduct that part of estimated postal appropriations which is chargeable to postal revenue	600,000,000.00
Net operating or budgetary expenses for fiscal year July 1, 1932, to July 1, 1933	3,400,000,000.00
Approximate amount of money appropriated by the first session of the Seventy-second Congress, which is for loans or investments	
Reconstruction Finance Corporation	$500,000,000.00
Federal land-bank stock	125,000,000.00
Veterans' loans (adjusted-service certificates) (approximate)	250,000,000.00
Boulder Canyon project	8,000,000.00
Total	883,000,000.00
Total, permanent improvements (approximate)	467,815,828.32
Total, loans and investments (approximate)	883,000,000.00
Total	1,350,815,828.32

As will be observed, the actual budgetary expense is only $3,400,000,000, with more than another $200,000,000 to come off, and the estimated income of the Government for that same period is $3,258,500,000 (income estimated from the Treasury Department), and the Government apparently has learned finally to estimate low enough instead of high enough.

To those who are interested in knowing that the credit of this Nation has never at any time been affected by national deficits, I call attention to the official statement contained in my address on the floor of this House on March 17, of this year, in which it is shown that there have been 28 annual deficits since 1858. Ten of them on account of war years and 18 of them in peace years.

The deficit which the Congress and the administration brought on in this country by the unwise lowering of income taxes during the last 10-year period will not affect the credit of the United States Government except with those who may profit by such claptrap. It is to the credit of the United States to pay its debts. It has always done that by issuing bonds and then paying the bonds, and that is exactly what we are compelled to do now.

Why do we not awake to the fact that the appropriation of a half billion dollars out of the Treasury, and the granting of additional credit of one and a half billion to the Reconstruction Finance Corporation is nothing more nor less than a Government obligation, and amounts to exactly the same thing as to bonding the Government whether we call it one thing or another; and how any man could have voted for that actual bond issue by the Government for the sake of saving big business and then deny the veterans of the country at least a like consideration is beyond my comprehension.

Fourth. The objection that we can not pay the veterans and give employment both, I confess, strikes a sympathetic chord with me. But we ought to open our eyes to the fact that we not only can do both but that we are going to be

[1] Includes amounts of regular annual appropriation bills as they passed the House, first deficiency bill as it became law, second deficiency bill as reported to the House, and amounts of special acts as they became laws.

[2] As estimated in December, 1931.

compelled to do both, and that the sooner we do both the more certainly we are going to get out of our present great misfortune.

This Congress ought not to adjourn until it provides a far-flung public-works program, because if we put enough new money in circulation, both to pay our debts to the veterans and to put to work a million men, the rest of the 8,000,000 idle will automatically go to work, and we will thereby be enabled to restore our national income. Let us remember that in 1928 and 1929 our national income was $90,000,000,000 a year; that for the year 1932 it will not exceed half that amount. We can not go on half rations for the whole Nation.

We must restore this income, and all we need to do is put men to work. The minute we put men to work our national income will reach and exceed $90,000,000,000 a year, or $300,000,000 for every working-day. With such an income as that our present tax will not only balance the Budget but produce the sort of surplus that we ought to arrange for and keep constantly available to prevent just such conditions as we are now laboring under.

In closing permit me to call the attention of this body to the fact that the Treasury has remitted taxes actually paid in, given back nearly a full $3,000,000,000, much more than is necessary to pay the soldiers' bonus. This has gone to such an extent as to become a national disgrace. It is a challenge to every thoughtful man and woman in America, and I submit these reasons, these observations, these facts, in proof of the contentions I have made in this address.

PERSONAL EXPLANATION

Mr. TINKHAM. Mr. Speaker, I was not present at the last roll call. If I had been present, I would have voted "no."

FEDERAL HOME-LOAN BANKS

Mr. REILLY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill, H. R. 12280, the Federal home-loan bank bill, with Mr. CELLER in the chair.

The Clerk read the title of the bill.

Mr. REILLY. Mr. Chairman, at the time the House adjourned on Saturday there was a call for tellers on the amendment offered by the gentleman from South Carolina [Mr. STEVENSON]. I ask unanimous consent that the gentleman from South Carolina [Mr. STEVENSON] be given five minutes to explain the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. REILLY. I ask unanimous consent, Mr. Chairman, that the amendment be again reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: Page 4, section 4, line 10, strike out the words "insurance company."

Page 4, lines 10, 11, and 12, strike out the words "trust company, State bank, or other banking organization except a national bank" and insert the word "and" after "savings bank."

Mr. STEVENSON. Mr. Chairman, the meaning of this amendment is simply this: We are creating a system of home-loan banks for the purpose of financing home-loan associations, which are building associations. As the bill was originally prepared and introduced, banks did not appear in it. There has been inserted in it banks, State and otherwise, and national banks were taken out of it. Our proposition is to take the insurance companies, the trust companies, and banks out of it entirely. We do that for the reason that they are abundantly provided for and being served by the Reconstruction Finance Corporation, and in the second place they have no business making long-term loans.

Banks that are for deposits of the people's money payable on demand have no business to take five and eight year real-estate loans, so that they can not respond to the demand of the depositors.

In addition, they have more power and are closer to the throne. When it comes to the matter of the loan of this $125,000,000 that we are providing here to be loaned, it will all be absorbed by them. All the frozen real-estate loans in banks and trust companies would be unloaded on this institution.

Not only that, but the borrower who has to become a stockholder would put his funds in the investment, which they are not allowed by sound banking laws to invest in.

For all these reasons, I move to strike these institutions out of the bill.

I may say that I made that motion in committee, but by a divided vote of 8 and 8 the motion was lost.

The plea was made that the little banks should come in. You take a little bank of $50,000 or $25,000, and it can not take less than $1,500 of stock, and it has got to have $150,000 real-estate loans in order to take that $1,500 worth of stock. If it does not do that, it has to put up stock. When it takes loans to that extent a $25,000 or $50,000 bank with $150,000 real-estate loans is a busted bank sooner or later.

Our whole program has been to put these banks in a position where they will not be managed to the detriment of depositors and the destruction of business.

My amendment is to take them out and leave the resources and power to loan money to people who want to own their homes and extend their loans for eight years, as provided for in the bill.

Mr. LAGUARDIA. Under the gentleman's amendment savings banks are restricted?

Mr. STEVENSON. No. I am leaving savings banks in, because they do have a right to make long investments.

Mr. MAY. The gentleman refers to building and loan associations and savings banks. Is there any other?

Mr. STEVENSON. All associations that are making home loans, strictly so called. There are certain kinds of institutions not called building and loan associations that will come within the terms of this act, and all of those which are financing home owners on long and easy terms are embraced within the terms of this bill.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. SEIBERLING. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended for a moment to ask him a question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SEIBERLING. Do I understand that trust companies that do strictly savings-bank business would be included within this bill?

Mr. STEVENSON. Savings banks are left in. If a trust company is not a trust company but is a savings bank and can qualify, it will be in. There is no trouble about that.

Mr. SEIBERLING. Is it not true that the Senate Finance Committee has just voted this bill out with all banks in it, including national banks.

Mr. STEVENSON. Yes; and national banks have no business to make loans of this kind.

Mr. LUCE. Mr. Chairman, last Saturday, explaining that this is the most important amendment that will have been proposed to this bill, I tried to present fairly the arguments for and against this proposal. After we get by this amendment I think we can proceed very rapidly. I explained on Saturday that I am in hearty sympathy with the objection raised that commercial banks should not be invited to extend further loans on mortgages, and that in my judgment the two systems ought to be kept separate, the commercial loan system and the investment system.

On the other hand, the bill was originally designed to provide a system for home financing and to help all insti-

tutions that are engaged in lending money on mortgages. The proposal now is that it be restricted to building and loan associations and savings banks.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. STEAGALL. Unless the amendment now pending is adopted, however, we will have a bill which provides that State banks may have access to the loaning facilities of the home-discount banks and national banks will not be permitted to have access to these loaning facilities.

Mr. LUCE. The gentleman from Ohio [Mr. SEIBERLING] suggested a moment ago that in another branch the committee has taken a different view of it and put the national banks back in the list of possible members.

Mr. STEAGALL. If we adopt this bill without this amendment we will have excluded the national banks from participation in the benefits of this legislation and have admitted State banks.

Mr. LUCE. Yes; and I objected to that exclusion in the committee and I object to it now, for this reason: There are in the national banks, or were on the 30th of June, in round numbers, 15,000,000 savings pass-book accounts. There were in the State banks 13,000,000, in round numbers, and in loan and trust companies 7,000,000, so that if this amendment should be adopted it will deprive 20,000,000 savings depositors in our State banks and loan and trust companies of the indirect benefits that would be secured if their institutions could rediscount mortgages.

The significance of the following figures, taken from the Report of the Comptroller of the Currency for 1931, should be appreciated:

Savings pass-book accounts, June 30, 1931

National banks	15,245,028	
State (commercial) banks	13,329,564	
Loan and trust companies	7,008,907	
		35,583,907
Stock savings banks	1,918,578	
Mutual savings banks	12,338,256	
		14,256,734
		49,840,233
Building and loan association members (1930)		12,350,928
		62,191,161

The number of persons who have two or more pass books or who are members of more than one building and loan association is, of course, conjectural, but it is probably safe to say that the savings depositors in State banks and loan and trust companies who by this amendment will be prohibited the benefits of the indirect enjoyment of the proposed home-loan system number more than 15,000,000, and that if they are not excluded and national banks are put back the total thus helped will be not far from 30,000,000, and certainly more in number than the depositors in savings banks and the members of building and loan associations combined.

The question then is whether for the sake of a principle, with no possibility of immediate effect, because it will be a long time before we succeed in making the cleavage between commercial banks and investment banking, by supporting this amendment you will deprive more than 15,000,000 thrifty, prudent, foresighted citizens of the United States of the benefits that may come to the institutions in which they have their deposits. If I should elaborate this over and over again, I could go no farther. I repeat for the sake of emphasis, you will vote now whether to deprive by this amendment 15,000,000 savers of the indirect benefits of this bill.

It is not probable that the system would be much, if any, used by the big banks or by the great life-insurance companies. It would be particularly suited to the needs of some of the smaller insurance companies and many of the country banks, State or national. Let it be borne in mind that there are thousands of small communities where the local bank is the only resource of the farmer or shopkeeper who has need to borrow, and that many homes would not be built in village or country if mortgages could not be placed in such a bank. If the proposed system is to help the small home owner everywhere, it should take in the banks everywhere.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. LAGUARDIA. In my State, and I think in the gentleman's State, savings banks are separate and distinct institutions, not operated for profit.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. The question is on the amendment offered by the gentleman from South Carolina.

The question was taken.

Mr. STEAGALL. Mr. Chairman, when we adjourned, as I understood it, tellers had been ordered upon this amendment, and the only departure from that status which existed at that time is the unanimous-consent agreement by which we have had 10 minutes of debate for explaining the amendment.

The CHAIRMAN. The RECORD shows that when the committee last rose no tellers had been ordered prior to its rising.

Mr. STEAGALL. Then I am in error. I demand tellers.

Tellers were ordered, and the Chair appointed Mr. STEVENSON and Mr. LUCE to act as tellers.

The committee again divided; and the tellers reported there were—ayes 79 and noes 66.

So the amendment was agreed to.

Mr. MAY. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MAY: Page 5, line 5, after the word "act" strike out the period and insert in lieu thereof a comma and the following words: "which are declared to be primarily to furnish loans to and to assist individual home owners."

Mr. MAY. Mr. Chairman, I do not anticipate I will take all the time that is allotted to me, but I want to make a brief explanation of the purpose of this amendment.

This law is framed upon the same principle as the Federal reserve system, and it creates a number of regional banks to engage in financing other financial institutions for the purpose of aiding home owners. Every question that I have asked during the discussion of this measure has been with a view to try to get something into this bill that will recognize definitely the purpose of the act.

This committee is to be congratulated, and there is no criticism to be offered of them in any respect whatever in their efforts to bring in a good bill. I think it is a good bill as far as it goes. However, in section 4, beginning on page 4, line 23, they leave open the question of determining the character of institution through which the money is to be advanced and leave the question of determining the purpose of this act to a board. I do not think it is sound legislation to leave to the determination of any board the function or province of determining the purpose of Congress. It is my judgment that the act ought to be made so definite and certain that there can be no question as to what is the intent of the legislative branch of the Government in the enactment of the bill.

Adding these words, it reads: "The character of its management or its home-financing policy is consistent with sound and economical financing, or with the purposes of this act." Of course, it is all right to have a board determine whether or not any association to which it advances money is a sound institution, and it is all right to have them determine whether or not this particular institution is one engaged chiefly, if not exclusively, in the business of loaning money to people who have mortgages on their homes. The words I propose to add simply clarify and explain the purpose of the act. The words added are these: "Which are declared to be primarily to loan money to and give financial aid to home owners."

Mr. STAFFORD. Will the gentleman yield?

Mr. MAY. I yield.

Mr. STAFFORD. Would not a strict construction of the gentleman's amendment exclude a great number of large

savings banks, whose very purpose is to conserve the savings of persons who do not know how to invest their funds, but loan their money out on large and small mortgages?

Mr. MAY. The purpose of this amendment does not affect at all the right of the board to determine the character of the institution; but this amendment which I have offered is intended to and does clarify and make definite and certain the purposes of this bill.

Mr. STAFFORD. The Philadelphia Savings Fund, founded in 1809, one of the largest savings societies in the country, loans its money so as to get a proper return on office buildings, and yet it may loan money on home mortgages; yet a strict construction of the gentleman's amendment would ban the privileges of this bill to the Philadelphia Savings Fund.

Mr. MAY. It may, if the board created under this act should determine it was safe to loan to that institution, or that the character and management of the institution were such that it was engaged in home financing, or that it was not inconsistent with sound, economical home financing, or with the purposes of this act. The only effect of my amendment is to determine by legislative provision, by placing the words in the act, what the meaning of this act is and not leave it to this board. The courts put in one-third of their time construing statutes that are not intelligently written and which do not express the purpose. The words contained in my amendment merely are added in order to clarify it. We have had to pass two acts—Glass-Steagall bill and the Goldsborough bill—this session to instruct the Federal Reserve Board as to its duty, and that is the very thing Congress will be doing five years from now as to this bill unless you put definite provision here.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. LUCE. Mr. Chairman, the amendment offered by the gentleman would confuse rather than clarify. I imagine it has been put in without acquaintance with the nature of the mutual savings banks and their operations. It would be difficult to say that a mutual savings bank is conducted primarily for the purpose of home financing. The primary purpose is to receive the deposits of thrifty citizens and to invest those deposits. To be sure, the investment is often in mortgages, but the question would immediately be raised whether it is primarily in existence for the purpose of financing homes; and certainly that could not be said of any savings bank. The amendment would arouse so much controversy and, to my mind, would be so entirely superfluous that I hope the gentleman will not press the amendment.

Mr. MAY. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. MAY. Does not the amendment which was just adopted, offered by the gentleman from South Carolina, already eliminate savings banks that are engaged in that business?

Mr. LUCE. Oh, no. They are still in the bill. I trust the gentleman will not press the amendment.

Mr. MAY. Mr. Chairman, I shall insist on a vote on the amendment.

Mr. BARTON. Mr. Chairman, I rise in opposition to the amendment. It looks to me as though the real proposition is standing on the wrong foot. Section 4 contains two sentences. The first sentence states what institutions are entitled to the benefits of this act, and the second sentence states what institutions are not entitled to the benefits of this act. The gentleman offers his amendment with reference to the institutions that are not entitled to the act. I call attention to the specific language of the first sentence.

Any building and loan association, savings and loan association, etc.—

And then it goes on and states—

That they may have the benefits of this act.

Then down in line 24 it reads:

No institution shall be eligible to become a member of, or a nonmember borrower of, a Federal home-loan bank if, in the judgment of the board, its financial condition is such that advances may not safely be made to such institution or the character of its management or its home-financing policy is inconsistent with sound and economical home-financing, or with the purposes of this act.

The amendment then goes ahead and specifies something which would naturally be definitive, and if it means anything it is definitive of the institutions that are entitled to the benefits of the law.

Mr. MAY. Will the gentleman yield?

Mr. BARTON. I yield.

Mr. MAY. Is there anything in section 4 as written in the bill and amended by the Stevenson amendment that provides that any man who has a mortgage on his home can get a dollar out of these banks?

Mr. BARTON. Not in so many words, but I think it does by implication. If it did not provide for anything of the kind, the gentleman's limitation is a limitation on those who are not entitled to the benefits of the act, not to those who are entitled to its benefits.

Mr. MAY. Will the gentleman yield further?

Mr. BARTON. I yield.

Mr. MAY. Is it not a fact that we have had to pass two different acts this session of Congress—the Steagall bill and the Goldsborough bill—to undertake to determine the provisions and proper administration of the Federal reserve act based on this very system?

Mr. BARTON. Let me ask the gentleman from Kentucky a question. Can the gentleman explain how an amendment to the negative part of this section can affect the positive part?

Mr. MAY. This is a definition of the purposes of the act, which is to provide the institutions primarily engaged in the business of extending loans to home owners, the very purpose which has been argued for here all the time.

Mr. BARTON. If the gentleman takes the literal meaning of the language he inserts in the bill, it is a limitation of the exclusions rather than an extension.

Mr. MAY. I did not think the gentleman knew what it was. It is merely a definition of the purposes of the act.

Mr. BARTON. It is not prepared as a separate sentence, but is hooked on to the part that states who shall not have the benefits of the act.

The CHAIRMAN. The question is on the amendment of the gentleman from Kentucky [Mr. MAY].

The amendment was rejected.

Mr. STEVENSON. Mr. Chairman, in striking out just now we failed properly to adjust the language. The word "or" should appear before the words "savings bank," in line 10.

I ask unanimous consent that the word "and" be changed to "or."

Mr. LAGUARDIA. On what page is that language?

Mr. STEVENSON. Page 4, line 10, before the words "savings bank."

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. STEVENSON. It is not very material, but we ought to make the section harmonious. The language of lines 19, 20, and 21, "trust company, State bank, or other banking organization, except a national bank," should be stricken out. Therefore, I move that this language be stricken out in conformity with the amendment already agreed to.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: After line 5, on page 6, add a new section as follows:

"SEC. 5. No institution shall be admitted to or retained in membership or granted the privileges of nonmember borrowers if the combined total of amounts paid to it for interest, commission, bonus, discount, premium, and other similar charges, less a proper deduction for all dividends, refunds, and cash credits of all kinds, creates an actual net cost to the home owner in excess of the maximum legal rate of interest (regardless of any exemption from usury laws) in the State where such property is located."

Mr. LAGUARDIA. Mr. Chairman, this is the only amendment I shall suggest to this bill. I know the sponsors of the bill are earnest and sincere in their efforts to protect the

home owner. My amendment will provide some sort of protection against usury; that is all. Surely there can be no sound objection to declare the intent of Congress as against exorbitant and usurious interest. In my State the trouble that the home owners have had is that they have been bled to death by usurious charges in the form of bonuses, commissions, fees, or renewal charges amounting to as much as 20 or 25 per cent, so as to bring the interest way above the legal rate. This bill provides money, ready cash, and the backing of the United States Government—for a home-loan banking system, for protection of home owners. My amendment simply prevents loan sharks from taking advantage of Government aid to bleed individual borrowers.

Mr. REILLY. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. REILLY. Do any institutions eligible for membership under this bill charge as high as 25 per cent?

Mr. LAGUARDIA. Yes; in the shape of bonuses, commissions, and fees. That is just our trouble. I want to make it clear that by our silence Congress does not sanction that practice, and that any institution that will charge interest above the lawful rate will not be able to obtain the benefits provided in this bill.

Mr. Chairman, whenever we open the channels for these institutions to come in and rediscount these mortgage loans we are doing it on behalf of the home owner. We want to protect the family in the home and not the loan shark owning the mortgage, and the way to do it is to write into the law that blood money shall not be taken from the American home owner. I say that any person or institution charging a bonus of 20 per cent is a hog and not a business man. I am certain that it is not the intent of Congress to create Federal home-loan banks to aid, assist, and benefit usurers and loan sharks. The bill has only one purpose—there can be no other—and that is protection of the little home owner; protection for the home owner against usurious interest, by whatever name it may be called—bonuses, fees, commissions, charges, or what not. The amendment protects the home owner to that extent. Why should an honest financial institution getting the benefits of Government aid object to being limited to the legal rate of interest? Surely the committee can not refuse to write into the bill, in expressed and clear language, prohibition against usurious interest.

Gentlemen, I do not see how you can possibly resist this amendment. It provides that these institutions shall not charge in interest, or whatever they call it, a rate which will result in the home owner paying more than the legal rate of interest in the particular State where the property is located.

Mr. CAMPBELL of Pennsylvania. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. CAMPBELL of Pennsylvania. I can assure the gentleman that the committee is in full sympathy with this principle, and the committee endeavored to leave it to the discretion of the board.

Mr. LAGUARDIA. Do not do that. We are still amending the Federal reserve act because we left too much to their discretion. This is supposed to be a beneficial act for the home owner. Let us make it that.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. GOLDSBOROUGH. I want to say that I am in absolute sympathy with the gentleman's amendment.

Mr. LAGUARDIA. I am glad to hear that, and I trust other members of the committee will agree with the gentleman from Maryland.

Mr. OVERTON. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. OVERTON. Does the gentleman provide for the legal rate of interest or the conventional rate of interest?

Mr. LAGUARDIA. The legal rate of interest in the State where the property is located.

Mr. OVERTON. There is a distinction between the legal rate and the conventional rate. In Louisiana the legal rate is 5 per cent, while the conventional rate allowed by law is 8 per cent.

Mr. LAGUARDIA. That would be the legal rate in your State. The amendment reads:

> In excess of the maximum legal rate of interest in the State where such property is located.

So I believe it would be the rate in your State fixed or authorized by law. By that I mean the rate fixed by law, or the rate permitted by law, as the case may be.

Mr. STEVENSON. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. STEVENSON. The gentleman's proposition is all right, but there is a difference in most States between the legal rate and the contract rate allowed by law. For instance, in South Carolina the legal rate is 7 per cent. If judgment is obtained and there is no rate specified, 7 per cent applies; but by contract the rate can be 8 per cent. Does the gentleman mean to make it the legal rate?

Mr. LAGUARDIA. I think it would cover the contract rate, because the amendment provides for the maximum legal rate of interest in the State where such property is located. If the law permits a certain rate by express stipulation of the parties, then that rate would be the legal rate within the meaning of my amendment.

Mr. STEAGALL. That would unquestionably cover whatever rate of interest they could charge under the law.

Mr. LAGUARDIA. Exactly. I trust my amendment will be accepted.

Mr. STAFFORD. Mr. Chairman, I rise in opposition to the amendment. We are all in sympathy with the purpose the gentleman seeks to attain, but I fear it might work a hardship through the construction given to the amendment. I have a casual acquaintance with the operation of building and loan associations. They depend for their very existence on the premiums and other charges that are made to members in connection with their loans. If a member of a building and loan association keeps up with his payments, he only pays the legal rate, plus a certain amount for charges, a certain amount for premiums, and the like. I fear that certain building and loan associations will be barred from the privileges of this act if the amendment suggested by the gentleman from New York is adopted.

I have been informed that in case a person defaults in a building and loan association the legal rate is something like 7 per cent yet in Wisconsin the legal rate is 6 per cent. This amendment might exclude legitimate building and loan associations, which are not seeking to exact usurious rates, from the benefit of the provisions of this bill. The gentleman does not intend to do that, yet that might be done by hurriedly and haphazardly adopting this amendment without knowing its full scope.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. LAGUARDIA. Would not the gentleman approve of any system that would prevent the payment of anything above the legal rate of interest?

Mr. STAFFORD. The legal rate in Wisconsin is 6 per cent, yet the building and loan associations in their operation of that system, where a member defaults, the charge is 7 per cent or thereabouts. Does the gentleman intend to bar building and loan associations of my city, carried on in a legitimate way and acknowledged legitimate by the banking commissioner and as safe and sound as State and National banks? I do not think the gentleman intends to do that yet he is presenting a proposal here that will outrage proper building and loan associations.

Mr. LAGUARDIA. I am seeking to protect the home owner.

Mr. STAFFORD. I am seeking to protect the home owners in Milwaukee and yet to permit building and loan associations to operate in a legitimate manner.

Mr. LAGUARDIA. I am seeking to prevent the charging of usurious rates of interest.

Mr. REILLY. Mr. Chairman, I move that all debate on this amendment and all amendments to the pending section close in 10 minutes.

The CHAIRMAN. The gentleman from Wisconsin moves that all debate on this amendment and all amendments to the pending section close in 10 minutes.

The motion was agreed to.

Mr. McFADDEN. Mr. Chairman, we are creating here an institution by and of Government. The Government is giving it a franchise to have special rights. We should not legalize the admission of any institution in the United States doing a mortgage business and permit them to have access to these funds where they charge an excessive rate of interest. I do not believe that any home owner in the United States should pay 8 per cent for money through a Government-created agency. The money obtained through this agency we are here creating is going to be gotten by these borrowing institutions at a low rate. I am certainly in favor of the amendment which is offered by the gentleman from New York. We all know that a great many of the agencies which are going to be given the privilege of doing business with this home-loan discount bank are now charging excessive rates, and I, for one, am not willing to create an agency here that will permit these institutions to fleece home owners.

One of the great problems we have in the country to-day is this variation of rates, the right to make contracts for higher rates. I certainly would be opposed to the recognition of the right to make contract rates the legal rates in the case of home owners who are pressed for money to save their homes or to build new homes. We are supposed to help home owners, not authorize these loaning agencies to rob them. I hope the amendment is adopted.

We must take into consideration that we are creating an institution here which is to aid and assist in lower rates of interest, and I think we are going a long way if we legalize these institutions to ask usurious rates. This ought to be prohibited.

Mr. SPARKS. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. SPARKS. Does the gentleman think it would be fair, if this bill became a law, to permit one rate of interest to exist in one State and a different rate of interest in another State? Should not the rates be uniform all over the country?

Mr. McFADDEN. I would like to see such a uniform system throughout the country. I know great inequality does exist and great hardships follow, and when we are passing out Federal funds here, of course, the rates should be the same in all States or sections of the country.

Mr. STEAGALL. Mr. Chairman, in reply to the inquiry just made of the gentleman from Pennsylvania, let me say that Congress can not fix interest rates to be charged in the different States of the Union. Congress can require institutions set up by national legislation to respect and obey the laws of the respective States in which they operate. We require, by Federal statute, that a national bank shall not be permitted to charge a rate of interest in excess of the rate fixed by the law of the State in which the bank does business. So, as to home-loan banks, the creation of which we attempt to provide in this bill, it would be unthinkable that the Congress by affirmative vote should say that we authorize and expect these home-loan banking institutions to violate directly or indirectly the usury laws of the different States in which these banks are to be established and in which they are to conduct their business.

As was so well stated by the gentleman from Pennsylvania, the purpose of this legislation—the justification for this legislation, if it can be justified—is that it undertakes to aid in home ownership, to grant relief to citizens of the country who in this unfortunate period in which we are suffering find themselves in danger of losing their homes. The purpose of the legislation is to lower interest rates and to conserve and to promote independent home ownership. In order to do this we authorize the issuance of tax-free securities by the home-loan discount banks. This bill provides that the securities put out by these home-loan banks shall be tax free. Are we going to say that the investors, the bondholders who invest their money in the securities of these home-loan banks, shall be exempt from all taxes, and then by specific vote of the Congress authorize and invite these banks to violate the usury laws of the different States in which they conduct their business by charging a rate of interest in excess of the rate fixed by law?

I am sure this House does not want to do that. Let me say that so far as I can I am trying to go along with this legislation. I have aided in getting it reported out of the committee, and I have voted with the friends of the bill at vital points, and I expect to cast my vote for the passage of the bill, but I reserved in the committee my right of free action in the House because I favor the amendments that have been adopted as I favor the one now before us.

I had in mind the very suggestion involved in the amendment offered by the distinguished gentleman from New York [Mr. LAGUARDIA], which I think is wholesome and which ought not to be rejected. It should not be objected to by any Member of this House.

I hope the amendment will be adopted.

Mr. REILLY. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. REILLY. Does the gentleman want this House to understand that there is anything in this bill authorizing or permitting any member of the proposed organization to violate any State law?

Mr. STEAGALL. No; not specifically, but if we vote down an amendment such as offered here now, the record will show that we voted against protecting the home owners of this country in so far as the usury laws of the State are concerned, in the operation of these banks. I hope the committee will not do that. Our experience shows that the wise course for us who want to protect the public interest is to write all necessary safeguards in measures upon which we act, instead of trusting boards and bureaus.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. LAGUARDIA].

The amendment was agreed to.

The Clerk read as follows:

SEC. 5. (a) As soon as practicable after the enactment of this act, the board, with the approval of the Secretary of the Treasury, shall determine the minimum capital of each Federal home-loan bank which shall be not less than $5,000,000. The board shall, as soon as practicable thereafter, open books in each district established under section 3 for subscription to the capital stock of the Federal home-loan bank of the district.

(b) The capital stock of each Federal home-loan bank shall be divided into shares of a par value of $100 each. The minimum capital stock shall be issued at par. Stock issued thereafter shall be issued at such price not less than par as may be fixed by the board.

(c) The original stock subscription for each institution eligible to become a member under section 4 shall be an amount equal to 1 per cent of the aggregate of the unpaid principal of the subscriber's home-mortgage loans, but not less than $1,500. The board shall from time to time adjust the amount of stock held by each member so that, as nearly as possible, such member shall at all times have invested in the stock of the Federal home-loan bank at least an amount calculated in the manner provided in the preceding sentence (but not less than $1,500). If the board finds that the investment of any member in stock is greater than that required under this section, upon application of such member, the bank shall pay such member for each share of stock in excess of the amount so required an amount equal to the value of such stock, or, at the election of the bank, the whole or any part of the payments which would be so made shall be credited upon the indebtedness of the member to the bank. In either such event, stock equal in value to the amount of the payment or credit, or both, as the case may be, shall be surrendered and canceled. No share of stock shall be surrendered and canceled if the effect of such surrender and cancellation would be to violate the provisions of section 9 (c) requiring the amount of stock held by such member to equal at least one-twelfth of the outstanding advances to such member.

(d) Stock subscriptions other than by the United States shall be paid for in cash, and shall be paid for at the time of application therefor, or, at the election of the subscriber, in installments, but not less than one-fourth of the total amount payable shall be paid at the time of filing application, and a further sum of not less than one-fourth of such total shall have been paid at the end of each succeeding period of four months.

(e) If the law of the State under which an institution described in section 4 operates does not permit such institution to subscribe for stock in the Federal home-loan bank, but if such institution has the power to borrow money and give security therefor, the board may permit such institution to obtain advances on the same

terms and conditions and subject to the same limitations as members (except that such institution shall not be required, during the period during which advances may be made under this subsection, to subscribe for stock in the Federal home-loan bank or to deposit such stock as collateral security as required in section 9), but such institution shall be required to keep on deposit such security, in addition to home mortgages, for such advances, as the board shall determine, which shall equal in value 1 per cent of the aggregate unpaid principal of such institution's home-mortgage loans (but not less than $1,500). No advance to any such institution shall be made under authority of this subsection after the State in which the institution is organized enacts legislation authorizing such institution to subscribe for Federal home-loan bank stock or after the expiration of the next regular session of the legislature of such State begun after the enactment of this act, whichever is earlier. If, at the end of such time, such institution is not authorized to subscribe for stock, the bank shall proceed to liquidate the indebtedness of such institution to the bank and to terminate its relations with such institution. No advance shall be made under authority of this subsection which matures more than one year after the advance is made, but the bank may renew any such advance for yearly periods, or less, thereafter. The maturity of no advance authorized under this subsection shall be later than the time of the enactment of legislation authorizing such institution to become a member or the expiration of such session of the legislature of the State, whichever is earlier.

(f) The Secretary of the Treasury shall subscribe, on behalf of the United States, for such part of the minimum capital of each Federal home-loan bank as is not subscribed for by members under subsection (c) of this section within 30 days after books have been opened for stock subscriptions as provided in subsection (a). Payments for stock subscriptions by the Secretary of the Treasury shall be subject to call in whole or in part by the board, with the approval of the Secretary of the Treasury, at such time or times as may be deemed advisable. Each Federal home-loan bank receiving such payments shall issue receipts therefor to the Secretary of the Treasury, and such receipts shall be evidence of the stock ownership of the United States. The aggregate amount expended by the United States for the purchase of stock under this act shall not exceed $125,000,000. The Reconstruction Finance Corporation act, approved January 22, 1932, is amended by adding at the end of section 2 thereof the following new paragraph:

"In order to enable the Secretary of the Treasury to make payments upon stock of Federal home-loan banks subscribed for by him in accordance with the Federal home loan bank act, the sum of $125,000,000, or so much thereof as may be necessary for such purpose, is hereby allocated and made available to the Secretary of the Treasury out of the capital of the corporation and/or the proceeds of notes, debentures, bonds, and other obligations issued by the corporation. For the purposes of this paragraph, the corporation shall issue such notes, bonds, debentures, and other obligations as may be necessary."

(g) After the amount of capital of a Federal home-loan bank paid in by members equals the amount paid in by the Secretary of the Treasury under subsection (f), such bank shall apply annually to the payment and retirement of the shares of the capital stock held by the United States, 50 per cent of all sums thereafter paid in as capital until all such capital stock held by the United States is retired at par. Stock held by the United States may at any time, in the discretion of the Federal home-loan bank, and with the approval of the board, be paid off at par and retired in whole or in part; and the board may at any time require such stock to be paid off at par and retired in whole or in part if in the opinion of the board the Federal home-loan bank has resources available therefor.

(h) Stock subscribed for otherwise than by the United States, and the right to the proceeds thereof, shall not be transferred or hypothecated except as hereinafter provided and the certificates therefor shall so state.

(i) Any member may withdraw from membership in a Federal home-loan bank six months after filing with the board written notice of intention so to do, and the board may, after hearing, remove any member from membership, or deprive any nonmember borrower of the privilege of obtaining further advances, if, in the opinion of the board, such member or nonmember borrower has failed to comply with any provision of this act or the regulations of the board made pursuant thereto or if, in the opinion of the board, such member or nonmember borrower is insolvent. In any such case, the indebtedness of such member or nonmember borrower to the Federal home-loan bank shall be liquidated, and the capital stock in the Federal home-loan bank owned by such member shall be surrendered and canceled. Upon the liquidation of such indebtedness such member or nonmember borrower shall be entitled to the return of its collateral, and, upon surrender and cancellation of such capital stock, the member shall receive a sum equal to its cash paid subscriptions for the capital stock surrendered, except that if at any time the board finds that the paid-in capital of a Federal home-loan bank is or is likely to be impaired as a result of losses in or depreciation of the assets held, the Federal home-loan bank shall on the order of the board withhold from the amount to be paid in retirement of the stock a pro rata share of the amount of such impairment as determined by the board.

(j) A Federal home-loan bank may, with the approval of the board, permit the disposal of stock to another member, or to an institution eligible to become a member, but only to enable such an institution to become a member.

(k) All stock of any Federal home-loan bank shall share in dividend distributions without preference, except that stock subscribed for by the United States shall be entitled to dividends at a rate of 2 per cent per annum cumulative from the date of investment.

Mr. WILLIAMSON. Mr. Chairman, I move to strike out the word "value," in line 8, page 7. I do that for the purpose of making an inquiry. I note that in providing for the amount which the Federal home-loan bank is required to pay for stock which may be surrendered to the bank by a member, that he is to receive the value of the stock at the time he surrenders it. Why should he not be entitled to the amount he paid when he got the loan? By the terms of the bill whenever the Government subscribes for stock it pays at par, and when it surrenders it receives the par value. Why should not the borrower be put in the same position as the Government?

Mr. LUCE. The understanding was that the value of the stock might go up or might go down, and that the borrower should have the value at the time he surrenders the stock.

Mr. WILLIAMSON. It will not have any market value, and how are you going to determine the value?

Mr. LUCE. If you provide that it shall be surrendered at the par value, he would not get any share of the profits.

Mr. WILLIAMSON. My thought is that a borrower should receive what the stock cost him. I ask unanimous consent to withdraw my pro forma amendment.

The CHAIRMAN. Without objection, it is so ordered.

Mr. BLANTON. Mr. Chairman, on page 12, line 17, I move to strike out "share in dividend distributions without preference," and in order to save time I ask unanimous consent that I may extend my remarks and insert some excerpts.

Mr. GOSS. Mr. Chairman, I did not hear what was the request of the gentleman from Texas.

Mr. BLANTON. I asked unanimous consent to extend my remarks in the RECORD, and to insert some excerpts relating to the remarks I made to-day.

The CHAIRMAN. Is there objection?

There was no objection.

The pro forma amendment was withdrawn.

The Clerk read as follows:

MANAGEMENT OF BANKS

SEC. 6. (a) The management of each Federal home-loan bank shall be vested in a board of 11 directors, all of whom shall be citizens of the United States and bona fide residents of the district in which such bank is located.

(b) Two of such directors shall be appointed by the board. The terms of such directors shall expire one year and two years, respectively, from the end of the calendar year 1932, and their successors shall be appointed by the board for terms of three years.

(c) Nine of such directors, 3 of whom shall be known as class A directors, 3 of whom shall be known as class B directors, and 3 of whom shall be known as class C directors, shall be first appointed by the board, and shall serve until the end of the calendar year 1932. Their successors shall be elected as provided in subsection (d), and of such successors first elected one of each such class shall serve for one, two, and three years, respectively. Thereafter all such directors shall serve for three years. Directors of classes A, B, and C, whether appointed or elected, shall be chosen from among persons connected with the home-financing business.

(d) The board shall divide all the members of each Federal home-loan bank into three groups which shall be designated as groups A, B, and C, which groups shall represent, respectively, and as fairly as may be, group A, the large, group B, the medium-sized, and group C, the small members, the size of such members to be determined according to the aggregate unpaid principal of the member's home-mortgage loans. The board may revise the membership of such groups from time to time. Of the directors elected as hereinafter provided, each class A director shall be an officer or director of a member in group A, each class B director shall be an officer or director of a member in group B, and each class C director shall be an officer or director of a member in group C. Each member shall be entitled to nominate suitably qualified persons for election as directors of the class corresponding to the group to which such member belongs, and shall cast one vote for each director in its class. The directors of each class shall be nominated and elected in accordance with such rules and regulations as may be prescribed by the board.

(e) Any director appointed or elected as provided in this section to fill a vacancy shall hold office only until the expiration of the term of his predecessor.

(f) The board shall designate one of the directors of each bank to be chairman, and one to be vice chairman of the board of directors of such bank.

(g) If at any time when nominations are required, members shall hold less than $1,000,000 of the capital stock of the Federal home-loan bank, the board shall appoint a director or directors to fill the place or places for which such nominations are required. A director so appointed shall serve until the expiration of the calendar year during which he takes office.

(h) Each bank may pay its directors reasonable compensation for the time required of them, and their necessary expenses in the performance of their duties, in accordance with the resolutions adopted by such directors, subject to the approval of the board.

(i) Such board of directors shall administer the affairs of the bank fairly and impartially and without discrimination in favor of or against any member or nonmember borrower, and shall, subject to the provisions hereof, extend to each institution authorized to secure advances such advances as may be made safely and reasonably with due regard for the claims and demands of other institutions, and with due regard to the maintenance of adequate credit standing for the Federal home-loan bank and its obligations.

Mr. STAFFORD. Mr. Chairman, in this section 6, you are providing for a board of directors consisting of nine, to be selected by the members of the corporation, and requiring that they shall be residents of the district in which the bank is located. Under the purposes of this bill certain benefits and privileges are conferred, and I am wondering whether the committee considered the advisability of requiring that at least one member of the board should be from each State comprising the district. I think it would be a very good representation if we should prescribe that one of the nine members should be from each State in the district.

Mr. REILLY. But suppose there were not nine States in the district?

Mr. STAFFORD. Under the wording of the drafted amendment, line 24, page 12, I suggest to be inserted "at least one resident of each State comprising said district," so that it will make it mandatory that each State shall be represented on this board.

Mr. REILLY. I do not know of any reason why it could not be left to the board that will pick only competent men.

Mr. STAFFORD. Why should not each State have a representative on the board?

Mr. WILLIAMSON. Take Maryland, for instance; the State might not be qualified.

Mr. STAFFORD. Oh, I think Maryland would be qualified at all times.

Mr. REILLY. I do not think a State should have a representative if it has not a competent man to represent it.

Mr. STAFFORD. My uppermost thought was that if a State is looking for a loan under the provisions of this act, they should have a representative so that they could get their just deserts.

Mr. LUCE. As the bill now stands, National and State banks and insurance companies are taken out, and the measure is restricted to building and loan associations and savings banks. Building and loan associations have progressed much more rapidly in some States than in others. In New Jersey, for example, and in Pennsylvania and Ohio the system is found to be thoroughly developed.

Mr. STAFFORD. And do not leave out Wisconsin.

Mr. LUCE. And Wisconsin, but the greater part of these associations are in comparatively few States. To apply the principle of the United States Senate and say that Delaware should have one director and Pennsylvania one director would not be, to my mind, logical and would serve no useful purpose.

Mr. STAFFORD. I would not want to have all of the directors come from a few States, and to have my State excluded absolutely. The gentleman lays emphasis upon the fact that we have virtually limited the benefits of the act to building and loan associations. I call the gentleman's attention to the fact that savings banks are included, and nearly every State has savings banks.

Mr. LUCE. Oh, I think the gentleman will find almost no savings banks in half the States of the country. They are mostly in the Northeast and in the Eastern Central part.

Mr. STAFFORD. Where there are no savings banks there are associations similar to building and loan associations which are privileged to have the benefits of the act. I shall not press the amendment.

Mr. REILLY. It is expected that the members of the board of directors ordinarily will give only a part of their time. It might be inconvenient to have a member of the board of directors two or three hundred miles from this bank. I can not see why this matter can not safely be left to the board.

Mr. STAFFORD. Mr. Chairman, I withdraw the pro forma amendment.

The Clerk read as follows:

ADVANCES TO MEMBERS

SEC. 9. (a) Each Federal home-loan bank is authorized to make advances to members and nonmember borrowers, upon the security of home mortgages, such advances to be made subject to such regulations, restrictions, and limitations as the board may prescribe. Any such advance shall be subject to the following limitations as to amount:

(1) If secured by a home mortgage given in respect of an amortized home-mortgage loan which was for an original term of eight years or more, or in cases where shares of stock, which are pledged as security for such loan, mature in a period of eight years or more, the advance may be for an amount not in excess of 60 per cent of the unpaid principal of the home-mortgage loan; in no case shall the amount of the advance exceed 40 per cent of the value of the real estate securing the home-mortgage loan.

(2) If secured by a home mortgage given in respect of any other home-mortgage loan, the advance shall not be for an amount in excess of 50 per cent of the unpaid principal of the home-mortgage loan; in no case shall the amount of such advance exceed 30 per cent of the value of the real estate securing the home-mortgage loan.

(b) No home mortgage shall be accepted as collateral security for an advance by a Federal home-loan bank if, at the time such advance is made (1) the home-mortgage loan secured by it has more than 15 years to run to maturity, or (2) the value of the real estate with respect to which the home mortgage is given exceeds $20,000. For the purposes of this subsection and subsection (a) the value of real estate shall be as of the time the advance is made and shall be established by such certification by the borrowing institution, or such other evidence as the board may require. For the purposes of this section, each Federal home-loan bank shall have power to make, or to cause or require to be made, such appraisals and other investigations as it may deem necessary. No home mortgage otherwise eligible to be accepted as collateral security for an advance by a Federal home-loan bank shall be accepted if any director, officer, employee, attorney, or agent of the Federal home-loan bank or of the borrowing institution is personally liable thereon, unless the board has specifically approved such acceptance.

(c) Such advances shall be made upon the note or obligation of the member or nonmember borrower secured as provided in this section, bearing such rate of interest as the board may approve or determine, and the Federal home-loan bank shall have a lien upon and shall hold the stock of such member as further collateral security for all indebtedness of the member to the Federal home-loan bank. At no time shall the aggregate outstanding advances made by any Federal home-loan bank to any member exceed twelve times the amounts paid in by such member for outstanding capital stock held by it, or made to a nonmember borrower exceed twelve times the value of the security required to be deposited under section 5 (e).

(d) The institution applying for an advance shall enter into a primary and unconditional obligation to pay off all advances, together with interest and any unpaid costs and expenses in connection therewith according to the terms under which they were made, in such form as shall meet the requirements of the bank and the approval of the board. The bank shall reserve the right to require at any time, when deemed necessary for its protection, deposits of additional collateral security or substitutions of security by the borrowing institution, and each borrowing institution shall assign additional or substituted security when and as so required. Subject to the approval of the board, any Federal home-loan bank shall have power to sell to any other Federal home-loan bank, with or without recourse, any advance made under the provisions of this act, or to allow to such bank a participation therein, and any other Federal home-loan bank shall have power to purchase such advance or to accept a participation therein, together with an appropriate assignment of security therefor.

Mr. GOSS. Mr. Chairman, I call attention to the figures "$20,000" in line 6, page 18. The other day we adopted an amendment to include 3-family houses and it seems to me that possibly some of those 3-family houses would not get under this if the gentleman insisted on keeping the figure at $20,000. It seems to me the figure should be raised to $25,000 or possibly $30,000 in order to allow in these 3-family houses.

Mr. REILLY. The committee will accept an amendment to $25,000.

Mr. GOSS. The bill refers to the value of the real estate with respect to which the home mortgage is given, which value exceeds $20,000. When you take the land and building of a 3-family house at $20,000 or $25,000, does not the gentleman think it would be better to raise it to $30,000 in all fairness? I do not want to make it too high, but it seems to me that $30,000 is better than $25,000. Would the gentleman be willing to accept such an amendment?

Mr. STEAGALL. I do not think the committee would. For my part I could not.

Mr. GOSS. I understood that the committee would accept $25,000.

Mr. STEAGALL. I think we made a great mistake when we raised the maximum limit on loans in the Federal land bank. I do not mean to say I told you so, but I was opposed to it at the time. I have watched it in its development. I think it was a very unfortunate action on our part. I hope no such step will be taken with reference to this bill.

Mr. GOSS. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 18, line 6, strike out "$20,000" and insert "$25,000."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut.

The question was taken; and on a division (demanded by Mr. Goss), there were—ayes 7, noes 38.

So the amendment was rejected.

Mr. STEVENSON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: Page 18, line 6, strike out the period after the figures and insert, "or (3) is past due when presented."

Mr. STEVENSON. That is merely to guard against putting past due paper in there.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STEVENSON. Mr. Chairman, I offer another amendment, which I send to the desk.

The Clerk read as follows:

Page 18, line 19, after the word "approved," insert "by formal resolution."

Mr. STEVENSON. Mr. Chairman, that amends a provision which allows the banks to buy paper in which some officer of the bank is interested. The bill provides that it must be specifically approved before acceptance. I think it ought to be approved by formal resolution.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from South Carolina.

The amendment was agreed to.

The Clerk read as follows:

GENERAL POWERS AND DUTIES OF BANKS

SEC. 10. (a) Each Federal home-loan bank shall have power, subject to the approval of the board, (1) to borrow money, to give security therefor, and to pay interest thereon, and (2) to issue bonds and debentures having such maturities as may be determined by the board, secured by the transfer of eligible obligations of borrowing institutions on advances made by the bank to borrowing institutions and by the deposit of home mortgages.

(b) The board shall prescribe rules and regulations governing the assignment, deposit, custody, substitution, and release of the obligations of borrowing institutions to the bank which are transferred and of the home mortgages securing such bonds and debentures, the forms and terms of such bonds and debentures, and the conditions under which they may be issued and retired, including any option with respect to payment and retirement thereof in advance of maturity, and such regulations shall provide for the deposit in trust, under such terms and conditions as it may deem advisable, of the home mortgages securing such bonds and debentures. For the purposes of this section the board is authorized to appoint, and fix the compensation and prescribe the duties of a registrar in each district, who shall not be connected with or interested in any Federal home-loan bank, any member, any nonmember borrower, or any institution of a class eligible to become a member or a nonmember borrower under this act, and to require of such registrar a bond, in such amount and with such sureties as the board may fix, conditioned on the faithful performance of the duties required of him.

(c) Such deposits in trust shall be so maintained that the aggregate unpaid principle of the home-mortgage loans secured by the home mortgages deposited as security for any issue of bonds or debentures shall, as nearly as possible, be at all times not less than an amount equal to 190 per cent of the total outstanding amount of such issue. Cash deposited under authority of subsection (d) shall be security for an amount of bonds and debentures equal to the amount of cash deposited. Direct obligations of the United States deposited under authority of subsection (d) shall be security for an amount of bonds and debentures equal to the par value of such obligations.

(d) The board may at any time require any Federal home-loan bank to deposit additional home mortgages or to make substitutions of home mortgages to secure such bonds and debentures, except that when in the opinion of the board home mortgages are not available for such purpose, it may permit, for such limited periods as it may deem advisable, the deposit of cash or direct obligations of the United States in lieu of the deposit of substitute or additional home-loan mortgages.

(e) The board shall approve or determine the rates of interest to be paid by the Federal home-loan banks upon the notes, debentures, or bonds which they may issue, except that no bond or debenture issued within seven years after the enactment of this act shall bear a rate of interest in excess of 5½ per cent per annum, and no bond or debenture issued thereafter shall bear a rate of interest in excess of 5 per cent per annum, and shall provide such margins between interest rates received upon advances made to borrowing institutions and interest paid upon obligations which the Federal home-loan bank may issue as will cover expenses of operation and reserves and, under such regulations as may be provided by the board, some part of such reserve may be devoted to retirement of the stock subscribed by the United States.

(f) The Federal home-loan banks shall be jointly and severally liable for the payment when due of all bonds and debentures, and of notes and other obligations issued by any Federal home-loan bank, and interest thereon, in accordance with their terms: *Provided*, That this shall not prevent any particular Federal home-loan bank, when specifically so authorized by the board, from borrowing funds temporarily under the terms of obligations which shall expressly state in substance in such manner as shall be approved by the board that the liability therefor is confined to the issuing bank. The Federal home-loan banks shall from time to time, in accordance with rules, regulations, and orders of the board, make adequate agreements and arrangements among themselves for meeting the payment of the bonds, debentures, notes, or other obligations on which they are jointly and severally liable, and the interest thereon, but such agreements and arrangements shall not restrict in any respect the joint and several liability herein established.

(g) Each Federal home-loan bank shall have power to accept only such deposits as are made by members and nonmember borrowers of such bank or by other Federal home-loan banks. Such deposits shall not be subject to check, and no rate of interest in excess of 2 per cent per annum shall be paid thereon. "Deposits" as used in this section does not include deposits made under section 5 (e). No Federal home-loan bank shall transact any banking or other business not expressly authorized by this act.

(h) The board is authorized and empowered to permit, or, whenever in the judgment of at least four members of the board an emergency exists requiring such action, to require, Federal home-loan banks to rediscount the discounted notes of members or nonmember borrowers held by other Federal home-loan banks, or to purchase the bonds issued by any other Federal home-loan bank, or to make deposits with other Federal home-loan banks. In any case in which the board requires the purchase of bonds, the board shall fix the price therefor, or if the board requires the acceptance of a deposit it shall fix the security therefor. The rediscount rates and the rates of interest to be paid upon deposits shall be fixed by the board.

(i) Each Federal home-loan bank shall at all times have an amount, equal to the sums paid in on outstanding capital subscriptions of its members, plus an amount, equal to the current deposits received from its members and from nonmember borrowers, invested in (1) obligations of the United States, (2) deposits in banks or trust companies, (3) advances with maturity not greater than one year made to members or nonmember borrowers, upon such terms and conditions as the board may prescribe, and (4) advances with maturity not greater than one year made to members or nonmember borrowers the amount of whose creditor liabilities (not including advances from the Federal home-loan bank) does not exceed 5 per cent of such member's or nonmember borrower's net assets, which advances may be made without the security of home mortgages or other security, upon such terms and conditions as the board may prescribe.

(j) Such part of the assets of each Federal home-loan bank (except reserves and except sums provided for in subsection (i)) as such bank may deem available therefor, and as are not required for advances to members or nonmember borrowers, may be invested, subject to such regulations, restrictions, and limitations as may be prescribed by the board, in direct obligations of the United States and in such securities as fiduciary and trust funds may be invested in under the laws of the State in which the Federal home-loan bank is located.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 22, line 14, after the word "margins," insert "not to exceed 1½ per cent."

Mr. HANCOCK of North Carolina. Mr. Chairman, that amendment undertakes to limit the difference between the amount that the banks shall charge to 1½ per cent. In other words, the difference between what they pay on their debentures and what they charge as a rate of interest to borrowing institutions shall not exceed 1½ per cent. The testimony before the committee was to the effect that the banks should operate reasonably profitably, with a spread of 1 per cent, and this allows them 1½ per cent or not to exceed that amount.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from North Carolina.

The amendment was agreed to.

Mr. STEVENSON. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: On page 25, in line 4, after the word "prescribe," substitute a colon for the period and add "*Provided, however*, That no such advances under this subsection (4) shall be made without the security of home mortgages after the State in which the institution is organized enacts legislation authorizing such institution to pledge or assign home mortgages or other security for advances, or after the expiration of the next regular session of the legislature of such State beginning after the enactment of this act, whichever is earlier."

Mr. STEVENSON. Mr. Chairman, this is merely to remove one of the very serious objections I have to the bill, as stated in my minority report. There are certain States where building and loan associations can not pledge their mortgages for loans, and under the provisions here they can borrow if their liabilities do not exceed 5 per cent of the net assets. That was in the bill absolutely permanent, and it looked like it was made for the purpose of allowing some of them to borrow without security. The explanation is that until there is legislation they can not borrow at all, and can not become members unless they can borrow without putting up home-loan mortgages as security. This provision merely allows them to do that until the end of the next legislature after this bill is enacted; and if the legislature does not then give them the right to do it, they are out. It cures, as far as I am concerned, a very serious defect.

Mr. PETTENGILL. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. PETTENGILL. If the court of last resort of the State in which any particular building and loan association is located has already decided that question, why wait for legislation?

Mr. STEVENSON. If they have already decided that question, they do not need to wait for legislation; but where it has not been decided, where they are clearly unable to assign their mortgages as security without legislative authority, then the proposition is to give them the right to borrow without pledging their security, because all of their assets are behind it, anyway. If they do not owe more than 5 per cent of their assets, it would probably be a safe loan; but it is a bad principle and I object to it, and this is language prepared by the people who are promoting this bill and is entirely satisfactory to me if it is satisfactory to the House, because the legislatures will all meet within a year or two and this right to borrow without security will be wiped out, either by failure of the legislature to act or by its affirmative action.

Mr. McFADDEN. Mr. Chairman, I simply want to approve of the amendment offered by the gentleman from South Carolina and to call attention to paragraph (h) on page 23. We are reading this bill quite rapidly. I think it is well to understand what this section permits. It permits the discounting in any one district of the mortgages from other districts when approved by four members of the board. It permits the transferring of securities from one district into another, in the concentration of this business. While we have provisions here dividing the country up into districts, there is no assurance that the assets of one district can not all be transferred, for instance, to the New York district.

I think it is well for the House to know that there is that right granted in this bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina [Mr. STEVENSON].

The amendment was agreed to.

Mr. WILLIAMSON. Mr. Chairman, I move to strike out the last word for the purpose of making an inquiry. On page 22, subdivision (e), provision is made for the sale of notes, bonds, debentures, and so forth, of the Federal home-loan banks. Is the system, as a system, or all of the banks liable for these notes and debentures, or is only the bank for whom they are sold liable on these bonds and debentures?

Mr. REILLY. The whole system is liable.

Mr. STEVENSON. Jointly and severally?

Mr. REILLY. Just the same as the Federal land bank.

Mr. CABLE. Mr. Chairman, this bill seeks to create a third system of banks, national in scope, with the avowed purpose of benefiting the home owners of America. A comparison of the three systems will aid in an understanding of the provisions of this bill to establish home-loan banks.

In 1913 the Federal reserve system of banking was established. The act provided for a board of eight members, six of whom were appointed by the President and two ex officio, the Secretary of the Treasury and the Comptroller of the Currency. Twelve districts were established, each district having a Federal reserve bank governed by its own board of 9 members, 3 of whom are chosen by and to be representative of the member banks, 3 to be actively engaged in commerce, agriculture, or some other industrial pursuit in the district, and 3 designated by the Federal Reserve Board. The board also has authority to designate one of the members to be chairman of the district bank's board of directors. That official has the title of "Federal reserve agent." His duties are not only those of an officer of the bank but also those of custodian of the collateral which member banks surrender as security for Federal reserve notes.

National banks are required to become members of the Federal reserve system and State banks may become members by qualifying under the regulations. Each member bank must subscribe for stock of the Federal reserve bank in an amount equal to 6 per cent of its capital and surplus. The member banks must maintain in the Federal reserve bank a certain percentage of their time and demand deposits. The business carried on by the Federal reserve banks consists chiefly in the purchase and sale of bankers' acceptances, United States bonds, commercial paper, and all time loans of 90 days or less, excepting agricultural notes, which are permitted to run for 6 months or less. The reserve bank then issues its notes, guaranteed by the Government, to the borrowing bank. When the discounted note matures, the member bank is obliged to take up its paper either by returning the notes of the Federal reserve bank or by substituting paper of equal value.

A Federal reserve bank must be possessed of $40 in gold for every $100 in notes it pays into circulation. The remainder above the $40 is made up of notes, drafts, bills of exchange, or acceptances indorsed by member banks. By an amendment recently passed, the Glass-Steagall bill, securities issued by the Federal Government may be substituted for the $40 or 40 per cent gold basis.

The second system of banks, national in scope, is that of the Federal land banks. The Federal farm loan act was passed in 1916 to provide capital for agricultural developments, create a standard form of investment based on farm mortgages, equalize rates of interest on farm loans, and for other purposes. A bureau was established in the Treasury Department known as the Federal Farm Loan Bureau. This bureau is under the supervision of the Federal Farm Loan Board, consisting of six members appointed by the President and, ex officio, the Secretary of the Treasury.

The United States, including Alaska, is divided into 12 Federal land bank districts. In each district there has been established a Federal land bank. Ohio is in the Louisville district. Each bank has authority to establish branches within its district. Each Federal land bank has seven directors and, before beginning business, must have subscribed capital of not less than $750,000.

These banks make loans to farmers through local corporations which are chartered by the Federal Farm Loan Board and which are known as national farm-loan associations. There are about 6,400 of these associations in the United States. In my home county—Allen County, Ohio—the association is known as the Allen County National Farm Loan Association. The stockholders in the association are the borrowers. They elect directors, who in turn select the executive officers and loan committee of three members. A bonded secretary-treasurer appointed by the directors receives applications for loans, keeps the association records, and handles the details of the business.

A person who borrows must subscribe for stock of the association. The association is liable for the obligation of the borrower, indorsing the note over to the district Federal land bank. The bank then issues bonds on the notes of the farmers it purchases from the association, and thus obtains more funds to lend to the farmers. The farm loan act places a limit of $25,000 on the amount that may be loaned to any one person. No loan is made in excess of 50 per cent of the appraised value of the land mortgaged and 20 per cent of the appraised value of permanent, insured improvements. The rate of interest to be paid depends upon conditions in the money market. The initial fee to cover the farm-loan association's cost of administration is limited by the act to 1 per cent of the amount applied for by the borrower.

A similar plan or set-up is found in the bill now under consideration. Federal home-loan banks are to be established in from 8 to 12 districts, to be determined by a board created by the bill when enacted into law. The Federal home-loan board will consist of five members appointed by the President. Building and loan associations, cooperative banks, homestead associations, savings banks, trust companies, and other banks with time deposits (except national banks) and insurance companies, if subject to inspection and regulation under the banking laws or under similar laws of the States or the United States, were to be eligible for membership. The House to-day, however, has voted to deprive banks, trust companies, and insurance companies of the benefits of this bill; the Senate may insist that they be permitted to participate, which should be the case.

There is to be one Federal home-loan bank in each Federal home-loan district. The Federal home-loan board is to determine the minimum capital of each of these district banks, which will be not less than $5,000,000. Each of these Federal home-loan banks is to have 11 directors—2 appointed by the Federal home-loan board, 3 elected by the small-size members, 3 elected by the medium-size members, and 3 by the large-size members. The capital stock of each Federal home-loan bank is to be divided into shares with a par value of $100 per share.

To become a member, a financial institution must subscribe to the capital stock of the district home-loan bank in an amount equal to 1 per cent of the aggregate of the unpaid principal upon its home-mortgage loans, but not less than in the amount of $1,500. Unpaid principal means home-mortgage loans less (1) payments made thereon, and (2) in cases where shares are pledged as security for the loan, the payments made on such shares or stock plus earnings or dividends apportioned or credited thereon. The amount of the capital not subscribed by the members within 30 days after the books have been opened for stock subscriptions less than $5,000,000 is required to be subscribed by the Secretary of the Treasury on behalf of the United States. Funds for this purpose are to be furnished by the Reconstruction Finance Corporation in a sum not to exceed $125,000,000, upon which the Government is to receive not to exceed 2 per cent interest. As subscriptions are received by the home-loan banks, this money advanced by the Reconstruction Finance Corporation is to be repaid. The stock held by the United States is to be retired at par, it being intended that the member banks supply the permanent capital.

A member bank may borrow from the Federal home-loan bank by placing mortgages with the bank as security. A larger amount may be borrowed on amortized installment mortgages of a term of eight years or more than is advanced on straight mortgages or mortgages of shorter duration. In no case can the amount advanced by the home-loan bank exceed 40 per cent of the value of the real estate. No mortgage on a home of greater value than $20,000 or occupied by more than three families will be accepted. The home-loan bank can not advance to any member an amount in excess of twelve times the amount of the capital subscribed by the member bank.

The bonds issued by each home-loan bank are to be secured by seasoned real estate home mortgages, with not less than 190 per cent of unpaid mortgage principal behind each $1 of bond issued. The Federal home-loan bank board will determine or approve the rates of interest to be paid by the banks on their bonds or borrowings. A maximum rate of 5½ per cent is established for the first seven years, after which it will be 5 per cent. The banks are to be jointly and severally liable on the bonds, and in order to keep the Federal home-loan banks in proper condition to serve their membership they will be required to have an amount equal to the capital subscription of their members in (1) United States Government securities, (2) deposits in banks or trust companies, and (3) short-term loans to member banks. The bonds issued by the Federal home-loan banks are to be tax exempt.

Mortgages on small homes in the United States amount to $20,000,000,000. Nearly $8,000,000,000 of these are held by building and loan associations, the remainder being held by banks, insurance companies, and private investors.

The people of Ohio are particularly interested in this measure. Mr. James A. Devine, who for many years has served as secretary of the Ohio Building Association League, Columbus, Ohio, testified before the Senate Finance Committee in favor of the bill. He called attention to the fact that there are close to 800 building and loan associations functioning in Ohio. Only five have been liquidated, all of which paid 100 cents on the dollar to depositors. He states that there are great advantages to be gained by the bill:

> If it passes and becomes law and comes speedily into operation, it will relieve conditions by making it possible to obtain funds wherewith to pay withdrawals that are actually needed. If business resumes and we get back to a normal basis, we still will be in the position of having to liquidate all of our available cash, and have a period of reconstruction for homes which must necessarily ensue for the next two or three years, because now since 1929 we have had no building construction—it is at a very low ebb and it will be necessary to raise funds and begin to rebuild.

The Supreme Court of Ohio has recently ruled that building and loan associations are not subject to the appointment of a receiver for the purposes of liquidation at the request of a depositor. (124 Ohio State, 269.) The associations come exclusively within the jurisdiction of the superintendent of building and loan associations of Ohio. The report of the superintendent for the fiscal year ending December 31, 1930, shows that 791 associations filed annual reports, a compilation of which discloses total assets of $1,246,864,413, of which loans on mortgage security constitute $1,108,681,799. These reports also show the total number of stockholders to be 1,815,005; the number of borrowers, 419,846; and the number of depositors, 1,142,017.

Under Ohio laws these associations have placed stop orders into effect, whereby the associations have been saved; but the depositors have not been able to withdraw their funds. We likewise have seen a period wherein there has been very little home construction.

If this bill should become a law, funds would be available for a number of purposes: To refinance existing mortgages so as to permit smaller payments; to tide over or carry along worthy borrowers who, because of unemployment, are having difficulty in meeting interest or installment payments; to assist borrowers in paying taxes and insurance costs; to provide funds for repairing homes, thus

increasing employment; and to refinance the large number of short-term mortgages which have been called for payment due to bank failures and due to like financial institutions converting their resources into liquid funds. Thousands of home owners are in distress for mortgage money to-day.

This new banking system, national in scope, should release much-needed money to depositors, stimulate industry, stabilize realty values, and restore confidence.

The Clerk read as follows:

EXEMPTION FROM TAXATION

SEC. 12. Any and all notes, debentures, bonds, or other such obligations issued by any bank shall be exempt both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The bank, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the bank shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

Mr. STEVENSON. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: Beginning on page 27, line 3, and ending in line 18, strike out section 12.

Mr. STEVENSON. All I want to say is that I oppose any further extension of tax-free securities. Throughout the controversy over this bill I have maintained that position. I still maintain it, but it is up to the House to determine what it shall do about it.

Mr. LUCE. Mr. Chairman, I recognize the position of the gentleman from South Carolina and am not disposed to take the time of the committee to enter thoroughly into the question of exemption from taxes.

I wish the committee to know the reasons why the phraseology is as it is. The first thing we did this session in the matter of the President's program was to lend to the Federal land banks $125,000,000 more for capital and other uses. That system had been established with tax exemptions. Whether it was wise or not, and whether if to-day we were to pass on that question anew we would decide as we decided then, need not here be discussed. The fact is we have established that principle in the help we are giving to the agricultural interests of the country, and to treat the home owners with less liberality is hardly to be defended. As a matter of fact, in the bill itself we have put a stipulation that the securities issued shall not be exempt from inheritance, estate, or gift taxes, or surtaxes, making the language just as it is in the provisions relating to the Reconstruction Finance Corporation. In view of that, the majority of the committee were of the belief that it would be reasonable and logical to pass the bill in this form even if we did not fully give to the home-loan system securities the same privileges that we gave in the case of the farm-loan system.

Mr. STEVENSON. Mr. Chairman, I admit, as I stated in my minority report, the committee did concede taxation for inheritance, gift taxes, and surtaxes. This was granted on my solicitation, and therefore I have not been as zealous about this as I otherwise would have been.

Mr. STEAGALL. Mr. Chairman, this provision in the bill is so vital to its success that I believe those of us who desire the legislation should not endanger the success of the bill by attempting to strike it out.

So far as I am concerned, I hope the provision will remain in the bill.

The CHAIRMAN. The question is on the amendment of the gentleman from South Carolina.

The amendment was rejected.

The Clerk read as follows:

FEDERAL HOME LOAN BANK BOARD

SEC. 16. For the purposes of this act there shall be a board to be known as the Federal home-loan bank board, which shall consist of five citizens of the United States appointed by the President of the United States, by and with the advice and consent of the Senate. Each member shall devote his entire time to the business of the board. Before entering upon his duties each of the members shall take an oath faithfully to discharge the duties of his office. The President of the United States shall designate one of the members of the board to serve for a term of 2 years, one for 3 years, one for 4 years, one for 5 years, and one for 6 years from the date of the enactment hereof, and thereafter the term of each member shall be 6 years from the date of the expiration of the term for which his predecessor was appointed. Whenever a vacancy shall occur among the members the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the member whose place he is selected to fill. Each of the members of the board shall receive a salary at the rate of $10,000 per annum. The President shall designate one of the members as chairman of the board. The chairman shall be the chief executive officer of the board, and in his absence or disability the duties of his office shall be performed by someone of the other members to be designated as acting chairman by the chairman in such order as he may determine. The board shall supervise the Federal home-loan banks created by this act, shall perform the other duties specifically prescribed by this act, and shall have power to adopt, amend, and require the observance of such rules, regulations, and orders as shall be necessary from time to time for carrying out the purposes of the provisions of this act. The board shall have power to suspend or remove any director, officer, employee, or agent of any Federal home-loan bank, the cause of such suspension or removal to be communicated in writing forthwith to such director, officer, employee, or agent, and to such Federal home-loan bank.

Mr. STEVENSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: On page 29, line 16, after the word "States" insert a comma and the words "not more than three of whom shall be members of the same political party."

Mr. STEVENSON. Mr. Chairman, I do not think it is necessary to discuss this amendment. We just overlooked making this a bipartisan board. The same provision has been adopted with respect to all the boards we are creating:

Not more than three of whom shall be of the same political party.

Mr. LUCE. Mr. Chairman, I have been unable to sympathize with this idea; but I think the gentleman is correct, that it was done in the case of the Federal Reserve Board and the Farm Loan Board.

Mr. STEVENSON. Yes; and the Reconstruction Finance Corporation.

Mr. LUCE. Mr. Chairman, I wish it were not so, but I can not help that.

The CHAIRMAN. The question is on the amendment of the gentleman from South Carolina [Mr. STEVENSON].

The amendment was agreed to.

Mr. SPARKS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SPARKS: Page 30, line 7, strike out "$10,000" and insert in lieu thereof "$9,000."

Mr. SPARKS. Mr. Chairman, it seems to me, under existing conditions, $9,000 is a large enough salary. After the reductions provided in the economy bill are made, if that bill is passed, Congressmen will not receive quite this sum; and I do not understand why the members of this board should receive a salary in excess of that which Congressmen are now receiving.

Mr. PETTENGILL. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. PETTENGILL: On page 30, line 7, after the word "annum," add "but during the fiscal year 1932–33 the salary shall be $9,000 per annum."

Mr. PETTENGILL. The purpose of this amendment is simply to cut the salary during the next fiscal year in keeping with the policy of Congress with respect to all other salary cuts, simply for the one year.

Mr. LUCE. Mr. Chairman, the trouble with these amendments is that we do not know whether this bill will become a law first or the economy bill will become a law first. If this bill becomes law fixing the salary at $9,000 a year, then after the economy bill is passed the salary will be cut to $8,100.

Mr. PETTENGILL. My amendment reads that the salary shall be $10,000 per annum but that during the fiscal year 1933 the salary shall be $9,000 per annum.

Mr. LUCE. I see no objection to that if it would not be the fact that the economy bill enacted afterwards would cut it down.

Mr. STEAGALL. The gentleman does not quite catch the language employed. The language specifically fixes the salary at $9,000 for the year 1932–33 without reference to any other provision; and no matter what language might be employed as to other things this language would stand making the salary $9,000 for that year.

Mr. PETTENGILL. Mr. Chairman, I ask unanimous consent that the Clerk read the entire sentence with the perfecting amendment.

The CHAIRMAN. Without objection, the Clerk will so read.

The Clerk read as follows:

Each of the members of the board shall receive a salary at the rate of $10,000 per annum, but during the fiscal year 1932–33 the salary shall be $9,000 per annum.

Mr. STAFFORD. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. STAFFORD. I think the gentleman is in error in describing it as the fiscal year 1932–33. I think the gentleman intends to refer to the fiscal year 1933, which begins on July 1 of this year.

Mr. PETTENGILL. I accept the gentleman's suggestion.

Mr. Chairman, I ask unanimous consent to modify my amendment in that way.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the amendment as corrected by the insertion be again reported.

Mr. PETTENGILL. Also strike out the word "but," and insert the words "provided, however."

Mr. SPARKS. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

The CHAIRMAN. Without objection the Clerk will again report the amendment offered by the gentleman from Indiana.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. PETTENGILL: On page 30, line 7, after the word "annum," insert: "*Provided, however,* That during the fiscal year 1933 the salary shall be $9,000 per annum."

Mr. LUCE. Mr. Chairman, I think any difficulty in the matter can be straightened out in conference, so I accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The amendment was agreed to.

The Clerk read as follows:

SEC. 23. (a) Any organization organized under the laws of any State and subject to inspection and regulation under the banking or similar laws of such State shall be eligible to become a member under this act if—

(1) It is organized solely for the purpose of supplying credit to its members;

(2) Its membership (A) is confined exclusively to building and loan associations, savings and loan associations, cooperative banks, and homestead associations; or (B) is confined exclusively to insurance companies; or (C) is confined exclusively to savings banks; and

(3) Of the institutions to which its membership is confined which are organized within the State, its membership includes a majority of such institutions.

(b) The board shall determine the amount of stock which shall be subscribed by such an organization for the purpose of becoming a member. In all other respects, but subject to such additional rules and regulations as the board may provide, any such organization shall be a member for the purposes of this act.

Mr. STEVENSON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from South Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: On page 38, line 6, strike out the words "or (B) is confined exclusively to insurance companies," and change the letter (C) to (B) in line 7.

The amendment was agreed to.

The Clerk read as follows:

SEC. 24. Each Federal home loan bank shall have succession until dissolved by the board under this act or by further act of Congress.

SEC. 25. Whenever the board finds that the efficient and economical accomplishment of the purposes of this act will be aided by such action, and in accordance with such rules, regulations, and orders as the board may prescribe, any Federal home loan bank may be liquidated or reorganized, and its stock paid off and retired in whole or in part in connection therewith after paying or making provision for the payment of its liabilities. In the case of any such liquidation or reorganizaion, any other Federal home loan bank may, with the approval of the board, acquire assets of any such liquidated or reorganized bank and assume liabilities thereof, in whole or in part.

Mr. SABATH. Mr. Chairman and gentlemen of the committee, it is indeed gratifying and pleasing to feel that within a few moments this bill, which is now only applicable, as amended, to the building and loan associations and, in some instances, savings banks, will pass. I shall not speak on the bill or of the benefits that will accrue to hundreds of thousands of small home and property owners inasmuch as I have done this at some length on June 10 when speaking in regard to the adoption of a special rule that would make possible the consideration and passage of this measure. All I wish to say now is that it is much needed and that it will be helpful not only to the home owners and the small banks that have aided the building and loan associations, but that it will also aid, as I have stated many times before, the municipalities and the States in collecting their taxes that are long overdue.

But I arose, Mr. Chairman, mainly for the purpose of congratulating the Banking and Currency Committee, its subcommittee, and its members for the great service which they have rendered to the House and to the country during this session of Congress. Though this is a new committee, its members have worked with cohesion and superb harmony—conditions which made their achievements and accomplishments possible.

The members of the committee, including the Republican minority, have been honest and sincere in their devotion and application to duty and have worked incessantly and with perseverance on the many important bills that have been referred to them, and they have reported and succeeded in securing the passage of the most important legislation thus far enacted in this House. They had passed, within a few days after Congress convened, the all-important Reconstruction Finance Corporation bill; and though the committee members had deviated from my bill, I know that they had done this because they believed that the statements of prominent officials and certain economists of high standing, good judgment, experience, and knowledge carried more weight than my own humble recommendations. But I feel they are commencing to realize now that it would have been much wiser if they had adopted my plan of specifically naming the directors of the corporation and of capitalizing this corporation at $1,000,000,000 and giving it the power to issue bonds to the extent of five times the capital structure; in that way the benefits, which were contemplated and which were thought would accrue to the country, would have been carried out and we would not have been called upon for the third time, as we are now, to increase the bonding power of the corporation. Nor would it have been necessary to legislate specially for the relief of municipalities and States, inasmuch as I had provided for this contingency in my bill, relief that must be forthcoming before we adjourn, and that, if originally provided for, would have made it possible for the municipalities and States, as well as private industry, to give employment to many of those who are on the brink of despair due to their inability to obtain work.

I am satisfied that if this committee as constituted had been in control two years ago it would have also recom-

mended and succeeded in passing a bill extending the rediscount power of the Federal Reserve Board similar to the one which this committee has so speedily recommended and enacted during this session of Congress. In addition to these two important measures, the Banking and Currency Committee has reported and the House has passed the important bill guaranteeing bank deposits, as well as the Goldsborough equality bill, and, as I have stated, we are about to pass in a few moments this all-important home loan bank bill—a bill that is of tremendous import to the home and property owners of the Nation and that is bound to be full of blessing and benefit to every section of our country.

I am delighted to have the privilege of voting for a bill which I have advocated for over a year and a half.

Mr. BRIGGS. Will the gentleman yield?

Mr. SABATH. Yes.

Mr. BRIGGS. I know the gentleman will be interested in the statement carried in the press this morning that the Senate has adopted the House bill as its own bill in an effort, I think, to expedite the passage of the legislation.

Mr. SABATH. As to the interesting information imparted to the House by the gentleman from Texas [Mr. BRIGGS], I should like to ask whether the favorable action on the part of the Senate in passing the House bill, as originally planned by this splendid Banking and Currency subcommittee and as improved by the whole committee, was to deprive this House and this hard-working and deserving committee of credit, or whether they desired to steal the credit for this legislation from the Democratic House to enable them to use their hackneyed expression, "We look with pride," and so forth? I concede that they must take some credit from the Democrats, for God only knows how they could look with pride to any accomplishment in President Hoover's administration, unless it be that it is a great achievement to straddle the prohibition question with a camouflaging declaration and with much buncombe. But the Republicans are not only resourceful but devoid of shame, always claiming credit for anything that is beneficial and always unloading the responsibility on the Democratic Party for all of their misdeeds. Therefore the passage of this bill in the Senate to-day without the House amendment is in all likelihood due to the fact that the Republicans wish to have it appear that it is one of their accomplishments, and this notwithstanding that I have pleaded for such legislation on this floor for nearly two years.

Of course, at this time it might be more appropriate for the Republicans to use their other trite expression: "We look with apprehension, and so forth." Surely that would appear more proper if they would but only realize the destruction and suffering they have caused the Nation. But I feel it is immaterial what they say or what they will do, for the American people have lost confidence in the Republican Party and will hold it responsible for the most devastating social and economic debacle in the history of our Nation. The people of the Nation realize that the administration is controlled by the international bankers and unscrupulous Wall Street manipulators, and that it will not legislate in the interest of the masses, or protect them.

Mr. SPARKS. Will the gentleman yield?

Mr. SABATH. Yes.

Mr. SPARKS. The Senate will further demonstrate its wisdom if it will accept the amendments which have been added to the bill in the House, will it not?

Mr. SABATH. I believe that the amendments which the members of the committee now present, in conjunction with the members of this committee, have adopted will improve the bill and that they will eliminate every possible objection that can be raised to it. The amendments which have been adopted will make the bill applicable to those States which have been so far behind the times as not to have provided legislation on this subject. [Applause.]

Mr. Chairman, not only is the Banking and Currency Committee of the House entitled to appreciation and credit from this Congress, notwithstanding the slurs, attacks, and vilifications that have been heaped upon it by the Republican press and the greedy interests, but it is entitled to a special vote of thanks because it has striven honestly and conscientiously to relieve the country of the great depression and unemployment. But I regret to say that regardless of its extraordinary devotion to duty and its achievements and our own efforts, I can see no real relief in the offing so long as the party in power is devoid of feeling for the suffering people of this Nation, and particularly so long as President Hoover is controlled by Wall Street and the international bankers. But let the country not despair, for the election is rapidly approaching; and I repeat what I said on this floor in 1912, that after all the people can be trusted and that they will again realize and appreciate that the Democratic Party is the only party that will bring prosperity to all. [Applause.]

Mr. Chairman, I ask unanimous consent to revise and extend my remarks so that I may more fittingly pay my respects to this splendid Committee on Banking and Currency and to each member thereof.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CAMPBELL of Pennsylvania. Mr. Chairman, I move to strike out the last two words. I wish to say that as one member of the Committee on Banking and Currency I appreciate the compliment paid the committee by our colleague from Illinois.

I believe this measure is one that will render real relief and be more helpful to a larger number of people than any measure that has been considered or enacted by this Congress.

While I regret exceedingly the conditions or rather the situation with reference to governmental finances which have about reached the breaking point, I do not offer this statement as an apology for my vote. It is simply a question of duty to country. I say to our veterans it is a question of capacity to pay on the part of your Government.

I am convinced beyond doubt that the imposition of the burden upon our Government at this time will do irreparable harm to millions of our citizens, it will cheapen the dollar, add unreasonably to the cost of living, add to the ranks of the unemployed, and weaken the very foundation of our financial structure. Our duty should be clear.

I will yield to none in my appreciation or gratitude to our soldiers. I am not voting against the soldier; I am voting as they fought, for the country we all love, and we must maintain its financial integrity.

In my 15 years of service in Congress I have favored all legislation that I felt would be beneficial to the soldiers not only of the World War but of the Spanish-American War and the Civil War, without apology to anyone for my so doing.

I am sure our World War veterans fully understand the crisis confronting the country. They well realize that it is a question of providing relief to each and every citizen and getting our unemployed back to work at the earliest date possible. We have legislation on the way to enactment that should accomplish this end. It should not be necessary and is not necessary for our veterans to cash in on their adjusted-compensation certificates to provide the necessities of life. These certificates were given to our soldiers as a handsel of the appreciation of the American people for their services to our country. We must and will provide relief or jobs for all without preference and with the least sacrifice on the part of all. I am sure the people I have the honor to represent can but approve my course. I believe my vote will voice the major sentiment of those who have honored me for these many years.

I recall another occasion in this House when the Nation committed itself to prohibition. I voted against the resolution submitting the eighteenth amendment, I voted against the Volstead Act, and was one of the 55 Members of this House who voted to sustain President Wilson's veto of the Volstead Act, and I look forward with satisfaction to the opportunity, which I feel will come in the very near future, when I can vote for an outright repeal of the eighteenth amendment and destroy an infliction on our country that

has done more harm to the body politic and the morals of our country than all the wars and pestilences we have passed through. Rid the country of this evil and we will go far toward solving the finances of our Government and the reemployment of our people. A noble experiment we must concede, but the most humiliating failure a civilized people ever experienced.

(Mr. CAMPBELL of Pennsylvania asked and was granted permission to revise and extend his remarks in the RECORD.)

Mr. STEAGALL. Mr. Chairman, I desire to thank the distinguished gentleman from Illinois for his kind words regarding the work of the Banking and Currency Committee during this session. I want to say that the gentleman from Illinois has been of great help to our committee. He has blazed the way for us in connection with some of the most important legislation our committee has considered during the session.

In connection with the bill now before the committee, let me say that on account of the large number of bills before us I appointed a subcommittee consisting of the gentleman from Wisconsin [Mr. REILLY], the gentleman from North Carolina [Mr. HANCOCK], the gentleman from Missouri [Mr. WILLIAMS], the gentleman from Massachusetts [Mr. LUCE], and the gentleman from Pennsylvania [Mr. CAMPBELL]. I wish upon my own part and on behalf of the House to express our gratitude to the subcommittee, who are entitled to much credit for the preparation of this bill. [Applause.] In that connection I wish to say that this measure involves questions exceedingly technical, intricate, and difficult. The subcommittee devoted itself for weeks with great industry and splendid ability to the task of preparing this most difficult piece of legislation. I am sure I voice the sentiment of the House when I say we are under obligations to them for the splendid work they have done on this bill.

The Clerk read as follows:

SEC. 26. Any institution, except a national bank, organized under any law of the United States, including the laws relating to the District of Columbia, shall be authorized to subscribe for stock of a Federal home loan bank if otherwise eligible to make such subscription under the terms of this act, any provision in any such law to the contrary notwithstanding.

Mr. STEVENSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: Page 39, line 8, after the word "bank" in said line, insert the words "State banks, insurance companies, and trust companies."

Mr. STEVENSON. Mr. Chairman, this amendment carries out the action which the House has already taken.

The amendment was agreed to.

Mr. STEAGALL. Mr. Chairman, I was about to overlook one provision in the bill to which my attention has been called. I have not had an opportunity to discuss this with other members of the committee and I desire to call their attention to it now.

I am going to ask for the present that the committee consent that the provision in subdivision (f) on page 36 go out of the bill with the understanding that if it is desirable to do so, it can be restored in conference. The provision is:

The Secret Service Division of the Treasury Department is authorized to detect, arrest, and deliver into the custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this act.

The Department of Justice has called my attention to this language and if I understood clearly, in a hurried conversation over the phone, what was said to me by the department official, this language is regarded as more or less confusing. If the language is stricken out entirely, these investigations will find their way into the secret service of the Treasury or into the special investigation bureau of the Department of Justice or wherever they normally would fall in the absence of this provision. The only thing that could be accomplished by the provision would be to restrict or to confuse authority for these investigations.

Mr. BANKHEAD. Is there any penalty clause in any other provision of the bill?

Mr. STEAGALL. Yes.

Mr. BANKHEAD. Then this language is not necessary.

Mr. GOSS. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. GOSS. Would it not be better to leave the language in and take it out in conference? If the language is left out, it can not be put back in conference.

Mr. STEAGALL. I may say to the gentleman that I am informed the Senate has reported the bill as reported to the House with this provision in it. If it is in the bill as passed by the Senate and is also carried in the House bill, under the rules the conferees would have no authority to strike it out.

Mr. GOSS. By the same token, if this language is not contained in the Senate bill, it could not be put back in conference if it were stricken out now.

Mr. STEAGALL. That is true.

Mr. GOSS. Would it not be better to change the language in some way so that the provision would be subject to agreement in conference?

Mr. STEAGALL. The Senate has reported this identical bill and this provision is not necessary anyway. I am sure of that.

Mr. GOSS. Can the gentleman assure us that this language is in the Senate bill?

Mr. STEAGALL. Oh, yes.

Mr. Chairman, I ask unanimous consent that subdivision (f), on page 36, lines 8 to 12, inclusive, be stricken from the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. LUCE. Mr. Chairman, my attention was distracted for the moment. May I ask the gentleman from South Carolina if the words "insurance companies" were taken out of the bill on page 38?

Mr. STEVENSON. Yes; that language was taken out. The correction was also made on page 39.

The Clerk read as follows:

SEC. 28. The right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. O'CONNOR. Mr. Chairman, I move to strike out section 28. I do so partly to ask the propriety of such a provision. Bills usually do not carry the right to amend or repeal, because we always have that right. What I am fearful of is that if we had this provision in ninety-nine out of one hundred bills and one bill was in question it might raise some problem.

Mr. STEVENSON. If the gentleman will yield, this is a bill granting a charter, and charters are contracts, and it has been held by a very respectable court that sits in this Capitol frequently, that if you grant a contract by statute you are bound by it, and you can not alter, amend, or repeal it.

Mr. O'CONNOR. I am as familiar with that as the gentleman from South Carolina. But this bill contains many provisions other than granting a charter, and, furthermore, the bill itself is not a bill which grants charters.

Mr. STEVENSON. It gives authority to grant charters, and a charter granted by that authority is as absolute as if granted by Congress. In addition to that the rights here are granted on institutions growing out of the power granted by the charter, and the contention would be made that any right growing out of this power to grant charters could be a contract against the power to repeal or amend.

Mr. O'CONNOR. If that is so, why do you not say that any charter granted under this act may be altered, amended, or repealed?

Mr. STEVENSON. We do say it by saying that we retain the right to alter, amend, or repeal the act.

Mr. O'CONNOR. What I object to is that you are going to pass legislation other than charters, and you put in a gratuitous expression that Congress can alter, amend, or repeal that legislation; and you are going to get into trouble with some bill. I think it is a foolish and ridiculous provision in any piece of legislation.

Mr. STEVENSON. This language has come down from the fathers. It may be foolish, it may be unnecessary, it may be ridiculous, but we have inherited it from a long line of statesmen that have adorned the pages of history, and from a long line of eminent lawyers who have gone from our sight.

Mr. O'CONNOR. I will ask the gentleman from South Carolina to point out one piece of legislation in this Congress that has such a provision in it.

Mr. REILLY. I think the gentleman will find that charters of this and all banks have the same provision.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The CHAIRMAN. Under the rule, the committee automatically rises.

Accordingly the committee rose; and the Speaker pro tempore [Mr. RAINEY] having resumed the chair, Mr. CELLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 12280) to create Federal home-loan banks and to provide for the supervision thereof, and for other purposes, and had directed him to report the same back with sundry amendments.

The SPEAKER pro tempore. Under the rule, the previous question is ordered on the bill and amendments. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. STEAGALL, a motion to reconsider the vote whereby the bill was passed was laid on the table.

ORDER OF BUSINESS

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BANKHEAD. Mr. Speaker, before doing that I ask unanimous consent that House Resolutions 165, 215, and 238 may lie on the table. These are resolutions that were reported by the Committee on Rules and have already been adopted and acted upon. They are still on the calendar, and the purpose of this request is to get them off the calendar.

The SPEAKER pro tempore? Is there objection?

There was no objection.

Mr. BANKHEAD. With reference to the business for to-morrow, I am requested to announce by the majority leader, now occupying the chair, that it will be the purpose of the Committee on Rules to call up and undertake to dispose of as many of the pending rules as will be possible during to-morrow's session. The bill introduced by the gentleman from Ohio [Mr. CROSSER] is the pending measure and has not been disposed of. After that is disposed of, to-morrow I expect to call up the rule providing for the consideration of the bill for the allocation of 50,000,000 bushels of wheat and 500,000 bales of cotton to be assigned to the Red Cross for relief purposes. Also I hope to call up the kidnaping bill and several others if we can find time to do it to-morrow.

Mr. STAFFORD. Is it the purpose of the gentleman to call up the rules en bloc and pass them or to call them up seriatim?

Mr. BANKHEAD. I think the more orderly procedure will be to dispose of them in turn.

RATE OF WAGES FOR LABORERS AND MECHANICS ON PUBLIC BUILDINGS

Mr. CONNERY. Mr. Speaker, I submit a conference report (H. Rept. 1634) on the bill S. 3847, entitled "An act to amend an act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings," for printing under the rule.

HON. MEYER JACOBSTEIN

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks concerning our former colleague, Meyer Jacobstein.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, under leave granted me for extension of remarks, I present the following concerning our former colleague, Hon. Meyer Jacobstein, of Rochester, N. Y.:

New York State is soon to elect two Congressmen at large. In the history of the State this has occurred only twice: In the Forty-third Congress (1873–1875) Hon. Lyman Tremain, of Albany, represented the State as Congressman at large, and in the Forty-eighth Congress (1883–1885) Hon. Henry W. Slocum, of Brooklyn, filled the same office.

In the coming election the people of that State are to choose two Congressmen at large. New York is the most powerful State in the Union, and it is therefore essential that for this post there should be selected two of its outstanding citizens. There will be two candidates from each of the major parties. I am concerned with the choice that will be made by the Democratic Party.

I offer for consideration the name of Hon. Meyer Jacobstein, of Rochester, N. Y., who formerly represented in Congress the major portion of Monroe County, wherein lies the city of Rochester. He was first elected in 1922, in a strongly intrenched Republican district, for the Sixty-eighth Congress, was reelected to the Sixty-ninth Congress by a majority of more than 30,000 over the Republican candidate, and was again elected to the Seventieth Congress. His record at Washington was so fine and outstanding that his constituency, representing both parties, sent him back each time with an increasing plurality.

Jacobstein, therefore, is not a tyro. He formerly was professor of political economy in the State University of North Dakota and also in the University of Rochester. If there is anything the House of Representatives needs, it is trained economists. They are needed in the debates on the floor and around the conference tables. In these times of stress clear thinking and leadership are unquestionably required. We have too little of these qualities in the House and still less in the Senate, and not even a modicum in the White House. As special agent of the Bureau of Corporations of the Department of Commerce, director of emergency employment management under the War Industries Board of the War Department, and mediator for the clothing industry, Jacobstein gained an invaluable experience in some of the practical problems of government. He was appointed delegate at large from New York State to the Democratic National Convention in 1924, and declined the nomination as Democratic candidate for mayor of the city of Rochester, N. Y., in 1925.

While a Member of the House, Jacobstein not infrequently took part in debates on the floor, and when he did, the attentive listening of his colleagues was marked, and they usually followed his words of wisdom.

As a member of important congressional committees his work was most significant. For eight years the House had violated the clear mandate of the Constitution in the matter of reapportionment. It had failed to reapportion on the basis of the 1920 census. The States which would lose representation under reapportionment constituted an impassable barrier to the passage of any reapportionment bill. There was a hopeless tangle, and it was the ingenuity and tact of Meyer Jacobstein that cut the Gordian knot and enabled Congress to function constitutionally and pass the reapportionment act of 1928.

No Member of the House rendered greater service to the country on questions of the tariff, finance, labor legislation, immigration, and agricultural relief. He opposed the fantastic schemes for farm relief which became laws. Had his advice been heeded, much of the embarrassment to the present administration and great wastage of the people's money in setting up the establishment known as the Federal Farm Board would have been avoided.

Recently, Governor Roosevelt appointed Jacobstein a member of the Joint Legislative Commission of New York State to investigate utility companies doing interstate business with adjoining States. This commission is authorized to negotiate treaties with the States concerned for equitable terms in transmission of power into New York State, and submit its recommendations to the legislature and the Congress. Jacobstein himself is thoroughly familiar with the difficult problems of water-power utilization and has allied himself with the progressives dealing with this important and intricate subject.

The democracy of Meyer Jacobstein is unquestioned. His character is unassailable. His understanding of present-day economic questions is well known. His experience and attainments make him, indeed, worthy and well qualified, and his popularity with the voters generally throughout the State would insure his election.

RELIEF

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the relief bill, and to include therein an article I received upon that subject.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, balancing the Budget is necessary, but the all-important question is placing the unemployed to work. Until the purchasing power of the masses is restored we can not expect better conditions than now confront us. To restore purchasing power ways must be found to place the unemployed in the position where they have earning power.

I have advocated a shorter work week, and it is my opinion that the Government will be required to lead the way in this direction. We can not go on with one group of our citizens employed and able to purchase the necessities of life while another group is unable to find employment and finds it necessary to exist through the generosity of those who are fortunate enough to have an income.

This is not a political question, it is a question that confronts the Nation as a whole, and we must find a way to solve it. Our people are overburdened with taxes—national, State, and local. While this Congress will reduce our annual appropriations nearly a billion dollars and the State and local governments will be required to do likewise, it is not solving the all-important question—that of increasing the earning power of our citizens. The fact is that we are reducing the earning power when we reduce salaries and reduce the number of people employed. To date, Congress has reduced appropriations for the next fiscal year starting July 1 nearly $650,000,000, and a further reduction is on the way. It is estimated that 50 per cent or more of this money has been used for personnel. That means employees who have earned $325,000,000 during the past year will lose their positions because there will be no money to pay their salaries. Thousands upon thousands of employees of the Government will soon join the unemployed. It can not be prevented.

Placing the cold facts squarely before the people of this country is essential. No publication—daily, weekly, or monthly—has, to my mind, been more prominent in presenting the facts than has the St. Louis Post-Dispatch. Numerous articles on the depression, which required weeks of study in preparation, have appeared in this paper, and the more important ones have found their way into the CONGRESSIONAL RECORD. Last Sunday there appeared another outstanding article on this subject and, under permission granted me, I insert that article as part of my remarks. The article follows:

THE INTIMATE RELATION BETWEEN WAGES, PURCHASING POWER, AND THE DEPRESSION—NATIONAL PAY ROLL DECLINED FROM $52,000,000,000 IN 1929 TO $33,150,000,000 IN 1931—"BEFORE WE START BACK ON THE ROAD TO PROSPERITY," SAYS SENATOR BORAH, "WE MUST INCREASE THE PURCHASING POWER OF THE MASSES"—MOUNTING COST OF GOVERNMENT COMPARED WITH SHRINKING INCOMES

(By Charles G. Ross, chief Washington correspondent of the Post-Dispatch)

WASHINGTON, June 11.—It is now generally recognized, alike by economists and the more thoughtful politicians, that the return of normal business conditions in the United States awaits the restoration of the purchasing power of the masses.

This proposition was stated in the Post-Dispatch article on "The Country's Plight" last November. Senator Wagner, of New York, states it when, in advocating his emergency construction program, he says that "we can not starve or stint ourselves back to prosperity" but must put money in the pockets of those who are now jobless by giving them jobs. Supporters of the Reconstruction Finance Corporation bill, to provide aid at the top of the industrial and financial structure, justified their votes on the ground that the good effects of the bill would not be confined to the top but would trickle down to the man at the bottom.

POWER TO BUY ESSENTIAL

They emphasized the necessity of building up purchasing power. If this were done, the people would resume their normal buying at the stores; the stores would take more from the manufacturers; the manufacturers would increase their purchases from the primary producers—and all of us, including the bankers, would take new heart and courage and set the country back on its feet.

With the efficacy of the Reconstruction Finance Corporation and similar measures we are not here concerned; the point is simply that behind them all, whether they are concerned initially with employment or not, is the thought that the purchasing power of the people—not of a few people but of the great majority—must somehow be lifted above the present ruinous levels.

That is what is meant by those who say commodity prices must be increased. For if the people, with more money in their pockets as the result of more jobs, start buying, then "distress selling" will cease, prices will rise, the wheels of industry will start humming, and so on through the whole beneficent circle back to the creation of more jobs and more purchasing power.

HOW THE CIRCLE WIDENS

We are now in the evil circle that begins and ends with fewer jobs and smaller purchasing power. All of us, through our experience of the last two and a half years, know how the depression works. Every deflationary process begets another. For instance: A building project here in Washington is suspended; an architect employed upon it loses his job; he has to give up his office in a building from which a research institution derives an important part of its income; this income having been reduced, the institution lays off one of its scientific workers. The dismissal of this scholar is directly traceable back to the architect's loss of his job, which, in turn, had been caused by the Government's deficit, which had been caused by the plight of industry, which plight had been caused by the inability of the people to buy the products of industry. All along the line there has been stark human tragedy. At the beginning of the line and again at the end of it there is diminished purchasing power.

This sort of thing has been multiplied thousands upon thousands of times since the depression gripped America. Until a movement is started in the other direction there can be no genuine prosperity.

No matter from what angle we approach the problem, whether as advocates of aid from the bottom upward or the top downward, we reach the conclusion that purchasing power must be increased.

WASHINGTON PROVIDES A PROOF

The widespread acceptance of this conclusion as axiomatic represents a long step forward in the economic thinking of the country. It is only within recent months that it has been so accepted.

The truth of the proposition has been clearly illustrated in the city of Washington. Washington up to now through all the depression has been a reasonably prosperous city. The stores have done a good business; no banks have failed; rents have held up; there has been comparatively little unemployment. The reason is simple. By reason of the fixed Government pay roll, Washington has had a stable purchasing power. What will happen when Government wages are cut and this purchasing power is correspondingly reduced remains to be seen.

There is a lesson in the great depression of 1873–1879. At the beginning of 1879, after six hard years, the country saw no prospect of relief. Suddenly the clouds lifted. The end of the depression came about through a purely fortuitous circumstance. At the same time that the wheat crop failed in Europe the United States had a bumper crop. Wheat prices rose materially above the level of the previous year. The farmer began to make money and spend it. The railroads derived a double benefit from carrying wheat to the seaboard and bringing back goods to the farms. Presently they were in the market for new equipment. Business picked up all around, and the country entered upon a period of prosperity.

All this was the result of one fundamental change—the restoration of the buying power of the great consuming population on the farms. The point is not invalidated by the fact that the change was accidental. Good times came to a large part of the population, and soon the benefits were diffused through the whole social structure. Prosperity rested on the firm and broad base created by mass consumption.

BORAH'S CONCLUSIONS

The prime importance of distributing our national income in a way that will permit the people again to buy the mass production of our machines—the importance of attacking the depression in its root cause—has been nowhere better stated than by Senator BORAH in his eloquent speech last week against the sales tax.

"The moment we laid a sales tax," said BORAH, "we would serve notice on at least 70,000,000 people to curtail their purchasing power. It would do little good in the present situation to increase the purchasing power of a few people. Before we start back on

the road to prosperity we must increase the purchasing power of the masses, the millions.

"The moment we laid a sales tax, that moment we would press down more heavily upon the millions of people who are now living close to the border line of necessity, and notify them that if they were to get through the year they must cut expenses. Instead of starting on the road to recovery we would be laying a tax which would paralyze the very activities which are necessary in order that we may recover."

DECLINES IN WAGES

If further evidence of the relationship of decreased purchasing power to the depression is needed, it can be found in a set of figures prepared for the Post-Dispatch by Dr. Isador Lubin, an economist of the Brookings Institution, from official reports. Doctor Lubin is recognized in Washington as an expert on the unemployment problem. He has frequently been called into consultation by congressional committees working on unemployment There is no more competent authority in his line.

The figures are startling.

To begin with, he takes the total manufacturing wage payments in 1929 and 1930 as estimated by the Federal Reserve Board. In 1929 they were $11,462,000,000 and in 1930 they were $9,303,000,000—a decline of 19 per cent.

Owing to the fact that employment in other lines of activity was maintained at a higher rate than in manufacturing, it is assumed that the decline in wages and salaries for the whole country was somewhat less, or about 15 per cent.

The total wage and salary bill of the country in 1929 approximated $52,000,000,000. A 15 per cent decline would amount to about $7,800,000,000, leaving the wage and salary bill for 1930 at $44,200,000,000.

The total manufacturing wage bill for 1931, as estimated by the Federal Reserve Board, was $7,019,000,000, a decline from 1930 of 25 per cent. It is estimated that wages and salaries in other lines of activity decline, because of unemployment and wage cuts, by at least the same proportion. Thus the wage and salary bill for 1931 is estimated to have been $11,050,000,000 smaller than in 1930, or a total decline for the two years of $18,850,000,000.

In other words, the wage and salary bill for 1931 stood at $33,150,000,000, as compared with $52,000,000,000 in 1929.

The estimate of the decline for the two years is regarded by Lubin as highly conservative. It runs much lower than the figures of the American Federation of Labor and an estimate made by Prof. W. M. Leiserson, of Antioch College.

ALMOST CUT IN HALVES

Lubin's figures are conservative also in comparison with tables published February 17, 1932, by the magazine the Business Week, under the heading "What Happened to the American Pocketbook, 1929 to 1931." It is there estimated that the wage and salary income of persons connected with all industries in the United States dropped from $47,889,000,000 to $24,932,000,000—a decrease of 47.95 per cent—and that all the forms of business income fell from $33,113,000,000 to $17,051,000,000, a decrease of 48.5 per cent. Civil and fiduciary incomes, including the pay of all Government employees, teachers' salaries, life-insurance payments to policyholders, and pensions, bounties, etc., paid by all Government divisions, increased 22 per cent, or from $8,572,000,000 to $10,459,000,000.

The grand total of all these forms of income as computed by the Business Week was $89,584,000,000 in 1929, and $52,446,000,000 in 1931—a decline of 41.46 per cent.

"This is the greatest decline in national income of which we have any record," comments the magazine, "and brings the figure for 1931 approximately back to the average level of 1917–18. The deflation from the peak figures of 1929 was about 41.5 per cent, somewhat in excess of the decline in the volume of general business activity as measured by any of the usual indexes, and almost three times as great as the decline between 1920 and 1921."

PRICE LEVELS WIPED OUT

A chart published with the article "shows how the inflation of the national income during the war and postwar years, accompanying the tremendous rise in price levels, was almost wiped out by the end of 1930. During 1931 the national income fell far below the normal line of increase based on the average rate of growth for the 50 years preceding the war.

"The dotted line in the chart, in which the effect of changes in the general price level is eliminated, indicates that the decline in national income in 1930 and 1931 was considerably more than can be accounted for by mere changes in the value of the dollar and represents an actual contraction of the current national purchasing power on a tremendous scale, bringing it back to the 1921 level. The chart is a graphic demonstration of the destructive effects of an uncontrolled deflation on the standard of living."

The National Industrial Conference Board recently undertook a survey to determine the extent to which salaries and wages have been cut during the depression—a subject, says the board, concerning which "there has been a tendency to avoid publicity."

REPORTS FROM EMPLOYERS

A report on the survey is published in the board's May 30, 1932, Service Letter on Industrial Relations. Replies were received from 1,718 concerns. They employed 3,258,666 persons in 1929. The total employment had declined to 2,391,009 in 1932, a reduction of 26.6 per cent.

"The results of this survey," says the board, "indicate that the policy of reducing compensation scales has become widespread. On the basis of information from 1,718 concerns in the leading fields of American business it appears that 80.5 per cent of these companies have reduced executive salaries, 81 per cent have reduced other salaries, and 75.4 have reduced wage rates."

President Hoover in his Indianapolis speech last summer, using figures of the Department of Commerce, estimated that the average annual production of movable goods in the United States before the depression was about $50,000,000,000, and that this had been cut to $12,000,000,000.

Why this tremendous shrinkage?

The figures on the decline of purchasing power represented by wages and salaries—a decline which has become constantly heavier—supply the biggest part of the answer.

Evidence accumulates of a growing realization that the purchasing power of the masses can only be restored by giving them jobs. President Hoover—and with him Senator LA FOLLETTE—urged his payless furlough plan in the Government service in preference to other wage-reduction plans, on the ground that the former would not only keep employees from being turned off but would permit the addition of workers. He called upon the Government to accept in its emergency the principle of the 5-day week.

Only in one way, it is realized, can jobs be given to all, and that is by shortening the hours of work. No other answer is mathematically possible.

The following is an editorial in the same paper, which followed the article:

JOBS OR THE DOLE?

Soon after the depression set in a great American delusion came into being. Our troubles, said many in high places, arose through no fault of our own, but from world causes over which we had no control. It was a facile and comforting explanation, absolving our leaders of the responsibility of doing anything to remedy the disease, and it was couched in such smooth and plausible phrases—like "world dislocation caused by the war," "overproduction of raw materials," "insufficient gold supply," and so on—that it became the generally accepted explanation.

The depression deepened, and after a while it became possible for realists, like Dean Donham, of Harvard, to get a hearing. They brought some hard, gritty facts into the discussion. The chief of these was that the depression, though accentuated by world conditions, was fundamentally made in America and that it lay within the power of America, independently of what the rest of the world might do, to achieve a large measure of recovery. It gradually came to be understood that what was wrong, fundamentally, was the steady decline in the purchasing power of the great mass of the people, and that not until this purchasing power had been built back to a satisfactory level could the country hope to attain the widely diffused well-being to which its natural wealth and its technical manufacturing skill entitled it.

The Post-Dispatch stated these conclusions and buttressed them with the words of eminent thinkers in its article on the country's plight last November.

A complementary article published in the editorial section of the Post-Dispatch yesterday sets out in cold figures the root causes of our continuing plight. Between 1929 and 1931, according to the conservative estimates of Dr. Isador Lubin, an economist of the Brookings Institution, there was a decline of over 36 per cent, or from $50,000,000,000 to $33,150,000,000, in the wage and salary bill of the United States. Other authorities estimate the decline at an even higher figure, but Lubin's figures are startling enough. Placed alongside the estimate of President Hoover last summer, in his Indianapolis speech, that the annual production of movable goods in the United States had fallen from $50,000,000,000 to $38,000,000,000, they tell the story, basically, of what is wrong with the United States. Since the estimates were made there have been further drops both in the wage bill and in production. Inevitably, they go downhill together. Production is off for the simple reason that the people, through the loss of jobs and through wage cuts, have lost a great part of their power to buy.

The thing seems obvious, and yet there are those who seek to minimize the effects of unemployment. They do the Nation no service. Before we can hope to cure the disease, we must know precisely what the disease is. After such a display of evidence as that furnished by the authorities quoted in our article yesterday, how can there be left any faint shadow of doubt as to the cause of our troubles?

That cause is the lack of purchasing power, and the lack of purchasing power of the masses is the result of their lack of jobs.

As this is written, a significant bit of evidence of the truth of this conclusion comes in a news dispatch from Washington. It quotes the Federal Reserve Board's report that the value of department-store sales in May of this year was 24 per cent smaller than in May of last year, and it adds:

"The fifth Federal reserve district of Richmond made the best comparative showing, its decrease from last year being only 18 per cent. This was due, presumably, to the expenditure by Government employees in Washington, D. C., a part of the fifth district, whose purchasing power has not been decreased."

Unemployment is the great problem in the United States today. It overshadows all others. Most of our economic ills—our bank failures, our loss of dividends, our Government deficit—flow from it or are merely symptoms of the disease. Restore employ-

ment, and we shall be started back on the high road to better times.

Now, as the Post-Dispatch has pointed out, there is just so much work to be done, and owing to the machine and improved technological processes, the amount of this work—the work necessary to supply all our needs and comforts—steadily decreases. Our problem is to spread this available work among those who are able and willing to work.

And that can only mean a shortening of the work day or work week. There is no other way in which jobs can be given to all the workers and their purchasing power be increased. The change to a shorter work day, say the 6-hour day, or the shorter work week (for the details are unimportant), will not be revolutionary, but only the extension of a development which has been going on for over a century. We have progressed gradually from a work day of 15 or 16 hours, to the 12-hour day, the 10-hour day, the 8-hour day. By enabling our work to be done with less and less man power, the machine now requires that we take an additional step in the same direction.

Primarily the problem is one that industry must work out for itself. As for the Government, it can set the example, as the Post-Dispatch previously has said, by making itself a model employer, just as it set an example by establishing the 8-hour day on the railroads. Through force of circumstances it seems, indeed, already about to accept the principle of the 5-day week in the Government service, as advocated by the President in his payless furlough plan.

For the moment the problem of the wage scales in industry is of secondary importance. The problem now is to get men back to work. Wage scales in existing circumstances are bound to be variable. A living wage, of course, is essential, but beyond that there can now be no hard and fast standard. Get men back to work—get the available supply of work passed around so that purchasing power will be diffused among the people—and wage adjustments can later be made to take care of inequities. The objective now to be won is the relief of unemployment.

Jobs must be found not only for the sake of industry but for the sake of government. Until the people are put to work the drain on the public funds for relief as well as on private charity will go on. If the Federal Government must appropriate vast sums for relief, the "balancing of the Budget" through the new tax bill will become an idle fiction.

Jobs for all who want and need jobs, through the obvious device of the shorter work day or work week—to this solution of the problem there is one alternative, and one only. That alternative is the dole.

Jobs or the dole—there is no other choice.

PROHIBITION

Mr. KELLY of Illinois. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. KELLY of Illinois. Mr. Speaker, undoubtedly this Congress has been confronted with many perplexing problems more technical to deal with than the general public can possibly realize. As a result, Members of Congress, individually and collectively, have been severely criticized through the press and other propaganda agencies for inactivity, inability to reduce Federal taxes, and for failure to restore employment and prosperity to the country. I challenge this criticism for the reason that those who have been so prone to criticize have utterly failed in their endeavor to place the blame on the responsible shoulders.

How easily all of this condemnation could have been avoided, the Budget balanced, taxes reduced, and employment restored if President Hoover, in his advisory messages to the Congress, had advocated the enactment of legislation for the repeal of the eighteenth amendment or the modification of the Volstead Act to permit the manufacture of light wines and beer. The opposition of the President and his advisors to measures of this kind, in view of the conditions existing throughout the country, is unexplainable. For example, the administration leaders led in the defeat of the Beck-Linthicum resolution, calling a constitutional convention to amend the eighteenth amendment, which would have met with popular approval in nearly every State in the Union. Further an amendment to the tax bill, providing for the modification of the Volstead Act so as to permit the legal manufacture of 2.75 beer, on which it was proposed to levy a tax of 3 cents per pint, which would have produced over $500,000,000 in revenue annually, an amount almost sufficient to balance the national Budget, was defeated largely through pressure of the administration leaders.

The farcical action of Congress in refusing to legalize beer in order to levy a tax that would bring $500,000,000 annual revenue into the Treasury, yet permitting a provision to remain in the tax bill, taxing wort, used in making home brew or illegal beer, at 5 cents per gallon, which the Treasury Department claims will bring in only $46,000,000 in revenue annually, is to say the least a spectacle of national hypocrisy. This provision was supported by prohibition Members of the House, but it appears to be nothing short of legal nullification.

Let us pause for the moment to consider the remedial features to the legalizing of the manufacture and sale of malt beverages. I have already pointed out that by taxation alone the United States Treasury would be enriched annually in the amount of $500,000,000. This, in the natural course of events, would be instrumental in reducing Federal taxes. Second: At the peak of the brewing industry the brewers and malsters employed about 100,000 men, including clerks, drivers, and salesmen. During the year 1918 there were eleven hundred breweries in active operation. To-day only a very limited number are running. If the manufacture and sale of malt beverages was legalized, think of the army of carpenters, painters, mechanics, electricians, plumbers, and laborers who would be required to condition and equip reopened breweries.

Think of the fuel that would have to be mined and shipped, the barley, hops, rice, and corn that would have to be purchased and transported, with the additional farm labor that would be required. Think of the demands for bottles, for cooperage, brewing, bottling, and refrigerating machinery, for labels and stationery, and it is easy to visualize a working force of one-half million men. On the basis of four to a family, this means housing, feeding, and clothing about 2,000,000 individuals. Think of the relief that would be afforded our unemployed and starving people in the crisis of to-day if only those whose misguided judgment has saddled our country with this obnoxious law were to use sound judgment.

The low-salaried Federal employee has been branded with the stigma of unpatriotism because of his opposition to a reduction in salary, but when we consider the conditions existing in the country to-day, undeniably because of this unenforceable law on our statute books, we begin to wonder whether or not our country has really become communistic.

Now, let us turn our thoughts to the evils of prohibition. Unquestionably, prohibition stands indicted on more counts than any criminal ever arraigned. The eighteenth amendment and the law purporting to be enacted in pursuance thereof are undeniably inconsistent with the spirit and purpose of the Constitution of the United States. Violation and disregard of it has been, and is, participated in, by all grades of society and by public servants entrusted with its enforcement. It has been the medium of disturbing time-honored international relations. Through it, the Federal Government has extended its activities into affairs which under the Constitution were guaranteed to local State governments and immunity from Federal interference. It has lowered the Government in the esteem of the people until it is the subject of world-wide ridicule and scorn. Under it our governmental system is being poisoned so insidiously as to seriously impair its efficiency, if not to endanger its continued existence.

The time has come for plain speaking. Unless we take immediate steps to preserve economic integrity we face political disintegration as a country. Until wages and salaries are reinstated, there will be no retail business, no wholesale business, no banking business, no building business, no transportation business, no profitable farming, or no manufacturing business.

Mr. Speaker, if we are sincere in our desire to bring about prosperity without reducing wages, increasing taxes, and further revolutionizing business, repeal the eighteenth amendment along with its enforcement provisions, the Volstead Act.

WITHDRAWAL OF PAPERS

Mr. BEAM. Mr. Speaker, I ask unanimous consent to withdraw from the files of the House without leaving copies the papers relating to the bill H. R. 6270, introduced by my

predecessor, no adverse report having been made to the House by the committee thereon.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

REPORT OF GOVERNOR OF PHILIPPINE ISLANDS (H. DOC. NO. 355)

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Insular Affairs and ordered printed:

To the Congress of the United States:

As required by section 21 of the act of Congress approved August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands," I transmit herewith, for the information of the Congress, the report of the Governor General of the Philippine Islands, including the reports of the heads of the departments of the Philippine government, for the calendar year 1931.

I concur in the recommendation of the Secretary of War that this report be printed as a congressional document.

HERBERT HOOVER.

THE WHITE HOUSE, *June 15, 1932.*

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. BUCHANAN, indefinitely, on account of important business.

Mr. BULWINKLE, for two days, on account of absence from city.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker pro tempore:

H. R. 4738. An act to incorporate the Disabled American Veterans of the World War.

EXTENSION OF REMARKS—FEDERAL HOME LOAN BANK BILL

Mr. BOLTON. Mr. Speaker, I have listened with much interest to the discussion of this measure and the various views expressed by the members of the committee. I am impressed with the careful study and consideration which the subject has received by those having it in charge; and having discussed various features of the proposal from time to time with members of the committee, I realize the tremendous amount of time and energy spent in the preparation of the bill. As in most legislation, there are undoubtedly features of the bill which experience will indicate need revision, but in its general features I believe the proposal meets the situation it aims to correct admirably and should prove of tremendous value to the thousands who will be benefited by it.

The purposes of the bill, as has been commented upon, are twofold. The necessity for the establishment of such a system should be considered from two viewpoints—one, as a relief measure; the other, as a permanent addition to the banking facilities of this country. The desirability of such an organization has been recognized for some time, the necessity for such action has been made clear by the existing financial crisis.

Throughout the Nation, particularly in the urban communities, a tremendous number of home owners have been seriously distressed because of the economic situation. The citizen who has purchased or built his home and financed the operation through a mortgage or loan on his dwelling has found himself in many instances unable to meet his interest or principal payments and faced with the alternative of foreclosure and loss of his property. This has happened in thousands of cases where, because of existing conditions, the banks or holders of the mortgages have been forced to protect themselves and their customers by such action. Building and loan or home-building institutions have found themselves unable to help the situation because of lack of funds. It is to meet this emergency, to assist the home owner and maintain the credit of that great group of our citizens that is one of the immediate benefits of the bill. It is designed primarily to benefit that group of wage earners or men of moderate means through limitation of the value of the property.

It offers an opportunity to those in financial difficulties to refinance their obligations through long-time loans with building and loan associations. It grants the privilege to building and loan associations of discounting proper real-estate loans or borrowing upon them at the proposed home-loan banks, thereby permitting those building and loan associations to meet the withdrawal demands of those whose savings are deposited with them, or to have funds with which to meet the requirements of present or new members.

Ohio is one of the States of the Union which is a leader in building and loan and home-building associations. Its institutions are surrounded by State laws and their activities are supervised by a separate department of government. Millions of dollars of the citizens of the State have been invested in these associations, and these, in turn, are partly responsible for the tremendous number of home properties for which Ohio is proud. Since the population of Ohio, according to the census of 1930, is 60 per cent urban and 40 per cent rural, it is apparent a great part of these homes are in the towns and cities. My own city of Cleveland is noted as a city of homes, and in this respect is similar to its sister cities of the State in their proportion of actual home owners to inhabitants. It is to preserve these homes, to assist the great number of members of these home-building institutions, many of whom are in serious need of their savings deposited with these associations at present that favorable action on this measure is so earnestly desired. And because of the present distressing economic and financial situation and the necessity for immediate assistance this measure may properly be considered a relief measure.

Unlike the Reconstruction Finance Corporation, the Federal home-loan banks are proposed as an addition to the permanent banking facilities of the country. The Reconstruction Finance Corporation was established to offer assistance of a temporary nature to industry, agriculture, railroads, and banks and their customers and depositors, in the belief that in normal times these activities and institutions have ample opportunity, through private capital and existing Government facilities, to meet their requirements. The Federal land banks and the Federal home-loan banks, however, are intended to offer facilities to the owners of farms and homes, not for the purpose of commercialism, but to promote and preserve that type of asset so necessary to the welfare of our country.

The facilities offered provide ample opportunity for the home owner to finance himself on a long-time basis through building and loan or home-building associations, members of the home-loan banks, and make it possible for associations of that type to assist home builders on proper undertakings of this nature. The assistance made possible for the home owner, the removal of fear of loss of property because of short-term mortgages, and the possibility of long-time financing should be of great value to the great home-owning class of citizens of this country. The bill limits the powers of the home-loan banks to loan only on moderate-priced homes, in that collateral for loans on real estate with respect to which the home mortgage is given can not exceed $20,000. No home mortgage may be accepted if the loan secured by it has more than 15 years to run to maturity. It is essentially a measure for the benefit of the man of moderate circumstances.

The desirability of such a permanent addition to our banking facilities is further emphasized by the fact that during the past few years State and National banks have been withdrawing more and more from the field of construction loans, and it seems reasonable to assume that upon the return to normalcy applications for construction loans will not be given the consideration by such financial institutions as in the past. This work must, then, of necessity be taken up by building and loan associations and the pro-

posed facilities as offered by this measure should be of great service in that respect.

Furthermore, banks have in the past refunded loans of building and loan associations when such loans had been partially and properly reduced, thereby providing those associations with funds to make new loans. It is questionable whether banks will be disposed to cooperate in this respect in the future as formerly because of the many criticisms of this practice and, consequently, such home-loan banks will fill an essential need in offering facilities where these mortgages may be used.

I do feel, however, the full value of the measure has been weakened by the elimination of State banks and trust companies from the list of those eligible to become members of these home-loan banks. I realize the weight of the argument that institutions engaged in commercial banking should not have their funds invested in long-time real-estate loans.

On the other hand, banks and trust companies have mortgage loans running into millions of dollars and are serving thousands of citizens, many of whom, in small communities, do not have the facilities of a building and loan association near at hand. While it is true that banks and trust companies, in many instances, do not make loans for more than a year, and at the end of that period either renew or carry the paper as past due, I can not see the force of the argument that these institutions should not qualify as members if the mortgage loans which they hold qualify for discount under the provisions of the act. I believe the service offered to the home owner should be of prime consideration, and I am not convinced this can be best accomplished through building and loan associations alone; in fact, I question whether such associations could handle all home-loan transactions if the banks interpreted the intention of the act to that effect.

The measure, however, as presented offers tremendous opportunities for constructive good, now and in the future. The restoration of confidence in the minds of the home owners, the release of frozen assets, and the release to the many depositors of their much-needed savings will be felt in every district in the country. I know the conditions existing throughout my district, and I have no hesitancy in heartily indorsing the proposed act, feeling confident the enactment of the bill will meet with hearty approval and bring much-needed relief to great numbers in the twenty-second district and believing it to be one of the most commendable and far-reaching measures proposed by this Congress.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 19 minutes p. m.) the House adjourned until to-morrow, Thursday, June 16, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Thursday, June 16, 1932, as reported to the floor leader by clerks of the several committees:

RULES

(10.30 a. m.)

Hearings—Amending Federal farm act and debenture.

SHANNON INVESTIGATING COMMITTEE

(10 a. m.)

Continue hearings.

FOREIGN AFFAIRS

(10.30 a. m.)

Hearings—Claims.

IMMIGRATION AND NATURALIZATION

(10 a. m.)

Hearings—Alien seamen's bill.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CHAVEZ: Committee on the Public Lands. S. 3276. An act to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926; without amendment (Rept. No. 1626). Referred to the Committee of the Whole House on the state of the Union.

Mr. LINTHICUM: Committee on Foreign Affairs. House Joint Resolution 378. A joint resolution authorizing an appropriation as the contribution of the United States to the expenses of the Permanent Court of International Justice for the calendar year 1932; with amendment (Rept. No. 1628). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLACK: Committee on the District of Columbia. H. R. 9592. A bill to provide for the regulation of the business of making loans of $300 or less in the District of Columbia, and for other purposes; without amendment (Rept. No. 1629). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 4574. An act to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes; with amendment (Rept. No. 1630). Referred to the Committee of the Whole House on the state of the Union.

Mr. CAREY: Committee on the Post Office and Post Roads. H. R. 10644. A bill to require postmasters to account for money collected on parcels delivered at their respective offices; with amendment (Rept. No. 1635). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. YON: Committee on the Public Lands. S. 3592. An act confirming the claim of Francis R. Sanchez, and for other purposes; without amendment (Rept. No. 1627). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H. R. 6906. A bill for the relief of Frazier Matthews Porcher; with amendment (Rept. No. 1631). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 7454. A bill for the relief of Marguerite Ciscoe; with amendment (Rept. No. 1632). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H. R. 10899. A bill for the relief of James Higdon; with amendment and illustrations (Rept. No. 1633). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. O'CONNOR: A bill (H. R. 12643) to equalize taxation, prevent evasion, and provide revenue, and for other purposes; to the Committee on Ways and Means.

By Mr. FULMER: A bill (H. R. 12644) to amend the agricultural marketing act so as to enable the producers of agricultural commodities produced in excess of domestic requirements to benefit from tariff protection on that part of their production consumed within the United States, and for other purposes; to the Committee on Agriculture.

By Mr. JONES: A bill (H. R. 12645) to provide for the issuance of agricultural export debentures, to secure to the farmers a fair price for agricultural commodities, and for other purposes; to the Committee on Agriculture.

By Mr. CHINDBLOM: A bill (H. R. 12646) to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933; to the Committee on Patents.

By Mr. SMITH of Virginia: A bill (H. R. 12647) to provide for the construction of suitable approach to the Arlington Memorial Bridge connecting Lee Boulevard (route No. 711 of Virginia) with the Memorial Bridge; to the Committee on Public Buildings and Grounds.

By Mr. SPARKS: A bill (H. R. 12648) to repeal the agricultural marketing act of June 15, 1929; to the Committee on Agriculture.

By Mr. RAINEY: A bill (H. R. 12649) to provide temporary aid to agriculture for the relief of the existing national economic emergency; to the Committee on Agriculture.

By Mr. McCORMACK: A bill (H. R. 12650) to provide more effectively for the national defense by increasing the efficiency of the Air Corps of the Army of the United States; to the Committee on Military Affairs.

By Mr. COLTON: A bill (H. R. 12651) for the relief of the Uintah, White River, and Uncompahgre Bands of Ute Indians of Utah, and for other purposes; to the Committee on Indian Affairs.

By Mr. COLLINS: A bill (H. R. 12652) prohibiting the appointment as midshipmen to the United States Naval Academy of relatives by Members of Congress; to the Committee on Naval Affairs.

Also, a bill (H. R. 12653) prohibiting the appointment as cadets to the United States Military Academy of relatives by Members of Congress; to the Committee on Military Affairs.

By Mr. HORR: A bill (H. R. 12654) to provide for loans for the relief of distress arising from unemployment, and for other purposes; to the Committee on Banking and Currency.

By Mr. KELLER: A bill (H. R. 12655) to provide old-age security; to the Committee on Labor.

By Mr. CROSSER: A bill (H. R. 12656) to limit the working hours of all persons working on dredges or tugs on the Great Lakes to eight hours a day, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. FULMER: Joint resolution (H. J. Res. 434) to authorize and direct the Secretary of Agriculture to provide additional facilities for the classification of cotton under the United States cotton standards act, and for the dissemination of market news information; to the Committee on Agriculture.

By Mr. NORTON: Resolution (H. Res. 267) for the consideration of H. R. 12617, a bill to amend the Federal Farm Board act, approved June 15, 1929; to the Committee on Rules.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial by Arthur J. Smith and Harry E. Bollyn, on behalf of the bonus army, on the death of the Hon. Edward E. Eslick; to the Committee on Memorials.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHMANN: A bill (H. R. 12657) granting an increase of pension to Elizabeth Lockhart; to the Committee on Invalid Pensions.

By Mr. BEAM: A bill (H. R. 12658) for the relief of Leo Balcerowski; to the Committee on Naval Affairs.

By Mr. BOLAND: A bill (H. R. 12659) for the relief of Charles H. Loyd; to the Committee on Military Affairs.

By Mr. BRAND of Ohio: A bill (H. R. 12660) granting an increase of pension to Jennie A. White; to the Committee on Invalid Pensions.

By Mr. BYRNS: A bill (H. R. 12661) to authorize the presentation of a distinguished-service cross to Cicero Blythe Bond; to the Committee on Military Affairs.

By Mr. COLTON: A bill (H. R. 12662) for the relief of Ashel E. Caldwell; to the Committee on the Public Lands.

Also, a bill (H. R. 12663) to authorize an exchange of lands between the United States and Joseph Hodges; to the Committee on the Public Lands.

By Mr. CONNERY: A bill (H. R. 12664) for the relief of Suzanne Ridley; to the Committee on Claims.

Also, a bill (H. R. 12665) for the relief of Adelard A. Lamoreaux; to the Committee on Naval Affairs.

By Mr. HAWLEY: A bill (H. R. 12666) for the relief of John Hampshire; to the Committee on Claims.

By Mr. HOGG of Indiana: A bill (H. R. 12667) granting an increase of pension to Huldah A. Jourdan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12668) granting an increase of pension to Carolina Humbrecht; to the Committee on Invalid Pensions.

By Mr. LAMNECK: A bill (H. R. 12669) granting an increase of pension to Ella V. Clark; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: A bill (H. R. 12670) granting a pension to Emma Buckley; to the Committee on Invalid Pensions.

By Mr. PERKINS: A bill (H. R. 12671) granting an increase of pension to Annie M. Galligan; to the Committee on Invalid Pensions.

By Mr. SCHUETZ: A bill (H. R. 12672) for the relief of Daniel S. Snyder; to the Committee on Military Affairs.

Also, a bill (H. R. 12673) for the relief of Harold L. Goslin; to the Committee on World War Veterans' Legislation.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8321. By Mr. BACHMANN: Petition of Hand Stogie Makers, Machine Workers and Strippers Industrial Union of Wheeling, W. Va.; to the Committee on Interstate and Foreign Commerce.

8322. By Mr. BLOOM: Petition of the board of aldermen, urging the passage of a Federal bond issue to finance construction of public works, and such other undertakings that will provide employment on these public enterprises and lead to the rectification of the serious economic crisis now confronting the American people; to the Committee on Ways and Means.

8323. By Mr. CRAIL: Petition of board of directors of the Southern California Hardwood Dealers' Association, outlining their reasons why none of the several bills which have been introduced in Congress with the object of equalizing the depreciation of foreign currencies should become law; to the Committee on Ways and Means.

8324. By Mr. CHAVEZ: Petition with reference to the home-owners direct mortgage loan relief act; to the Committee on Banking and Currency.

8325. By Mr. CRAIL: Petition of Lennox Post, No. 390, American Legion, Lennox, Calif., opposing all efforts on the part of the debtor nations to promote any further moratorium or reduction of war debts to this Nation; to the Committee on Ways and Means.

8326. Also, petition of Plumbers Local Union No. 78, of Los Angeles, Calif., urging the adoption of the $5,000,000,000 public-improvements program; to the Committee on Ways and Means.

8327. Also, petition of Union Labor Post No. 352, Department of California, American Legion, urging Congress to immediately recognize the necessity of authorizing a $5,000,000,000 bond issue that will be used to provide and promote public-improvement projects; to the Committee on Ways and Means.

8328. Also, petition of Los Angeles Central Labor Council, indorsing Senate bill 3768, providing for checking accounts in postal-savings accounts; to the Committee on Banking and Currency.

8329. Also, petition of Department of California, United Spanish War Veterans, condemning the provisions of the omnibus economy bill making all pensions and compensa-

tions granted to veterans only on the basis of need; to the Committee on Economy.

8330. By Mr. PARKER of Georgia: Petition of C. L. Ledsinger and 72 other citizens of Savannah, Ga., urging the repeal of the eighteenth amendment of the Constitution of the United States of America; to the Committee on the Judiciary.

8331. By Mr. RUDD: Petition of the Merchants Association of New York, favoring reduction in governmental expenditures; to the Committee on Appropriations.

8332. By Mr. SPARKS: Petition signed by C. D. Crum, of Tasco; Donald Walden and F. A. Brewster, of Hoxie; and 29 others of Sheridan County, all of the State of Kansas, favoring the repeal of the agricultural marketing act; to the Committee on Agriculture.

8333. By Mr. TEMPLE: Petition of Flora Loughman, 735 West Chestnut Street, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8334. Also, petition of John Reck, of Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8335. Also, petition of Laurence Defalco, 1204 Jefferson Avenue, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8336. Also, petition of Bertha Finucan, 146 West Chestnut Street, Washington, Pa.; requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8337. Also, petition of Marjorie Best, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8338. By the SPEAKER: Petition of the Board of Alderman of New York City, asking the passage of a Federal bond issue to finance public works; to the Committee on Ways and Means.

SENATE

THURSDAY, JUNE 16, 1932

(Legislative day of Wednesday, June 15, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	King	Shipstead
Austin	Dill	La Follette	Shortridge
Bankhead	Fletcher	Logan	Smoot
Barbour	Frazier	McGill	Steiwer
Blaine	George	McNary	Thomas, Okla.
Borah	Glass	Metcalf	Townsend
Byrnes	Goldsborough	Moses	Trammell
Capper	Gore	Neely	Tydings
Caraway	Hale	Norbeck	Vandenberg
Carey	Harrison	Norris	Wagner
Cohen	Hawes	Nye	Walcott
Connally	Hayden	Oddie	Walsh, Mass.
Coolidge	Hebert	Patterson	Walsh, Mont.
Copeland	Johnson	Pittman	Watson
Costigan	Jones	Reed	Wheeler
Couzens	Kean	Robinson, Ark.	White
Cutting	Kendrick	Robinson, Ind.	
Dale	Keyes	Sheppard	

Mr. SHEPPARD. I wish to announce that the Senators from Tennessee [Mr. McKELLAR and Mr. HULL] and the Senator from South Dakota [Mr. BULOW] are necessarily detained from the Senate attending the funeral of the late Representative Eslick.

I also wish to announce that the Senator from Virginia [Mr. SWANSON], the Senator from Alabama [Mr. BLACK], the Senator from Kentucky [Mr. BARKLEY], the Senator from Louisiana [Mr. LONG], and the Senators from North Carolina [Mr. MORRISON and Mr. BAILEY] are necessarily out of the city.

The VICE PRESIDENT. Seventy Senators have answered to their names. A quorum is present.

NAVAL APPROPRIATIONS

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, the naval appropriation bill.

The Senate proceeded to consider the bill (H. R. 11452) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. HALE. Mr. President, I ask that the formal reading of the bill be dispensed with, that the bill be read for amendments, and that committee amendments be considered first.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

ENROLLED BILL SIGNED

The VICE PRESIDENT announced his signature to the enrolled bill (H. R. 4738) to incorporate the Disabled American Veterans of the World War, which had previously been signed by the Speaker pro tempore of the House.

SUPPLEMENTAL ESTIMATE—REFUND TO PASQUALE MIRABELLI (S. DOC. NO. 110)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation, fiscal year 1932, for the Department of Labor, for a refund of $1,000 furnished as a bail bond to insure the departure of Vincenzo Mirabelli, an alien, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

Mr. JONES presented a resolution adopted by the University Woman's Christian Temperance Union, of Seattle, Wash., opposing the resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

He also presented petitions of sundry citizens of Bremerton and vicinity, in the State of Washington, praying for the passage of legislation providing a $5,000,000,000 bond issue to finance public improvements, so as to aid employment, which were ordered to lie on the table.

Mr. WALSH of Massachusetts presented papers in the nature of petitions from 840 citizens of the State of Massachusetts, praying for the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented papers in the nature of memorials from 60 citizens of the State of Massachusetts, remonstrating against the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

GRASSHOPPER PLAGUE IN THE NORTHWEST

Mr. SCHALL. Mr. President, I ask consent that a wire from the governor of my State relative to the grasshopper situation may be inserted in the RECORD and lie on the table.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

ST. PAUL, MINN., *June 13, 1932.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D. C.:

Please push grasshopper appropriation bill, passed by Senate. Secretary of Agriculture Hyde is in error, at least in so far as Minnesota is concerned, when he states that it is too late for the Federal Government to assist the farmers who will suffer terrible injury through the grasshopper plague. Ruggles, State entomologist, who is thoroughly familiar with the situation in Minnesota and in that part of North Dakota contiguous to Minnesota, advises that there is still time for Federal assistance.

FLOYD B. OLSON,
Governor of Minnesota.

Mr. SCHALL. Mr. President, I also ask consent to insert in the RECORD a clipping from the Minneapolis (Minn.) Tribune of June 14 in reference to the Grasshopper Menace.

I also ask consent to print in the RECORD wires from the Litchfield Community Club, the St. Anthony Commercial

Club, of Minneapolis, the Winona Association of Commerce, of Winona, and a letter from D. Handelan, of Minneapolis, in the State of Minnesota, all of which refer to grasshoppers.

I ask that the matters referred to may lie on the table.

There being no objection, the matters referred to were ordered to lie on the table and to be printed in the RECORD, as follows:

THE GRASSHOPPER MENACE

The Northwest to-day faces a possibility of disaster the like of which has no parallel in our history.

We have every prospect of the best grain and feed crop since 1924, and we have every prospect that our crops will be devoured by grasshoppers.

We have gone through the lean years of drought, partial failures, and grasshoppers. We have struggled through with the Red Cross feeding some 40,000 of our farmers last winter. The Government has been obliged to feed livestock and to loan money for seed. Over half the farmers in North Dakota borrowed money from the Government to buy seed for this spring's planting. All this we have lived through only to be confronted by a menace more far-reaching in its possibilities of devastation—the worst plague of grasshoppers ever known.

The Northwest simply can not survive another year like last. The Red Cross will not continue to feed our farmers indefinitely. The Government will not keep on loaning us money for seed forever. Another year such as last will bring bankruptcy to our merchants, more farm foreclosures, and failure to banks throughout the Northwest. Nicollet Avenue will feel the sharp pinch of poverty. Every man, woman, and child in the Northwest will find life harder, if 1931 is repeated—and it may not only be repeated but we may have woe piled on woe unless the grasshopper plague is checked in time.

We could check these billions of grasshoppers with poison bait, but there are no State funds available in amounts sufficient for our needs.

Minnesota has appropriated $100,000 and needs $150,000 more.

North Dakota needs $400,000.

South Dakota needs $500,000.

The Northwest hopefully waited for a poison-bait appropriation in the agricultural appropriation bill. Secretary Hyde told the House Committee on Appropriations Saturday that the time had passed and that the money could not be used. Unless Congress can be induced to make a special appropriation for this purpose, the Northwest will have to raise the money immediately.

The situation demands instant action. Officials must break through red tape and private organizations and individuals must come to the aid of the imperiled counties of the Northwest or the Northwest will have another year of depression worse than any we have had so far.

On another page are photographs showing what the grasshoppers have already done, and they have barely started. Other pictures show what they did last year. No one can look at these pictures without coming to the realization that we are face to face with a calamity of the first order.

Our salvation lies in poison bait. Poison bait we must have or we are ruined. We need $1,250,000 to save a billion dollars' worth of crops—$1 to save $1,000.

Even the farmers of the Northwest do not fully realize the seriousness of their peril. Those who have not had the experience can not realize the thoroughness of the destruction wrought by grasshoppers when they become a plague. The grasshoppers haven't grown their wings as yet. Once they start to fly they can spread over an entire State in a few days, leaving bare fields behind them, with hardly a blade or a stalk to show where there was once a bountiful stand of wheat, rye, barley, corn, hay, or pasture.

It is up to the business men of the Northwest to take instant hold of the situation if they want any business this fall. Turn to page 9 of this issue. Then bombard Congress with telegrams and in the meantime organize to raise the necessary funds if Congress doesn't act at once.

Otherwise the Northwest is headed for a year of disaster from which it will take us decades to recover. We haven't a day to lose. Already the work of destruction has begun. It will spread with cyclonic rapidity in a few days and then we will wring our hands to no avail.

Our crops and livestock will be gone and our farmers put on the dole; our stores, offices, and shops will be closed.

The Northwest will be a land of desolation and despair.

The Tribune takes no joy in the rôle of a prophet of evil; but the disaster that menaces the Northwest is so overwhelming that this responsibility can not be avoided.

LITCHFIELD, MINN., *June 14, 1932.*

Hon. THOMAS D. SCHALL:

The farmers and business men of Meeker County request the Congress of the United States to take immediate action in appropriating funds for poison bait to fight the grasshopper menace, which threatens to attack us. We demand action at once.

LITCHFIELD COMMUNITY CLUB.

MINNEAPOLIS, MINN., *June 15, 1932.*

Senator THOMAS D. SCHALL,
Senate Office Building, Washington:

We are emphatically convinced beyond any question of doubt that immediate action for poison bait to combat grasshopper plague is necessary. There is time to overcome the great danger confronting us at this moment. Reports of this hopper menace are so convincing that delay might further endanger the finances of the whole country. Business will suffer if something is not accomplished at once. Feel that this is a national problem.

ST. ANTHONY COMMERCIAL CLUB, *Minneapolis.*

WINONA, MINN., *June 15, 1932.*

THOMAS D. SCHALL,
Senate Chamber, Washington:

We earnestly urge your support legislation for grasshopper fight.

WINONA ASSOCIATION OF COMMERCE.

MINNEAPOLIS, MINN., *June 14, 1932.*

Senator THOMAS SCHALL,
Washington, D. C.

DEAR SIR: The ravaging grasshoppers are causing everyone in the Northwest grave concern, and we are writing to you direct asking that you do everything possible toward securing an immediate appropriation from Congress for destroying this rapidly multiplying pest. At the present time every other issue, including the prohibition plank, is secondary.

Already the fields in some sections of North Dakota, South Dakota, and Minnesota have been stripped of all vegetation, and this is only a small portion of the millions of dollars' which will be lost unless the grasshoppers can be poisoned at once.

In spite of Mr. Hyde's announcement, authorities in the Northwest are of the opinion that there is yet time to save the crops, but action must be taken immediately. By appropriating one dollar now thousands can be saved within the next few weeks.

The Government will be forced to feed thousands of people not only on the farms but in the cities as well if the advance of the grasshopper is not checked immediately.

This is an urgent request sent to you hoping that you will do everything in your power to have this bill passed within the next few days.

Yours very truly,

HANDELAN WASHED AIR CO.,
By D. HANDELAN.

REPORTS OF COMMITTEES

Mr. KEAN, from the Committee on the District of Columbia, to which was referred the bill (S. 2824) to amend the act of the Legislative Assembly of the District of Columbia creating the office of steam-boiler inspector for the District of Columbia, reported it with amendments and submitted a report (No. 833) thereon.

Mr. NYE, from the Committee on Commerce, to which was referred the bill (S. 175) to provide for the early completion of river and harbor projects now or hereafter authorized and adopted by Congress, including the connecting channels of the Great Lakes, and to authorize the issuance of bonds therefor, reported it with amendments and submitted a report (No. 835) thereon.

Mr. CAREY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2859) validating application for entry upon public lands, reported it with amendments and submitted a report (No. 836) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. BORAH, from the Committee on Foreign Relations, reported favorably the nomination of John Farr Simmons, of New York, now a Foreign Service officer of class 3 and a consul, to be a consul general of the United States of America.

He also, from the same committee, reported favorably the following:

Executive C (72d Cong., 1st sess.), a treaty between the United States and Italy, signed on September 23, 1931, abrogating article 2 of the treaty between the two countries to advance the cause of general peace, signed on May 5, 1914, and substituting therefor new provisions in respect of the appointment of members of the international commission provided for in that article;

Executive H (72d Cong., 1st sess.), a protocol relating to military obligations in certain cases of double nationality, signed at The Hague on April 12, 1930; and

Executive I (72d Cong., 1st sess.), a convention between the United States of America and the Republic of Panama,

signed at Panama on March 14, 1932, regulating the transit of alcoholic liquors through the Canal Zone.

Mr. McNARY, from the Committee on Agriculture and Forestry, reported favorably the nomination of C. B. Denman, of Missouri, to be a member of the Federal Farm Board for a term of six years from June 15, 1932. (Reappointment.)

Mr. SCHALL, from the Committee on Post Offices and Post Roads, reported favorably the nomination of Emil C. Kiesling to be postmaster at Murdock, Minn., in place of E. M. Ashbaugh, deceased.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COHEN:

A bill (S. 4893) granting a pension to Stewart B. Fox; to the Committee on Pensions.

By Mr. DILL:

A bill (S. 4894) granting a pension to Lewis Parker; and

A bill (S. 4895) granting a pension to Ida Wadsworth; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 4896) to provide a code of insurance law for the District of Columbia except as is now provided by acts approved March 3, 1901 (31 Stat. 1310, ch. 854), Subchapter XII of Chapter XVIII of the Code of Laws for the District of Columbia; June 30, 1902 (32 Stat. 534, ch. 1329, sec. 761); May 29, 1928 (45 Stat. 953, ch. 862); December 12, 1928 (45 Stat. 1021, ch. 24); April 12, 1930 (an act to authorize fraternal and benevolent corporations heretofore created by special act of Congress to divide and separate the insurance activities from the fraternal activities by an act of its supreme legislative body, subject to the approval of the superintendent of insurance of the District of Columbia); and March 4, 1922 (42 Stat. L. 401 et seq.); and

A bill (S. 4897) to license and register master electricians, master fixture hangers, journeymen electricians, and journeymen fixture hangers engaged in the business of installing, repairing, or maintaining electric wiring, fixtures, apparatus, and appliances for light, heat, or power in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. HATFIELD:

A bill (S. 4898) amending an act entitled "An act authorizing the State of West Virginia, by and through the State Bridge Commission of West Virginia, or the successors of said commission, to acquire, purchase, construct, improve, maintain, and operate bridges across the streams and rivers within said State and/or across boundary-line streams or rivers of said State," approved March 3, 1931; to the Committee on Commerce.

By Mr. REED:

A joint resolution (S. J. Res. 178) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Julio Rodriguez Arrea, a citizen of Costa Rica; to the Committee on Military Affairs.

PUBLIC-WORKS PROGRAM—AMENDMENTS

Mr. JONES, Mr. PITTMAN, and Mr. ASHURST each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which were severally ordered to lie on the table and to be printed.

TARIFF COMMISSION REPORT—PINS

Mr. BARBOUR submitted the following resolution (S. Res. 238), which was referred to the Committee on Finance:

Resolved, That the United States Tariff Commission is hereby authorized and directed to investigate, for the purpose of section 336 of the tariff act of 1930, the differences in cost of production between the domestic article or articles and competitive foreign article or articles; and to report at the earliest practical date on the following items:

All pins, classified under paragraph 350 of the tariff act of 1930.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on June 15, 1932, the President approved and signed the act (S. 4689) to authorize the closing of certain streets in the District of Columbia rendered useless or unnecessary, and for other purposes.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate several messages from the President of the United States, submitting nominations, which were referred to the appropriate committees.

REPORT OF RADIO COMMISSION ON SENATE RESOLUTION 129

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an analysis of the report of the Radio Commission to the Senate in response to the resolution of the Senator from Michigan [Mr. COUZENS], together with certain excerpts from the report.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From Broadcasting for June 15, 1932]

LIMIT ON ADVERTISING CALLED DANGEROUS—COMMISSION URGES SELF-REGULATION IN COUZENS-DILL REPORT—ONLY 6½ PER CENT OF TIME ON AIR DEVOTED TO SALES TALK

By Sol Taishoff

A report that unequivocally favors commercial broadcasting, without further governmental interference, was submitted to the Senate June 9 by the Radio Commission, in compliance with the Couzens-Dill resolution (S. Res. 129) adopted last January. The 325-page volume, exclusive of exhibits, is based on a 6-month investigation of all phases of the broadcasting industry, with particular stress on advertising. It is submitted to serve as the basis for whatever legislation Congress may deem necessary to ameliorate the alleged "advertising evil."

While the report is devoid of recommendations as such, it is honeycombed with statements, analyses, and deductions, based on replies to questionnaires sent to stations, advertising agencies, radio advertisers, foreign radio groups, and others, which show the utter impracticability of attempting to limit, restrict, or curtail advertising by legislation or even through governmental regulation. A Government owned or controlled system, suggested in the Senate resolution, appears to be economically impossible if service standards are to be maintained.

"Any plan, the purpose of which is to eliminate the use of radio facilities for commercial advertising purposes, will if adopted destroy the present system of broadcasting," the commission said in replying to the most important of the 15 questions propounded in the resolution. The question asked what plans might be adopted to reduce, to limit, to control, and, perhaps, to eliminate the use of radio facilities for commercial advertising purposes.

TWO DISSENTERS

In the letter of transmittal the commission explained that Chairman Saltzman and Commissioner Lafount dissented from the majority view that additional legislation is necessary to enable the commission to limit and control the amount of time used for commercial-advertising purposes. They held that the radio act of 1927, under section 4, gives such power to the commission.

In every instance the commission supported its conclusions by evidence procured from the industry and its affiliated pursuits. Letters from executives of 52 leading advertising agencies handling radio accounts were included in the report. These unanimously objected to congressional tampering with broadcast advertising

and predicted that broadcasting would deteriorate in every department, through loss of 75 to 90 per cent of the commercial accounts on the air, if advertising credits were limited to mere mention of the sponsor's name or otherwise restricted.

Allegations of excessive sales talks seem to be effectively exploded by the report. An analysis, covering a "typical broadcast week," showed that only 6.55 per cent of the total hours used by 582 reporting stations of the 607 then on the air were devoted to sales talks or descriptions of the commodity advertised. It showed also that slightly more than one-third of the total number of hours used by the same stations was devoted to commercial programs, with the remainder of a sustaining or noncommercial character. Sales talks consumed 18.11 per cent of the hours devoted to commercial programs.

Sales talks and related matters consumed 11.27 per cent of the commercial programs of network stations, as compared to 20.03 per cent of the commercial programs of local stations, the report showed.

"A flat restriction placed upon the amount of time used for sales talks, without regard to the location, power, and activities of stations, would in all probability work inequitable results," the commission declared. "Moreover, and in any case or class, limitations upon the use of time for commercial advertising, if too severe, would result in a loss of advertising revenue to stations, which, in all probability, would be reflected in a reduction in the quantity and quality of programs available to the public * * *.

"It would not appear to be practicable and satisfactory at the present time and in the ordinary case to permit only the announcement of sponsorship of programs by persons or corporations."

The commission suggested the situation should have its cure within itself, following in that regard the recommendations consistently made by the industry and by advertising agencies. It said that competition between advertisers insures the use of the best talent available and variety in commercial programs. Unless broadcasters correct their own mistakes, the report said, they will lose their means of support anyway.

Throughout the report the commission emphasized that if Congress considered remedial legislation on advertising necessary, it should vest those powers in the commission rather than undertake to place directly in the law any such restrictions. "We conceive," the report said, "it to be advisable to enact such legislation as will permit the commission to impose such regulations as the circumstances from time to time seem to warrant, rather than legislation imposing specific restrictions and unflexible limitations."

VIEWPOINT OF AGENCIES

From advertising agencies handling radio accounts came general criticism of any attempt to regulate or limit advertising and expressions of confidence in the ability of radio to solve its own problems. As an advertising force, radio was commended. Objectionable sales talks in programs were said to be very largely the fault of the advertiser, rather than that of the station or agency. Any limitation, some said, would be wholly contrary to the spirit of American competition and would immediately paralyze the industry. Finally, it was asserted that the amount of sales talk is a matter of good taste and good business judgment, and neither could be brought about by law. A survey of the views of the agencies is presented on other pages in this issue.

As an encyclopedia on broadcasting the report is invaluable. For the first time detailed figures covering profits, losses, investments, and other fiscal data of stations and networks are given. Types of programs in every class of station are broken down for varying representative periods. Card rates of stations, methods of computing rates and other charges, and the manner in which the business of broadcasting functions are detailed from the standpoints of advertiser, agency, station, and the public. Foreign broadcasting is covered fully and authentically.

INVESTMENT FIGURES

Actual investments in 571 stations and the major networks, as of December 31, 1931, in broadcasting stations, totaled approximately $48,000,000. During the same year gross receipts of these stations amounted to $77,758,048.79 and gross expenditures to $77,995,405.68, which included $20,159,656.07 for talent and programs, $16,884,436.91 for regular employees, $4,725,168.23 for equipment, and $36,226,144.47 for miscellaneous items.

Last year 333 stations reported profits aggregating $5,451,717.05, varying from $13.94 to $376,279 for particular stations. Losses were reported by 180 stations, aggregating $2,200,743.76 and varying from $22.50 to $178,535.72 in the case of a company operating two stations.

EDUCATIONAL BROADCASTING

The last eight questions in the resolution, and the final half of the report, related to educational broadcasting, to purported monopoly of stations by particular groups, and to alleged discrimination against educational stations by the commission. In these replies, the commission analyzed the allocations to and services of the networks.

The final question asked was whether the commission believed that educational programs can be safely left to periods donated by commercial stations—a question prompted by the demand of certain educational factions for 15 per cent of all waves to be devoted to education. The commission replied:

"The present attitude of broadcasters, as indicated herein, justifies the belief that educational programs can be safely left to the voluntary gift of the use of commercial stations." It supported this by statistics from 533 stations, which showed they had offered their facilities liberally to local schools and colleges.

The inquiry on which the report was based was directed by James W. Baldwin, commission secretary, head of a special staff which devoted full time to the task. For the last two months the commission has been studying the report, paragraph by paragraph, before submitting it to the Senate.

THE REPORT

In a preliminary statement the commission explained that the report is based upon information gathered from all known authentic sources. The bulk of it was based on replies to a questionnaire addressed to all stations covering the typical broadcast week from November 8 to 14, inclusive, 1931. This period was selected with the view of collecting data for a period of time which was previous to the latest public discussions on the questions contained in the resolution.

Additional information was procured from a separate questionnaire to companies engaged in chain broadcasting, which required submission of information covering the calendar year 1931; from an interrogatory letter addressed to the Secretary of State concerning the broadcasting systems in certain foreign countries; from a like letter addressed to others, including the Secretary of Commerce and the International Broadcasting Union at Geneva; from questionnaires to advertising agencies, radio advertisers, and educational organizations identified with radio; and from the commission records.

Questionnaires were mailed to 607 stations and replies were received from 583 that could be used.

GOVERNMENT OWNERSHIP

In response to the first question of the resolution, asking what information there is available on the feasibility of Government ownership and operation, the commission broke down its answer into three separate statements. The first, dealing with information concerning the feasibility of a governmentally owned and operated system in the United States, emphasized the utter futility of attempting to apply the so-called European plan to this country. The second statement dealt with systems in foreign countries, and the third with information concerning the system now in use in this country.

Following is the commissions statement concerning a Government system in this country:

"There has been no governmentally owned broadcasting system in North America, and consequently any information concerning such operation must come from the experiences of certain European nations * * *.

"Conditions in Europe and in the United States are entirely different. In Europe there are a large number of sovereign nations in a relatively small area, with different languages, different customs, and different political interests. The United States is a single Nation in which the population is distributed over a large area. To apply results obtained in any European country to the United States would probably lead one to entirely wrong conclusions.

"There are many possible broadcasting systems which could be operated in the United States under Government control, but the determination of a proper technical system depends on the aim to be accomplished. The United States is made up of 48 political subdivisions having varying areas, populations, and interests. The policy adopted might take into account the particular interests of the people of the various States with the selection of programs in the control of each State, or all stations could be nationally owned and operated with the selection of all programs in the control of a national organization.

"Each policy requires a different system of technical operation, and it is not possible to formulate a definite plan of technical operation without a determination of policy. For example, it might be decided that each person in the United States, no matter where located, is entitled to receive the same number of programs, each with a satisfactory signal free of interference. Such a service might be accomplished by means of a large number of low-power stations operated in several synchronized chains.

"It is estimated that such a system would require approximately 1,000 stations for each program. To supply three programs would require an initial cost for installation of approximately $120,000,000 with an annual technical maintenance of approximately $100,000,000. (These cost figures do not include cost of talent.)

"Another possible policy might be to give two or more national programs which could be heard at night throughout the United States and provide one or more stations to be operated independently by each State to give programs of interest to the States. The national coverage could be provided by several high-power stations geographically arranged so as to give a satisfactory rural service. The State stations would vary in power depending on the area of the State to be served. To give such a service would require an initial investment of approximately $50,000,000 with an annual technical maintenance of approximately the same amount. (These cost figures do not include cost of talent.)

"These two plans are simply examples which have been developed to show the possibilities and to give some idea of cost. There are many other plans that could be conceived, each of which would serve a certain purpose and fulfill a particular policy. Without the policy, however, complete studies can not be made and cost figures can not be estimated accurately.

"The present system of competitive operation of broadcast stations by private enterprise has grown up under the policy laid down by Congress in the radio act of 1927. Under this system all the people of the United States get some form of radiobroadcast

service. If this policy is to be changed, then a thorough investigation of all the various possible methods of serving the people of the United States should be made and a policy determined which would be satisfactory.

"The Federal Radio Commission is ready to prepare detailed plans for a technical arrangement to meet the needs of any policy which may be determined if it should be decided that Government ownership and operation of broadcasting is desirable for the United States."

The second phase of the government-ownership statement, covering foreign systems, was in the nature of a chronological history of their activities. Because practically the same information has been given in previous issues of Broadcasting, there is no need for its repetition here. The nations covered are Argentina, Australia, Brazil, Canada, Chile, France, Germany, Great Britain, Italy, Mexico, Russia, and Spain. The report discloses that, despite the fact that most of these nations have government control in some way or other, commercial programs are coming to be more and more in evidence.

UNITED STATES BROADCASTING TO-DAY

In the third section of the government-ownership statement, the commission reviews broadcasting in the United States. "Radio broadcasting in the United States," it says, "has grown to be a very large industry. This industry engages 607 stations located geographically so as to insure consistent radio reception at night over about 46 per cent (56.2 per cent daytime) of the total area of the continental United States and to about 89.6 per cent (94 per cent daytime) of its total population. The entire area and total population of the United States receive intermittent service at night."

The commission explained that the industry exists by virtue of licenses granted by the Government for certain periods (usually six months) to operate radio stations in the public interest, and that it subsists solely upon the revenue derived from the sale of "broadcast time" for commercial advertising. All but about 40 of the stations are privately owned and privately operated, it explained. The exceptions are stations that are either directly or indirectly owned by States and municipalities.

Stations were broken down into their power and channel classifications as follows: 237 locals, employing six frequencies; 272 low-power regionals, employing 40 frequencies; 8 high-power regionals, employing 4 frequencies; and 90 clear-channel stations, employing 40 frequencies. Of the 607 stations, 389 were authorized to operate simultaneously at nighttime as of December 31, 1931.

After describing the difference between commercial and sustaining features, the commission explained that what is contained in sustaining programs depends almost entirely upon the extent to which radio facilities are used for commercial advertising. The revenue thus derived must pay all the costs, including generally all sustaining programs, it brought out.

"Of the total hours used by 582 stations during the period of the survey, 63.86 per cent was used for sustaining programs and 36.14 per cent was used for commercial programs," the report declared.

"Both commercial and sustaining programs contain much that is of an informational and educational character. Of the total hours used by 582 stations during the period of the survey, 12.62 per cent was used to broadcast educational programs, of which 80.04 per cent was contained in sustaining programs (58.42 per cent local and 21.62 per cent chain) and 19.96 per cent was contained in commercial programs (10.33 per cent local and 9.63 per cent chain) * * *.

"The acceptance, by stations, of their opportunities and responsibilities in matters of local interest is favorably reflected in the analysis, which shows, in this regard, that of the 43,055 hours used by 582 stations, 32,922 hours (76.46 per cent) were used to broadcast programs originated locally, and that of these, 20,765 hours (63.07 per cent) represent local sustaining programs. These broadcasts are an important factor in the American system of broadcasting."

CHAIN BROADCASTING

Apropos chain broadcasting, the report said that of the 582 stations that submitted reports, 187 during the period of the survey were affiliated with networks. "By affiliation with chain companies," it added, "stations procure program material of national as well as local interest. Also this relation enables the station to present programs constructed by use of the best talent available in the large metropolitan centers and generally at the same time to accept or reject chain material according to choice."

The report explained that National Broadcasting Co. and Columbia Broadcasting System are the largest companies in the network field and gave detailed information concerning the number of stations owned, financed, leased, or operated; the number of affiliate stations; classification and distribution of programs; and other detailed information concerning their activities.

The commission took up the subject of rates in detail, stating that it regarded rates as having a general bearing on certain of the questions contained in the resolution. Based on returns from 583 stations that furnished such information, it said that 521 stations, or about 90 per cent, quote rates for paid broadcasts and that the practice is reported in every class of station.

For example, 13 of the 44 educational stations sell time, as do 7 of the 12 State or municipal stations, 5 of the 28 religious stations, both of the fraternal stations, the single labor station, and the single socialist station. Of the 495 stations listed as general, 493 reported rates.

The aggregate number of rate figures and combinations for all stations is very large, but some comparison between stations may be had for any suitable element. Thus, of 521 stations that quote rates, 445 quote rates for a single quarter-hour day program. These rates for daytime average about $28 but vary between several dollars and several hundred.

National rates average about 50 per cent above local rates, but substantial departures from average is the rule rather than the exception. The variations range from 10 to 200 per cent.

STATION CARD RATES

In a compilation based on rate returns from nearly all stations the commission showed rate variation by station powers and by the five radio zones. The figures are for 1-time use of a quarter hour at night, with the national rate used for stations quoting dual rates on stations. Over 5,000 watts, the quarter-hour night rate average is $172.95; stations of 5,000 watts, $99.28; over 1,000 but under 5,000 watts, $80; 1,000 watts, $56.37; 500 watts, $44.11; over 100 but under 500 watts, $34.02; 100 watts, $18.80; and under 100 watts, $15.32.

The commission emphasized that these figures are mere averages of quoted rates, not weighted means. It added that the fact that national rates are used for stations reporting national and local rates is not significant, since less than one-fourth of the stations report such dual rates.

In general, it was brought out higher station rates go with higher station power, but the relation is irregular and by no means proportional. As among the radio zones, the rates average lower in the third and fifth than in the other three, this being attributed by the commission to the lower density of receiving sets in the southern and western sections, as well as to sparse populations.

The report also contains a detailed discussion of network rates, covering basic networks as well as the supplementary groups. Discounts, extras, invoice items, and other auxiliary features of the fiscal side of network operations are described at length.

How land lines are used in broadcasting is outlined by the commission. These lines, or program circuits, it explained, are procured by lease, principally from American Telephone & Telegraph. During 1931 American Telephone & Telegraph furnished such circuits measuring more than 44,000 miles, actually about 90,000 miles of wire, to 12 radio networks. Of this total, 32,500 circuit miles were furnished to 7 permanent networks operating 16 consecutive hours daily, 6,500 circuit miles to temporary networks for service on temporary recurring periods, 5,000 circuit miles to permanent networks for special programs.

NET-STATION AGREEMENTS

Practices of the National Broadcasting Co. and the Columbia Broadcasting System in fixing charges with affiliated stations are not uniform, but both companies use a system of debits and credits, the commission brought out. The National Broadcasting Co. quotes flat rates on an hourly basis which are net to station; all costs of production, wire-line charges, and overhead expenses of every nature are borne by the National Broadcasting Co. regardless of the classification into which a particular program falls.

In the case of the Columbia Broadcasting System, payments to affiliate stations are based on a number of factors. The company pays line costs for the stations on its basic network and the stations give the first two, three, or four commercial hours per week without cost to the Columbia Broadcasting System to compensate for line service. Stations not on the Columbia Broadcasting System basic net bear a larger proportion of the line cost by giving the same or more free hours per week. From certain stations not on the basic net which can not afford cash outlay for line expense, the Columbia Broadcasting System gets as much as eight free hours and assumes the risk of using the commercial time.

For time between 6 p. m. and midnight the National Broadcasting Co. pays affiliate stations $50 per hour and for others hours $30 for carrying its chain commercials. The Columbia Broadcasting System pays at a rate arrived at by considering the size and importance of the market served and the demand for coverage in that market by national sponsors of programs. There is, therefore, a wide spread in rates. The normal rate is reported to be $50 an hour, with a few important stations receiving two or three times this amount.

The National Broadcasting Co. collects from affiliate stations for sustaining features at the rate of $25 per hour between 6 p. m. and midnight and $15 for all other hours, but bears the total cost of production, including line charges. The Columbia Broadcasting System gives its sustaining features without cost but in consideration therefor the stations bear part or all of the line charges. Institutional programs are offered by the National Broadcasting Co. on a no-charge basis.

ADVERTISING ON THE AIR

Slightly more than one-third of the total hours used by the 582 stations which furnished satisfactory reports for the typical week covered by the survey were used for commercial programs, the commission brought out in answer to question 2 of the Senate resolution. This question asked: "To what extent the facilities of a representative group of broadcasting stations are used for commercial advertising purposes?"

The commission explained that, in all, these stations were on the air for 43,055 hours during the year. Of this total, 27,493 hours (63.86 per cent) represented sustaining programs, and 15,561 hours (36.14 per cent) represented commercial programs. Of the total number of hours used to broadcast commercial programs,

78.12 per cent were local and 21.88 per cent network. Of the total number of hours used for sustaining programs, 75.53 per cent were local and 24.47 per cent network.

Of the total number of hours the stations were on the air, 43,055 (about 68 per cent) were used between 6 a. m. and 6 p. m., and about 32 per cent between 6 p. m. and midnight. Of the 29,356 hours used between 6 a. m. and 6 p. m., 48.77 per cent were local sustaining and 16.96 per cent network sustaining; 29.57 per cent were local commercial and 4.70 per cent network commercial.

Of the 13,698 hours 19 minutes used between 6 p. m. and 12 midnight, 47.08 per cent were local sustaining and 12.77 per cent network sustaining; 25.37 per cent were local commercial and 14.78 per cent network commercial.

"Sales talks or a description of the commodity advertised, etc.," said the commission, "consumed 2,819 hours 7 minutes. This represents 6.55 per cent of the total hours used for both sustaining and commercial programs and 18.11 per cent of the hours devoted only to commercial programs."

In the two tables that follow are shown, first, the percentage of time devoted to sales talks, etc., as related to all the broadcast hours for local programs and chain programs separately and for daytime and nighttime as to each; second, the same information as it relates to the hours devoted only to commercial programs:

Table showing percentage of hours and minutes devoted to sales talks, etc., as related to the total sustaining and commercial hours for local programs and chain programs, separately and for daytime and nighttime as to each

	Local, day	Local, night	Chain, day	Chain, night	Total
Hours broadcast during typical week	22,998:24	9,923:36	6,358:15	3,774:43	43,054:58
Hours devoted to sales talks	1,800:41	634:39	159:37	224:10	2,819:07
Per cent	7.83	6.39	2.50	5.94	6.55

Table showing percentage of time devoted to sales talk, etc., as related to the total commercial hours for local programs and chain programs, separately and for daytime and nighttime as to each

	Local day	Local night	Chain day	Chain night	Total
Commercial hours	8,681:27	3,475:38	1,379:29	2,025:08	15,561:42
Hours devoted to sales talks	1,700:41	634:39	159:37	224:10	2,819:07
Per cent	20.74	18.26	11.56	11.07	18.11

STATION VARIATIONS

In response to the question: "To what extent the use of radio facilities for purposes of commercial advertising varies as between stations having power of 100, 500, 1,000, 5,000, and all in excess of 5,000 watts," the commission submitted a detailed compilation based on reports from representative stations in the various categories. By analyzing reports of 201 stations in the 100-watt class, it said they devote 6.58 per cent of their total hours and 19.01 per cent of their commercial hours to sales talks. The 125 stations of 500 watts devoted 6.85 per cent of their total hours, and 19.41 per cent of commercial hours to sales talks. The 99 stations of 1,000 watts devoted 6.41 per cent of total hours and 16.30 per cent of commercial hours to sales talks. The 33 stations of 5,000 watts devoted 4.56 per cent of total hours, and 14.60 per cent of commercial hours to sales talks. The 32 stations using powers in excess of 5,000 watts used 5.96 per cent of their total hours, and 13.86 per cent of their commercial hours for sales talks.

ADVERTISING CONTROL

The crux of the commission's report came in reply to question 4 of the Couzens-Dill resolution, which reads: "What plans might be adopted to reduce, to limit, to control, and perhaps to eliminate the use of radio facilities for commercial advertising purposes?"

"This answer," said the commission, "is based upon the premise that the present system of broadcasting will be retained. Any plan, the purpose of which is to eliminate the use of radio facilities for commercial advertising purposes, will, if adopted, destroy the present system of broadcasting.

"Any plan to reduce, limit, and control the use of radio facilities for commercial advertising purposes to a specific amount or time or to a certain per cent of the total time utilized by the station, must have its inception in new and additional legislation which either fixes and prescribes such limitations or specifically authorizes the commission to do so under a general standard prescribed by that legislation. While the commission may, under the existing law, refuse to renew a license to broadcast or revoke such license because the character of program material does not comply with the statutory standard of public interest, convenience, and necessity, there is at present no limitation upon the use of radio facilities for advertising.

"Such regulation, whether specifically undertaken by Congress or delegated by it to the commission, could extend both to the quality and the quantity of commercial advertising. While the quality of advertising might and probably would be difficult of adequate regulation, the quantity of such advertising could be limited to certain hours in the day or night and to a certain number of such hours; also, a provision could be made limiting advertising matter to a certain per cent of the time devoted to total programs or commercial programs.

"Any such system of regulation should, however, recognize and apply the differences in the needs and requirements of stations of the several classes; that is, clear, regional, and local. Also, a basis for classification may exist in the fact that certain programs are originated locally for local consumption, whereas others are originated by chain companies for the edification and entertainment of the country as an entirety or at least for very large sections thereof.

"Thus, it will be observed from the matter collected in this report that while sales talks, etc., consumed 6.55 per cent of the total hours used during the sample week by the 582 stations of all classes and that such matters consumed 18.11 per cent of the total commercial hours of such stations, sales talks and related matters consumed only 11.27 per cent of the commercial programs of chain stations as compared to 20.03 per cent of commercial programs of local stations.

"A flat restriction placed upon the amount of time used for sales talks without regard to the location, power, and activities of stations, would, in all probability, work inequitable results. Moreover, and in any case or class, limitations upon the use of time for commercial advertising, if too severe, would result in a loss of revenue to stations which, in all probability, would be reflected in a reduction in the quantity and quality of programs available to the public.

"The radio act of 1927 was obviously designed to permit the licensees of broadcasting stations the maximum of latitude in the matter of program material. Such licensees are in a singularly favorable position to learn what the audience wants to hear and to make the necessary changes in program material and in methods of presentation that will cause their programs to be favorably received by a substantial majority of the listeners.

"The adoption of regulations of the sort herein described should be undertaken only when it clearly appears that a majority or at least a considerable number of the licensees have failed to operate their stations in a manner acceptable to a majority of the listening public. If, in the opinion of Congress, that time has now arrived, we conceive it to be advisable to enact such legislation as will permit the commission to impose such regulations as the circumstances from time to time seem to warrant rather than legislation imposing specific restrictions and unflexible limitations."

WHAT IS DONE ABROAD

Question 5 of the resolution asked, "What rules or regulations have been adopted by other countries to control or to eliminate the use of radio facilities for commercial advertising purposes?"

"Broadcasting systems in foreign countries that are supported entirely by revenue derived by a tax or license fee for receiver-set ownership or by government subsidy, do not, as a rule, accept commercial advertising, whereas stations owned and operated by private interests are supported mainly from advertisements and subsidies paid voluntarily by the listening public," the commission replied.

"Ten of the thirteen foreign countries that were investigated permit commercial advertising and with one exception, have laws, rules, or regulations governing such advertising. Austria, England, and Russia prohibit commercial advertising."

ANNOUNCEMENT LIMITS

To question 6, inquiring whether it would be practicable and satisfactory to permit only the announcement of sponsorship of programs by persons or corporations, the commission answered in the negative.

"It will not appear to be practicable and satisfactory at the present time, and in the ordinary case, to permit only the announcement of sponsorship of programs by persons or corporations," the reply stated.

"Information made available to the commission shows that sponsorship of programs simply by name would amount, in the ordinary case, only to good-will advertising. A few products and their uses may be so well and generally known as to permit this. On the other hand, and as to the majority of products, such advertising would involve an expense which national advertisers are not now willing and in a position to bear.

"Many products have several uses which must be described to be understood and appreciated. New products frequently need to be explained. Nearly every manufacturer seeks to develop concerning his product special characteristics which set it off from competing products and make it more desirable. Identity of product, description of uses, and characteristics must be woven into and become a part of the program to make it of value to the sponsor. What applies to the national advertiser, applies in even greater degree to the local advertiser. In such cases, identity by name only would be of little value to the advertiser.

"It should be borne in mind that if a restriction permitting sponsorship by name only should cause a number of advertisers to discontinue the use of radio facilities as a medium for commercial advertising, such nonuse would immediately and inevitably be reflected in a decrease both in the quantity and quality of programs available to the public. A serious loss in revenue to the stations could, under our system of broadcasting, have no other result.

BROADCASTERS HAVE CURE

"As a matter of fact, the situation should have its own cure within itself. There should be a keener appreciation by both the broadcaster and the advertiser that radio facilities not only offer perhaps the greatest opportunity for reaching the greatest number of people but that their use imposes upon them a very great responsibility for the manner in which programs are presented. By the use of these facilities the advertiser is permitted by the licensee of a radio station to visit in the homes of the listening audience. The value of his contact is dependent upon the amount of sales talk and the kind of entertainment he offers as well as the manner in which he chooses to express himself. Those whom he offends can promptly eject him and deny him further admission.

"The broadcaster and the advertiser who fail to recognize such fundamental principles and to make the adjustments in the content and method of presentation of programs desired by a great number of the listening public must suffer the natural consequences resulting from the operation of the law of economics.

"The employment of national surveys of program and station popularity, better showmanship and tact by advertisers, and a strict supervision on contents of all programs by the licensees of stations should develop a technique that would be more satisfactory to the listening public and beneficial to the industry.

"Here, as in our answer to the fourth question, if it is the opinion of Congress that the situation justifies further and additional legislation, the proper solution would seem to lie in legislation authorizing the commission to enact certain regulations designed to govern the situation rather than specific legislation on the subject by Congress."

The commission explained that, in an effort to obtain information upon this subject, it addressed a questionnaire to the advertising agencies which purchase time from the two major chain companies. The answers were unanimous in the view that mere sponsorship announcement would not be practicable, nor even in the public interest.

STATION INVESTMENTS

A balance sheet for broadcasting was produced by the commission in reply to the seventh question: "Any information available concerning the investments and the net income of a number of representative broadcasting companies or stations." It explained that sworn statements bearing on these subjects were obtained for the great majority of the existing stations and chains in general covering the year 1931. It emphasized that in considering these figures there should be kept in mind the wide diversity in the character of stations and licensees. Difficulty was encountered in segregating accounts of numerous stations operated by schools, churches, and other institutions, as well as individuals and corporations engaged primarily in other business than broadcasting.

"Inquiry was made regarding the capital authorized in corporate charters," the report said. "In numerous cases of corporations engaged in varied activities there is no separate figure peculiar to radio. In many other cases no par value is assigned to stock, and this is true of the largest chain companies. The figures reported for 282 stations, about 46 per cent of all, range from $1,000 to $750,000 and average from about $200,000 for a 50,000-watt station to $15,000 for a 10-watt station.

"Such figures have very limited significance. They may represent some ideas of capital requirements, but such ideas may be expected to change substantially with time, and at any one time to differ substantially as between different licensees, locations, and other station characteristics besides power. There are doubtless instances of write-ups and write-downs or like effect where a station has changed hands at a price representing a marked change in capital set-up. No effort was made to obtain figures of stock authorized and unsold, nor of prices, commissions, discounts, or premiums attending sales, nor generally to trace the history of capital-stock accounts. Instead independent figures of actually invested capital were obtained."

Using figures from 558 stations, the commission found a total investment of $36,845,045.94. These it broke down into power groups, with total invested capital and approximate average investment. The approximate average for the entire group of 558 stations was $66,000.

In the various groups: 33 stations under 100 watts reported invested capital of $288,202.05 for an approximate average per station of $8,700.

One hundred and ninety-one stations of 100 watts reported invested capital of $107,502.18 for an average of $21,500

Fifty-four stations of over 100 and under 500 watts reported invested capital of $2,396,354.37 for an average of $44,400.

One hundred and twenty-three stations of 500 watts reported invested capital of $6,659,645.49 for an average of $54,100.

One station of 750 watts reported invested capital of $20,500.

Ninety-five stations of 1,000 watts reported invested capital of $9,889,802.17 for an average of $104,100.

Four stations of over 1,000 watts and under 5,000 watts reported invested capital of $200,455.56 for an average of $50,100.

Thirty-one stations of 5,000 watts reported an invested capital of $5,221,464.78 for an average of $16,400.

Twenty-six stations of more than 5,000 watts reported invested capital of $8,061,119.34 for an average of $310,000.

These figures, the commission said, covered about 92 per cent of all stations, including the great majority of those affiliated with chains; but those missing include some of high power and chain ownership. These data, also, do not cover the investments reported by the chain companies.

VALUES OF PLANTS

The technical equipment, generators, transmitters, antennæ, etc., reported separately for 570 stations, were appraised at $35,400,137.22. The average ranged from $6,300 for stations under 100 watts to $168,700 for those of 5 kilowatts and over. Total physical assets were reported to value $30,578,680.51 by 573 stations. Of this number, 571 reported technical equipment valued at $20,196,137.22, or 66 per cent of the total; 249 reported real estate valued at $5,856,906.08, or 19 per cent of the total; and 545 reported furniture and fixtures valued at $4,525,637.01, or 15 per cent of the total.

Good will is estimated at $5,000,000 by one municipal licensee, and for 299 other stations at amounts from $300,000 down to $100, while reports for 276 others indicate that the item is carried in their accounts at a purely nominal figure, such as $1, or omitted entirely. The figures reported for the item of good will aggregate $18,254,215.51, which added to the values of physical assets gives a total of $48,642,895.82 for the same 573 stations, plus 3 that report good will only, or an average, roughly, 30 per cent greater than that of investment.

BROADCASTERS' INCOMES

Receipts, expenditures, and profit or loss during 1931 were likewise made the subject of inquiry. Gross receipts reported for individual stations varied from a few hundred dollars to over $1,500,000, aggregating $38,461,302.41 for 525 stations. Gross advertising revenue was reported for chain companies as follows: N. B. C., $25,895,959.34; C. B. S., $11,621,424.31; Don Lee (Inc.) (Pacific coast), $999,832.79; and Yankee Network, $779,529.94.

"The receipts thus reported for single stations plus gross advertising revenue reported by chain companies are together $77,758,048.79. * * *

"In general, all the foregoing figures for receipts are limited to commercial accounts, excluding advances from State appropriations, city funds, etc. Thus zero receipts are indicated for 44 stations. On the other hand, a number of stations are not accounted for in any of the foregoing, but these are less than 6 per cent of all stations in number."

The figures available indicate aggregate expenditures of $37,354,082.68 for 571 stations, while for 2 others at educational institutions all activity was cared for without any direct expenditure allocated to radio.

"For the individual stations," the commission added, "separate statements were obtained of profit or loss, to be computed without counting depreciation as an expense. Profits thus computed were reported for 333 stations, aggregating $5,451,717.05 and varying from $13.94 to $376,279 for particular stations. Losses similarly computed were reported for 180 stations, aggregating $2,200,743.76 and varying from $22.50 up to $178,535.72 in the case of a company operating two stations. A balance without profit or loss was reported by three stations, while no figures were given for 53 other reported stations of nonprofit character, and no report was made for 38 stations, or less than 7 per cent of all."

EDUCATION BY RADIO

The remainder of the report was devoted to answers to questions propounded by Senator DILL on educational broadcasting and the whole history of commission allocations having to do with educational stations. The effect of these questions and answers was to show that the number of educational stations dropped from 95 in 1927 to 44 as of January 1, 1932, mainly because of lack of public demand and because they were unable to compete with the more popular programs of commercial stations. Licenses of 23 of these stations voluntarily were assigned by the educational institutions to commercial enterprises; 18 were deleted by reason of voluntary abandonment; and 10 were deleted for cause.

In response to the question, "How many quota units are assigned to the N. B. C. and other stations it uses?" the commission replied that there were charged to stations owned, controlled, and operated by N. B. C. 44.27 units, and to the other stations it was using 140.63 units, a total of 184.90 units. During the period covered by the survey there were charged to stations owned, controlled, and operated by C. B. S. 29.07 units, and to the other stations it was using 8.03 units, a total of 114.10 units. There are approximately 435 units in the whole broadcasting system, one unit being the equivalent of one full-time 1,000-watt station.

To the third phase of the question, as to how many quota units are assigned to stations under control of educational institutions, the commission replied that during the period covered by the survey there were charged to stations under control of educational institutions 24.14 units, of which 18.33 units were charged to publicly controlled educational institutions and 5.81 units to privately controlled educational institutions.

To the question, "To what extent are commercial stations allowed free use of their facilities for broadcasting programs for use in schools and public institutions?" the commission's analysis showed that appreciably more time is so devoted than was expected.

Of 533 stations that submitted reports, exclusive of educational stations, 521 (97.75 per cent) reported they had offered their facilities to local educational institutions and only 12 (2.25 per cent) reported they had not. Of the 521, 444 (85.22 per cent) re-

ported their facilities were offered free; 21 (4.03 per cent) reported their facilities were offered free, except for remote-control charges; 38 (7.29 per cent) reported a free offer, but that they specified the programs must be meritorious, of high quality, and in the public interest.

Absolute faith in commercial broadcasting and its ability to handle educational radio was expressed by the commission in reply to the final question: "Does the commission believe that educational programs can be safely left to the voluntary gift of the use of facilities by commercial stations?"

"The present attitude of broadcasters, as indicated herein," the commission said, "justifies the belief that educational programs can be safely left to the voluntary gift of the use of commercial stations." The commission backed this by pointing out that of 533 stations that answered the question whether they had offered their facilities to local schools, colleges, and universities, 521, or 97.75 per cent, answered "yes"; and 12, or 2.25 per cent, answered "no."

WHAT IS A COMMERCIAL PROGRAM?

Here is the Radio Commission's interpretation of a commercial program, as contained in its report to Congress on the Couzens-Dill resolution:

"A commercial program is a program presented by the station for profit. It is sponsored usually by a person or corporation engaged in either wholesale or retail or merchandise with a view of gaining the good will of listeners and of making direct sales. The program content usually consists of either orchestra, song, drama, symphony, opera, or variety, interspersed with sales talks or a description of the commodity advertised."

The commission describes a sustaining program as follows:

"A sustaining program is a program presented by the station without compensation and at its expense. Its purpose is twofold: (1) It serves as one method whereby the station can qualify under the public-interest clause contained in its license, and (2) it serves as a method by which the station seeks to enlarge and hold its audience and thereby increase the value of time available for commercial programs. The program content usually consists of either orchestra, song, drama, symphony, opera, variety, literature, science, politics, news, sports, or special events."

GOVERNMENT RADIO?

To provide the United States with a Government broadcasting system, even remotely comparable to the existing system, would mean an outlay during the first year of around $220,000,000, exclusive of talent and program costs, it is estimated in the Radio Commission's Couzens-Dill resolution report. To set up a large number of local stations on several synchronized chains would require about 1,000 stations for each program, and to supply three programs would require an initial cost for installation of approximately $120,000,000, with an annual technical maintenance of about $100,000,000. No estimate is made of talent costs.

Overhead of United States broadcasting, 1931

Item	571 individual stations	Chain companies	Total
Talent and programs	$10,259,022.29	$9,900,633.78	$20,159,656.07
Regular employees	[1] 12,003,945.09	4,880,491.82	16,884,436.91
Equipment	3,364,392.67	1,360,775.56	4,725,168.23
Other expenditures	[2] 11,726,722.63	24,499,421.84	36,226,144.47
Total	37,354,082.68	40,641,323.00	77,995,405.68

[1] Including $37,498.15 partly expended for talent.
[2] Including $46,978.60 partly expended for equipment.

Station profits and losses, 1931

Station power in watts (night power if different from day)	Number of stations	Amount
Under 100 watts:		
Profit	22	$55,949.07
Loss	5	7,036.28
100 watts:		
Profit	114	416,693.58
Loss	72	242,539.76
Over 100 watts and under 500 watts:		
Profit	28	364,458.83
Loss	18	190,452.99
500 watts:		
Profit	67	732,065.08
Loss	40	343,041.56
1,000 watts:		
Profit	63	1,545,173.65
Loss	24	266,664.18
Over 1,000 watts and under 5,000 watts:		
Profit	3	40,260.09
Loss		
5,000 watts:		
Profit	16	976,402.68
Loss	13	562,284.51
Over 5,000 watts:		
Profit	20	1,320,714.07
Loss	8	588,724.48
Total, profit	333	5,451,717.05
Total, loss	180	2,200,743.76

Figures ignore depreciation.

Networks' profit and loss, 1931

Chain	Gross advertising revenue	Gross expenditures	Net
N. B. C.	$25,895,959.34	$28,137,716.46	−$2,241,757.12
C. B. S.	11,621,424.31	10,826,699.42	+794,724.89
Don Lee	999,832.79	892,270.78	+107,562.01
Yankee	779,529.94	784,636.34	−5,106.40
Total	39,296,746.38	40,641,323.00	−1,344,576.62

$15,000,000 FOR TALENT

About $15,000,000 was spent by N. B. C. and C. B. S. and their advertisers for talent during 1931, according to the Radio Commission's report on the Couzens-Dill resolution. N. B. C. itself paid $7,645,058.40, and estimated that its advertisers paid an additional $4,000,000. C. B. S. reported talent expenditures of $1,821,003.31 and estimated that its advertisers spent about $1,523,848.65.

Analysis of operating costs of networks during calendar year 1931

Item	N. B. C.	C. B. S.	Don Lee	Yankee	Total
Programs	$7,868,692.49	$1,329,076.95	$550,351.54	$152,512.80	$9,900,633.78
Regular employees	3,710,122.73	836,767.82	121,029.78	212,571.49	4,880,491.82
Equipment replacement	713,863.81	615,982.33		30,949.42	1,360,775.56
Line charges	2,799,916.71	1,939,443.26	101,557.72	84,266.65	4,925,184.34
International broadcasting	(1)	100,502.67			100,502.67
Research and development	1,017,542.36	129,011.90		7,195.49	1,153,749.75
Other expenditures	12,027,578.36	5,875,934.49	119,331.74	297,140.49	18,319,985.08
Total	28,137,716.46	10,826,699.42	892,270.78	784,636.34	40,641,323.00

[1] Not separable.

These figures of chain expenditures, like those of chain investments and receipts, include a number of high-power stations not represented in the aggregate expenditures previously referred to as for individual stations. Some stations are missing from both sets of figures; these, however, are less than 5 per cent of all stations in number and are mainly in the lower-power groups.

RADIO BALANCE SHEET

Actual investments in 571 of the 607 broadcasting stations in this country as of December 31, 1931, totaled about $48,000,000, according to the Radio Commission's report on the Couzens-Dill resolution. During the same year, gross receipts of these stations amounted to $77,758,048.79, and gross expenditures to $77,995,405.68—the industry actually showing an unfavorable balance. Gross expenditures included $20,159,656.07 for talent and programs, $16,884,436.91 for regular employees, $4,725,168.23 for equipment, and $36,226,144.47 for miscellaneous expenditures.

SENATOR FROM NEW JERSEY

Mr. PITTMAN. Mr. President, I ask unanimous consent to have printed in the RECORD a brief on a resolution pending before the Judiciary Committee touching the appointment of Hon. W. WARREN BARBOUR as a Senator from the State of New Jersey. I do this because it has been requested. There will be no action by the committee at this session, I understand, but probably there will be at the December session.

There being no objection, the brief was ordered to be printed in the RECORD as follows:

STATEMENT OF QUESTION

The resolution involves the determination of a constitutional question affecting the validity of the appointment of W. WARREN BARBOUR as a Senator from the State of New Jersey to fill the vacancy created by the death of the late Senator Dwight W. Morrow.

The particular question is whether a Senator who possesses the qualifications required of a Senator at the time his term of office begins and who was duly elected becomes a Member of the United States Senate at the beginning of the term for which he was elected or whether he becomes a Member of the Senate only when and after he has taken and subscribed to the oath required by statute and the rules of the Senate.

Senator Morrow admittedly possessed the qualifications of a United States Senator. No question as to the legality of his election having been raised, he is presumed to have been duly elected and qualified. He was elected United States Senator in the State of New Jersey at the general election in November, 1930. He immediately caused to be filed in the United States Senate his credentials and certificate of election from the Chief Executive of the State of New Jersey. He was elected for a term of office commencing March 4, 1931. There was no session of Congress between March 4, 1931, and December 7, 1931. He died between March 4 and the convening of the Senate and therefore did not take or subscribe to said oath required of United States Senators.

The question is, Was he a Member of the United States Senate at the time that he died? If not, then the question arises as to whether there could be a vacancy in the membership of the United States Senate from the State of New Jersey which would authorize the appointment by the Governor of the State of New Jersey of a successor to Senator Morrow. If the Governor of New Jersey had no constitutional authority to appoint Senator BARBOUR, then his appointment is a nullity and void, and the question can be raised at any time.

The determination therefore of the question is not a moot question simply because Senator BARBOUR has been permitted to take the oath of office and take his seat in the Senate. The question was referred to the Committee on the Judiciary of the Senate because it involved a constitutional question and the Senate desired to have this committee study, report, and advise the Senate with regard to the question raised.

The determination of this question is also material and vital so that it may be determined when a Senator is entitled to perform the duties of a Senator, to obtain offices, assistants, compensation, immunity from arrest in going to and returning from sessions of the Senate, and other rights and privileges essential to the proper performance of the duties of a Senator. If a Senator is not a Member of the Senate until he takes the oath of office, the question arises whether he can be granted any of the privileges and benefits of a Member of the Senate between the time his term of office begins and the time that he takes and subscribes to such oath of office.

Still another serious question is dependent upon the determination of the constitutional question submitted. For instance, in the so-called Dietrich case, Dietrich was elected to the United States Senate from the State of Nebraska. No questions were raised as to his qualifications as a Senator nor as to the legality of his election. Subsequent to the beginning of the term for which he was elected, but prior to the time he took the oath of office as Senator and took his seat in that body, he was indicted under section 1781 of the Revised Statutes of the United States, making it a crime for any Member of Congress to accept a bribe for the purpose of performing an official act.

The case was fought on technical grounds, and, for the purpose of the decision, the facts were admitted. The defendant was cleared on the grounds that, not having taken the oath of office and his seat in the Senate, he was not a member of the Senate at the time the crime was committed. The court sustained its decision in this matter by reference to the precedents of the United States Senate and the House of Representatives. The opinion was strained, and, in my opinion, miscontrued the few precedents that were cited. (United States *v.* Dietrich, 126 Fed. 676.)

The foregoing reasons show the materiality of a decision by the Senate on the constitutional question submitted by the resolution. The determination of this question involves:

(a) What is the United States Senate?

(b) When do Senators become members of the United States Senate?

(c) How are Senators elected and what control in the matter has the United States Senate?

(d) Is the oath of office a prerequisite qualification to membership in the United States Senate?

(e) Discussion of the Dietrich case and the precedents cited.

WHAT IS THE UNITED STATES SENATE?

The Constitution of the United States prescribes and limits the composition, life, and jurisdiction of such body.

"Section 3. The Senate of the United States shall be composed of two Senators from each State, chosen by the legislature thereof, for six years; and each Senator shall have one vote." (Constitution, Art. I, sec. 3.)

1. It is composed of two Senators from each State.
2. They are chosen by the legislature of each State.
3. For a full period of six years.

This section has been amended by the seventeenth amendment to the Constitution, which changes the section only in providing that the Senators who compose the United States Senate shall be elected by the people of each State.

The obvious construction of this language is that the United States Senate exists at all times and not solely when the body is in session. Attention is called to this construction, because there is a general understanding that the United States Senate only exists while in session.

The framers of the Constitution protected the continuing character of the Senate by providing for the classification of Senators into three groups, so that two-thirds of the Senators would always be members of the United States Senate. This was accomplished through the election of one-third of the body every two years.

It differs from the House of Representatives in this respect. Every function of the House of Representatives ceases every two years at the end of the session of Congress. Its rules, its officers, its committees cease to exist at such time. The rules of the Senate, on the contrary, never expire. Its committees, chairmen, and officers, with the exception of the Vice President, continue without interruption by the adjournment of a session of Congress. Authorized investigations and other proceedings by Senators or committees are uninterrupted by the adjournment of the Congress or sessions of Congress. In matters of legislation which require the joint action of the House of Representatives the United States Senate is limited solely in the performance of its functions.

This question, it is true, was the subject of controversy from the beginning of our Government. The Supreme Court of the United States, however, in a recent decision has settled all of these questions and has held that the United States Senate is a continuing body. (McGrain *v.* Daugherty, 273 U. S. 135, p. 180.)

WHEN DO SENATORS BECOME MEMBERS OF THE UNITED STATES SENATE?

The Senate being composed of two Senators from each State, and being chosen or elected for the period of six years, they must be Members from the time that their term of office commences and during their full term, because those who compose a body must be members of a body.

It is true that such conclusion has been controverted since the beginning of our Government until the matter was finally and affirmatively settled by the Supreme Court of the United States. This decision was rendered in the case of Barry *v.* United States, ex rel. Cunningham, (279 U. S. 597). The decision hinged upon the legality of the Senate adjudging the qualifications of William S. Vare for membership in the United States Senate.

Vare presented his certificate of election to the Senate while in session and demanded to take the oath of office and his seat. The Senate declined to administer him the oath of office or permit him to take his seat until it had adjudged his qualifications for the office of United States Senator.

Cunningham, being arrested by order of the United States Senate for refusing to appear before the Senate and give testimony in the matter, was proceeded against by order of the United States Senate through its sergeant at arms, Mr. Barry. Cunningham raised the question in the Supreme Court of the United States that the Senate under the Constitution could only "* * * judge of the elections, returns, and qualifications of its own members * * *" and that the oath of office was essential to membership in the United States Senate. The court denied the contention of Cunningham. It reviewed the entire constitutional question at length. On page 615 of the report the court in its opinion says:

"When a candidate is elected to either House, he of course is elected a member of the body. * * *"

HOW ARE SENATORS ELECTED AND WHAT CONTROL IN THE MATTER HAS THE UNITED STATES SENATE

The only provisions of the Constitution of the United States with regard to the election of United States Senators have hereinbefore been set out. The Senate does not owe its existence to Congress, and therefore Congress has no control over the election of United States Senators except to "judge of the elections, returns, and qualifications" of a Senator.

The Supreme Court in Burton *v.* United States (202 U. S. 344), in passing on a case where Burton, a Senator, had been convicted of an offense under section 1782 of the Revised Statutes of the United States, says:

"A Senator can not claim immunity from legislation directed to that end, simply because he is a member of a body which does not owe its existence to Congress, and with whose constitutional functions there can be no interference."

The lower court in rendering its decision, in referring to the disqualification of Burton as a Senator by reason of the conviction of such crime, says:

"He is rendered forever hereafter incapable of holding any office of honor, trust, or profit under the Government of the United States."

The Supreme Court in commenting upon this dictum of the lower court says:

"But the final judgment of conviction did not operate ipso facto, to vacate the seat of the convicted Senator, nor compel the Senate to expel him or to regard him as expelled by force alone of the judgment.

"This must be so for the further reason that the declaration in section 1782, that anyone convicted under its provision shall be incapable of holding any office of honor, trust, or profit 'under the Government of the United States,' refers only to offices created by or existing under the direct authority of the National Government as organized under the Constitution, and not to offices the appointments to which are made by the States acting separately, albeit proceeding, in respect of such appointments under the sanction of that instrument. While the Senate, as a branch of the legislative department, owes its existence to the Constitution, and participates in passing laws that concern the entire country, its Members are chosen by State legislatures and can not properly be said to hold their places 'under the Government of the United States.'"

So it is evident that the Supreme Court holds that Congress can not by statute prescribe the qualifications of a United States Senator or interfere with his services as such officer.

The Senate of the United States is granted by the Constitution certain authority relative to those who shall compose the membership of the United States Senate. Such delegated authority in the nature of our Government must be construed and exercised with the idea of preserving the protection of the States guaranteed in the Constitution relative to representation in the United States Senate. Such authority is found in Article I, section 5, of the Constitution, which reads as follows:

"SEC. 5. Each House shall be the judge of the elections, returns, and qualifications of its own Members, and a majority of each shall constitute a quorum to do business. * * *"

The Senate, therefore, for the purpose of carrying out the spirit of the Constitution, may investigate and determine whether a Senator was legally elected. The Senate may determine whether the Senator elect has the moral qualifications to warrant his partici-

pation in the enactment of laws that may affect every State and our foreign relations. Such investigation and determination may be made at any time. The Supreme Court of the United States in the Cunningham case, above cited, unequivocally holds that the Senate had a right to make such investigation and render a judgment thereon before the Senator is sworn in, given his seat, and permitted to participate in the business of the session of the Senate.

The Senate has heretofore held that the qualifications to be examined into are the qualifications of the Senator at the time his term of office begins rather than at the date of election. James Shields was elected to the United States Senate on January 13, 1849. On March 2, 1849, he presented his credentials to the United States Senate. It appeared that Mr. Shields was naturalized on October 21, 1840. Article I, section 3, clause 3, of the United States Constitution reads as follows:

"No person shall be a Senator who shall not have * * * been nine years a citizen of the United States."

In passing upon the qualifications of Mr. Shields for membership in the United States Senate the following resolution was adopted by the Senate:

"*Resolved*, That the election of James Shields to be a Senator of the United States was void, he not having been a citizen of the United States for the term of years required as a qualification to be a Senator of the United States at the commencement of the term for which he was elected." (Taft's Sen. El. Cases, 218, 222.)

If Mr. Shields had only been a Senator from the time he presented himself to the United States Senate in session, took the oath of office, and his seat, then he could have waited until October 21, 1849, and the objection that he had not been nine years a citizen of the United States would not have been tenable. So the qualifications that the Senate investigates and renders judgment upon are the qualifications possessed by the Senator at the time he becomes a Member of the Senate, if duly elected and possessing the qualifications of a Senator. The Senate, having exercised its delegated authority and having adjudged that the Senator was duly elected and possessed the qualifications of a United States Senator at the time that his term of office began, has no power thereafter to shorten the term of office of a United States Senator except by expulsion, a further authority that is granted to the United States Senate by the Constitution. The States were so jealous of their representation in the United States Senate that they provided in the Constitution that a Senator might only be expelled "with the concurrence of two-thirds" of the Senate.

IS THE OATH OF OFFICE A PREREQUISITE QUALIFICATION TO MEMBERSHIP IN THE UNITED STATES SENATE?

Let us first examine the language of the Constitution relative to the oath that shall bind a United States Senator. Article VI, clause 3, provides:

"The Senators and Representatives before mentioned and the members of the several State legislatures and all executive and judicial officers, both of the United States and of the several States, shall be bound by oath or affirmation to support this Constitution, but no religious test shall ever be required as a qualification to any office or public trust under the United States."

Let us compare this requirement with the oath prescribed for the President of the United States. It is found in Article II, eighth clause. It reads as follows:

"Before he enter on the execution of his office he shall take the following oath or affirmation: 'I do solemnly swear (or affirm) that I will faithfully execute the office of President of the United States, and will to the best of my ability preserve, protect, and defend the Constitution of the United States.'"

This oath expressly provides that the President "before he enter on the execution of his office" shall take the oath above set forth. Such oath is undoubtedly a prerequisite qualification to the performance of any official service.

No such prerequisite qualification is provided relative to the oath which shall bind Senators, and was evidently not intended as a prerequisite qualification of service by United States Senators. There was no form of oath prescribed with regard to United States Senators. The time and manner of taking the oath were not prescribed in the Constitution. The carrying out of this provision of the Constitution was left to statutory enactment by the Congress. When, if ever, Congress would enact such a statute could not be determined by the framers of the Constitution, and certainly they did not intend, nor did the States in ratifying the Constitution intend, that they could be deprived of the services of their Senators by the failure of Congress to perform its functions with regard to such oath. It was undoubtedly in the minds of the framers of the Constitution, and of the States that ratified it, that there might be a long period of time between the beginning of a Senator's term and the time and place prescribed for the taking of the oath of office, even after such oath had been provided for in the statutes.

Suppose a Senator refuses to take the oath of office. What remedy exists is asked by those who still contend that the oath which is to bind a Senator is a prerequisite qualification to membership in the Senate?

The Constitution has granted to the Senate ample power in such an emergency. It is provided in Article I, Section V, of the Constitution, clause 2, that—

"Each House may determine the rules of its proceedings, punish its Members for disorderly behavior, and with the concurrence of two-thirds, expel a Member."

Now the statute has prescribed the form of oath to be taken by a United States Senator. It is prescribed that it shall be taken and subscribed to in an open session of the United States Senate in the presence of Members.

Rule II of the standing rules of the United States Senate provides:

"The oath or affirmation as required by the Constitution and prescribed by law shall be taken and subscribed by each Senator, in open Senate, before entering upon his duties."

Whether this rule goes beyond the constitutional authority of the Senate need not be determined.

It was evidently not intended to control the conduct of Senators during vacations between the sessions of the Senate.

The Senate, by virtue of the Constitution, the statutes, and its rules, must bind its Members by the oath prescribed. If the Senator attending the session of the Senate refuses to take the oath of office, he may be excluded from the Senate Chamber, from the offices allotted to him by the Senate. He may be prevented from taking his seat in the Chamber and from participating in legislation or other proceedings of the Senate in session until such time as he will take and subscribe to the oath as provided. Should a Senator persist in such disobedience to the laws of the United States and the rules of the Senate, he could be expelled. This is certainly ample authority and protection in the matter of binding a Senator by the oath.

The oath is not a qualification of a United States Senator but is a qualification for his participation with other Senators when assembled in session for legislative and other cooperative action. While a Senator, for the violation of such rule, or any other rule of the Senate, might be deprived of the privilege of participating in the procedure of a session of the Senate, nevertheless, he would still be a United States Senator and a Member of the Senate until his office was vacated or abandoned, or until he was expelled.

Senators, as the representatives of States, have other official duties to perform than those that are performed during a session of the Senate. They have been designated as ambassadors to the Federal Government. It is their duty to present communications and petitions from their States and from the citizens of their States to the Chief Executive of the United States. It is their duty to represent their States in conference with executive officers relative to the administration of laws that affect their States, directly or indirectly. The States can not be deprived of this service or any other constitutional service of a United States Senator by the failure or delay that may be caused by laws or rules.

The Constitution granted to the minority of the Senators, when assembled for a session, authority to compel the attendance of absent Senators. Such power was essential to the functioning of Congress, as each House can only function when a majority is present and acting.

Let us assume a hypothetical case. Suppose a number of the incumbent Senators were ill. Could those who assembled at a session compel the attendance of the newly elected Senators, whose terms of office commenced on the 4th of the preceding March? If they had not such power and such newly elected Senators should fail to come, then such session of Congress could not be organized or perform its functions.

Are such newly elected Senators granted immunity from arrest as provided in the Constitution? If not, through a conspiracy they could be arrested while going to attend a session of the Congress and thus the functioning of Congress might be prevented. In the nature of things the Senators assembled, although not constituting a quorum, must have the power to compel the attendance of the newly elected Senators, and the newly elected Senators must have the protection of immunity from arrest to insure a quorum. And yet, none of the newly elected Senators have or could possibly have taken the oath of office prescribed in the statutes and the rules.

What has been the practice of the Senate with regard to such newly elected Senators? From the beginning of their term of office, before they have taken the oath of office, they are furnished with offices in the Capitol, secretaries, stationery, and are granted every privilege that is possessed by United States Senators who have taken the oath of office. And yet such Senators, newly elected, have not and could not take the oath of office at such times or until the convening of a subsequent session of Congress.

The Senate must construe this as being in accordance with the Constitution. It must be construed that they are Members of the United States Senate, otherwise the incurring of such expense on behalf of these Senators and the granting to them of such privileges would be unconstitutional.

The Constitution provides that Members of Congress shall receive compensation. Such compensation has always been paid to Members of both the Senate and the House of Representatives from the time that their term of office began and not from the time that they took the oath of office. It is true that a statute has been passed permitting the monthly payment of the salaries to such newly elected Senators from the time the term of office commences. This is only an authorization to the financial clerks of the bodies. Unless the newly elected officers were Members of the Senate and House, payment of their salaries prior to the time they could be sworn in would be unconstitutional and any statute attempting to cure the situation would be equally unconstitutional.

Unless Senators and Representatives are Senators and Representatives from the time that their term of office commences, then the Congress of the United States could never have been organized. When the first Senate of the United States was or-

ganized no Senator was bound by any oath of office. In fact, the statute providing for such oath of office was not enacted until later on and could not be enacted until Congress was organized. The same situation existed with regard to the organization of the House of Representatives. And yet the Congress was organized without being bound by any oath, performed its functions as a Congress, enacted revenue and other laws.

If the oath of office had been essential to the performance of duties by Members of the Senate and House of Representatives, the constitutional requirements with regard to the election of a President of the United States could not have been performed. This unsworn Congress met and counted the vote of the electors of the United States in the choice of a President and Vice President of the United States. The Constitution required that. If they had no constitutional authority to perform this service, then there was no constitutional way of determining who was elected President of the United States.

As has been stated before, the House of Representatives and everything related to it expires every two years. The newly elected Representatives meet on the first Monday of December in each year. The Constitution requires that their first act is the election of a Speaker of the House. It also provides that the Speaker of the House shall administer the oath of office to the Members of the House of Representatives. No Member of the House of Representatives can therefore possibly have taken the oath of office before he performed the official duty of participating in the election of a Speaker of the House. Such was the procedure of the House of Representatives at the beginning of the last Congress.

It is evident that the framers of the Constitution, and the States that ratified it, did not construe the oath that was to bind Senators and Members of the House of Representatives as a prerequisite qualification to being Members of the Senate and House of Representatives, or that it should interfere with their functions as such officers. The Supreme Court, however, has decided this question in the Cunningham case, hereinbefore cited. It is held unequivocally that a Senator and a Representative are Members of their respective bodies before they have been bound by the oath prescribed in the statute and the rules of the respective bodies.

DISCUSSION OF THE DIETRICH CASE AND THE PRECEDENTS CITED

This was a criminal case decided by the Circuit Court of Appeals for the District of Nebraska January 8, 1904. Dietrich was charged as a Member of Congress with taking, receiving, and agreeing to receive a bribe from Jacob Fisher for procuring and aiding to procure for said Fisher the office of postmaster at Hastings, Nebr. The case was heard by the court and adjudged on the statement of facts presented by the United States Attorney. The alleged crime was committed after the term of office of Dietrich, the Senator, had commenced, but prior to his taking the oath of office and his seat in the United States Senate. Subsequent to the decision of the court, and upon the convening of a subsequent session of the Senate, he did take the oath of office and his seat and participated in the proceedings of the Senate. The opinion was rendered by Van Devanter, circuit judge. In the opening of the opinion the court says:

"The motion under consideration presents the single question: Was defendant a Member of Congress at the time of the commission of the acts charged?" (126 Fed. 677.)

The motion submitted to the court was a motion to direct a verdict of not guilty. The jury was directed by the court to return a verdict of not guilty.

The court held that Dietrich, although duly elected on March 28, 1901, to fill a vacancy in the term then current, and that he possessed the qualifications of a United States Senator, he did not become a Member of the United States Senate until December 2, 1901, upon which date he took the oath of office as a United States Senator and commenced to participate in the proceedings of the sessions of such Senate.

The court, in supporting his opinion that Dietrich did not become a Senator until he was sworn in, contends that until he presented himself for the oath of office he had never formally accepted the office; that prior to that time the Senate had never passed upon his election and qualifications; that until he presented himself and took the oath of office he could decline to accept the office; that a certificate of election and credentials were not presented to the Senate until he presented himself and was sworn in.

The court, further in its opinion, in an attempt to sustain the decision, calls attention to the fact that Dietrich was Governor of Nebraska at the time that he was elected and for a month thereafter. The court says:

"The State legislature did not and could not remove him from that office by electing him to the office of Senator in Congress."

The court further says:

"While the two offices of governor of a State and Senator in Congress can not be held by the same person at the same time, being a Senator elect is not being a Senator, and hence the same person may be governor of a State and a Senator elect at the same time without holding two offices. This is the position which has been uniformly taken by the House of Representatives under that provision of the Constitution, Article I, paragraph 6, which declares: 'No person holding any office under the United States shall be a Member of either House during his continuance in office.'"

It would seem that the court should have observed that the office of governor is not an "office under the United States."

There is no prohibition in the Constitution against a person holding the office of United States Senator or a Member of the House of Representatives at the same time with the office of governor or any other State office.

The court cites only two relevant precedents in support of its contention. It cites the Herrick case, decided by the House of Representatives in 1816. The statement of the Herrick case by the court is as follows:

"Samuel Herrick, while holding the office of United States district attorney, was elected to the House of Representatives in that Congress in October, 1816, and after his election continued to hold the office of district attorney until within two days of the beginning of the first session of that Congress in December, 1817, when he resigned it preparatory to accepting membership in the House of Representatives. It was ruled that he was not a Member in advance of the organization of that body, or in advance of his admission thereto, and therefore that there had been no concurrent holding of two incompatible offices."

The House finally seated Herrick by a vote of 72 to 70. There seems to be no record that this precedent of the House was ever before quoted or was ever afterwards quoted in any contested case.

There were two arguments, however, upon which the decision of the House might have been sustained. In the first place, the constitutional provision referred to might be construed as only affecting the "holding" of office, and not as a disqualification of the election to the House of Representatives. Such construction of the Constitution, however, would be a limitation upon the term of office of a Representative in Congress. The other argument, that he could not be a Member of the House of Representatives before its organization and before it came into existence, if it has any force, does not apply to the United States Senate. The House expires at the end of each Congress, while the Senate is a continuing body.

The case is not in point, however, as Dietrich was not holding an office under the United States but under the State of Nebraska, while Herrick until just prior to being sworn in, was holding an office under the United States.

The argument used by the court in its opinion that the office can not be forced on a United States Senator is undoubtedly sound, but the statement of facts in the case showed that the office was not forced on Dietrich. The fact that he was a candidate in an election for the office and that he accepted the certificate of such election and his credentials conclusively rebuts even a presumption that the office was imposed upon him. His subsequent presentation of his credentials and certificate, and the taking of the oath of office for United States Senator conclusively rebuts even the suggestion that the office might have been imposed upon him. He accepted the nomination as a candidate for the election, he accepted the results of the election, he accepted the certificate and his credentials, and he accepted everything that was essential to his becoming a United States Senator. The fact that he remained for one month as Governor of the State of Nebraska after his election and after he became a Senator was not complained of by the State and was not incompatible, so far as the Constitution and Federal laws are concerned, with holding the office of United States Senator.

The court in its opinion indicates that it was the belief of the court that a Senator, even one who is duly elected and possesses the qualifications, can not become a Senator until the Senate has tried him and has affirmatively found that he was duly elected and qualified and has accepted him as a Member of the United States Senate.

As a matter of fact, there is no such procedure in the United States Senate. Verity is given by the Senate to the certificate of election and the credentials of his State on behalf of a Senator of the United States, and no investigation or trial with regard to the election or qualifications of a United States Senator is ever had by the Senate except upon contest or unless it comes to the attention of the Senate through proper evidence that a Senator claiming a seat in the United States Senate has not been duly elected or does not possess the qualifications for the office. In 99 cases out of a 100 such certificates of election are accepted as prima facie evidence of the legal election of the Senator and his qualifications.

The Senate may even take judicial notice of the election of a United States Senator. In Brown *v.* Pipes (91 U. S. 37), the court states concerning judicial notice:

"In this country such notice is taken of the appointment of members of the Cabinet, the election and resignation of Senators, etc."

It is upon such judicial notice that the Senate may require the attendance of a Senator at sessions of the Senate even before his certificate of election is filed in the Senate.

The Dietrich case should not stand as a legal precedent. It is not sound. The result in the Dietrich case is humiliating to the Congress and to the United States Senate. It is an astounding example of the evasion of justice in high places. It permits a Senator or Representative to evade punishment for a most disreputable crime committed during his term of office by simply refraining from attending a session of Congress after his term of office begins and during the period of time which he is committing an offense which is prohibited of a Member of the United States Senate or House of Representatives.

The determination of this single constitutional question does not involve any other constitutional question, nor does it involve the construction of any State or Federal statute, nor does it affect any case now pending before the Senate.

I respectfully submit that the Committee on the Judiciary should make its report to the Senate and that the Senate should express itself in this particular.

CUBA'S FIGHT FOR FREEDOM—ADDRESS BY H. S. RUBENS

Mr. GORE. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered over the radio on May 20, 1932, by Horatio S. Rubens, in commemoration of the thirtieth anniversary of the independence of Cuba.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I am indeed fortunate to have the opportunity, because of my intimate association with the Cuban revolution, to recall to the American people their effective aid in the founding of a sister Republic, an achievement in which every American will continue to feel a just pride. For Cuba, May 20, 1902, became independence day. Thirty years ago to-day the Cuban flag of the single star was raised on the staff of Morro Castle, which guards the entrance to Habana Harbor. Here for centuries had flown the red and yellow colors of Spain—said by her American colonies to represent her overseas policy, the red for blood and the yellow for gold.

That first independence day was a day of solemnity as well as ecstatic joy. There was no such outburst of enthusiasm as was demonstrated in allied countries on Armistice Day in 1918. The great ideal—freedom—had been achieved, but the Cubans remembered the cost; they remembered their dead, an appalling toll that had been mounting since the close of our Civil War.

For 10 years, from 1868 to 1878, the Cubans fought the fight for freedom until compelled to agree to terms of peace, which the Spanish Government then ignored. The urge to cast off the yoke of Spain lay dormant but far from forgotten for nearly 15 years, when organization was undertaken by an inspired writer and orator, Jose Marti, then living in exile in New York.

Wealthy Cubans had started and sustained the 10 years' revolt, but Marti appealed to the poor in purse who were rich in the spirit of patriotism. These he organized into political clubs, in the United States and abroad, that from then on contributed their small individual but large and continuing collective sums. No single penny nor the merest handful of rifle cartridges was too small a gift to be received with gratitude. By such a gathering of mites was the Cuban revolutionary army maintained.

EXILED LEADERS RETURN

On February 24, 1895, a few bold spirits took the field. Veteran leaders of the Ten Years' War had pledged themselves to leave their exile and take command in Cuba. The story of how Marti, the organizer of the revolution, with Maximo Gomez, its general in chief, reached Cuba, accompanied by only four others, landing at night on a lonely shore, in a small rowboat, is romance. How Gen. Antonio Maceo and his comrades landed from a small schooner, to be almost immediately attacked, and their subsequent wandering in the Cuban jungles until they met the men under arms is a truly modern Odyssey.

Great was the enthusiasm when these leaders at last took command of the handful of rebels who roamed forest and mountainside awaiting direction and supplies. It mattered not that these soldiers of liberty wore no uniforms, that they were armed with a motley collection of weapons—anything from a shotgun or a sporting rifle to a relic of the campaign of 1868. These fanatic crusaders for the liberation of their country—the most daring and self-sacrificing zealots in the modern history of the Americas—were inspired by the words of the Cuban national anthem, "To die for our country is to live." And, knowing the history of their country, they expected to die.

So began the unequal struggle that was to last for three and one-half years. Its inequality was such as to appeal to every person versed in the history of our own Revolutionary War. At one period Spain had an army of 200,000 regular troops operating in Cuba, with thousands of irregulars and militia in addition. England never had more than 60,000 men at any one time opposed to her American colonists. Our colonials had the North, Middle Atlantic, and South Atlantic States through which to scatter; Cuba her very restricted territory, no larger than the State of Pennsylvania. She could not retreat. In no part of the island could her troops retire more than 40 miles from a coast guarded by Spanish vessels.

FACE TREMENDOUS ODDS

The American Colonials had an equality of weapons; the Cubans fought against modern repeating military rifles, in the hands of an enemy that had the use of the telephone, telegraph, and heliograph, and many miles of railroad. Against us England had none of these advantages.

Spain executed rebels, whether taken in action or in the towns. She spared not the rebel wounded. After each fight the Cuban wounded had to be carried on litters or flung across horses until a comparatively isolated spot in the jungle was found to establish a temporary hospital—virtually without medicines. Should this refuge be discovered, the wounded were inevitably slaughtered by the Spanish commanders.

Destruction of crops by both Spanish and Cuban troops brought on conditions verging on starvation for the army of liberation. At such times any animal, be it a lizard or a snake, went into the rebel stewpot. Frequently the only resource was to boil grass and weeds and make believe it was vegetable soup.

Marti, the master mind of the movement, was killed in action shortly after his arrival in Cuba. His organization was carried on in the United States by what was known as the Cuban Junta, of which I, though an American, became a member and its general counsel. Since it was one of the duties of this body, with headquarters in New York, to ship arms and ammunition to sustain the forces in Cuba, I had the good fortune to engage in one of the most exciting and exacting legal assignments for which a youthful lawyer ever volunteered.

Spurred by Spain, the American Government used its special Treasury agents and Secret Service, a considerable number of naval vessels, and United States revenue cutters to prevent supplies leaving this country. Spain at one time had 80 vessels patrolling the Cuban coast. Thus we had to run two blockades, one out of the United States from Atlantic and Gulf ports and the other into Cuba. Despite this double cordon, every one of the 36 official expeditions actually made its scheduled landing. Seizures were made in this country, but in each case we were able to get clear after a court hearing.

The story of these filibustering expeditions, could it be told in so short a time, would prove one of high daring and dramatic adventure. It is adventure which never will be repeated.

REVOLT BECOMES WIDESPREAD

Despite their tremendous handicaps, the Cubans, wily and audacious in the field, spread the revolt from east to west through the length of the island, defeating Spain's most famous general. He was succeeded by a man who had earned the unenviable name of "the butcher." He it was who conceived the diabolical idea of defeating the Cuban people by exterminating them. He ordered the entire rural population to concentrate in the towns, where there was for them neither occupation nor food. Women and children, old and young, were thus condemned to slow starvation. The Cuban race was to be wiped out, root and branch, "even unto the third generation." There would be no recurrence of a rebel movement, because the women, the breeders, and their children were all to disappear.

There have been instances of starving people in recent times, but never except in Cuba was this starvation brought about with malice aforethought and by governmental decree. The American minister to Spain just prior to the Spanish-American War declared that the population of Cuba had been reduced from 1,600,000 to 1,000,000—a loss of 600,000 souls, mainly noncombatants.

The men in the field did not waver; they were aroused to more intense craving to gain liberty and to spare future generations, however far removed, from the horrors of such a war, from the terrors of such inhumane measures. Their motto was proclaimed. It was "Independence or death!"

AMERICAN PEOPLE SYMPATHIZE

The American people from the first sympathized with the Cubans, and naturally so. Did not the Cubans follow the example of our American colonists of 1776, as had the French and all the Spanish colonies of South and Central America? This American sympathy impressed itself on both Houses of Congress at Washington.

Here, irrespective of party affiliation, were voiced the sentiments natural to those who believed in the principles of democracy. The press of the country, feeling the pulse of the people, also took the sympathetic attitude, with the exception of those that felt bound to the administration, which for a long time ignored what it termed "popular clamor" and maintained most friendly relations with Spain.

Futile was the effort to crush the spontaneously rising sympathy of the American people with a virile race at our very doors who stood boldly for democracy as against a monarchy that violated all laws of war and humanity and went far beyond its historic cruelty in the Middle Ages. A monarchy that was exterminating a whole people within 90 miles of our shores, by slow starvation, could have scant support here.

No administration, no interest, could block the roaring demand of our people that "the murders in Cuba must cease!" The result was the intervention of the United States in Cuba and the Spanish-American War—a war for democracy and humanity.

This country had made a solemn promise to Cuba that after pacification the United States would leave the island to a government of its own. That promise was redeemed just 30 years ago, when the American flag was gloriously lowered and the Cuban flag flew in its place, the triumphant achievement of the Cuban and the American people.

Many were the imperialists who declared that "where once the American flag flies, it never comes down." But popular will decreed otherwise.

CUBAN GRATITUDE SUBSTANTIAL

The gratitude of the Cuban people to the American people is sincere and profound. If I draw a distinction between people and government, I need only remind you that the Spanish people have lately proved that they are democratic and liberty loving, in thorough disaccord with the kind of government that had ruled them and Cuba.

The Cuban people have had good reason to complain of late years at the treatment they have received from the American Government. Nevertheless, you will find no spirit of general or public protest, for the Cuban people remember the great favor received by the will of our people, and they, too, distinguish between a people and a government. Their gratitude has taken substantial form.

The day after the declaration of war on the Central Powers by the United States Cuba followed our example. She was told not to send men to the front but to increase her sugar production. This she did, at vast expense alike to Cuban and American investors in sugar properties in Cuba.

Cuba is the only country in which, during the World War, there was no profiteering. Her entire sugar crop, her chief means of livelihood, was sold for two years to our Sugar Equalization Board, which resold to the Allies and to the American refiners. The stipulated price, considering the high cost of fuel and supplies, was most moderate. Indeed, when the war was over, Cuban sugar sold for four times the price Cuba had received from the United States during the war.

In the end the Sugar Equalization Board turned into the United States Treasury some $30,000,000 profit, made mostly out of the resale of Cuban sugar. Cuba has made no appeal to our American Congress for restoration of any part of this sum, even now when she is in dire need of money.

CUBA REPAYS WAR LOAN

Cuba has declared no moratorium on her national debts. She is sending money to pay amortization and interest to American bondholders at the cost of her government employees, whose pay is vastly reduced and deferred, and at the cost of still further curtailing the circulation of money on the island. In this Cuba is to-day an outstanding exception.

And let it be known that Cuba holds another distinction. She is the only one of America's allies that has repaid the money advanced by the United States during the World War. Cuba has repaid in full, with interest at the rate originally agreed.

When the United States imposed on Cuba the Platt amendment, which established special international relationships, President Roosevelt declared that in return Cuba must be considered as a part of our economic system. He affirmed that a failure to treat Cuba properly in this respect would be tantamount to a repudiation of our promises and our duty.

PROSTRATED BY TARIFF

Cuba is in the stress of the world depression, but has been borne down by a crisis of her own since 1925. Her basic crop, raw sugar, has been subjected to an American import duty, which, though disguised as a specific duty of 2 cents a pound, has lately exceeded a rate of over 300 per cent ad valorem. There is no such duty on the most extravagant luxury imported into the United States. And between 2,000,000 and 3,000,000 tons of raw sugar must even now come from Cuba to balance the demand of this country.

This tariff measure, which Roosevelt would call "repudiation," has laid Cuba prostrate. Yet you will find no anti-American feeling as between their people and our people. With the same grim courage which sustained them during the bitter days of their fight for freedom, you find them to-day fighting the soil for the root crops and the bananas that prevent starvation.

No longer do the Cubans import from the United States the vast amounts of farm products and manufactured goods which made Cuba one of our best customers—a better customer, indeed, than larger and more distant countries where we must struggle for our share of the business. Grim necessity now compels the Cubans to wrest from the soil the food they are too poor to import.

CUBAN COURAGE PERSISTS

You will be surprised, as you go to Cuba, to see the set determination to fight on and the hopefulness and good humor of these people. After seven years of depression their moral courage might well be emulated by other nations. The spirit of her soldiers of democracy has descended to the present generation.

The Cubans to-day are poor indeed, but not too proud to work at anything. Their severest problem during and after their revolution was that of subsistence. They fought from poverty to prosperity. Once more, engaged in the same struggle, they are determined to win—despite what has become an economic isolation.

The message of the Cuban to the American people, conveyed by one who knows both well, is this:

"We can never forget that the supreme sacrifice of your sons on our soil consolidated the freedom for which we fought for 13½ years. The single star of our flag will ever shine as the symbol of our gratitude."

REPUBLICAN PROHIBITION PLANK

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORRIS. I wish the present occupant of the chair would explain the meaning of the prohibition plank adopted in the Republican platform at Chicago. [Laughter.]

The VICE PRESIDENT. That is not a parliamentary question.

Mr. TYDINGS. Mr. President, what goes on in the opposition party, in so far as the selection of candidates is concerned, is none of my business as a member of the opposition party, but I can not refrain from expressing the hope that if we are to face a ticket of standing, the present occupant of the chair will find himself upon that ticket, because during the last four years I feel that the present occupant of the chair has done more, or as much, at least, as any member of the majority party to put through such a program as has been offered here.

However, I can not be too optimistic, because I realize from reading the papers that there is a disposition to discard all elements of strength in the present campaign. Nevertheless my best wishes go to the present occupant of the chair.

Mr. President, just for a few moments I would like to renew my oft-repeated question in this body. Now that we have the so-called prohibition plank before us in black and white as adopted by the Republican Party in its Chicago convention, I wish to ask if there is any Member of the Senate who knows where the President stands on the question of prohibition?

Mr. LOGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Kentucky?

Mr. TYDINGS. I yield.

Mr. LOGAN. I take it for granted the Senator did not hear the explanation of Mr. Burke, the attorney for the Republican National Committee, this morning. He told what was meant by it in a speech broadcast over the radio a little after daylight this morning.

Mr. TYDINGS. That was the right time to undertake to explain what is meant—a little after daybreak—because we were still blinking at the new light in our eyes and therefore unable to see through it.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. I yield.

Mr. NORRIS. Coming at that time in the morning and coming from Mr. Burke, I think it could be easily explained, taking all things into consideration. Just read what he says and take the opposite stand, and the Senator will be right.

Now, if the Senator will permit me further——

Mr. TYDINGS. I yield.

Mr. NORRIS. The Senator is going to discuss prohibition. I want to remind him of the fact that he has lost a couple of his allies on the prohibition question since the plank was adopted in Chicago. The Senator from Wisconsin [Mr. BLAINE], who is a Republican, and especially the Senator from Connecticut [Mr. BINGHAM], who is an expert on this question, have been compelled to desert the Senator now because while the Senator from Connecticut made a very valiant fight he was defeated. Of course, he is a regular, and he is now following the plank, whatever it means, that is in the platform. Therefore the Senator from Maryland can not expect his assistance any more in the prohibition fight.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Wisconsin?

Mr. TYDINGS. I yield.

Mr. BLAINE. I want to suggest to the Senator from Maryland that the plank as adopted by the Republican National Convention with reference to prohibition is a plank that is intended to satisfy the wets and to satisfy the drys, but the plank is so indefinite and so uncertain that as one who does not believe in prohibition I can not accept it at all.

Mr. TYDINGS. Let me say to the Senator from Wisconsin and to other Senators that it is not a plank. It is a conglomerate gathering of splinters. Those splinters are made up of every kind of wood in the whole wood category. There is white pine and mahogany, yellow pine and southern pine, western spruce and Oregon fir, and even the sidewalks of New York have contributed a few splinters to the plank.

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Oklahoma?

Mr. TYDINGS. I yield.

Mr. GORE. I merely wish to say at this point that I do not know who penned the wet-dry plank in the Republican platform—and I desire the phrase "wet-dry" hyphenated—but whoever wrote that plank was an ambidextrous amphibian. There is such an animal, and I make that contribution to the political zoo.

Mr. TYDINGS. The Senator from Oklahoma anticipated me because I thought that the right name for this plank would be the "amphibian plank," because it takes off from dry land, soars into moist atmosphere, plunges 20 feet below

the ocean, and then lands in the middle of the Sahara Desert.

Now, let us analyze the plank:

The Republican Party has always stood, and stands to-day, for obedience to and enforcement of the law as the very foundation of orderly government and civilization. There can be no national security otherwise.

I wonder just what party is going to take the opposite side of that pronouncement. There is patriotism; there is candor!

Mr. GORE. And courage.

Mr. TYDINGS. There is courage; there is leadership. "Gentlemen, we stand for law and order." That is what that means.

The duty of the President of the United States and of the officers of the law is clear. The law must be enforced as they find it enacted by the people.

I never knew before that the people enacted the Volstead law.

To these courses of action we pledge our nominees.

The Republican Party is and always has been the party of the Constitution.

Of course, all Democrats, I may say facetiously, hate the Constitution. They would no more stand for the Constitution or for enforcing the law than they would advocate the adoption of the Mohammedan religion as the state religion. Democrats can not stand for the Constitution. That belongs to the Republican Party. Even socialists and progressives and conservatives and radicals can not stand for that.

Now, here is the prize piece of evasion, I think, in the whole platform:

While the Constitution makers sought a high degree of permanence, they foresaw the need of changes and provided for them. Article V limits the proposals of amendments to two methods: (1) Two-thirds of both Houses of Congress may propose amendments; or (2) on application of the legislatures of two-thirds of the States a national convention shall be called by Congress to propose amendments. Thereafter ratification must be had in one of two ways: (1) By the legislatures of three-fourths of the several States; or (2) by conventions held in three-fourths of the several States. Congress is given power to determine the mode of ratification.

There is where we get the information as to exactly where the party stands. The Senate will notice what they advocate is just as clear as day; everybody can see it.

Referendums without constitutional sanction can not furnish a decisive answer. Those who propose them innocently are deluded by false hopes; those who propose them knowingly are deceiving the people.

A nation-wide controversy over the eighteenth amendment now distracts attention from the constructive solution of many pressing national problems. The principle of national prohibition as embodied in the amendment was supported and opposed by members of both great political parties. It was submitted to the States by Members of Congress of different political faith and ratified by State legislatures of different political majorities. It was not then and is now not a partisan political question.

Members of the Republican Party hold different opinions with respect to it, and no public official or member of the party should be pledged or forced to choose between his party affiliations and his honest convictions upon this question.

In other words, if a platform is adopted which violates every principle for which one stands, he should still be a member of the party. Principle counts for nothing; cast that aside; throw it overboard; be good Democrats and good Republicans, no matter what the party stands for. That is the philosophy of that paragraph. Now we get to the real meat of the matter:

We do not favor a submission limited to the issue of retention or repeal.

We are neither for repeal nor for retention. What could be more complete? We are opposed to repealing it and we are opposed to retaining it. Now, let us see where we do stand:

For the American Nation never in its history has gone backward, and in this case the progress which has thus far been made must be preserved, while the evils must be eliminated.

Why, Mr. President, I did not know there were any evils. Has it come to the point where we have recognized the fact that there are evils in connection with national prohibition?

And the gains shown have got to be retained.

The gains! There is no mention of what the gains are. I suppose they mean the gains in the number of outlets—a speak-easy at every crossroads in the country; liquor to be had in every town, village, and countryside; about three or four times the number of speak-easies that there were saloons in the places where saloons were permitted; jails filled with people; appropriations pending in the Congress to provide new penitentiaries; revenue lost to the Government; crime flourishing on a scale never before existing; murder, the handmaiden of the bootlegger, 1,365 persons having been shot down in the course of 10 years of prohibition enforcement. Even in the Capital, the District of Columbia, five times as many persons under 21 years of age have been arrested for drunkenness in the 10 years since prohibition as in the 10 years preceding it—five times as many. Those gains ought to be kept, says this platform. But it also says:

We do not favor a submission limited to the issue of retention or repeal.

They do not say what they do favor. They are opposed to repeal; they are opposed to retention of the eighteenth amendment; and there is nothing in between to show where the party stands.

I hope my Democratic colleagues will take a leaf out of this hypocrisy and will at least have the courage to present a platform which is understandable, candid, and honest; and if we do not do that we, too, will deserve the condemnation of the people.

The gains we have made must be retained; the evils must be eliminated. What are the gains? What are the evils? How are we to hold the gains and how are we to eliminate the evils?

We, therefore, believe that the people should have an opportunity to pass upon a proposed amendment, the provisions of which, while retaining in the Federal Government power to preserve the gains already made in dealing with the evils inherent in the liquor traffic, shall allow States to deal with the problem as their citizens may determine, but subject always to the power of the Federal Government to protect those States where prohibition may exist and safeguard our citizens everywhere from the return of the saloon and attendant abuses.

We are going to allow the people in their respective States to determine what they want, but they will not have the right of local self-government because, nevertheless, the Federal Government will not let them have what they want, says this platform.

Let me read it again.

We, therefore, believe that the people should have an opportunity to pass upon a proposed amendment, the provisions of which, while retaining in the Federal Government power to preserve the gains already made in dealing with the evils inherent in the liquor traffic, shall allow States to deal with the problem as their citizens may determine, but subject always to the power of the Federal Government to protect those States where prohibition may exist.

Good Lord, we have got the Webb-Kenyon Act, and everyone knows that under the interstate-commerce clause in the Constitution any reasonable application of that power will protect the dry States.

It is difficult to comment upon this platform; it is such a group of idle words, vague promises, undefined ideas, so lacking in principle, so lacking in cohesion and coherence, so lacking in candor, so lacking in honesty, so lacking in decency, and so lacking in statesmanship and so full of evasion and hypocrisy and sham and pretense and bunk that words can not be found either to characterize it adequately or to describe the state of mentality which produced such a monstrosity.

Here they say that the people have put this law into the Constitution, but the people shall not have the right, even if they want to, to take it out of the Constitution; and all of this is done in the name of democratic government and of republican government.

It looks to me as if the President's long tenure of office in England had somehow saturated his mind with the idea

that this is a monarchy and not a democracy, because he says even if the people want to change this thing they shall not change it.

Thank God, there were in the Republican Party—and I take my hat off to both the wets and the drys—men who would not be a party to this hypocrisy without making honest comment and observation upon it. Men who are profound and sincere in their belief that national prohibition is a good thing did not hesitate to denounce it, even though they are Republicans; and men who are opposed to prohibition did not hesitate to denounce it, even though they are Republicans. The light of honesty from these men shines through this fog of hypocrisy and sham and pretense and is the one ray of hope in a very dark setting.

Now I want to renew my question, Mr. President. I understand that this plank comes from the White House; that it has the approval of the President. I defy any Senator in this Chamber to tell me where Herbert Hoover stands on the question of national prohibition; and I pause for an answer.

Is there one Senator, just one, who can tell us where Mr. Hoover stands on national prohibition? Is he in favor of it? I pause for an answer. Is he opposed to it? I pause for an answer. If he is neither in favor of it nor opposed to it, can anyone tell, then, where he does stand in between? Of course you can not tell; and there is not an intellect that ever lived, from Pythagoras down to the present time, who could take that statement and say in short, clipped sentences or long sentences, for that matter, what it means and what it purports to do. It is the greatest conglomeration of sham and political bunk that God Almighty ever permitted the human hand to reduce to writing. It is dishonest from its first letter to the period at the end of it. It has not a word of candor or a line or an impulse of honesty in it. It is pure political claptrap, put out neither to offend the wets nor to offend the drys, and to leave this entire question to be misinterpreted by every partisan spellbinder in each party.

Let not anyone rise again and ask me to follow the "leadership in the White House." I do not want anybody to appeal to me henceforth to follow the "leader" in the White House, because if that is the kind of orders for battle we get in this great emergency, we had better get a new general at the head of the army; and if the Democratic Party likewise adopts this philosophy, God save the Republic!

I do not want to be partisan in this discussion. I will not be; but I read the keynote speech of Mr. SNELL yesterday. He was only doing his job, because the job of keynoters is to say that everything your party does is fine and good and noble and grand, and everything that the other party does is outrageous. Mr. SNELL over and over again said that the Democratic Party was thus and so; but the great leader in the White House, the great, noble crusader, was the man who would bring the ship of state through these stormy times and land it safely in the harbor of peace and prosperity. Well, if Mr. SNELL calls that leadership on a question which more people have an opinion upon than any other, then we have a preface to the kind of leadership we will get during the next four years in the event of Republican success.

I call upon wets, I call upon drys, I call upon modificationists everywhere who desire to see the cause of honest, representative government make progress, to denounce this plank, and if the Democrats write one like it to denounce that plank, and let us give the people a chance to vote on a clear-cut issue and a chance to express their desires, and make an end to this damnable hypocrisy in a time when we are floundering around in the greatest depression of all history.

NAVAL APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 11452) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes.

The VICE PRESIDENT. The clerk will read the bill for action upon the amendments of the committee.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the heading "Naval Establishment, office of the Secretary, pay, miscellaneous," on page 2, line 7, after the word "employees," to insert "including not to exceed $1,500 for the expenses of attendance, at home and abroad, upon meetings of technical, professional, scientific, and other similar organizations when, in the judgment of the Secretary of the Navy, such attendance would be of benefit in the conduct of the work of the Navy Department," so as to read:

For commissions and interest; transportation of funds, including the cost of insurance on shipments of money by registered mail when necessary; exchange; for traveling expenses of civilian employees, including not to exceed $1,500 for the expenses of attendance, at home and abroad, upon meetings of technical, professional, scientific, and other similar organizations when, in the judgment of the Secretary of the Navy, such attendance would be of benefit in the conduct of the work of the Navy Department.

The amendment was agreed to.

The next amendment was, on page 3, line 11, after the word "home," to strike out "in other than history, languages, civil government, and literature, and cost of special instruction" and insert the word "and," so as to read:

Cost of special instruction at home and abroad, including maintenance of students and attachés, and not to exceed $9,750 for allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (U. S. C., Supp. V, title 5, sec. 118a).

The amendment was agreed to.

The next amendment was, on page 3, line 18, after the word "thereof," to strike out the comma and "and the expenditures for such purposes shall be accounted for specifically," so as to read:

Information from abroad and at home, and the collection and classification thereof.

The amendment was agreed to.

The next amendment was, under the subhead "Naval training stations, Bureau of Navigation," on page 11, line 3, after the name "California," to strike out "$166,300" and insert "$160,200," so as to read:

San Diego, Calif., $160,200.

The amendment was agreed to.

The next amendment was, on page 11, line 4, after the name "Rhode Island," to strike out "$182,000" and insert "$202,000," so as to read:

Newport, R. I., $202,000.

The amendment was agreed to.

The next amendment was, on page 11, line 5, after the name "Illinois," to strike out "$252,900" and insert "$245,000," so as to read:

Great Lakes, Ill., $245,000.

The amendment was agreed to.

The next amendment was, on page 11, line 6, after the name "Virginia," to strike out "$231,000" and insert "$225,000," so as to read:

Hampton Roads, Va., $225,000.

The amendment was agreed to.

The next amendment was, under the subhead "Naval Reserve," on page 12, line 15, after the word "aircraft," to strike out "$3,077,686" and insert "$3,727,686," so as to read:

For expenses of organizing, administering, and recruiting the Naval Reserve and Naval Militia; pay and allowances of officers and enlisted men of the Naval Reserve when employed on authorized training duty; mileage for officers while traveling under orders to and from training duty; transportation of enlisted men to and from training duty, and subsistence and transfers en route, or cash in lieu thereof; subsistence of enlisted men during the actual period of training duty; subsistence of officers and enlisted men of the Fleet Naval Reserve while performing authorized training or other duty without pay; pay, mileage, and allowances of officers of the Naval Reserve and pay, allowances, and subsistence of enlisted men of the Naval Reserve when ordered to active duty in connection with instruction, training, and drilling of the Naval Reserve; pay of officers and enlisted men of the Fleet Naval Reserve for the performance of not to exceed 48 drills per annum or other equivalent instruction or duty, or appropriate duties, and administrative duties, exclusive, however, of pay, allowances, or other expenses on account of members of any class of the Naval

Reserve incident to their being given flight training unless, as a condition precedent, they shall have been found by such agency as the Secretary of the Navy may designate physically and psychologically qualified to serve as pilots of naval aircraft, $3,727,686.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator in charge of the bill why this increase is proposed—an increase of $650,000?

Mr. HALE. Mr. President, I will say to the Senator that this increase and the increase that we have made for taking care of the pay of the midshipmen who were given commissions over and above the number provided by law this year are substantially the only large increases that the committee has put into the bill. This $650,000 will enable the Naval Reserves of the country to carry on their annual summer cruise as they have always done in the past. The Budget provided for this expense; and when the question came up in the House the department, in order to economize, suggested leaving this out. The Naval Reserves were bitterly disappointed when they were told that they probably would have to give up their summer cruise; and the Senate committee, in going over the matter, decided that they would add this amount to the bill, and thus enable them to do as they had been doing in the past.

Mr. ROBINSON of Arkansas. Mr. President, I see from the general report submitted by the Senator from Maine that the net reduction in the bill as reported to this body, as compared with the amount of the bill as passed by the House, is $8,134,998.

Mr. HALE. That is correct.

Mr. ROBINSON of Arkansas. May I ask the Senator to state in a general way in what that reduction consists?

Mr. HALE. Very well, Mr. President.

When the department made up its figures for the Budget last fall it asked for some $397,000,000. The Budget cut down those figures to $341,000,000. The House, after extensive hearings, cut down the Budget figure from $341,000,000 to $326,000,000. The Senate committee has further cut that $326,000,000 down by slightly over $8,000,000.

When the bill came to the Senate from the House I talked with the Secretary of the Navy and the officials of the department and told them that we must make some cuts over here; that there were propositions to cut down all of the bills 10 per cent, and I asked them whether that was a possible thing to do in the case of the Navy. They said it certainly was not if we wanted to run the Navy. I told them to go to work and make whatever cuts they possibly could make and still be able to carry on; and one of the cuts that has been made is under "Increase of the Navy."

On page 51 of the bill, under "Increase of the Navy," the Senator will see that the House figures of $23,063,000 were cut down to $15,063,000, a reduction of $8,000,000.

Mr. ROBINSON of Arkansas. The principal reduction, then, is associated with that item, the "Increase of the Navy?"

Mr. HALE. The principal reduction is under "Increase of the Navy." Along with that, under "Increase of the Navy," goes another item on page 52, line 15, where we have cut down from $4,167,333 to $3,000,000, a reduction of some $1,167,000.

Under the bill there are no appropriations for starting the construction of any new ships of the Navy with the exception of one of the three 8-inch-gun cruisers which under the terms of the London treaty may be started this year. There is a small appropriation in the bill for that. Other than that, no new construction is provided for. This reduction that was made will be taken out of the work that is being done on the ships that are now under construction, and it probably can be done without any injury to the Navy, as there have been complications in questions connected with the machinery of the ships, and in all probability this amount of money will not have to be spent during the coming year.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment was, on page 12, at the end of line 25, to strike out "$336,375" and insert "$435,378," so as to read:

Of which amount not more than $150,000 shall be available for maintenance and rental of armories, including pay of necessary janitors, and for wharfage; not more than $81,000 shall be available for employees assigned to Group IV (b) and those performing similar services carried under native and alien schedules in the schedule of wages for civil employees in the field service of the Navy Department; not less than $575,079 shall be available, in addition to other appropriations, for aviation material, equipment, fuel, and rental of hangars, and not more than $435,378 shall be available, in addition to other appropriations, for fuel and the transportation thereof, and for all other expenses in connection with the maintenance, operation, repair, and upkeep of vessels assigned for training the Naval Reserve.

The amendment was agreed to.

The next amendment was, on page 13, line 4, after the name "Naval Reserve," to strike out the colon and the following proviso:

Provided, That no appropriation contained in this act shall be available to pay more than one officer of the Naval Reserve and one officer of the Marine Corps Reserve above the grade of lieutenant or captain, respectively, for the performance of active duty other than the performance of drills or other equivalent instruction or duty and/or the performance of 15 days' active training duty.

Mr. KING. Mr. President, my attention was distracted for a moment. I inquire of the chairman of the committee with respect to the item found on page 12, $3,727,686 for the Naval Reserve. An increase of approximately $700,000 has been made in this item by the Senate committee above the appropriation carried in the bill as it came from the House. Will the Senator explain the reason or justification for this large increase?

Mr. HALE. I have just explained to the Senator from Arkansas the reason for the increase.

Mr. KING. I beg the Senator's pardon. I just came into the Chamber.

Mr. HALE. The reason is that we are permitting the Naval Reserve to have their annual cruise this year just as they have always had in the past, and that requires an additional appropriation of about $650,000. When we are allowing the citizens' military training camps, the Reserve Officers' Training Corps, and the National Guard to have their annual camps, it seemed a little rough on the Navy to make one particular exception of them and not allow the Naval Reserve to do what they always have done, and what is necessary for their training.

Mr. KING. I should like to ask the Senator what amount has been expended in the past for this cruise.

Mr. HALE. Last year it was slightly more than $682,000. This year they think they can get along with $650,000.

Mr. KING. What is the entire cost, the entire amount?

Mr. HALE. The entire cost of the cruises this year will amount to $650,000.

Mr. KING. But the appropriation is $3,727,000. Does the Senator mean to say that that entire amount is consumed in making the Naval Reserve cruise?

Mr. HALE. That is the total appropriation for the reserve. The annual cruise item amounts to $650,000.

Mr. KING. How many men are there in the Naval Reserve?

Mr. HALE. In the active Naval Reserve there are about 10,000—about 1,000 officers and 9,000 men. These are the men who take these summer cruises. They are distributed around all over the country in small units. I think there are 139 divisions of about 55 men each. These men were very much disappointed when they were told that they could not carry on their annual cruise as they have always done.

Mr. KING. Does the experience of the Navy justify the maintenance of this plan?

Mr. HALE. Oh, I think so. This is the real training that they get on real ships of the Navy; and I think the experience of the Navy shows that these men, especially in the last war, were of great value when we got into actual hostilities.

Mr. KING. What proportion of those who avail themselves of the cruise are officers? Of course the residue, I suppose, would be "gobs."

Mr. HALE. They all turn out. As I said, there are about 1,000 officers and 9,000 men in the active reserve.

Mr. KING. All of them have had naval service?

Mr. HALE. They are all in the reserve.

Mr. KING. Have all the officers and men had prior naval service?

Mr. HALE. Oh, no; not at all. These are not fleet reserve. These correspond to the National Guard. There are companies of these men all over the United States.

Mr. KING. I understand, but what I am trying to ascertain is whether they are recruited annually, or whether there are allotments from preceding years and whether any of those allotments from preceding years would go back to the days of the war?

Mr. HALE. Some of the men were in the service during the war.

Mr. KING. That would be true of the men as well as of the officers?

Mr. HALE. They are building up their units all the time, losing certain men and adding others, but at the present time there are very many who served in the war.

The VICE PRESIDENT. The question is on agreeing to the amendment on page 13.

The amendment was agreed to.

The next amendment was, under the subhead "Naval Reserve Officers' Training Corps," on page 15, line 8, after the word "for," to strike out "any expense" and insert "mileage, pay, or subsistence," so as to read:

Provided, That none of the funds appropriated in this act shall be used for mileage, pay, or subsistence incident to training or practice cruises of members of the Naval Reserve Officers' Training Corps, but members of such corps denied such cruises in consequence hereof shall not be refused appointments as ensigns in the Naval Reserve by reason thereof.

The amendment was agreed to.

The next amendment was, under the subhead "Naval Home, Philadelphia, Pa.," on page 16, after line 17, to strike out:

For pay of employees at rates of pay to be fixed by the Secretary of the Navy, $86,525.

And in lieu thereof to insert:

For pay of employees, $86,525: *Provided*, That the sum to be paid out of this appropriation for employees assigned to Group IV (b) and those performing similar services carried under native and alien schedules in the Schedule of Wages for Civil Employees in the Field Service of the Navy Department shall not exceed $15,000.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Supplies and Accounts—Pay, subsistence, and transportation of naval personnel," on page 23, line 13, after the word "orders," to strike out "(not to exceed, exclusive of officers designated pursuant to law as additional numbers, 5,499 commissioned officers of the line, 908 officers of the Medical Corps, 186 officers of the Dental Corps, 556 officers of the Supply Corps, 83 officers of the Chaplain Corps, 233 officers of the Construction Corps, 109 officers of the Civil Engineer Corps, and 1,461 warrant and commissioned warrant officers)"; in line 23, after the word "pay," to strike out "$30,653,486" and insert "$31,513,421"; and in line 24, after the word "exceed," to strike out "$1,014,250" and insert "$1,191,850," so as to read:

Pay of naval personnel: For pay and allowances prescribed by law of officers on sea duty and other duty, and officers on waiting orders, pay—$31,513,421, including not to exceed $1,191,850 for increased pay for making aerial flights.

Mr. KING. Mr. President, I invite the attention of the Senator from Maine to page 23. I observe an increase in the appropriation of several hundred thousand dollars, the increase being shown in lines 23 and 24. Can the Senator explain the reason for this increase?

Mr. HALE. Mr. President, when the class which just completed the course at Annapolis came to graduate it was found that the officers of the Navy were within 29 of the number allowed under existing law, that number being 5,499. In the graduating class there were about 421 midshipmen. Congress, in the case of those men, passed a law this year providing that the whole of the graduating class should be given commissions, and of course that would mean that the number of officers in the Navy would exceed the 5,499 allowed by law. Under the provision of the appropriation bill as passed by the House, before the law giving these midshipmen their commissions was passed, the midshipmen were not taken into consideration, and the Senate committee has simply added what was necessary under the law to take care of the extra number.

Mr. KING. Did not the House Committee on Appropriations take cognizance of the situation and did they not contemplate an appropriation?

Mr. HALE. They could not. At that time there was no authority for it. Congress has passed the law since that time.

Mr. KING. Then, as I understand, this increase is made necessary wholly because of the graduation of a larger number of midshipmen?

Mr. HALE. Mr. President, $682,000 of the $859,935 which appears in the increase on line 24 was for the pay of the midshipmen and $177,600 was transferred from another portion of the bill to take care of the flight pay for aviation.

The House committee undertook to reduce the flight pay for aviation and to provide that no aviator drawing flight pay should draw more than $1,100 a year. But that proposition was turned down by the House itself. The amount they would have had to spend for this flight pay, if it were a maximum of $1,100 a year, would have been $1,014,250, but that does not take in what they would have to spend under the present law, which gives them time and a half for flight pay, making a difference of $177,600. That, added to the midshipmen's pay, makes up the increase in the bill.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment was, on page 24, line 2, after the figures "$3,705,180," to insert the following:

And the rental and subsistence allowances for the fiscal year 1933 shall be the same as for the fiscal year 1932, subject to such reduction therein as may be necessary under the provisions of section 102, Part II, of the legislative appropriation act for the fiscal year 1933.

Mr. HALE. Mr. President, I do not think that amendment is necessary. It was put in to take care of the case of a double deduction under subsistence and allowances under the provision of the pay cuts which were recommended by the Economy Committee, but were not adopted in the Senate, and subsistence and allowance items do not appear in the economy bill under the House provision for a pay cut or under the Senate provision for a furlough.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

The next amendment was, on page 24, line 7, to increase the appropriation for pay and allowances prescribed by law of officers on sea duty and other duty, and officers on waiting orders, etc., from $40,457,181 to $41,317,116.

The amendment was agreed to.

The next amendment was, on page 24, line 19, after the word "officers," to strike out "(not to exceed 5,910 chief petty officers and 850 chief petty officers under acting appointment)," so as to read:

Pay of petty officers, seamen, landsmen, and apprentice seamen, including men in the engineer's force and men detailed for duty with the Fish Commission, enlisted men, men in trade schools, pay of enlisted men of the Hospital Corps, extra pay for men for diving, and cash prizes (not to exceed $71,500) for men for excellence in gunnery, target practice, and engineering competitions, $63,729,756, etc.

The amendment was agreed to.

The next amendment was, on page 26, line 7, to increase the total appropriation for pay of naval personnel from $130,751,221 to $131,611,156.

The amendment was agreed to.

The next amendment was, on page 26, line 9, after the word "officers," to insert "in excess of six," so as to read:

And no part of such sum shall be available to pay active duty pay and allowances to officers in excess of six on the retired list.

The amendment was agreed to.

The next amendment was, on page 26, line 9, after the word "list," to strike out the colon and the following proviso:

Provided, That hereafter no enlisted man of the Navy shall be assigned to the Fleet Naval Reserve as provided for in section 22 of the act of February 28, 1925 (U. S. C., title 34, sec. 783).

The amendment was agreed to.

The next amendment was, on page 28, line 17, after the word "men," to strike out "(not to exceed $450,000)," so as to read:

Transportation and recruiting of naval personnel: For mileage and actual and necessary expenses and per diem in lieu of subsistence as authorized by law to officers of the Navy while traveling under orders, including not to exceed $2,000 for the expenses of attendance at home and abroad, upon meetings of technical, professional, scientific, and other similar organizations, when, in the judgment of the Secretary of the Navy, such attendance would be of benefit in the conduct of the work of the Navy Department; for mileage, at 5 cents per mile, to midshipmen entering the Naval Academy while proceeding from their homes to the Naval Academy for examination and appointment as midshipmen, and not more than $2,500 shall be available for transportation of midshipmen, including reimbursement of traveling expenses while traveling under orders after appointment as midshipmen; for actual traveling expenses of female nurses; for travel allowance or for transportation and subsistence as authorized by law of enlisted men upon discharge; transportation of enlisted men and apprentice seamen and applicants for enlistment at home and abroad, with subsistence and transfers en route, or cash in lieu thereof; transportation to their homes, if residents of the United States, of enlisted men and apprentice seamen discharged on medical survey, with subsistence and transfers en route, or cash in lieu thereof; transportation of sick or insane enlisted men and apprentice seamen and insane supernumerary patients to hospitals, with subsistence and transfers en route, or cash in lieu thereof; apprehension and delivery of deserters and stragglers, and for railway guides and other expenses incident to transportation; expenses of recruiting for the naval service; rent of rendezvous and expenses of maintaining the same; advertising for and obtaining men and apprentice seamen; actual and necessary expenses in lieu of mileage to officers on duty with traveling recruiting parties; transportation of dependents of officers and enlisted men; expenses of funeral escorts of naval personnel; in all, $4,017,173.

The amendment was agreed to.

The next amendment was, on page 28, line 18, after the figures "$4,017,173," to strike out the comma and "and not more than $593,479 of such sum shall be available for travel by officers, midshipmen, and female nurses."

The amendment was agreed to.

The next amendment was, on page 28, line 22, before the word "of," to strike out "$149,052,211" and insert "$149,912,146," so as to read:

In all, for pay, subsistence, and transportation of naval personnel, $149,912,146, of which sum $1,000,000 shall be immediately available, and the money herein specifically appropriated, or transferred from the clothing and small stores' fund to this appropriation as herein authorized, for "Pay, subsistence, and transportation of naval personnel," shall be disbursed and accounted for in accordance with existing law and shall constitute one fund.

The amendment was agreed to.

The next amendment was, on page 29, line 7, after the word "Veterans'," to strike out "Bureau" and insert "Administration," and in line 9, after the word "numbers," to strike out "not specifically," so as to read:

Provided, That additional commissioned, warranted, appointed, enlisted, and civilian personnel of the Medical Department of the Navy, required for the care of patients of the United States Veterans' Administration in naval hospitals, may be employed in addition to the numbers appropriated for in this act.

The amendment was agreed to.

The next amendment was, on page 30, line 4, after the word "admission," to strike out the colon and the following provisos:

Provided further, That hereafter no person holding a civil office or position, appointive or elective, under the Federal Government or the municipal government of the District of Columbia or under any corporation a majority of the capital stock of which is owned by the Government of the United States, shall be entitled, during the period of such incumbency, to retired pay from the United States for or on account of services as a commissioned officer in the Navy or Marine Corps at a rate in excess of an amount which when combined with the annual rate of compensation from any such civil office or position makes the total rate from both sources more than $3,000; and when the retired pay amounts to or exceeds the rate of $3,000 per annum such person shall be entitled to the pay of the civil office or position or the retired pay, whichever he may elect: *Provided*, That the term "retired pay" shall be construed to include credits for all military or naval service as lawfully may enter into the computation thereof.

The amendment was agreed to.

The next amendment was, under the subhead "Maintenance, Bureau of Supplies and Accounts," on page 31, line 6, after the word "Provided," to strike out:

That no appropriation contained in this act shall be available for any expense for or incident to the transportation of privately owned automobiles except on account of the return to the United States of such privately owned automobiles as may be in transit to or from points outside of the continental limits of the United States or have been transported to such outside points at public expense on or by the date of the approval of this act.

And in lieu thereof to insert:

That not more than $5,000 shall be available for any expense for or incident to the transportation of privately owned automobiles.

The amendment was agreed to.

The next amendment was, under the subhead "Fuel and transportation, Bureau of Supplies and Accounts," on page 32, line 21, after the figures "$6,735,000," to insert "and, in addition, $150,000 of the unexpended balance of the appropriation 'Fuel and transportation, Bureau of Supplies and Accounts, 1932,' is hereby reappropriated and made available during the fiscal year 1933," so as to read:

For coal and other fuel for submarine bases and steamers' and ships' use, including expenses of transportation, storage, and handling the same and the removal of fuel refuse from ships; maintenance and general operation of machinery of naval fuel depots and fuel plants; water for all purposes on board naval vessels, and ice for the cooling of water, including the expense of transportation and storage of both, $6,735,000 and, in addition, $150,000 of the unexpended balance of the appropriation "Fuel and transportation, Bureau of Supplies and Accounts, 1932," is hereby reappropriated and made available during the fiscal year 1933.

Mr. KING. Mr. President, I would like to ask the Senator having the bill in charge what equipage, supplies, and services, under the cognizance of the Bureau of Supplies and Accounts, are contemplated in the appropriation of $9,417,500 provided we meet these activities?

Mr. HALE. To what page is the Senator referring?

Mr. KING. To page 30, beginning with line 22, under "Maintenance, Bureau of Supplies and Accounts, $9,417,500."

I may add, before I resume my seat, I find under the Bureau of Supplies and Accounts and other places in the bill where there are accounting organizations. I am told by an officer of the General Accounting Office that in the Federal service there are several hundred organizations to care for accounts. If a little bureau is created, or a little commission is created, there follows automatically a large accounting division or organization, so that there are hundreds in the United States service, whereas if there were any proper economy or business methods, they could be reduced, I am advised, materially.

Mr. HALE. Mr. President, the Bureau of Supplies and Accounts is the Quartermaster Department of the Navy, and of course they have to take care of all the supplies of the Navy. As far as the question of new accounts is concerned, it is not a question of starting up an accounting division, it is a question of bookkeeping. I do not think they have any additional men for doing that. There are several principal accounts—the stores account, the clothing account, the Navy supply account, the appropriations purchase account, and things of that sort. But this is simply a question of bookkeeping. I do not think it is a question of building up any additional personnel. I think the Navy operates very economically. I know that during the war they made an excellent reputation, and the system of bookkeeping adopted by the Bureau of Supplies and Accounts is being followed in many of the other departments of the Government.

Mr. KING. Mr. President, my criticism was not directed particularly against the Bureau of Supplies and Accounts,

but to the practices in the Government—not in the Navy Department alone but in all of the departments—of having such a large number of accounting organizations.

Mr. HALE. I think that is simply a question of bookkeeping. I do not think there is any question of additional expenditure.

Mr. KING. The Senator is in error in regard to that, may I say, if he will pardon me? But the Senator has not yet answered the question I propounded as to the reason for the large appropriation of $9,417,500 found on page 31. I ask for information as to what equipage, supplies, and services are provided for in this large appropriation.

Mr. HALE. Mr. President, the services ashore include purchase of all supplies and services for all bureaus; disbursement of all funds for the Naval Establishment in payment for materials, and services rendered; accounting for materials purchased and manufactured, including the maintenance of accounting records incident to both, the maintenance of appropriation and cost records for all work performed at navy yards and stations; receipt and storage of materials purchased and manufactured under the naval supply account fund and other appropriations, and the issue of these materials to ships and stations for use and for manufacture of other items.

Transportation: Household effects of naval personnel, packing, and shipping, via common carrier or Government conveyance, including collection from and delivery to quarters or residence; equipage and supplies, transported by common carriers between stations and ships.

These services require labor, materials, and services other than personnel, including a considerable amount of freight (rail and water borne), express, and parcel-post charges. The bulk of the expenditure under this appropriation is for pay of civilian personnel at naval shore stations. If there is an arbitrary reduction in numbers to come within a certain total, there is a resultant decrease in rendition of service, which—except as it may result in adverse criticism—does not concern the Bureau of Supplies and Accounts, but does vitally affect the operation of the Navy.

The services afloat include equipage and supplies: For supply and disbursing departments, galleys, and messes, and certain equipment and supplies for commanding, executive, communication, and navigating officers of ships, boards, and courts on ships, and chaplains.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Medicine and Surgery, Medical Department," on page 35, line 2, after the word "to," to strike out "the Government Hospital for the Insane" and insert "St. Elizabeths Hospital," so as to read:

For the care, maintenance, and treatment of the insane of the Navy and Marine Corps on the Pacific coast, including supernumeraries held for transfer to St. Elizabeths Hospital.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Yards and Docks, maintenance, Bureau of Yards and Docks," on page 37, line 6, after the word "chauffeurs," to strike out "and of" and insert "but not including the compensation of 90," so as to read:

Provided, That expenditures from appropriations contained in this act for the maintenance, operation, and repair of motor-propelled passenger-carrying vehicles, including the compensation of civilian chauffeurs, but not including the compensation of 90 enlisted men detailed to such duty, shall not exceed in the aggregate $70,000, exclusive of such vehicles owned and operated by the Marine Corps in connection with expeditionary duty without the continental limits of the United States and motor cycles, and on any one vehicle shall not exceed for maintenance, upkeep, and repair, exclusive of garage rent, pay of operators, tires, fuel, and lubricants, one-third of the market price of a new vehicle of the same make or class, and in any case more than $500.

The amendment was agreed to.

The next amendment was, under the heading "Public works, Bureau of Yards and Docks," on page 38, line 6, after the word "respectively," to strike out "$2,790,000" and insert "$2,490,000," so as to read:

To enable the Secretary of the Navy to complete, provide, or continue the construction, by contract or otherwise, of the public works and public-utilities projects named in the naval appropriation act, fiscal year 1932, including the naval lighter-than-air base near Sunnyvale, Calif., provided for in the second deficiency act, fiscal year 1931, and within the limits of cost specified in those acts; and to construct or provide, by contract or otherwise, the following-named public works and public-utilities projects, at a limit of cost not to exceed the amount stated for each project enumerated, respectively, $2,490,000, of which not to exceed $150,000 shall be available for the employment of classified personal services in the Bureau of Yards and Docks and in the field service to be engaged upon such work and to be in addition to employees otherwise provided for.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Aeronautics, aviation, Navy," on page 40, line 13, after the word "equipment," to strike out "$13,578,805" and insert "$13,401,205"; and on page 41, line 10, after the words "in all," to strike out "$25,388,705" and insert "$25,211,105," so as to read:

For aviation, as follows: For navigational, photographic, aerological, radio, and miscellaneous equipment, including repairs thereto, for use with aircraft built or building on June 30, 1932, $949,900; for maintenance, repair, and operation of aircraft factory, air stations, fleet air bases, fleet and all other aviation activities, accident prevention, testing laboratories, for overhauling of planes, and for the purchase for aviation purposes only of special clothing, wearing apparel and special equipment, $13,401,205, including $153,000 for the equipment of vessels with catapults and including not to exceed $175,000 for the procurement of helium, and such sum shall be transferred to and made available to the Bureau of Mines on July 1, 1932; for continuing experiments and development work on all types of aircraft, including the payment of part-time or intermittent employment in the District of Columbia or elsewhere of such scientists and technicists as may be contracted for by the Secretary of the Navy, in his discretion, at a rate of pay not exceeding $20 per diem for any person so employed, $2,210,000; for the payment of obligations incurred under the contract authorization carried in the Navy appropriation act for the fiscal year 1932 for the production and purchase of new airplanes and their equipment, spare parts, and accessories, $7,200,000; toward the construction of the rigid airships as provided in the act authorizing construction of aircraft, etc., approved June 24, 1926 (U. S. C., Supp. V, title 34, sec. 749a), and subject to the contractural conditions stipulated as to such rigid airships in the act making appropriations for the Navy Department and the naval service for the fiscal year 1929, $1,450,000; in all, $25,211,105; and the money herein specifically appropriated for "Aviation" shall be disbursed and accounted for in accordance with existing law and shall constitute one fund.

Mr. KING. Mr. President, may I inquire of the Senator whether it is the purpose of the department to continue what I regard as a most wasteful and unnecessary policy of building rigid airships? The accidents that have occurred have been numerous. It seems to me that the waste of money in the purchases of ships that were built abroad, as well as those which are being built in the United States, can not be justified under the present condition of the Government.

Mr. HALE. Mr. President, as the Senator knows, we have just completed the airship *Akron*, and she has turned out very successfully, I believe. We are now building one more ship, under the provisions of the law. We got the two for a reduction of price over what we would have had to pay if we had built them separately. The third airship which we have—the *Los Angeles*—is either out of commission now or to be put out of commission, and we are to keep the *Akron* alone in commission until the second ship, which is building, is put in commission.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Washington?

Mr. HALE. I yield.

Mr. DILL. Will the Senator please tell the Senate and the country what practical value has accrued to the defense of the Nation from these rigid airships?

Mr. HALE. Nobody can tell exactly what effect they would have in war. I personally have never been very enthusiastic about the rigid airships, but the Navy feels that cases will come up where they would be valuable in warfare. At least for negative scouting they are extremely valuable.

Mr. DILL. For what kind of scouting?

Mr. HALE. Negative scouting.

Mr. DILL. What does the Senator mean by negative scouting?

Mr. HALE. I was just about to explain to the Senator. They can scout over a very large area of territory. They carry planes by using which they can discover whether the enemy is anywhere about within certain sections. If the enemy happens to be about, of course, they are more or less vulnerable.

Mr. DILL. Does the Senator think the scouting of one of these immense rigid airships is going to enable the Navy to discover anybody anywhere else within 100 miles of where they are at sea?

Mr. HALE. They cover a far greater scouting area than 100 square miles—more than 100 miles.

Mr. DILL. But my point is that the airship is so immense and can be seen so far that it becomes a target for the enemy. I may be incapable of understanding the principles of defense and attack, but I can not conceive of anything that would be so vulnerable to attack as one of these great airships, hanging in the air as they do.

Mr. HALE. It is of very great value from the military point of view for these airships to be able to assure the fleet that there are no enemy ships within a certain area. They can cover a much greater scouting area than either a surface ship or an airplane.

Mr. DILL. If these great rigid airships start out over the ocean for any distance, they must carry with them battle planes to defend the airship, or they would be at the mercy of the fast planes of the enemy which could reach them much more quickly than they could see the enemy and get away.

Mr. HALE. The new ships carry airplanes as a part of their equipment.

Mr. DILL. I suppose the theory is that the planes on the airships would cut loose and go out and fight the other planes that come from the enemy. As I have read of experiments with these great rigid airships, I am impressed that they afford a most interesting experience for the naval officers who manipulate them, and they may be of some value from the standpoint of developing commercial aircraft of this kind; but from the standpoint of naval defense it seems to me they are the greatest waste that is to be found in any of the defensive arms of the Government. I can not understand in a time like this, when we are pressed for every dollar that we expend, why we should go ahead now with a proposal here to spend $1,500,000 for these purposes. I do not know whether it is to build more new ones or not.

Mr. HALE. I quite agree with the Senator about the value of the airships for military purposes. Personally I do not think they are very useful. Of course, they are also of value if we want to send a contingent of officers or men to Panama, for instance. They can make much better time than any surface ship can make or than the men could going by rail.

Mr. DILL. They could not make any better time than a big airplane.

Mr. HALE. A certain number of officers or men could be sent, for instance, to Honolulu. I think, as the Senator said, one of the principal reasons for keeping them up is that unless the Navy builds them no one else will. Other countries are experimenting with them and the Navy has a feeling that we are justified in building a small number ourselves. So far as the expenditures this year are concerned, we have already started with the second ship, and it would not do to let it go by the board.

Mr. DILL. Am I to understand that the appropriation of $1,450,000 is to be used to build another one of these great airships?

Mr. HALE. No; it is to complete the second ship now building. This is simply to complete the second ship.

Mr. DILL. The Senator knows that under all of the most favorable conditions that the officers can find, without an enemy on earth, it is extremely difficult and hazardous to handle these great ships now. If we had to think in terms of handling them with enemies around us, there would be only one safe thing to do, and that would be to put them in the hangar and keep them there so they would not be destroyed and to camouflage the hangar in the hope that it might not be seen by the enemy.

Mr. HALE. We are under contract to finish the ship now building.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Utah?

Mr. HALE. I yield.

Mr. KING. I want to ask the Senator if any of the large appropriation found on page 41 is to be employed in the construction of airships which have not yet been laid down or for which contracts have not been made?

Mr. HALE. No; not at all.

Mr. KING. May I ask again, because I did not quite understand the reply to the interrogatory propounded by the Senator from Washington, what is to become of the $1,450,000 carried as one of the items in the bill?

Mr. HALE. That is to complete the rigid airship now building, the sister ship of the *Akron*.

Mr. KING. Can the Senator assure the Senate that no part of this appropriation is to be employed in starting new ships or making contracts for new ships?

Mr. HALE. Oh, absolutely. It could not be done. There is no authorization for new ships.

Mr. KING. Is it the policy of the Navy to continue what I regard as a most unsound and wasteful policy in the constructiton of these ships?

Mr. HALE. I do not think they have any intention of asking for anything of the sort in the immediate future. I think we will get along with the two we now have.

Mr. KING. I think the experience we have had with the ships we have, the one we got from Italy and the one from England and the ones we have had built here, furnishes convincing evidence of the folly of taxing the American people to build these foolish toys which float around in the air and are of no service either in peace or warfare as demonstrated up to this time. If we were not under contract to complete this airship, I should move to strike out the $1,450,000. I think it is the most unfortunate venture that our Government has entered upon.

Mr. HALE. We could not very well strike it out. We are under contract.

Mr. KING. Yes; I understand. I said if we were not under contract, I should move to strike it out because I think the policy upon which we have embarked has not been justified by our experience and has not been justified by the experiences of other nations. Unfortunately, as the Senator knows, the Navy is just like a young boy who finds some other boy with a toy. Immediately we have to get one like it. Whenever Great Britain or Germany advances some new idea with respect to military or naval matters, immediately our Navy runs after the toy whether it is good, bad, or indifferent. This is a toy that has cost us perhaps $40,000,000 or $50,000,000 up to this time with absolutely no advantage, and the Senator admits that one of the ships is about to be put out of commission.

Mr. HALE. That is being done for purposes of economy.

Mr. KING. When we put ships out of commission they usually stay out of commission and the moths step in to eat them away.

Mr. HALE. The *Los Angeles* has been in commission for a considerable number of years.

Mr. KING. The Senator has been unable to explain any benefits that we have derived from the *Los Angeles*.

Mr. HALE. I am not very enthusiastic about this type of airship myself.

Mr. KING. If it were not subject to a point of order, I should offer an amendment forbidding the construction of any other airship under the authorization contained in the law of June 24, 1927.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee. Without objection, the amendment is agreed to. The clerk will state the next amendment.

The next amendment of the Committee on Appropriations was, under the heading "Naval Academy," on page 42, after line 15, to strike out:

For pay of employees at rates to be fixed by the Secretary of the Navy, $577,387.

And in lieu thereof to insert:

For pay of employees, $577,387: *Provided*, That the sum to be paid out of this appropriation for employees assigned to Group IV(b) and those performing similar services carried under native and alien schedules in the Schedule of Wages for Civil Employees in the Field Service of the Navy Department shall not exceed $236,000.

Mr. GLASS. Mr. President, I desire to ask the Senator in charge of the bill a question. I note from the report that the sum of $20,000 has been subtracted from the expenses of three various training stations, and the entire amount has been put to the credit of the single naval training station at Newport, R. I. How did that happen?

Mr. HALE. I will say to the Senator that the question of keeping up the training station at Newport, R. I., was discussed in the House and by the House committee, and they decided to give it up as an active training station this year, but they proposed to spend $180,000 for keeping up the buildings and keeping them in repair.

Mr. GLASS. Why should that amount be subtracted from the three remaining stations?

Mr. HALE. If the Senator will allow me to finish my explanation, he will understand. When the question came over here the Senate committee did not believe it was advisable to give up Newport as a training station, but did not want to increase the amount to be expended under this item for training stations. Therefore, they took a small amount away from each of the other three stations, and added that to the Newport item, which will enable the department to keep up that station as a training station during the coming year. A good deal of the expense in connection with these matters——

Mr. GLASS. In other words, at the expense of the real training stations a training station is to be maintained that the House wanted to abolish?

Mr. HALE. Mr. President, in the case of these appropriations the bulk of the expense is for keeping up the grounds and buildings, and keeping the stations in repair. The committee thought that, by extreme economy in the case of all these stations, they could cut the amounts of money for these stations without closing up any of the training stations. The one at Newport is the only training station in that section of the country.

Mr. GLASS. Mr. President, it seems to me like a distinct discrimination. I am asking the question because my colleague [Mr. SWANSON], a member of the Committee on Naval Affairs, in fact the ranking Democratic member of that committee, is in Europe upon Government business. He usually has looked after these details; and on its face it seems to me to be a discrimination that ought not to have been permitted.

Mr. HALE. We took the action with the idea that the Navy Department could keep all the stations going, though it cuts the Newport item down very much below the Budget figures which were estimated for this year.

Mr. GLASS. I understand that; but it does not seem to me to be a sound proposition to cut down the appropriation for training stations that are actually required for the Government service and to appropriate the entire amount thus supposed to be saved for a training station that is not of actual use to the Government.

Mr. HALE. It will not cut down their activities in the work of training men at all. It is simply a question of cutting down the amount spent for repairs and improvements during the year, and I think they can very well get along with the appropriation provided.

Mr. GLASS. What I mean to say is that if my colleague had been present it would not have been done. I am rather helpless about it.

Mr. HALE. I do not think the Senator is right in that statement.

Mr. HEBERT. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Rhode Island?

Mr. GLASS. I yield.

Mr. HEBERT. The Senator from Maine will correct me if I am in error, but it is my understanding that the appropriation for the Newport training station has been reduced by the economy program something like 60 per cent, whereas the appropriations for the other training stations have been reduced, I think, in each case not more than 10 or 15 per cent.

The Senator from Virginia referred to the Newport training station as one which is not for training purposes at all. Of course, that is far from the fact. It has been for many years a training station.

Mr. HALE. Mr. President, does the Senator say that I said it was not a training station?

Mr. HEBERT. No; the Senator from Virginia made the statement.

Mr. GLASS. Oh, no; the Senator from Virginia did not make any such statement as that.

Mr. HEBERT. I so understood the Senator.

Mr. GLASS. I did not say it was not a training station at all; but, to my actual knowledge, for the last six or eight years there has been a controversy at every session of Congress as to whether or not it was a useful training station and whether or not it should be abolished altogether.

Mr. HEBERT. Mr. President, I know there has been agitation on the part of those interested in other training stations to have the one at Newport abolished.

Mr. GLASS. No; as a matter of fact, it is those who are interested in other training stations who have agreed with the advocates of the Newport (R. I.) station to retain that station.

Mr. HEBERT. The fact is that the proposed decrease in the appropriation for the naval training station would be a waste rather than a saving. Bear in mind that the training station at Newport is not that alone but is connected with the activities of the war college there and provides many facilities for the operations of the war college. If it were now discontinued, the cost of its maintenance would be greater than it would be to have it go along as a training station. It serves for the training of members of the Navy coming from a number of States in that section of the country. If it is to be discontinued as a training station, it will cost more for additional transportation to Hampton Roads or to one of the other stations than it would cost to maintain it as it has been maintained.

This bill now adds but $20,000 to the sum which is provided in the House bill, and that amount will enable Newport to continue training young men coming from that part of the country and at a saving of expense to the Government. Surely there ought not to be any objection to that little mite being added to the provision made for the training station in Newport.

Mr. GLASS. My objection is that it is a saving at the expense of a real training station, the efficiency of which has never been brought in question.

I do not propose to go into the merits of the matter here, although I may say to the Senator from Rhode Island that the Rhode Island training station has been regarded by those who for the last six or eight years have sought to abolish it as simply one of the facilities of a fashionable resort. What I am objecting to is taking $20,000 from other training stations in order to maintain a training station as to the need for which there is question.

Mr. HEBERT. Mr. President, the naval training station at Newport I consider one of the most efficient if not the most desirable of any now in existence.

Mr. GLASS. Naturally the Senator would take that attitude.

Mr. HEBERT. Far from being the adjunct to a fashionable water resort, I wish the Senator from Virginia were privileged to visit it some time and see the work that is being done there, as I have been privileged to do.

Mr. GLASS. I am not fashionable enough to get there.

Mr. HEBERT. It is an excellent activity that has been wonderfully well managed, and it is excellently designed for the purpose for which it was intended. There are those in that part of the country, Mr. President, who have a deep interest in naval affairs. There is no harbor on the Atlantic seaboard which, to my mind, compares with that at Newport.

Mr. GLASS. The Senator needs to readjust his mind. The one at Norfolk is vastly superior to that at Newport.

Mr. HEBERT. Of course, I know the Senator from Virginia and I would not agree on that point.

Mr. GLASS. Never in the world.

Mr. HEBERT. But we may agree to disagree, of course.

Mr. GLASS. I confess my ineptitude when it comes to looking after matters of this kind. I am a little surprised, however, that the chairman of the Naval Affairs Committee should have on this matter deserted his colleague who is absent in Europe.

Mr. HALE. I do not think I have really deserted my colleague from Virginia. The fact of the matter is that the Hampton Roads station was cut only $4,000 below the appropriation for last year; the San Diego station was cut $23,700; the Newport station $89,000, and the Great Lakes station $22,100. So I do not think the Hampton Roads station will be in very bad condition when we take away $6,000 or $7,000 from it.

Mr. KING. Mr. President, before we leave this item I should like to inquire of the Senator how many training stations there are; how many recruits there are, if that is the proper term, at each of these stations; what the aggregate cost of all the stations is, and what are the advantages of them?

Mr. HALE. Mr. President, to take up the Senator's last question first, the principal advantage is that unless we have them we can not train our men. All men when they enlist in the Navy have to go through a period of training for about three months in these training stations before they can become regular ordinary seamen. There are four of these stations in the United States—one at San Diego, one on the Great Lakes, one at Newport, and one at Hampton Roads. These stations cover all sections of the country. So far as possible, in recruiting an effort is made to recruit near the respective stations, because by doing so money is saved on the transportation of the men. If the Newport station were abandoned, it would mean that men who enlist in the Navy from anywhere in the New England section of the country either would have to be sent to Hampton Roads or to the Great Lakes; and in all probability, instead of the Navy getting enlistments from New England and the northern section of the country, it would accept applicants nearer to the other stations. We who live in the New England section are a seafaring people, and we are very much interested naturally in having the training station at Newport maintained. There is no very great saving to the Government involved.

ADJUSTED-SERVICE CERTIFICATES

Mr. SMOOT. Mr. President, I am directed by the Finance Committee to report adversely the bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, and I submit a report (No. 834) thereon.

I wish to give notice that to-morrow I shall call up the bill for consideration. I understand the Senator from Oklahoma does not desire that it shall be taken up to-day.

Mr. THOMAS of Oklahoma. Mr. President——

The PRESIDING OFFICER (Mr. KEAN in the chair). Does the Senator from Utah yield to the Senator from Oklahoma?

Mr. SMOOT. Yes; I yield.

Mr. THOMAS of Oklahoma. I desire the floor, Mr. President.

Mr. SMOOT. Very well; I yield the floor.

Mr. THOMAS of Oklahoma. Mr. President, the bill just reported is what is known as the bonus bill. This bill reached the Senate on yesterday and was referred to the Committee on Finance. The Committee on Finance met this morning at 9.30 and considered the bill until approximately 11 o'clock. At that time a vote was taken, with 14 members present, and 12 voted to report the bill adversely and 2 voted for the measure. So the bill just reported by the distinguished chairman of the committee and now upon the calendar has an adverse report, with 12 members of the committee on record against it and only 2 in its favor.

At this point, Mr. President, I ask unanimous consent to have printed in the RECORD in connection with my remarks a copy of the bill as reported.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates is as follows:

Be it enacted, etc., That Title V of the World War adjusted compensation act, as amended, is amended by adding at the end thereof three new sections, to read as follows:

"PAYMENT OF CERTIFICATES BEFORE MATURITY

"SEC. 509. (a) The Administrator of Veterans' Affairs is authorized and directed to pay to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of the certificate and all rights thereunder (with or without the consent of the beneficiary thereof), the amount of the face value of the certificate as computed in accordance with section 501.

"(b) No payment shall be made under this section until the certificate is in the possession of the Veterans' Administration, nor until all obligations for which the certificate was held as security have been paid or otherwise discharged.

"(c) If at the time of application to the Administrator of Veterans' Affairs for payment under this section, the principal and interest on or in respect of any loan upon the certificate have not been paid in full by the veteran (whether or not the loan has matured), then, on request of the veteran, the Administrator shall (1) pay or otherwise discharge such unpaid principal and so much of such unpaid interest (accrued or to accrue) as is necessary to make the certificate available for payment under this section, and (2) deduct from the amount of the face value of the certificate the amount of such principal and so much of such interest, if any, as accrued prior to October 1, 1931.

"(d) Upon payment under this section, the certificate and all rights thereunder shall be canceled.

"(e) A veteran may receive the benefits of this section by application therefor, filed with the Administrator of Veterans' affairs. Such application may be made and filed at any time before the maturity of the certificate, (1) personally by the veteran, or (2) in case physical or mental incapacity prevents the making or filing of a personal application, then by such representative of the veteran and in such manner as may be by regulations prescribed. An application made by a person other than a representative authorized by such regulations, or not filed on or before the maturity of the certificate, shall be held void.

"(f) If the veteran dies after the application is made and before it is filed it may be filed by any person. If the veteran dies after the application is made it shall be valid if the Administrator of Veterans' Affairs finds that it bears the bona fide signature of the applicant, discloses an intention to claim the benefit of this section on behalf of the veteran, and is filed before the maturity of the certificate, whether or not the veteran is alive at the time it is filed. If the death occurs after the application is made but before the negotiation of the check in payment, payment shall be made to the estate of the veteran irrespective of any beneficiary designation, if the application is filed (1) before the death occurs, or (2) after the death occurs, but before the mailing of the check in payment to the beneficiary under section 501.

"(g) Where the records of the Veterans' Administration show that an application, disclosing an intention to claim the benefits of this section, has been filed before the maturity of the certificate, and the application can not be found, such application shall be presumed, in the absence of affirmative evidence to the contrary, to have been valid when originally filed.

"SEC. 510. If at the time this section takes effect a veteran entitled to receive an adjusted-service certificate has not made application therefor he shall be entitled, upon application made under section 302, to receive at his option either the certificate under section 501 or payment of the amount of the face value thereof under section 509.

"SEC. 511. The Administrator of Veterans' Affairs, in the exercise of his powers to make regulations for payment under section 509, shall to the fullest extent practicable provide a method by which veterans may present their applications and receive payment in close proximity to the places of their residence."

SEC. 2. Payment of the face value of the adjusted-service certificates under section 509 or 510 of the World War adjusted compensation act, as amended, shall be paid in Treasury notes.

The Secretary of the Treasury is hereby authorized and directed to issue United States notes to the extent required to make the payments herein authorized. Such notes shall be legal tender for public and private debts and printed in the same size, of the same denominations, and of the same form as Treasury notes, omitting the reference to any Federal reserve bank.

He shall place such notes in the Federal reserve banks, subject to the order of the Administrator of Veterans' Affairs, to be used for the purposes of this act.

He shall issue a like amount of United States bonds bearing 3½ per cent interest, payable semiannually, with coupons attached, and such bonds shall be due and payable in 20 years from the date of issue, subject to the right of redemption after 10 years.

These bonds shall be deposited in the Federal reserve banks, as the agents of the United States, in approximate proportion to their current assets at the date of the passage of this act, and

the Federal Reserve Board, by resolution in writing, may direct the sale to the public of such portions of said bonds as it may from time to time desire.

Such currency received for such bonds shall be exchanged for the notes hereby authorized to be isued, and they shall be returned to the Secretary of the Treasury for cancellation.

SEC. 3. This act may be cited as the "Emergency Adjusted Compensation Act, 1932."

Mr. KING. Mr. President, will the Senator yield for a moment?

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield; and if so, to whom?

Mr. THOMAS of Oklahoma. I yield first to the Senator from Utah.

Mr. KING. I should like to ask the Senator if the committee before voting to report the bill did not ask the Senator from Oklahoma if he desired to be heard further or if any other persons who were in favor of the bill desired to be heard? I do not think that the Senator's statement implied a criticism of the committee——

Mr. THOMAS of Oklahoma. In no sense did I criticize the committee. I compliment the committee for taking prompt action upon this measure; that is exactly what I desired, although I hoped for a favorable rather than an adverse report.

Mr. SMOOT. Mr. President——

Mr. THOMAS of Oklahoma. I yield.

Mr. SMOOT. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the bill. Does the Senator object to that?

Mr. THOMAS of Oklahoma. Mr. President, I will have to object at this time for the following reason: This bill was unknown as to its exact provisions until yesterday. The bill had to be forced from the committee in the House of Representatives by a rule which required 145 Members of the body to sign a petition asking that the committee be discharged from its further consideration. The petition was signed, and on Monday the bill was brought before the House for consideration. During its consideration by the House the bill was slightly amended, so that no one could have foretold the form of the bill until the House had perfected it, and that was done late on yesterday. So, prior to that time, the House Members could not know what the bill would contain, and, of course, the Senate Members likewise were in a similar state of mind. Therefore, Mr. President, it is unfair to take the bill up until the Members of this body have a chance to read it.

I want to secure action at the earliest possible date, but at the same time it must be done in order. The printed text of the bill did not reach the members of the committee until 10 o'clock this day. The bill is now before the Senate. Anyone interested can get a copy and see exactly what it provides. But having been in such a chaotic state until yesterday and having reached this body only this morning so that it could be read, I think it is a little bit unreasonable to take it up immediately for consideration. I myself at least want a chance to read it carefully.

Then, in the meantime, Mr. President, I desire to put some figures in the RECORD, for there is likewise confusion in that respect. I was granted every courtesy that I could ask for before the committee. I made my statement and a presentation of the subject. The Treasury Department was represented and made some representations; the Veterans' Administration was there and likewise made some representations. I found that there was some confusion as to the facts. This confusion should be eliminated; and I desire to put in the RECORD to-day, if I may, some facts that can not be questioned.

Mr. LA FOLLETTE. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. Inasmuch as I was one of the two Senators who voted against the motion of the Senator from Pennsylvania [Mr. REED] to report the bill adversely, I do not wish any misinterpretation to be placed upon my attitude with regard to this bill. I felt that a measure as important as this one should not be given an adverse report to the Senate, because technically the question would come on the motion to postpone indefinitely; and I felt personally that the least the committee should have done was to have reported it without recommendation. I have reserved the right to determine my course with regard to the bill when the vote comes on its final disposition.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Mississippi.

Mr. HARRISON. I understand that the present status is that the Senator prefers that the bill not be taken up for consideration to-day?

Mr. THOMAS of Oklahoma. I think it would be unreasonable to ask the Senate to consider the bill to-day, inasmuch as Senators have had no chance to read the bill.

Mr. HARRISON. The Senator has been very fair in his statement. I think he appreciates, so far as I am concerned, that I shall vote against the passage of the bill, and I voted for its unfavorable report to the Senate; but I think the Senate ought to take action on it. If those who sponsor the legislation want it put off to-day, I think it ought to be put off to-day. If they want it put off next week, put it off next week; but has the Senator in mind that we might take it up to-morrow?

Mr. THOMAS of Oklahoma. I am perfectly willing to take it up just as soon as copies of the bill can be distributed and the Members can have a little time to consider the measure.

Mr. HARRISON. But right now, for the present, the Senator does not want to make any agreement to take it up definitely at any particular time?

Mr. THOMAS of Oklahoma. I am speaking only for myself. So far as I know, I am the only Member of the Senate favorable to this bill.

Mr. DILL. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. DILL. I do not quite get the force of the Senator's position, because yesterday he asked us to take up the bill and vote on it immediately.

Mr. THOMAS of Oklahoma. No; the Senator is mistaken. On yesterday I asked unanimous consent that the bill be referred to the calendar without reference to the committee. I did that in order to get it where we could consider it; but I did not ask to take it up for consideration.

Mr. HARRISON. The Senator is correct.

Mr. DILL. I misunderstood the Senator. I thought the Senator wanted to take it up immediately.

Mr. THOMAS of Oklahoma. I asked yesterday that the bill be referred to the calendar, so that it could be printed and could come before the Senate as a whole. Now it is before us; and I am making no complaint. I am sure the committee wants to dispose of the bill. I am sure the Senate wants to dispose of it. I want to dispose of it; and it is unfair to me to try to explain the bill when I have only had a chance to read it since yesterday.

Mr. SMOOT. Mr. President, of course the Senator knows that we have no desire to force him to proceed with the bill before he is ready to do so. I spoke to him about it before I reported the bill, and he told me that he did not desire to have the bill considered to-day. Therefore I stated, in reporting it, that the Senator desired that, and therefore I would not ask unanimous consent to take it up at this time.

Mr. THOMAS of Oklahoma. I am making no complaint against anyone; but I do think it is due to Members that they should have at least one day to read the bill and think about it.

Mr. SMOOT. The Senator has no objection to taking it up to-morrow, as I understand?

Mr. THOMAS of Oklahoma. I want to get it up at the earliest possible date within reason; and to-morrow will suit me splendidly.

Mr. President, this bill is here upon a petition signed by more than two and a half million American citizens. I was present at the Capitol steps some months ago when this petition was delivered. It took several trucks to deliver the petition in favor of this bill. These two and a half

million signatures come from every State. These two and a half million signatures represent four and a half million veterans of this Nation. These four and a half million veterans represent directly, with their families, their fathers and their mothers and their brothers and sisters and their wives and children, many millions of American citizens. This bill is before Congress because multiplied millions of American citizens have placed it here.

At the present time we have in our city some 20,000 American citizens who have come here in connection with this bill. Of course they want this bonus paid. Of course they need the money. If you do not think they do, cast your eyes upward upon the galleries.

Mr. President, I desire to place in the RECORD at this point some newspaper stories, because these stories can tell better than myself of the conditions that exist among some of our people to-day.

I will read first from an editorial carried only a day or two ago in one of the Washington papers, signed by Eleanor Patterson. This editorial is on the first page, under the heading "Bonus or Jobs." I read:

BONUS OR JOBS

When this country stumbled into the World War 4,000,000 young men came forward to help us out. We sent 2,000,000 overseas. Petted them, praised them, wept over them. Promised them that the world was theirs.

Well, they came back, these 2,000,000—what was left of them—some broken in body, some broken in spirit. Our Government gave them $60 apiece and turned the whole lot loose to reconstruct their lives, fight for the jobs the stay-at-homes had taken, and "rustle" for themselves. Some have been successful, but some have not. Some have fallen upon bitter times.

Is it not natural that these men, yanked up by the roots, sent to fight and suffer and die maybe in France, to help our Government in its hour of need, should turn to our Government now in their hour of bitter need?

General Glassford has been much abused for helping to shelter and feed these ragged, jobless, starved-out men. Glassford went to the District Commissioners, to Congress, and to the White House to ask for help to take care of these men. But the District Commissioners, Congress, and the White House could not make up their alleged minds. They did nothing.

General Glassford is our chief of police. It is his first obligation to keep order here. He will do it. He is also himself a war veteran. At West Point and as an officer of the Regular Army he was taught to take care of soldiers. He will do it.

ELEANOR PATTERSON.

I then find in the public press of date June 10 a news story published at Detroit and signed by George W. Welsh. It is under the title:

FELONS HOUSED BETTER THAN VETERANS—DESPITE THEIR MISERY, REFUSE TO BELIEVE CONGRESS WILL IGNORE THEM

By George W. Welsh, city manager of Grand Rapids, Mich.

DETROIT, June 10.—An hour with the "bonus army" in Washington in their cheerless camping ground is enough to convince the most heartless of their dire need.

I saw them the day they had staged their parade to the Capitol. I mingled with them in their camp on the banks of the Potomac.

Long after the parade had ended footsore, weary, and half-starved men were straggling back to the grounds. They stood in groups, dozed on the bare ground, and laid around smoldering fires where coffee pots boiled.

YET WERE CHEERFUL

Despite their misery, these men who had assembled from all parts of the country to put their plea before Congress and the President were cheerful.

They were cheered with the figment of hope the applause of Washington citizens had given them, cheered with their desperate refusal to believe Congress can ignore them and their buddies at home.

And these men accepted with pitiful gratitude the cigarettes I gave them. In the darkness they mistook me for one of their members.

"You sure must have been lucky," one vet said when I handed him a cigarette. "I did pretty well to-day, too. I got eight."

Once these men could have all the cigarettes they could smoke from admiring citizens. Now they exclaim: "Gee, buddy, you're a life-saver" when some one gives them one.

HAS UNDERESTIMATED THEM

If the Government believes its refusal to feed or hear these men in Washington will prevent others from coming, it has underestimated the guts of the average American.

Our worst felon, our most despicable criminal, is comfortably housed and fed. These men, sleeping in an open field, eating scraps from private charity, have committed only one "crime"—that of believing the Government should do something for them.

Then I have another article from the Washington Herald. It is under a flaming headline, as follows:

GHOSTS OF WAR-TIME GLORY PARADE IN DARKNESS

By Floyd Gibbons

Here is what he says:

I saw them march last night.

They were the men who won the war in '17 and '18 and were thrown into the discard in the battle of '29, '30, and '31.

In the old days—young and strong, well shod and equipped, well-fed, and received with open arms—they marched the length of Pennsylvania Avenue, past the Capitol and past the White House where Woodrow Wilson reviewed them.

In the light of day and the glory of youth and with prayers and hopes of the Nation pinned above their khaki-clad breasts, they marched that same route between thousands of proud and admiring public officials and civilians.

Mr. President, I am going to ask that the balance of this article be read by the clerk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The legislative clerk read as follows:

FORGOTTEN GHOSTS

Last night they marched in the dark like ghosts out of the forgotten past. Four abreast they marched—5,000 strong.

Few uniforms were shown and those ragged and wear worn.

The grease-stained overalls of jobless factory workers.

The frayed straw hats of unemployed farm hands.

The shoddy elbow-patched garments of idle clerks.

All were down at the heel. All were slim and gaunt and their eyes had a light in them. There were empty sleeves and limping men with canes.

They were 5,000 hungry ghosts of the heroes of 1917. Not so young now. They came back triumphant from the smoke of battle in distant wars, only to go down in the battle of life with their own kind, their own people, their own Government, the Government they fought for.

MARCH IN DARK

They did not march in the light of day. They marched in darkness. The moving-picture record of the march of the 5,000 guests will be dim and obscure, if any at all.

That's why they marched at night, with their shoes worn thin and their boots run down at the heel. They marched without hats, many of them, because they have no hats. Many were without coats.

But they were clean shaven, every man of them. And the shirts they wore, though patched and torn and thin and cheap, were clean from their own washing.

And they marched proud and unashamed, carrying the flag they fought for. The flags were not carried on regular staffs. They were on makeshift pieces of patched wood. Some of the flags were carried proudly aloft on fresh-cut saplings from the river bottoms where these ghosts live.

You know how pitiful and abandoned a garment looks when it is nailed on an oar and floats above a raft as a signal of distress at sea.

That is how their flags looked last night.

That's how their clothing looked—and their gaunt, clean faces. Distress and abandonment.

They carried no flagrant banners. They marched silently as ghosts should.

WHITE HOUSE BAN

They were men of the old fighting First. They were the ragged remnants of Pershing's own. They were survivors from the glorious Second Division, from the Twenty-sixth and the Thirty-sixth and Forty-second and the Eighty-sixth and the Ninety-first—they were the ghosts of the A. E. F., the largest and greatest Army that ever marched under the American flag.

They marched in darkness last night.

They were not allowed to march past the Capitol this time, nor the office buildings of Congress. It would bring distress to the Congressmen.

They did not march past the White House last night. They were not allowed to. They would bring distress to the President of the richest Nation in the World.

They were allowed to march just around and past one corner of the great United States Treasury at the corner of Fifteenth Street and Pennsylvania Avenue.

It also was dark.

Some said that President Hoover could, if so inclined, have seen the march of the 5,000 hungry ghosts from either the south portico or the upper windows of the White House. From those positions he could have seen them.

I hope he saw them march last night.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. LEWIS. I gather that among the papers presented by the very energetic and patriotic Senator from Oklahoma, who has just addressed the Senate, is a paper from Detroit.

Mr. President, I greatly deplore that the paper from Detroit has been so imposed upon that advantage has been taken of the confidence of their excellent representative in such a manner that the paper has reported that a Member of the United States Senate, in the presence of other Senators joining with him, had announced as these men passed by that they were a lot of bums.

Of course, Mr. President, no Senator could ever have uttered such an expression. There is not a man on this floor, whatever may be his views on the bonus bill or any matter of legislation, who would not prefer to resign his seat from any public place than to have it known or said that in such place and as such representative he could have ever uttered such an expression.

I only interrupt my able friend at this point, since he read and brought to our attention the Detroit paper, in the hope that whoever imposed upon that paper, and took advantage of the representative of that paper, might either correct the slander and injustice he did the Senate, or what we are now saying at this time may reach the people around Detroit, that they may realize that such a statement published in the paper was a gross imposition upon the paper, and a horrid, inexcusable slander of any Senator of the United States.

Mr. THOMAS of Oklahoma. Mr. President, let me call attention to one or two facts in connection with this matter. These veterans paraded on Pennsylvania Avenue a few nights ago. The public press of this city is responsible for the statement that 100,000 Washingtonians, and those from this immediate vicinity, lined the street to see those boys march by. On a more recent occasion, I think night before last, another parade was held on Pennsylvania Avenue, and again 100,000 lined that famous thoroughfare to see the parade go by, which took almost two hours to pass. About the only applause during that parade was given when the remnant of this bonus brigade marched by.

Mr. President, some of these boys have been on their way to Washington for weeks, many of them have been on their way for more than a month, and since those veterans started from the far West to this city, more than a month ago, the public press has carried the statement that the President of the United States has been conferring with Mr. John Pierpont Morgan and Mr. John D. Rockefeller, around the dining table, presumably about how to protect the interests of bondholders in the financial metropolis of the world.

Claude Bowers is responsible for this information. In his editorial of May 14 he said:

> Not along ago Mr. Hoover spent an evening with John Pierpont Morgan at the dining table of a member of his Cabinet. This week he spent an evening with John D. Rockefeller at the dining table of another member of his Cabinet.

Mr. President, what are the conditions in the country to-day? Are the Senators aware of what is going on outside of the District of Columbia? I am frank to say that they do not act as if they are, and that is not an implied criticism; it is a statement of fact that I could not refrain from making.

The public press is full of what is going on throughout the country, and it comes from the highest authority. I will not read from some unknown newspaper correspondent, I will not read from some correspondent residing in some far Western State. Let me call the attention of the Senate and of the country to a statement made by Mr. Wickersham; and all, of course, know Mr. Wickersham. This statement appeared in the New York Times of June 12, 1932. These are the words of Mr. Wickersham:

> Business is prostrate; values of the most approved securities have faded into nothingness; real estate, still valued at figures of boom times for the purposes of taxation, is appraised for purposes of mortgaging or renewing mortgages at much less; everything is down except taxes and public expenditures.

Further I read:

> But even in the face of that condition, Congress refuses to eliminate unnecessary spending of public funds and busies itself in devising means for disbursing large sums by way of alms, or to meet the demands of organized bodies of voters.

Again I read:

> All recognize the fact that so long as men able and willing to work can not find employment they must be protected from want and starvation at public expense. But the way to reduce unemployment and want is not primarily through dependence upon public aid.

Mr. President, I heard it stated this morning that there was too much money in circulation. The statement was made before the Finance Committee by the Assistant Secretary of the Treasury that this country does not need more money in circulation. He left the plain inference that if we could get rid of some we have in circulation the country would be better off.

Mr. President, this bill to-day brings up the issue between those who think we have too much money in circulation and multiplied millions who have not seen a dollar for months.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Montana?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. I have noticed from time to time a statement of the amount of money in circulation, but I think that anybody who reads such statements given out by the Treasury Department ought to distinguish between the money that is being held in the vaults of the banks and money that is in circulation among the people of the country. There may be a tremendous amount of money in the banks, but certainly no one can say that there is too much money in circulation among the people.

Mr. THOMAS of Oklahoma. At that point let me suggest to the Senator from Montana that it is not true that the banks are full of money. It is true that at this moment the 20,000 banks in the United States do not have in their vaults the sum of a billion dollars of actual money, although they have on deposit some $40,000,000,000 of credit money.

Mr. WHEELER. Mr. President, will the Senator yield further?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. What I was leading up to was that what the country needs more than anything else is that money be put into circulation among the people of the country, and unless something can be done to put money into circulation among the people of the country, then, as the Senator pointed out a short time ago, it should be apparent, and must be apparent, to everybody in the country that there must be a general repudiation of indebtedness, because of the fact that debts can not be paid off with the money that is at present in existence in the United States.

Mr. PITTMAN. Mr. President, will the Senator from Oklahoma yield to me a moment?

Mr. THOMAS of Oklahoma. I yield.

Mr. PITTMAN. Touching the question of overcirculation of currency in the country, as testified to-day before the Finance Committee, it was but a few weeks ago that the Glass-Steagall bill was before this body. That met the approval of the administration and the very Treasury Department a representative of which just testified that there is ample circulation of currency in the country.

The purpose of that bill was to increase the circulation in the country. It was to increase it by billions of dollars. It was to give the banks, in addition to the eligible paper they have to-day, the use of bonds which they might place with the Federal reserve banks and get currency, which they might lend and distribute to the public.

The fact is that if there was a need of that currency at the time that bill passed, in the sum of billions of dollars, the need has not decreased, as shown by any evidence, but, on the contrary, has increased. I think the distinguished author of the bill, the Senator from Virginia [Mr. GLASS], who has just entered the Chamber, will state that the Glass bill, making available a large amount of additional currency for circulation in this country, has not been availed of to a great extent by the banks of the country. Would the Senator from Virginia mind answering that?

Mr. THOMAS of Oklahoma. I am glad to yield for that purpose.

Mr. GLASS. Mr. President, I will say to the Senator that upon my last inquiry it appeared that it had practically not been availed of at all. There had been one application for $46,000 out of the many billions of dollars that are being loaned.

Mr. THOMAS of Oklahoma. Mr. President, I made the statement just a moment ago that the issue before the Senate and before the people of this country is between the folks who think we have too much money in circulation—that is, the bondholding creditor class—and, on the other side, those who think we have too little money in circulation—that is, the multiplied millions who belong to the debtor class.

The purpose of this bill is to pay the soldiers the amount due them, but the bill would have another effect. It would place additional money in circulation, the lack of which the Senator from Montana complains about, and that is the reason why the bondholder class and the banker class are against the legislation. It is the reason which permeates some of those in places of high authority to oppose the payment to the amounts due the veterans.

Mr. President, from this morning's mail I have picked out three letters, and I want to read a paragraph from each of them, to show what the people of the country think about this question of money in circulation. Do the people think that the banks are full of money? Perhaps they do, and if they do they must wonder why they can not borrow from the banks. To show what the people think in some sections, I quote first from a letter from a prominent lawyer of Ardmore, Okla.

Mr. WHEELER. Mr. President, before the Senator gets to that, I know the Senator has given a great deal of thought to this matter, and I would like to ask him a question.

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. A statement has been made to the effect that if we paid the bonus to the veterans by issuing currency, that currency would immediately depreciate in value by 20 per cent. What has the Senator to say with reference to that?

Mr. THOMAS of Oklahoma. Mr. President, if we should go into the philosophy and economics of the money question, of course, it would take some time. It is admitted by every economist with whom I am in touch—and I am in touch with many—that placing $2,000,000,000 in circulation would have the effect of making money more plentiful, and thereby cheaper, and as money comes down in value, commodity prices would go up.

Those who oppose the bill contend that if we put $2,000,000,000 in circulation, money will go down to such a low degree of value that commodity prices will go up beyond all reason. That is the reason they assign for being against the bonus bill, that it would make money so cheap it would be worthless. Where there is one person in the United States who believes in that philosophy, there are tens of thousands who would like to see a little of this too-cheap money.

Reading from the letter to which I have just referred, a letter dated June 15 and coming from a State 1,500 miles away:

> Unless Congress can in some way increase the money in the United States and fix it so that money is not so dear, this panic will continue and times will grow worse and you can imagine what the consequence will be. It is necessary that more money be put in circulation, for you know that when money gets so precious that people will not give up their money for anything else in the world, that money is too high.

I read from another letter coming from the same far Western State, as follows:

> There is no money in circulation, notwithstanding the statements of the Government to the contrary; and nobody but a boob thinks that the average man is hoarding money. The average man has no money at all, and has no means of acquiring any worth mentioning. He can not even pay his taxes, much less the interest on his debts. Most of the farms in this country did not produce rents in sufficient quantities in 1931 to pay the taxes, the ad valorem taxes levied under the State law. Some farms did not produce enough of products to pay the ad valorem taxes, although all of them were sold and applied to such obligation. No one has any security which he can put up for a loan, even if the banker were willing to make the loan, which he is not, and you can not blame him, for he can see no security in anything. * * * Just how long are we going to continue to dangle from the lower end of the financial roof I am unable to conjecture, but this one thing I believe: If we are not cut down some time very soon, then it is going to be woe to the financial pirates and buccaneers who hung us there.

That letter did not come from a bum or a thug or a red or a communist.

I read from another letter written on Sunday, and I read this letter because I was requested to do so:

> Tell those "birds," the wise ones—

I do not know to whom he refers when he mentions "those birds, the wise ones." The record can speak for itself.

> Tell those "birds," the wise ones, that bats and owls will begin roosting in the large buildings of their cities if the farm and ranch products do not come back so they will bring enough to pay the cost of production.

Mr. President, the citizens of our common country who have their wealth in multiplied millions invested in tax-exempt securities who to-day want to see the dollar made more valuable, when it is already worth $2.03, measured by farm commodities, and already worth $1.53 measured by the wholesale list—these citizens, if they do not yield and evince some kind of willingness to have the situation solved, will learn that it may not be long until their tax-exempt securities, worth $2.03 per dollar of farm commodities and $1.53 per dollar according to the wholesale list, may be worth no more than the toilet paper in the bathrooms of their mansions.

Mr. President, how can the people pay the massed debts of the Nation with the dollar at the present buying power? I invite the attention of the Senate and the country to a statement just released by a large brokerage firm operating throughout the country. This brokerage firm is under the name of Goodbody & Co. The date of the release is June 3, 1932, and I read the first paragraph as follows:

> On all fronts, business has been retreating for the past two months.

What does that mean? Does it mean that times are getting better? No! Does it mean the depression has been checked? No! It means that times are getting worse.

> On all fronts business has been retreating for the past two months. Likewise, the commodity-price structure with few exceptions has reached new lows for the depression.

Again I read from the same document:

> It has been roughly estimated that in 1929 the total indebtedness in the United States was $214,000,000,000.

Mr. President, I want to reread that statement. Here is a large brokerage house operating throughout the country, with many statisticians, with many economists, having facilities to ascertain the amount of the massed debts for the country, making the statement that in 1929 the total indebtedness in the United States was $214,000,000,000. Let me read that again:

> It has been roughly estimated that in 1929 the total indebtedness in the United States was $214,000,000,000, and that it is now $180,000,000,000. The latter amount—both totals exclude book credits, loans between individuals, pawnbrokers' loans, etc.—represents an increase in our real debt (as measured in terms of commodity prices) of 30 per cent compared with 1929.

Mr. President, where are the people going to get the money to pay these debts? Where is the farmer going to get the money to pay his taxes, to pay his interest, to pay his farm mortgage? Where is the business man to get the money to pay his interest and his taxes and his debts? Where are the school districts and the townships and the cities and the counties and the States to get the money with which to meet their obligations? They must get the money from the taxpayers. The taxpayers have not the money. Under present prices farmers can not get enough money to pay their taxes; they can not get enough money to pay their interest. Their interest is going in default daily. If the taxes are not paid, interest on those loans will go into default, and it will be only a short time until the bonds themselves will be in default.

That is the reason why I said a moment ago that the fortunate individuals—they think they are fortunate—who hold the tax-exempt securities and other forms of securities in the vast mass of $214,000,000,000 may not be so fortunate after all. If the people can not pay the interest, the bondholders will not collect the interest. If the people can not pay their taxes, the municipalities which issued the bonds likewise can not pay either the interest or the principal, and what will happen? The interest on the bonds will be in default, and it will be only a very short time until the bonds themselves will be in default. When that time comes what will the bonds be worth? We are facing to-day the question of defaulting and the question of repudiation, and yet the Treasury Department says that we have too much money in circulation.

Mr. President, the depression has been coming on the country for a long time. Of course, it broke in 1929 rather suddenly. At that time we hoped it would not last long. When I returned to the Senate in the fall of 1930, now almost two years ago, I thought I foresaw what was coming. The moment I reached the Senate in the session in December, 1930, I prepared a resolution and introduced it, asking for the creation of a special committee to consider the depression. I read that resolution. It is Senate Resolution 338, Seventy-first Congress, third session, and is as follows:

Resolved, That a special select committee on emergency and relief legislation be, and is hereby, created; such committee to consist of 11 members to be appointed by the President of the Senate, as follows: 6 members from the majority party and 5 members from the minority party.

Immediately upon appointment the members shall meet and organize such committee and, when organized, said committee shall have power coequal with regular Senate committees and shall have jurisdiction of emergency and special relief legislation, including proposals for the authorization of appropriations.

When organized such committee shall report to the Senate its plan of organization and location.

When that resolution was introduced I took occasion to make some short speeches in behalf of the resolution, and finally I got a vote. When we were about ready to vote we were advised by Members on the floor of the Senate that there was no depression. We have been here now almost two years since that time, and I am sorry to admit that some of the dignified and distinguished Members of this body have not yet learned that we have a depression confronting this country of ours.

Mr. President, I read awhile ago from a newspaper report relative to the conditions that exist in the country. I desire at this point to call attention to some statements made by a distinguished mayor of one of our leading cities. A few days ago a group of mayors, representing cities totaling populations running into many millions, came to Washington asking for relief for their cities. Among these mayors was the distinguished Mr. Curley from Boston. I have a signed statement prepared by Kenneth Clark, and from the statement I quote some of the statements alleged to have been made by Mayor Curley.

Speaking of the veterans, Mayor Curley declared:

"When you find sane and intelligent men discussing revolt and considering it in the National Capital, it is time the Government acted. The sooner the Government acts the better for the country—and the action must come quickly.

"If the Government does not do something for the boys who are here, Congress will have starving women and children here at the next session."

Those are not my statements. Those are the statements made by the distinguished mayor of one of the most important cities of the Nation, the mayor of the city of Boston. I quote him further:

We seem to be obsessed with the fear of going off the gold standard.

There is something far more important to-day than the gold standard.

It is the American people. We must no longer tolerate misery and suffering because millions of our people, though begging for work, can not find jobs.

Again I quote this distinguished mayor:

In this emergency the Federal Government must set the example on a colossal scale and fire the imagination of the people. It must convince the people that prosperity has not forsaken us. It must provide work. That's the only way the psychology of fear can be banished.

The $5,000,000,000 prosperity loan would enable the Government to undertake major building projects all over the country. Commerce, industry, business would respond at once. People now idle would go back to work.

There would be a great demand for materials—steel, lumber, machinery, all the basic commodities. Factories would reopen to turn out these materials.

Not only would there be employment for those without jobs, but business for the railroads, steamships, the construction industry, for a multitude of various industries would be provided.

Starting up the wheels of industry would stimulate trade for retail and wholesale establishments. Not a section of the country but would benefit in supplying the needs of the people who are at present unable to purchase commodities that are necessary to their welfare and happiness.

Mr. President, I next call attention to some statements made by another distinguished American citizen, who happens to be one of the famous editors of the country and whose name is Arthur Brisbane. In a recent editorial Mr. Brisbane said:

If anything breaks loose in this country, which kind Heaven forbid, gentlemen whose motto is, "Billions for high finance, but not a dollar for soldiers," may do some mournful regretting.

Since it is not possible to supply the men with jobs, with the national intelligence temporarily paralyzed, how can anybody deny that the next best thing would be to give the soldiers their bonus, which will have to be paid to them anyhow? What the country needs is not money in hundreds of millions put away in bank vaults, but money scattered all over the country as water is scattered in irrigating a ranch. The country needs money that will be spent, not accumulated.

Anyway, is it necessary for the Government first to sell bonds to bankers, pay interest on the bonds, then take the money and give it to the soldiers? Why not print the money and give it to them direct? The only value that the money has is the name of the Government on the bills.

Only a fool would talk about inflation, since this money would be spent in every corner of every State in the Union, absorbed like water applied to the roots of trees, grass, and bushes, spent in retail stores everywhere.

We need to start business moving.

Would not the spending of $2,000,000,000 by 3,000,000 men, all over the country, start everything moving? Wouldn't they buy shoes, hats, and overcoats, pay their bills at grocery stores, pay something on account to keep from losing their homes? Wouldn't they order many new automobiles?

This country is starving for money spent, just as a farm with no rainfall starves for water. But foolish minds that represent Uncle Sam think the way to end a drought is to put water in reservoirs and keep it there. They are wrong. The way to attend to a drought is to scatter water.

The way to attend to a depression is to scatter money. We recently found a couple of billions of it for financial institutions, and as Mr. Coolidge points out, we found ten billions of it quickly for foreign countries. Why would it wreck this country if now we found two billion four hundred million for the soldiers to whom that money must be paid eventually anyhow?

Mr. President, a short time ago the Federal Reserve Board announced to the country that it was going to try to bring to an end the depression. It announced it was going to bring it to an end through making money more plentiful. It announced that it was going to exercise power under the Federal reserve act, through open-market operations, of taking money from the Treasury and placing it in circulation. The plan was and is to do that through the purchase of Government bonds. Under the present Federal reserve act the Federal reserve banks have the power to buy outstanding existing Government bonds and to pay for those bonds with Federal reserve money. This was the plan suggested by the Federal Reserve Board for bringing an end to the present depression by placing more money in circulation.

Well, Mr. President, at the beginning of this calendar year, we had in circulation $5,646,000,000. The Federal Reserve Board initiated a program of making money more plentiful.

I have in my hand, Mr. President, a number of reports from the Federal Reserve Board showing exactly what the board has done during each week from April 7 until the present time. According to the report submitted on April 7 the several Federal reserve banks had bought during the preceding week—that is during the week ending April 7—$13,000,000 worth of outstanding Government bonds and paid for those bonds with Federal reserve notes taken from the vaults of the Treasury.

Mr. President, during the next week, that is, from April 7 to April 14, the Federal Reserve Board purchased $100,000,000 worth of outstanding Government bonds, paying for those bonds with new, crisp Federal reserve money.

At the time the board started to buy bonds there was in circulation the sum of $5,646,000,000. That is all the money there was outside the Treasury—$5,646,000,000. After the board had bought $100,000,000 in bonds during the week ending April 14 we find the circulation since January 1 had decreased $223,000,000; in other words, despite the fact that the board was buying bonds and paying for those bonds with money, and placing that money in circulation, the amount of money in circulation from week to week was decreasing. What does that mean, Mr. President? It means but one thing, that the banks were selling their bonds to the Federal reserve system, and that as soon as the banks had sold some bonds and had received the money for them they took the money which they had thus received and sent it back to the Federal reserve system to apply on their outstanding obligations.

In the third week of April, under the Federal reserve plan of open-market operations, the board bought $93,000,000 of outstanding bonds, and after the board had added such sum to the circulation the decline continued.

In the week ending April 23 the board bought $113,000,000 worth of outstanding Government bonds, paying for them in Federal reserve notes.

In the week ending May 5 the board bought $96,000,000 of outstanding Government bonds, paying for them with Federal reserve notes.

In the week ending May 12 the board brought $98,000,000 of outstanding bonds and paid for those bonds with Federal reserve notes from the United States Treasury. They are printed by the Bureau of Engraving and Printing, taken down to the Treasury, by the Treasury turned over to the Federal reserve system, and distributed among the reserve banks of the country. So it is actually true that these notes come from the United States Treasury.

During the week ending May 19 the board bought $81,000,000 of outstanding bonds and paid for them in the same way.

During the week ending May 26 the board bought $59,000,000 of outstanding bonds and paid for them with Federal reserve notes;

During the week ending June 2 the board purchased $50,000,000 worth of outstanding bonds and paid for them with Federal reserve notes; and

During the week ending last Thursday, June 9, the report shows the board purchased $70,000,000 of these bonds and paid for them with Federal reserve notes.

Mr. President, if you add the number of bonds that the board has bought, you will find that they have purchased some $900,000,000 of outstanding Government bonds, and they have paid for those bonds with Federal reserve notes, but, notwithstanding the fact that the board bought bonds and placed some $900,000,000 of new money in circulation, the actual circulation has decreased to the extent of $194,000,000.

In other words, while the board has placed in circulation $900,000,000 of new money, the member banks have taken this money and sent it back to the Federal reserve banks and paid their loans, and to-day, after three months of this operation, the amount of money in circulation is $194,000,000 less than it was the first of this year. Then some Senators and many others wonder why it is that commodity prices are going down and down and the buying power of the dollar is going up and up.

Mr. President, the same economic law that governs the price of wheat, that governs the price of corn, that governs the price of cotton, that governs the price of oil, that governs the price of cattle, likewise controls and governs the price of money. When money is plentiful money is cheap; when money is scarce money is dear; and the policy of the Federal Reserve Board during the past few months has been to make money scarce and thereby make money dear.

The one great effect of the passage of this bonus bill will be to place more money in circulation, to make money more plentiful, to make the money cheaper, and as money comes down commodity prices will go up. That is why so many people throughout the country are in favor of the passage of the bonus bill, not only to pay the soldiers, but because it is believed that the passage of this bill and the placing of this new money in circulation will help the country's non-soldier population more even than it will help the soldiers themselves.

Mr. President, let me give an illustration. Suppose an old farmer in some far Western State has 160 acres of land; suppose on that land he has in his granary a thousand bushels of wheat that to-day is selling for 26 cents a bushel to the farmer; suppose he has in the warehouse or in his barn 10 bales of cotton, to-day selling for less than 5 cents a pound; suppose he has some hogs, to-day selling at $2.35 a hundred, and cattle at the same ratio, and suppose that this old farmer has a son, a veteran of the World War. The son perchance has a certificate for $1,000. He has borrowed $500 on his certificate and only has $500 left; but the bonus bill passes. The only help the boy, the veteran, gets is to receive $500, but it is my contention that the father, the farmer, will receive a benefit far in excess of that received by the son. If my contention is correct, by the placing of this money in circulation money will be made cheaper, thereby increasing commodity prices; and if that happens—and economists claim it will—then the old farmer in this far Western State having corn and wheat and cotton and cattle and hogs, if commodity prices increase, will get, perchance, a dollar for his wheat—an increase of four times its present price—he will get, perchance, 10 cents for his cotton, an increase of more than double the present price; he will get, perchance, 6 cents for his hogs, an increase of three times; he will get double for his cattle; and so the old farmer in this far Western State, if this bonus bill shall pass, will be the real beneficiary of the act.

If that happens, it will happen to all farmers. If it happens to all farmers, what will be the effect upon the country? With buying power reinvested in the great farm population, they will have some money with which to buy. The soldiers will have their money, of course, and they will spend the money in paying their debts. Every dollar that the soldier receives through this bill will begin to pay debts immediately, and every dollar will perchance pay $50 worth of debts; and if this bill is passed, carrying the sum of $2,000,000,000, and each dollar pays $50 of debts, the enactment of the bill has the possibilities of causing to be liquidated $100,000,000,000 of the massed debts resting upon the people of the Nation.

That is why I am for this bill. I am for the bill because the soldiers want it. I am for the bill because the soldiers need it. I am for the bill because we have committed ourselves that we owe them the money. I am for the bill because it will help the unemployed, because it will help the farmer, because it will help the stock raiser, because it will help the miner, and because it will help the little merchant and the larger merchant, because it will help the wholesaler, because it will help the factory, because it will help the railroads, because it will help the banks, and because it will help the Nation.

Mr. President, I will not now take more of the time of the Senate. Before this bill comes before the Senate for a vote I hope the Members will take occasion to read it and it will have some further discussion.

As I see the matter, it is the only plan pending before the Senate, the only plan pending before the Congress, that has any chance of passage that will be of any benefit whatever to the people of this country. It is not a benefit alone to the soldiers. If my analysis of conditions is correct, unless the masses of the people, made up of soldiers and unemployed and wage earners and farmers and business men, making up a mass of more than 100,000,000 of our people, can get back on their feet and have some money, the big banks in New York can not prosper; the big trunk-line railroads can not prosper; and the big life-insurance companies can not prosper. But if something can be done to help the man at the bottom and give him some buying power, immediately, the depression will be checked and very shortly better times will be enjoyed by all.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3847) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings.

NAVAL APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 11452) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee on page 42, which has been read.

The amendment was agreed to.

Mr. KEAN. Mr. President, I note the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kendrick	Reed
Austin	Cutting	Keyes	Robinson, Ark.
Barbour	Dale	King	Robinson, Ind.
Blaine	Davis	La Follette	Schall
Borah	Dill	Lewis	Sheppard
Bratton	Fletcher	McGill	Smoot
Brookhart	Frazier	McNary	Steiwer
Broussard	George	Metcalf	Thomas, Okla.
Bulkley	Glass	Moses	Townsend
Capper	Hale	Neely	Trammell
Caraway	Harrison	Norbeck	Vandenberg
Carey	Hayden	Norris	Wagner
Cohen	Hebert	Nye	Walcott
Connally	Johnson	Oddie	Walsh, Mass.
Coolidge	Jones	Patterson	Watson
Costigan	Kean	Pittman	Wheeler

The VICE PRESIDENT. Sixty-four Senators having answered to their names, a quorum is present. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 43, line 6, after the word "apparatus," to strike out "and," and in line 7, after the word "purposes," to insert "and engraving of trophies and badges," so as to read:

Current and miscellaneous expenses, Naval Academy: For text and reference books for use of instructors; stationery, blank books and forms, models, maps, and periodicals; apparatus and materials for instruction in physical training and athletics; expenses of lectures and entertainments, not exceeding $1,000, including pay and expenses of lecturer; chemicals, philosophical apparatus and instruments, stores, machinery, tools, fittings, apparatus, materials for instruction purposes, and engraving of trophies and badges, $68,800; for purchase, binding, and repair of books for the library (to be purchased in the open market on the written order of the superintendent), $5,000; for expenses of the Board of Visitors to the Naval Academy, $1,400; for contingencies for the superintendent of the academy, to be expended in his discretion, not exceeding $3,500; for contingencies for the commandant of midshipmen, to be expended in his discretion, not exceeding $1,000; in all, $79,700, to be accounted for as one fund.

The amendment was agreed to.

The next amendment was, under the heading "Marine Corps, pay, Marine Corps," on page 44, line 23, after the figures "$3,602,277," to insert "together with $129,101 of the unexpended balance of 'Pay, Marine Corps, 1932,' and on page 45, line 2, after the word "exceed," to strike out "$122,018" and insert "$138,148," so as to read:

Pay of officers, active list: For pay and allowances prescribed by law for all officers on the active list—pay and allowances, $3,602,277, together with $129,101 of the unexpended balance of "Pay, Marine Corps, 1932," including not to exceed $138,148 for increased pay for making aerial flights; subsistence allowance, $493,116; rental allowance, $643,063; in all, $4, 43,456; and no part of such sum shall be available to pay active duty pay and allowances to officers on the retired list.

The amendment was agreed to.

Mr. KING. Mr. President, I inquire of the Senator from Maine if this $129,000 was an overappropriation for the preceding year; and if so, why is it reappropriated? Why was it not covered into the Treasury of the United States?

Mr. HALE. This is the reappropriation of an unexpended balance not used last year. The reason for reappropriating it is that under the amount provided in the House bill for the pay of the officers and men of the Marine Corps it will be necessary either to cut down the number of officers—and there is no way of getting rid of officers except under the provisions of law—or to cut down the number of men, which was not intended by the House. To rectify that we have simply reappropriated from the unexpended balances of last year enough to take care of the matter, so that the officers will be left as they are now and the men will not have to be reduced below 15,300.

Mr. KING. Mr. President, the explanation made by the Senator may be a valid one, but it does not yet appeal to me. I ask the Senator again if this $129,101 which was appropriated last year has been or will be expended under the provisions of the appropriation bill carrying the appropriation?

Mr. HALE. Under last year's bill?

Mr. KING. Yes.

Mr. HALE. Oh, no! This is the unexpended balance from last year.

Mr. KING. Then there is a balance?

Mr. HALE. Yes; there is a balance.

Mr. KING. Why should not that balance, then, be covered into the Treasury of the United States?

Mr. HALE. There is a later provision to be offered in the bill covering into the Treasury of the United States all balances that are not specifically allowed to be carried over.

Mr. KING. But it is intended that this shall not go into the Treasury, but is a reappropriation?

Mr. HALE. Oh, yes. We are not adding anything at all to the bill, but are simply taking from last year's appropriation that was not expended enough to take care of this matter, so that we can have the same number of officers in the Marine Corps that we have now, and so that it will not be necessary to reduce the men. I do not think anyone would want to do that.

Mr. KING. I confess that the methods employed are not very clear to me. When appropriations are made for a given year—that is, for the next fiscal year—they are presumably made upon Budget estimates and upon the requirements of the various activities of the Government for which appropriations are made. If, however, through economies, or because of mistakes made in asking for a larger appropriation than was absolutely necessary, at the end of the year there is a balance unexpended, I think it should be covered into the Treasury; but we are in the habit of having these unexpended balances consumed either by some legerdemain or by a reappropriation, so that there are no balances returned to the Treasury of the United States.

Mr. HALE. Mr. President, in the Marine Corps this year there was an estimated unexpended balance, under "Pay," of about a million dollars, and about $200,000 under general expenses. Out of the twelve hundred thousand we are taking only two hundred and twenty-nine thousand, which takes care of pay of officers and men. So that there will be over a million left in the unexpended balance.

Mr. KING. Mr. President, in my view, it leads to extravagance and to waste. It seems to me that automatically at the end of the fiscal year whatever has not been expended for the purpose for which an appropriation is made should be covered into the Treasury of the United States, and the estimates which are made for the next fiscal year should not take into account any unexpended balance. Indeed, the Budget estimate did not take into account, I fancy, any unexpended amount, but took into account the recommendations made by the various officers or departments, and the President of the United States, when we met in December, sent his Budget estimates with his recommendations to the Congress.

Those Budget estimates did not contemplate that there would be $129,000 of an unexpended balance which might be resorted to in order to meet a part of the expenses of the Navy for the coming year, and I object to this policy of having these unexpended balances reappropriated. They ought to go into the Treasury of the United States, and that

would compel the representatives of the Government, in presenting their recommendations to the Budget committee, and the Budget committee, in preparing its budget for the President, to take into account the needs only of the respective departments and bureaus, and not permit them to count upon any unexpended balances, or contemplate that unexpended balances should be reappropriated in order to augment the appropriations and the expenditures for the coming year.

Mr. HALE. Mr. President, I think in the main I would agree with the Senator that ordinarily that would be advisable, but in this particular case it is to rectify something that is necessary, unless we are to find ourselves in the position where we are going to have to cut down the enlisted men of the Marine Corps.

Mr. KING. Mr. President, I am not complaining in this particular instance of the amount required for the marines. I am complaining of a policy which permits balances to be reappropriated. I think an unexpended balance should go into the Treasury, and I think the departments and bureaus which want money for the next fiscal year should be compelled to go before the Budget committee and present their case, and the Budget committee then determine what is required, and not permit them to resort to unexpended balances to swell the amounts which may be recommended by the President of the United States.

Mr. HALE. Mr. President, the Senator will find very little of that in the bill. The only other places where we have done it is in the case of the enlisted men of the marines, and in one case of an appropriation for fuel, where $150,000 was appropriated for this year to get the Scouting Fleet back from the Pacific. The fleet has stayed out there and that money is not to be used, and they want that unexpended balance to be reappropriated, so that when the fleet does come back, the money will be there.

Mr. KING. I will say that my good friend from Maine and the Naval Affairs Committee are not the chief offenders, by any means, in this policy of reappropriating unexpended balances. But I think it is a meretricious policy, one which ought to be condemned, and one which the Congress ought not to tolerate. When the naval affairs appropriation bill was before the Committee on Appropriations, if they found that the Budget estimates were not sufficiently large, and that they needed $128,000, they should have included that as a direct appropriation, and not a reappropriation. Then the books of the Treasury could be properly balanced; the accounts could be in an intelligible form, and one not versed in the intricacies of Federal accounting could, by reading the balance sheets, determine just the appropriations for each year, and the unexpended balances which were covered into the Treasury of the United States.

I shall not make objection to this; but I do hope that the Committee on Appropriations will not tolerate this practice; and I wish the President of the United States would issue the necessary order, if it is proper for him to issue an order—and I think it is—at least instruct the executive agencies under him not to approve this practice and in the future to abandon it.

The VICE PRESIDENT. The clerk will report the next amendment.

The next amendment was, on page 45, line 6, after the word "list," to strike out the colon and the following proviso:

Provided, That no person shall be commissioned as an officer in the Marine Corps prior to June 1, 1933.

The amendment was agreed to.

The next amendment was, on page 46, line 4, after the figures "$7,497,537," to insert "together with $100,000 of the unexpended balance of 'Pay, Marine Corps, 1932,'" so as to read:

Pay of enlisted men, active list: For pay and allowances of noncommissioned officers, musicians, and privates, as prescribed by law, and for the expenses of clerks of the United States Marine Corps traveling under orders, and including additional compensation for enlisted men of the Marine Corps qualified as expert riflemen, sharpshooters, marksmen, or regularly detailed as gun captains, gun pointers, cooks, messmen, including interest on deposits by enlisted men, post-exchange debts of deserters and of men discharged or sentenced to terms of imprisonment while in debt to the United States, under such rules as the Secretary of the Navy may prescribe, and the authorized travel allowance of discharged enlisted men, and for prizes for excellence in gunnery exercises and target practice, and for pay of enlisted men designated as Navy mail clerks and assistant Navy mail clerks both afloat and ashore, and for gratuities to enlisted men discharged not under honorable conditions—pay and allowances, $7,497,537, together with $100,000 of the unexpended balance of "Pay, Marine Corps, 1932"; allowance for lodging and subsistence, $670,542; in all, $8,168,079.

Mr. KING. Mr. President, I ask the Senator from Maine how long it is contemplated that the marines shall be retained in Haiti, and what part of this appropriation for the marines will be required to meet the expenses of maintaining marine forces in a foreign land?

Mr. HALE. Mr. President, I think under the treaty with Haiti we are obliged to keep the marines there until 1936. The expenditures this year for keeping the marines in Haiti, over and above what they would have been for keeping the marines at home, or on ordinary duty, amount to something like $160,000. They have gradually been reducing the annual expenditures.

Mr. KING. Mr. President, if the Senator will pardon me, I disagree with him in both statements which he has submitted. First, there is no treaty obligation resting upon the United States calling for the retention in Haiti of American marines. They could be withdrawn to-morrow without the violation of any treaty. As a matter of fact, many insist that the so-called treaty is not a valid one. But I shall not challenge the validity of the treaty. I do insist that we shall at a very early date withdraw our marines from Haiti. Their retention is provocative of unrest, and certainly results in criticism from the Haitians, as well as from a large number of people in Latin America. There is a general feeling upon the part of some of the Latin American countries that we were imperialistic, economically, if not politically, when we went into Haiti, carried on war against the Haitian people, and superimposed upon them a military control; which military control, in one form or another, though greatly modified, still persists. I wish the Senator could indicate when the marines are to be withdrawn.

May I reply to the second observation of the Senator? Certainly the retention in Haiti of several hundred marines—I do not recall the number who are there now, because some have been withdrawn, but I think it is five or six hundred—can not be met with an expenditure of $150,000. The Senator is certainly in error in assuming that we can send the marines to Haiti and keep them there for an indefinite period for $150,000. The cost of sending them there would exceed that. We have to have naval vessels—naval vessels require oil or coal—and the expenses incident to the transportation of the troops to Haiti call for a very large appropriation, and certainly the retention of several hundred of our marines in Haiti will involve a very large expenditure.

I remember two or three years ago inquiring into that matter, and my information led me to the conclusion that it cost us between a million and two million dollars for the retention of marines in Haiti for one year.

I was disposed to offer an amendment, one which I have offered upon several appropriation bills of this character, providing that no part of the appropriation for the Marine Corps should be used for the maintenance in Haiti of any military forces of the United States. I shall not press that motion, however, at this time, because I sincerely hope that within a few months our marines will be withdrawn. If not, then I give notice to my friend that when the next naval bill is before us he will find considerable opposition to it if there is not a provision for the withdrawal of the marines from Haiti.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment was, on page 46, line 15, after the figures "$585,066," to strike out the colon and the following proviso:

Provided, That hereafter no enlisted man of the Marine Corps shall be assigned to the Fleet Marine Corps Reserve as provided for in section 22 of the act of February 28, 1925 (U. S. C., title 34, sec. 783).

The amendment was agreed to.

The next amendment was, on page 46, line 19, before the word "mileage," to strike out "Not to exceed for" and insert "for," so as to read:

For mileage and actual and necessary expenses and per diem in lieu of subsistence as authorized by law to officers traveling under orders without troops, $84,334.

The amendment was agreed to.

The next amendment was, on page 48, line 21, after the word "and," to strike out "including not to exceed $26,250 for," so as to read:

Not to exceed for transportation of troops and applicants for enlistment, including cash in lieu of ferriage and transfers en route; toilet kits for issue to recruits upon their first enlistment and other incidental expenses of the recruiting service; and transportation for dependents of officers and enlisted men, $381,250.

The amendment was agreed to.

The next amendment was, on page 50, line 15, after the figures "$90,000," to insert a colon and the following additional proviso:

Provided further, That no part of the sums herein specifically appropriated under "Pay, Marine Corps," and "General expenses" for the pay and maintenance of the Marine Corps Reserve during training shall be expended for any other purpose.

The amendment was agreed to.

The next amendment was, under the heading "Alterations to naval vessels," on page 50, line 25, after the figures "1931," to strike out "(to be completely accomplished within a total cost of $27,000,000)," so as to read:

Toward the alterations and repairs required for the purpose of modernizing the United States ships *New Mexico*, *Mississippi*, and *Idaho*, authorized by the act entitled "An act to authorize alterations and repairs to certain naval vessels," approved February 28, 1931, $14,000,000, this sum, together with the unexpended balance of the appropriation of $10,000,000 for the same purpose contained in the second deficiency act, fiscal year 1931, to be apportioned and to remain available until expended.

The amendment was agreed to.

The next amendment was, under the heading "Increase of the Navy," on page 51, line 16, after the word "authorized," to strike out "$23,063,000" and insert "$15,063,000," so as to read:

Construction and machinery: On account of hulls and outfits of vessels and machinery of vessels heretofore authorized, $15,063,000, and, in addition, the Secretary of the Treasury is authorized and directed, upon the request of the Secretary of the Navy, to make transfers during the fiscal year 1933 from the naval supply account fund to this appropriation of sums aggregating not to exceed $6,000,000, and the total sums hereby made available shall remain available until expended.

Mr. KING. Mr. President, may I ask the Senator from Maine what disposition was made of the $30,000,000 appropriated in an independent bill for the modernization of battleships?

Mr. HALE. They have gone ahead under the authorization. Ten million dollars was appropriated last year.

Mr. KING. The Senator will recall that there was an authorization of $30,000,000 for the modernization of battleships.

Mr. HALE. Yes; an authorization.

Mr. KING. How much was directly appropriated?

Mr. HALE. Ten million dollars was appropriated last year.

Mr. KING. Does the appropriation carried on page 51 relate to any part of that $30,000,000 authorization?

Mr. HALE. It does. We have already had the $10,000,000 appropriated last year, and we are appropriating $14,000,000 this year, and the balance will be appropriated to finish them up next year.

Mr. KING. Does that modernize all of our capital ships?

Mr. HALE. Oh, no. The last five have not been modernized. The last five are somewhat more modern than the ones before them, but there are still alterations which will have to be made to bring them up to date.

Mr. KING. The Senator does not contend that the post-Jutland ships should be modernized very much, does he?

Mr. HALE. They have to be modernized in certain respects.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment was, on page 52, line 15, after the word "authorized," to strike out "$4,167,333" and insert "$3,000,000," so as to read:

Armor, armament, and ammunition: Toward the armor, armament, and ammunition for vessels heretofore authorized $3,000,000, to remain available until expended.

The amendment was agreed to.

The next amendment was, on page 52, line 23, after the word "total," to insert "appropriation," and on page 53, at the end of line 4, to strike out "$4,569,000" and insert "$4,844,000," so as to read:

The total appropriation cost of the following vessels shall not exceed the sum stated after each, namely: Fleet submarine *No. 169*, $4,955,000; fleet submarine *No. 170*, $3,996,000; fleet submarine *No. 171*, $4,196,000; destroyer *No. 348*, $4,934,000; destroyer *No. 349*, $4,694,000, and destroyers *Nos. 350*, *351*, and *352*, $4,844,000 each.

The amendment was agreed to.

The next amendment was, on page 62, after line 22, to insert the following additional section:

SEC. 4. When approved by the President, not to exceed 12 per cent of each of the amounts hereinbefore appropriated shall be available interchangeably for expenditure on the objects named, but no one item shall be increased by more than 15 per cent: *Provided*, That any such transfers shall be reported to Congress in the annual Budget.

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments.

Mr. HALE. Mr. President, I have a few committee amendments which I desire to offer from the floor.

The VICE PRESIDENT. The Senator from Maine proposes an amendment, which the clerk will state.

The CHIEF CLERK. On page 19, line 10, after the word "control," the Senator from Maine proposes to insert the following:

And the Secretary of the Navy is authorized to enter into contract for purchase of the patents covered by this license agreement, subject to appropriations therefor.

Mr. KING. Mr. President, I would like an explanation of the amendment. It seems to me this is giving carte blanche authority to enter into contracts whether they are advantageous or not.

Mr. HALE. Mr. President, the purpose of the amendment is to authorize the Government to purchase a patent, for the use of which they have been paying a certain rate per year. This is a radio-control patent taken out by young Mr. Hammond, son of John Hays Hammond. It has been used in connection with steering by radio of targets for gun practice. It also in all probability will be useful in connection with the control of airplanes.

Several years ago an arrangement was made with Mr. Hammond whereby, for $720,000, we could purchase the patent, and in the meanwhile we agreed to pay him $90,000 for each 18 months' use of the patent. That we have done for one period of 18 months, and this is to extend the same privilege for another period of 18 months, and then to provide that the next year we shall go ahead and purchase the patent from him, deducting therefrom the two payments of $90,000 each, or a total of $180,000. Unless we do this, the department is afraid we may lose the patent altogether. It is very valuable from a military standpoint.

Mr. KING. Is the Senator willing to give the Navy the unrestricted authority to enter into contract without any maximum amount to be paid?

Mr. HALE. Why, no. That is all arranged. The offer of $720,000 has been made. I have explained that.

Mr. KING. I did not hear the Senator's statement if he said so previously.

Mr. HALE. We have already paid $180,000 on that account. It is not satisfactory to the owner of the patent to continue that arrangement longer.

Mr. KING. As I understand, then, the Navy has made a contract to pay $720,000 for the patent?

Mr. HALE. No; but they want the right to make the contract for the future. They simply agreed to lease it for $90,000 for a period of 18 months. They have done that for one 18-month period and are doing it again; but in the future they want to buy it; otherwise they fear they will lose it altogether.

Mr. KING. This means the patent will cost the Government $1,000,000 or more?

Mr. HALE. No; $730,000. The $180,000 will be deducted from the total amount.

Mr. KING. Has the Senator made an investigation of the merits of the patent?

Mr. HALE. My opinion as an expert would not be of value. I have heard about the matter, and from what I can learn I believe it is a valuable patent for the Navy to own. The committee went into the matter very carefully.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HALE. I offer the following amendment.

The VICE PRESIDENT. Let the amendment be read.

The CHIEF CLERK. Page 30, in line 4, after the word "admission," insert the following:

Provided further, That all officers of the Staff Corps with the rank of lieutenant who were appointed in the Regular Navy under the provisions of the act of June 4, 1920, who are 45 or more years of age, or who have completed 20 or more years of service, counting all service for which they would be entitled for credit for voluntary retirement, and who undergo the required examination for promotion to the rank of lieutenant commander and are found not professionally qualified, shall be transferred to the retired list of the Navy: *Provided*—

Mr. KING. Mr. President, I make the point of order against the amendment. It is general legislation on an appropriation bill.

Mr. HALE. Mr. President, the Senator is quite right that it is subject to a point of order, but I had hoped the Senator would not make the point of order. This is exactly what we did last year for the line of the Navy but did not do for the staff. It is simply giving the staff the same chance that the line has. If we do not do it, men who take their examinations and are found not to have passed will be turned out with one year's pay instead of 2½ per cent for each year of service they have had.

Mr. KING. I may not understand the full implications of the amendment.

Mr. HALE. The Senator did not hear the whole amendment read. The clerk had only begun to read when the Senator from Utah interrupted.

The VICE PRESIDENT. Let the entire amendment be read for the information of the Senate.

The CHIEF CLERK. On page 30, in line 4, after the word "admission," insert the following:

: *Provided further*, That all officers of the Staff Corps with the rank of lieutenant who were appointed in the Regular Navy under the provisions of the act of June 4, 1920, who are 45 or more years of age, or who have completed 20 or more years of service, counting all service for which they would be entitled for credit for voluntary retirement, and who undergo the required examination for promotion to the rank of lieutenant commander and are found not professionally qualified, shall be transferred to the retired list of the Navy: *Provided further*, That if such officers were permanently appointed with the rank of ensign or above in any of the permanent Staff Corps of the Navy while holding permanent warrant or permanent commissioned warrant rank in the Navy, they shall have the option of reverting to such permanent warrant or permanent commissioned warrant status in the lineal position to which their seniority would have entitled them had their service subsequent to such appointment been rendered in the status to which they revert: *Provided further*, That during the fiscal year 1933 no new appointment shall be made in any of the Staff Corps to fill a vacancy caused by the retirement or reversion provided for herein: *And provided further*, That officers retired in accordance with the provisions of this section shall receive pay at the rate of 2½ per cent of their active-duty pay multiplied by the number of years of service which they were entitled to credit in computation of their longevity pay on the active list, not to exceed a total of 75 per cent of said active pay.

Mr. DILL. Mr. President, this would seem to be a regular promotion measure.

Mr. KING. Mr. President, I insist on my point of order.

The VICE PRESIDENT. The Senator from Utah makes the point of order, and the point of order is sustained. Are there any further committee amendments?

Mr. HALE. I offer the following amendment.

The VICE PRESIDENT. Let the amendment be reported for the information of the Senate.

The CHIEF CLERK. On page 31, line 21, insert the following proviso:

And provided further, That without deposit to the credit of the Treasurer of the United States and withdrawal on money requisitions, receipts of public money from sales or other sources by officers of the Navy and Marine Corps on disbursing duty and charged in their official accounts may be used by them as required for current expenditures, all necessary bookkeeping adjustments of appropriations, funds, and accounts to be made in the settlement of their disbursing accounts.

Mr. BYRNES. Mr. President, the purpose of the amendment is to remedy a situation which has arisen because of a decision of the comptroller's office. On ships abroad, where the canteen secures the funds as a result of the sale of cigarettes and other articles to the men, under the law as it has been heretofore construed the funds have been used to replenish the stock of the canteen and ship stores. But by decision of the comptroller it was determined that the funds could not be used to purchase an additional supply of cigarettes, and so forth, at the next port, but that they must be deposited in a bank to the credit of the Treasurer of the United States and then a check presented to that bank to secure the money with which to buy the articles necessary to replenish the stock.

The result is a great inconvenience as well as some expense. If a ship is at Guam, they can not use the funds received to replenish the stock, but must deposit them in a bank at San Francisco and then present a check to that bank. The custom which has heretofore prevailed has existed in the Navy for more than half a century, and only within the last 60 days has the ruling been made to the contrary. The amendment seeks only to correct that situation and to allow them to proceed as they have proceeded heretofore in the Navy.

Mr. DILL. This would seem to be legislation on an appropriation bill.

Mr. BYRNES. It is. The committee directed the Senator in charge of the bill to present the amendment, and in the committee I stated I would call it to the attention of the Senate, because I am satisfied that when it is understood there can be no objection to it.

Mr. DILL. Mr. President, I am very much interested in the matter, because I have a small amendment of my own that I want to offer; but the Senator in charge of the bill suggested to me that it would be out of order, although my amendment will not add anything to the appropriation but will simply provide for the use of some money that will furnish labor for workingmen in the town where one of the navy yards is located on the Pacific coast. If my amendment is to be ruled out on a point of order, I do not feel that I should sit here silently and let other amendments go in when they are likewise subject to a point of order.

Mr. BYRNES. I submit to the Senator that I do not think he would take that position if he considered that it was in the interest of the service and of the men.

Mr. DILL. I agree with the purpose of the amendment. I think there ought to be a certain amount of liberality in these matters. I am not disposed to raise the point of order against the amendments that do not increase the appropriation but simply provide for the disposal of them.

Mr. BYRNES. If the Senator entertains that view, will he not take that course as to some other amendment and not as to this particular one?

Mr. DILL. The principle is a principle that ought to be observed.

Mr. BYRNES. But the Senator is not in favor of the principle of objecting to such amendments?

Mr. DILL. No, I am not; but when the principle of objecting is to be used against my own amendment, I feel that it is a principle that ought to work both ways.

Mr. BYRNES. I certainly am not using it against the Senator's amendment, and I am interested in this particular amendment only because it appealed to me as being really in the interest of the service.

Mr. DILL. I am not going to object to the amendment, but I want to call attention to the fact that amendments are being placed on the bill which are not really warranted.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HALE. I offer the following amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be reported for the information of the Senate.

The CHIEF CLERK. On page 40, after line 2, insert the following:

The availability of the $200,000 authorized by the act approved February 12, 1931, Public No. 620, of the Seventy-first Congress, to be expended from the naval hospital fund for the acquisition of land for a site for the hospital buildings at Philadelphia, Pa., authorized by said act, is hereby extended to include investigations by contract or otherwise, of subsurface conditions at said site.

Mr. KING. Mr. President, does that involve any additional appropriation?

Mr. HALE. It is simply a provision authorizing the $200,000 appropriated last year, for the purpose of acquiring title to the land for the hospital at Philadelphia, to be used for making an investigation of the subsurface conditions, which under the terms of the appropriation could not otherwise be done. It does not increase any appropriation whatever.

Mr. KING. As I understand the Senator he is not asking for an additional appropriation for this item, but is asking that a part of an appropriation made may be used for the purpose of determining the subsurface character of the ground?

Mr. HALE. That is right. I understand that a certain Senator proposes to offer an amendment asking for an appropriation for the hospital, but that will come in later on.

Mr. KING. And that will be subject to a point of order, of course.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HALE. Mr. President, I have been authorized by the committee to offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 63, after line 4, it is proposed to insert a new section, as follows:

SEC. 5. All unobligated balances of appropriations heretofore made and not expressly made available until expended, either herein or otherwise, shall be covered into the Treasury on July 1, 1932, and be credited to miscellaneous receipts.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HALE. Mr. President, I have one further amendment to offer. On page 46, line 23, after the figures "$15,151,089," I move to insert the following:

together with $85,000 of the unexpended balance of the appropriation "Pay, Marine Corps, 1932."

The VICE PRESIDENT. Let the secretary state the amendment.

The CHIEF CLERK. On page 46, line 23, after the figures "$15,151,089" it is proposed to insert the following:

together with $85,000 of the unexpended balance of the appropriation "Pay, Marine Corps, 1932."

Mr. KING. Mr. President, the amendment which we just adopted requiring all unexpended balances to be covered into the Treasury would be in conflict with the amendment which the Senator has just offered, would it not?

Mr. HALE. I think the last amendment adopted would cover those which are not in this bill specifically appropriated.

Mr. KING. I think when the Marine Corps has an appropriation in this bill for the purpose indicated of $15,151,089, there is no necessity for an additional appropriation which this amendment really provides; that is, it is equivalent to an additional appropriation. If I can raise a point of order against it, I will do so.

Mr. HALE. Mr. President, I will explain to the Senator the purpose of this amendment and of another one which I will also offer, providing for $40,000 to come out of the unexpended balance of the Marine Corps appropriation in the same way.

The purpose of this amendment and the other amendment which I am about to offer is to provide for sending between 400 and 500 marines to Nicaragua to conduct the elections which are to be held there this autumn.

In 1927, when the Nicaraguan revolution was at its height, President Coolidge sent Colonel Stimson to Nicaragua to investigate in an endeavor to compose the difficulties. Colonel Stimson succeeded in persuading the revolutionary leaders to lay down their arms on the express understanding that the United States would supervise the next elections, to take place in November, 1928.

The leaders of the Liberal Party, who were also the leaders of the revolutionary movement, charged that the Conservative Party, then in office, had been able to remain in charge of the administration for 12 years because it controlled the electoral machinery and the Liberals had no chance at the polls. They felt the only way that they could get into office was through a revolution, and they would only desist from the revolution if the United States would agree to supervise the elections so that they would be free and fair.

The elections were held in November, 1928, under the supervision of Maj. Gen. Frank R. McCoy, United States Army, and both parties were thoroughly satisfied with their conduct and felt that they had been scrupulously fair. In October, just before the elections, the Liberal candidate, General Moncada, proposed to the Conservative candidate, Señor Benard, that they agree that whichever one of them should be elected he would immediately ask for the supervision by the United States of the elections in 1932, so that Nicaragua might have four years of peace and tranquility in order that it might recover in some measure from the effects of the revolutionary disturbances and carry the program of 1928 to its logical conclusion.

Mr. NYE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from North Dakota?

Mr. HALE. I yield.

Mr. NYE. How many years of peace and tranquillity were to be assured by the presence of American marines in Nicaragua?

Mr. HALE. I am not assuring anybody about peace and tranquillity there, but I can assure the Senator that, so far as marines being in Haiti is concerned, and so far as their being in Nicaragua is concerned, the Navy has no interest in it. The marines simply go where they are sent, and they are there because the State Department asked to have them go.

Mr. Benard agreed. General Moncada was elected President and took office on January 1, 1929. Immediately thereafter he verbally requested, through the American minister, that the United States should supervise the next election, and in February, 1929, the Minister for Foreign Affairs of Nicaragua in a formal note made this same request on behalf of President Moncada. The United States agreed to do so. In order that the supervision of the 1932 presidential elections should be effective it was necessary to supervise the congressional elections in 1930. Captain Johnson, of the United States Navy, was appointed for this purpose and

those elections were also carried out in a manner completely satisfactory to the two Nicaraguan parties. Admiral Woodward, United States Navy, has been appointed to supervise the elections in November of this year.

The Navy Department plans to send to Nicaragua between 400 and 500 marines to supervise these elections. The men whom they are sending there are men who have had experience in the other elections which have been held in Nicaragua and are thoroughly familiar with such work.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Arkansas?

Mr. HALE. I yield.

Mr. ROBINSON of Arkansas. How many United States marines are now in Nicaragua?

Mr. HALE. There are 127 officers and 861 men, and that number includes about 200 men who are with the Guardia Nacional. At one time, in 1926, I may say to the Senator, we had nearly 5,000 men there, but the number has been gradually reduced.

Mr. ROBINSON of Arkansas. I understand that, of course. The number now is how many officers and men?

Mr. HALE. The present number is 861 men and 127 officers.

Mr. ROBINSON of Arkansas. Something less than a thousand men?

Mr. HALE. Just under a thousand.

Mr. ROBINSON of Arkansas. How long is it proposed to keep American marines in Nicaragua?

Mr. HALE. I think, Mr. President, the department expects after these elections are held to get all our forces out of Nicaragua.

Mr. ROBINSON of Arkansas. What would it cost the Government to send 300 or 400 marines, who appear to be professional or trained election supervisors in foreign countries, to Nicaragua to carry out that very strange policy?

Mr. HALE. The two items for which I have asked appropriations to come out of unexpended balances will amount to about $125,000. That represents the additional cost, and it is the belief of the department that after the election is held the marines can move bag and baggage out of Nicaragua.

Mr. ROBINSON of Arkansas. Is it proposed, in addition to approximately a thousand officers and men now in Nicaragua, to send down 300 more? Why not let those who are now there perform such functions as may be found indispensable in operating a foreign government?

Mr. HALE. Mr. President, I asked the department the same question, and they informed me that it needs men of considerable experience to conduct an election, and these are men who have had such experience.

Mr. ROBINSON of Arkansas. I do not think it would be fair to take the time of the Senator from Maine to express my views on this proposal, and if he would prefer that I refrain for the present from doing so, I shall avail myself of the opportunity to take the floor in my own right after a few minutes.

Mr. HALE. I am through with the floor, Mr. President, and will be glad to hear from the Senator.

Mr. ROBINSON of Arkansas. Mr. President, this is to me an amazing proposition.

Mr. BRATTON. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from New Mexico?

Mr. ROBINSON of Arkansas. I yield.

Mr. BRATTON. Mr. President, the Senator from Maine, having charge of the bill, will recall that in the committee there was very much doubt about the provision which he has offered as an amendment; so much so that it did not go into the bill. I want to appeal to the chairman to withdraw the amendment, for, as disclosed in the committee, if he insists upon it here it will lead to prolonged discussion and delay the passage of the bill. If the sentiment expressed in the committee fairly reflects the attitude of the Senate, the amendment probably will not be adopted, and why should we take so much time in a useless debate over this matter?

Mr. HALE. Mr. President, I have no personal interest whatever in the matter, but as our Government has agreed to go ahead and supervise this election, and on the strength of our agreement certain things have been done in Nicaragua, it seemed to me that there is no possible way of getting action unless the matter is brought to the attention of the Senate. Unless action is taken here, I do not see where it can be taken, and we shall have to violate our good faith.

Mr. BRATTON. I shall not trespass further upon the courtesy of the Senator from Arkansas except to say that I think the Senator from Maine is inviting long delay in the passage of the bill if he insists upon his amendment.

Mr. NYE. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from North Dakota?

Mr. ROBINSON of Arkansas. I yield.

Mr. NYE. I think this is an all-important matter that we are about to consider, and, if the Senator from Arkansas will yield for that purpose, I will suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Arkansas yield for that purpose?

Mr. ROBINSON of Arkansas. I yield.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kean	Robinson, Ind.
Austin	Cutting	Kendrick	Schall
Bankhead	Dale	Keyes	Sheppard
Black	Davis	King	Shipstead
Blaine	Dill	La Follette	Smoot
Borah	Fletcher	Logan	Steiwer
Bratton	Frazier	McNary	Thomas, Idaho
Broussard	Glass	Moses	Townsend
Byrnes	Glenn	Neely	Trammell
Capper	Goldsborough	Norris	Tydings
Caraway	Hale	Nye	Vandenberg
Cohen	Harrison	Oddie	Wagner
Connally	Hawes	Patterson	Walsh, Mass.
Coolidge	Hebert	Pittman	Wheeler
Copeland	Johnson	Reed	White
Costigan	Jones	Robinson, Ark.	

Mr. McNARY. I desire to announce that the Senator from South Dakota [Mr. NORBECK], the Senator from Iowa [Mr. BROOKHART], the Senator from Wyoming [Mr. CAREY], and the Senator from Ohio [Mr. BULKLEY] are detained in a meeting of the Committee on Banking and Currency.

The VICE PRESIDENT. Sixty-three Senators have answered to their names. A quorum is present. The Senator from Arkansas has the floor.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. HALE. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. In just a moment.

From time to time there are presented to the Senate unusual, surprising proposals for legislation. This is entitled to stand in a class by itself.

I yield to the Senator from Maine.

Mr. HALE. Mr. President, in view of the fact that it is important to get the appropriation bills out of the way as quickly as possible, and it is evident that there will be a very considerable opposition to this amendment——

Mr. ROBINSON of Arkansas. That certainly is evident.

Mr. HALE. I will very reluctantly withdraw it.

Mr. ROBINSON of Arkansas. Very well. Since the Senator withdraws the amendment there is no occasion for making the remarks which I contemplated.

The VICE PRESIDENT. Are there further committee amendments?

Mr. HALE. Mr. President, I have one further amendment.

The VICE PRESIDENT. Let it be sent to the desk and read.

The CHIEF CLERK. On page 46, line 23, after the figures "$15,151,089," it is proposed to insert the following:

Together with $229,101 of the unexpended balance of pay, Marine Corps, 1932.

Mr. HALE. Mr. President, those are the two unexpended balances that came up in connection with the question of pay of the Marine Corps that I discussed with the Senator

from Utah [Mr. KING], and the total does not carry them with it. I am simply adding these words for that reason.

Mr. ROBINSON of Arkansas. Mr. President, with the withdrawal of the amendment heretofore proposed by the Senator from Maine, it is my understanding that there is no fund in this bill out of which professional election supervisors, being members of the United States Marine Corps, may be sent to Nicaragua for the purpose of supervising the elections in that country in 1932.

Mr. HALE. There are simply the general funds for the travel and subsistence of the Marine Corps.

Mr. ROBINSON of Arkansas. Oh, certainly, Mr. President; but I am asking the Senator the question now whether there is any fund in this bill out of which 400 American marines, who have had experience in supervising elections in Nicaragua and other Latin American countries, may be sent down to Nicaragua for that express purpose. What I am trying to ascertain is whether the withdrawal of the amendment which the Senator proposed to carry out that most remarkable and amazing proposition will prevent the sending of additional marines to Nicaragua for election purposes.

Mr. HALE. Mr. President, there is no special provision made for any such purpose in the bill. Whether the department could send marines under the general appropriations in the bill I can not say. Possibly they could.

Mr. ROBINSON of Arkansas. If the Senator will point out to me a fund in the bill that may be used in that way, I should like to attach to it such language that it can not be done, and I shall feel constrained to make the remarks that I refrained from making a few minutes ago. I do not make that expression as a threat but as a mere statement of fact. Unless it can be made to appear that this Government, while maintaining a thousand American marines in a remote Latin American country like Nicaragua, is not going to carry out the policy of sending down additional marines to perform services in connection with local elections in that country, refraining from using the marines already there, on the theory that it requires experts trained in the art and practices of controlling or influencing or supervising elections in foreign countries—unless I can receive some assurance of that nature I should like to offer an amendment dealing with the subject.

Mr. HALE. I can give the Senator no assurance whatever of that.

Mr. NYE. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield to the Senator from North Dakota.

Mr. NYE. I should like to inquire of the Senator from Arkansas whether it is not possible to write into this bill a proviso against any of these funds being used for that purpose.

Mr. ROBINSON of Arkansas. Yes; a limitation. I propose an amendment, to be attached at the proper place in the bill, providing that no sum appropriated in this bill shall be used in transporting United States marines to Nicaragua for service in connection with the supervision of elections there.

Mr. NYE. I am glad the Senator is doing that.

Mr. HALE. Mr. President, in view of the circumstances, if we are going into this matter, and we are going to have the delay in any event——

Mr. ROBINSON of Arkansas. I am not asking any delay now. The Senator can not put that responsibility on me.

Mr. HALE (continuing). I might as well go back to my original amendment that was offered.

Mr. ROBINSON of Arkansas. Very well. Let the Senator propose his amendment, and let the Senate take a vote on the amendment; but I shall insist on my amendment, Mr. President.

The VICE PRESIDENT. The Chair is advised by the clerk that there is still a committee amendment pending. The Chair was of the impression that it had been withdrawn.

Mr. ROBINSON of Arkansas. It was withdrawn, Mr. President.

The VICE PRESIDENT. The Senator from Maine offered another amendment which is pending. The amendment of the Senator from Arkansas will be considered pending. Let the amendment offered by the Senator from Maine be stated.

The CHIEF CLERK. On page 46, line 23, after the figures "$15,151,089," it is proposed to insert the following:

together with $229,101 of the unexpended balance of Pay, Marine Corps, 1932.

Mr. ROBINSON of Arkansas. Mr. President, I propose the following amendment to the amendment of the Senator from Maine:

At the end of his amendment, add the following proviso:

Provided, That no money appropriated in this act shall be used to defray the expense of sending additional marines to Nicaragua to supervise an election there.

The VICE PRESIDENT. The question is on the amendment of the Senator from Arkansas to the amendment of the Senator from Maine.

Mr. HALE. Mr. President, I should like to ask the Senator whether his amendment is an amendment to my amendment.

Mr. ROBINSON of Arkansas. Yes.

Mr. HALE. If the Senator's amendment goes through, there is no particular point in my amendment.

Mr. ROBINSON of Arkansas. Very well; I offer it as a substitute for the amendment of the Senator from Maine.

The VICE PRESIDENT. The Senator from Arkansas offers his amendment as a substitute.

Mr. HALE. Mr. President, I think the Senate ought to realize what we are doing.

This Government has entered into an agreement to take charge of the elections which are to be held this fall in Nicaragua. We made that agreement in 1928; and we are called upon, if we are to act squarely, to live up to the agreement that we have made. It is expected of us by the Nicaraguans. If this matter simply goes by default, and the marines do not supervise the elections, it will leave this country in a very poor position as far as the rest of the world is concerned.

Mr. ROBINSON of Arkansas. Mr. President, the Senate has just listened to a most remarkable attempt to vindicate a policy which has been impeached by experience, and which has never been strongly entrenched in the judgment of students of our foreign problems.

The Senator from Maine has declared that in order to carry out a contract made by the present Secretary of State, then serving as an ambassador extraordinary—a contract by which the United States undertook to supervise elections in Nicaragua in the interest of the preservation of peace—it is necessary to make use of a large group of United States marines, approximately 400 in number, who served as election supervisors in years gone by, and whose experience in that service makes it necessary to withdraw them from their present duties, transport them to a great distance at large expense to the United States, notwithstanding all the while there are in Nicaragua approximately 1,000 marines—officers and men.

Mr. President, have we come to the point where we are maintaining a trained military corps to control or supervise elections held under other flags than our own? We do not employ the military force of the United States to supervise elections in this country. It is repugnant to our people.

The policy is obnoxious to the citizenship of our own country. Now, it seems we have been committed to controlling or supervising elections in foreign lands and to maintaining a military force especially trained in such service.

Mr. President, anyone familiar with our political system and its institutions must regard that practice as subversive of liberty, and as destructive of amity and good will between our Government and foreign governments. How often during recent years have we heard it said that the United States will not attend to her own affairs, that she insists upon maintaining an attitude of domination toward weaker gov-

ernments on the Western Hemisphere? It is not an answer to declare that groups within these countries subject to revolution are often anxious that we exercise the power of our Government in controlling their processes.

A complete answer to the Senator from Maine is found in the fact that there are already more marines in Nicaragua than are needed for any legitimate purpose, and there is no excuse for taxing the American people, particularly in times like these, to send additional military forces to a foreign land to control elections.

The quicker we get out of Nicaragua the better it will be for the glory of our flag and for the safety of the men who maintain it there.

Why spend $120,000 sending down specially trained marines, experienced in holding and supervising elections in foreign countries? We ought to get out of that kind of business, and do it quickly.

If we have made a contract that is binding to supply a military force in the election of 1932, let us use the troops which are there and keep other marines at home.

Mr. President, so far as I am concerned, I will never again vote to appropriate a dollar of public money for the purpose contemplated by the amendment offered by the Senator from Maine. His amendment ought to be voted down, and the amendment limiting the use of funds carried in this bill agreed to, so that the marines may not be sent to Nicaragua for the purpose of supervising an election there, while a large number of marines already are there. This should be done by a decisive vote.

Mr. BRATTON. Mr. President, no more important question has been presented to this body during recent times. Perhaps even during the economic crisis which encompasses us, we could afford to spend $120,000 if it were for some other purpose, such as relief. But I rise to join with the Senator from Arkansas in expressing, as emphatically as I am able to, my disapproval of the policy of this Republic in lending her armed forces toward the administration of the domestic affairs of another people. We have had too much of that in the past. It is a sordid chapter in our history that we ever lent ourselves to a program of that kind.

Mr. President, the sooner the United States discontinues the policy, and stamps her disapproval upon its revival, the sooner we can forget the course upon which we embarked a few years ago.

It is said by the Senator from Maine, having the bill in charge, that we made a solemn contract, obligating us to supervise the forthcoming election in Nicaragua. The only way through which this Republic can bind herself concerning another nation is by a treaty, which this body must approve. I challenge the legal soundness of the assertion that a Cabinet officer, or any other representative in the executive branch of the Government, without the concurrence of this body, can bind us morally, legally, or otherwise, to such an extent that we must carry the agreement into execution, and appropriate $120,000 to send armed forces to another country to oversee, to supervise, to regulate their domestic affairs.

It is not to the credit of the United States that we ever undertook such a thing in the past, and it will be less to our credit if we repeat it here to-day. Let other nations attend to their own internal affairs. We would repudiate the suggestion if it were offered by another nation concerning us, and we should deal with them accordingly.

Mr. President, is it possible that, amidst all of the talk we have heard during recent times of our Budget being unbalanced, of jobless men walking hither and yon throughout this country vainly in search of employment; aye, with thousands of them here in the capital, we propose to take from the Treasury $120,000 money of the overburdened taxpayers, to defray the expenses of sending additional marines, over and above almost a thousand who are already in Nicaragua, to supervise an election down there?

The Senator from Maine says, with the approval of the department, that we must send experts down there, men who understand enough about the internal affairs of Nicaragua, men trained in the technique of their election machinery, who can supervise, in an expert fashion, the holding of an election by the free people in Nicaragua.

Mr. President, I greatly regret that the Senator from Maine did not withdraw the amendment, but since the issue is here, let us make disposition of it, and let us stamp our disapproval upon the making of agreements by individuals to supervise elections in another commonwealth. It is none of our business. It is to the discredit of the United States that we ever did it in the past, and I hope we shall not repeat the discredit.

We are proud of our history. We look over its pages with pride, but one dark chapter throughout our history of more than a century and a half is that in the past we have appropriated money for the purpose and have taken charge of the election machinery of another people, and now it is proposed that we shall repeat the act.

Mr. President, it is closely akin to compounding a violation of law. I hope very much that this body will face the issue to-day and, by a decisive vote, will put this Republic on record as assuming a friendly attitude toward other nations and as affirmatively stamping our disavowal upon any proposal now or hereafter to expend money of the taxpayers of this country to ship hundreds of armed men to another nation, while there are hunger and want and need and distress and misery throughout this country.

Mr. NYE. Mr. President, will the Senator yield to me?

Mr. BRATTON. I yield.

Mr. NYE. I hesitate to interrupt the very eloquent presentation which the Senator from New Mexico is making on this subject, but I should like to ask him whether he feels that our activities in Nicaragua have been altogether unselfish, that we have had merely the interests of Nicaragua and her future at heart; or does he, instead, agree with some of the rest of us who believe that, generally speaking, our work in Nicaragua has been in defense of American dollars which have been taken there and planted there, invested by men who seemingly are not able to find adequate ground at home in which to plant their money for investing purposes?

Mr. BRATTON. Mr. President, I think that has been an important factor in our action concerning elections in Nicaragua. Selfishness has entered into it. A desire to follow dollars invested down there has had much to do with sending marines there. The sooner Americans quit investing their dollars in other countries, and then calling upon the Government to send armed forces to those countries to protect such investments under foreign flags, the sooner we confine ourselves to our own domestic affairs, the higher our Republic will stand in the forum of public opinion throughout the world.

Mr. GLASS. Mr. President, I wonder whether the Senators who have just spoken have not learned that our Secretary of State is a law unto himself. It will be recalled that a few years ago the Senate, without a dissenting voice, passed a resolution expressing the conviction that the Secretary of State should discontinue his utterly lawless exercise of a function not appertaining in any sense or degree to that department, the matter of approving or disapproving foreign loans. He snapped his fingers in the face of the Senate, and the very next day promulgated additional so-called rules and regulations under which the State Department would continue exercising that lawless function, with the result that, with the approval of the State Department, the portfolios of banks from one end of this country to the other were filled with worthless foreign securities, which to-day are a tremendous contribution to the existing depression and the curtailment of credit under which we are suffering.

I venture to predict right now that we may adopt by a unanimous vote of the Senate the proposal presented by the Senator from Arkansas, and somewhere in some appropriation act the Secretary of State will find a sum that will be available to him to use the marines already in Nicaragua for the purpose of controlling the election there. The Senate need not be surprised if that should occur.

Mr. WHEELER. Mr. President, I want to raise my voice in commendation of what has been said by the Senator from Arkansas [Mr. ROBINSON], the Senator from New Mexico [Mr. BRATTON], and the Senator from Virginia [Mr. GLASS].

A few years ago in this body, on January 26, 1927, I made a somewhat extended speech with reference to the situation as it then existed in Nicaragua. I pointed out in that speech at that time not only how we had marines in Nicaragua for the purpose of supervising the election but how in actual practice we picked out the candidates for the Presidency of that and some of the other countries of Latin America. I quoted then from a paper published in Nicaragua which was controlled by Adolfo Diaz, as follows:

> As you see, these declarations of the American minister confirm the information that we gave to the public last Thursday, that Mr. Diaz would have the full moral and economic support of the United States Government. We said then that without the deposit of the Presidency in Adolfo Diaz "the United States Government would not favor the Conservative Party," a statement which has been fully confirmed by the declarations of Mr. Dennis, United States chargé d'affaires at Managua.

In that speech I denounced Diaz for what had been going on and for the part he had played in the revolution and for assuming control of the Nicaraguan Government.

A short time after I made that speech upon the floor of the Senate I visited the little country of Nicaragua, flying up from Panama to Managua. While I was there, I came in contact with Adolfo Diaz. He spoke to me with reference to the speech which I had made upon the floor of the Senate, and said to me, in substance, "Senator, I am not responsible for the situation which has taken place here. I did not want to be President of Nicaragua again; but," he said, "your State Department is responsible for the position in which I found myself. They came to me and urged me to become a candidate for the Presidency, telling me that if I would run for the Presidency, they would support my candidacy and would have the marines here to back me up in my administration."

Mr. President, it is a startling thing, it seems to me, for the Government of the United States—or, I should say, the State Department as distinguished from the Government of the United States—to go into any of the Latin American countries, not only sending the marines in there to supervise elections but actually picking out the candidate and saying to this candidate or that candidate or to this man or that man, "If you will run for the Presidency of your country, we will bring the marines down here and supervise the election; and if you are elected, we will have the marines here for the purpose of backing up your administration while you are in office, regardless of whether a majority of the people want you or not."

Not only have we been doing this in Nicaragua, but let me tell what is happening now. I listened last night to the reading of the platform of the Republican Party adopted in Chicago, and to my amazement they boasted, if you please, of the great work they have been doing in Haiti, how they have been taking the marines out of Haiti, and yet now, the very next day after they have boasted of that great work, we find the leaders upon the floor of the Senate asking for appropriations to send more marines down to Nicaragua for the purpose of supervising the election, and in all probability for the purpose of doing exactly what they did with Adolfo Diaz—picking out the candidate they want to see elected to the Presidency of that country.

Mr. President, without taking more of the time of the Senate to discuss the matter, I certainly hope the amendment offered by the Senator from Arkansas will be adopted. What we are going to be faced with undoubtedly is this situation: If I recall correctly the testimony, here we find some of our bankers or investment companies in New York going to some of these South American countries and actually paying money to bribe some of the members of some of the families of the heads of these governments to borrow money from the United States so that they can bring the bonds of those countries back and unload them upon the banks of the United States, and through them upon the general public; and then if something happens, if a revolution starts in that country or something else happens, these same bankers, who have been down there and bribed the officials of that government, will be coming to the Congress of the United States and asking the Congress to appropriate money—what for? To send the marines down there to be shot down in order that they might protect the money which these bankers have invested in those worthless bonds, many of which they have unloaded upon the people of the United States. That is where this policy is leading.

I agree heartily with the statements made by the Senator from Arkansas, and I hope not only will his amendment be agreed to but that we will take the marines out of Nicaragua entirely because, as I have said before, after visiting that country and after seeing those people, I would not give the life of one American marine for the whole damned country down there.

Mr. LEWIS. Mr. President, any observation I might address to the amendment offered by the Senator from Arkansas [Mr. ROBINSON] could be greatly fortified by the address I made in the Senate possibly two weeks since, when some of our men were killed in Nicaragua and I joined in the thought expressed by the able Senator from Montana [Mr. WHEELER] for the necessity of withdrawing our associations such as have been previously and really for a long time conducted there. For this moment I desire to address the Senate in vindication of the position that I took before this body on Saturday.

Mr. President, there is a tendency to assume that if a Senator rises in his place and addresses himself to some of the conditions of the country at large, he does so either for display or he does so for some prejudice and in order to express some attitude of antagonism. At any rate, it is charged that it is a familiar practice for the public servant to make an assertion that may calculate in itself to attract attention, but which is not founded upon any established facts. All the more is that accusation indulged in when it touches the international relations of our country. These are assumed to be misrepresented for political effect or partisan purposes and international prejudices.

On Saturday last I addressed the Senate, saying that I desired to pay my tribute of adulation, certainly of approval, to the President of the United States and his eminent Secretary of State for declining to be drawn into what I saw was a network of entanglements in the affairs of the foreign world under the guise of an economic conference called at Lausanne. I boldly preclaimed to this honorable body that the scheme afoot was one to initiate the cancellation of debts. The Senate was very patient with me late Saturday afternoon in allowing me to set forth my views. I warned the Senate that the object of the proposed gathering at Lausanne was such, and that we were being deluded into the theory that it was economic. I alleged that the purpose was to induce America under some guise of economic welfare to agree to a policy of cancellation of debt in consideration of some trade to be advanced to the United States by the debtors which it was urged would lift up and maintain a level of prices for America above those of our competitors of the European world. I said that the proposition was being extended as the consideration for the inducements for America to enter anew upon the canceling of the war debts or for a present lifetime moratorium.

There were those around us who could not conceive that circumstances such as these could be so quickly assembled before the country after the Senate of the United States had given its exequatur and injunction against such procedure on two different occasions lately in this body. I now beg to tender to the Senate—this morning the Associated Press, a reliable agency of information upon which we have been acting for too long a time to assume that either through prejudice or ignorance it would mislead a body such as ours, and a nation such as our people. I read from the Herald Tribune of New York City, of this morning, a paper recognized as the principal voice of the administration in power—certainly of the East—I read a part of the dis-

patch to which I particularly advise the attention of the Senate, as follows:

Lausanne, June 15.

The meeting is held this morning, to which I alluded in my address Saturday, as one on the eve of action. It was here, I said, that the real purpose of the meeting was to cancel the debts and initiate a policy leading to the adoption of cancellation of both war and commercial debts. Or, Mr. President, if we declined to yield to this design, we would be asked to adopt a moratorium that cut off the debts which were due us during the lifetime of the present generation. I charge that the inducement to us to adopt one or the other would be the promise, seductive in its form, alluring in its proposition, of extending trade to us that would compensate this particular time for the hard times we are enduring, and with which we were suffering with our common fellow countrymen.

I read from the cablegram:

LAUSANNE, SWITZERLAND, June 15.—A request that the United States cancel all war debts was being discussed to-night as the 600 members of delegations from 13 nations assembled here for to-morrow's opening session of the conference on debts and reparations at which a way to world economic recovery will be sought.

The request to the United States—in the event that it is decided on—will be presented to the conference in the form of a resolution. Whether such drastic action would be advisable was the topic of debate to-night at numerous private gatherings of the delegates.

M'DONALD PREPARES KEYNOTE

Meanwhile, J. Ramsay MacDonald, Prime Minister of Great Britain, who is slated to serve as president of the conference, prepared the keynote speech.

I am delighted to see my beloved friend of years, the junior Senator from Utah [Mr. KING], enter the Chamber, because in his reply, both historical and oratorical, to my address on Saturday, he assumed that my fears were without foundation and my intimation that this economic conference was for the purpose of canceling the debt could not be possible. Among other tributes he paid was one to Ramsay MacDonald as one who he felt was not the manner of man to make such a proposition under the conditions as indicated by me at the time, as I feared and anticipated. I therefore delight to have my able friend hear this cablegram sent from Lausanne at the meeting this morning.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Utah?

Mr. LEWIS. I yield to the Senator from Utah.

Mr. KING. I think that either the Senator is confused or I am confused with reference to the conferences that are to be called or will be called. I understood that the conference to which he referred was the economic conference as to which I have had a consultation with the President and with the State Department; it was not the Lausanne conference, but a conference that was to be called in future to deal with world-wide economic problems, and not with the question of reparations or the cancellation of debts. Obviously, I misunderstood the Senator, because I assumed that he was referring to the economic conference that was to be called, and not to the Lausanne conference that already had been called and to which delegates had already been assigned.

Mr. LEWIS. It may be, Mr. President, that the able presentation of my learned friend the eminent Senator from Utah of the silver question and his statement that he had solicited the President to cooperate with him and with others in bringing about a conference looking to the adjustment of the metallic question might have caused me to feel that the conference described by me was that in which he had participated with his excellent advice. I deplore if events so develop that the President shall not follow the counsel of my eminent friend from Utah, for I can imagine nothing that could guide the President so correctly as the opinion moving from such consultation and as the advice and conclusions of my eminent young friend, Senator KING—and I use the word "young" jealously.

I conclude by reading further from the article:

Meanwhile J. Ramsay MacDonald, Prime Minister of Great Britain, who is slated to serve as president of the conference, prepared the keynote speech with which he will open the proceedings.

Proceedings looking to cancellation and looking to some method that may accomplish that purpose before adjournment. Then the article proceeds:

The United States is not represented, but the Washington Government's offstage part is of extreme importance, for the deliberations will be carried on in an atmosphere made uncertain by the possible attitude of the United States toward proposals affecting war debts.

Mr. President, I merely present this so that it may be seen that the views I expressed to the Senate when they tolerated me in their patience at rather a late hour were justified from the apprehension I disclosed. I again assert that I send forthwith my congratulations that the heads of our administration were not deluded into accepting a part in that which would have been so destructive to the value of our country, to justice to our Nation, and to the rights of our people. I trust nothing will transpire that shall lead us into this trap, which, as I again assert, has been adroitly laid. We prefer to adopt the text to-day that we find in Julius Cæsar where Cassius says to Brutus—

> But since the affairs of men rest still uncertain,
> Let's reason with the worst that may befall.

Mr. SHIPSTEAD. Mr. President, I hope the substitute of the Senator from Arkansas will prevail. Our excursions into Nicaragua have been very expensive, and it is almost tragic that we have not had a sufficient sense of humor to get a good laugh out of our policy there. If we could have appreciated the "comedy of errors," we could possibly afford to pay for "love's labors" that have been "lost."

We went down there, I think, in 1926. Mr. Diaz had accomplished a coup d'état; he had driven the President of Nicaragua out of the country into Mexico, and had occupied the President's office. Moncado, the present President, was Sacassa's general in the field in charge of the forces that had been driven out of the government and were trying to regain control of the government for the lawfully elected President.

There was a great stir within our Government. We were informed by a statement from the State Department that, in fact, the army under Moncado was a communist army under the direction of the Mexican Government and that Moncado and Sacassa were agents of the Soviet Government of Russia and were controlled by the Soviet Government of Russia through the Government of Mexico. That was the reason that was given for sending the marines to Nicaragua in 1926. Sacassa and Moncado were stated to be dangerous agents engaged in leading a conspiracy against the Government of the United States.

I protested sending marines at that time. I did not believe the stories that were told about any conspiracy of the kind that was described by the State Department when the marines went there.

We then changed the policy and decided we were not there to drive out communists and to stop this conspiracy, but we decided we were there to control an election. As a result of our control, General Moncado, who was supposed to be the chief general of the communist forces engaged in a conspiracy against the Government of the United States, was elected President of Nicaragua, and the man who had been President and who had had to flee from Nicaragua and go to Mexico and whom our State Department accused of being the agent of the Government of Mexico and of the Soviet Government of Russia, was appointed by Moncado to become Nicaraguan minister at Washington. The tragic part of it is that, out of 120,000,000 people, there was not one who to my knowledge had a sufficient sense of humor to cause him to laugh.

Now Moncado is a candidate for President, and Sacassa is also a candidate for President. Here we have, on the one hand, Sacassa's general and here we have, on the other, Sacassa himself, both candidates for the office of President

of Nicaragua, and we are going to send marines down as arbiters, as umpires, to see that one or the other is elected President.

I do not care who shall be elected President; but I wish that the great Government of the United States could conduct its affairs in a more dignified manner and with less humorous and at the same time less tragic results.

Mr. ASHURST. Mr. President, it seems as if the only person who saw the humor of the situation was the "Melancholy Dane." [Laughter.]

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arkansas in the nature of a substitute for the amendment offered by the Senator from Maine.

Mr. LA FOLLETTE and Mr. NYE asked for the yeas and nays.

The yeas and nays were not ordered.

The amendment in the nature of a substitute for the amendment was agreed to.

The amendment as amended was agreed to.

Mr. TRAMMELL. I desire to offer an amendment.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Florida yield for that purpose?

Mr. TRAMMELL. I will send the amendment to the desk in order that it may be pending, and I yield to the Senator from Oregon.

The VICE PRESIDENT. The absence of a quorum being suggested, the Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	King	Schall
Austin	Dill	La Follette	Sheppard
Bankhead	Fletcher	Lewis	Shipstead
Barbour	Frazier	Logan	Shortridge
Barkley	Glass	McGill	Smoot
Black	Glenn	McNary	Steiwer
Blaine	Gore	Metcalf	Thomas, Idaho
Borah	Hale	Moses	Thomas, Okla.
Bratton	Harrison	Neely	Townsend
Byrnes	Hawes	Norbeck	Trammell
Capper	Hayden	Nye	Tydings
Caraway	Hebert	Oddie	Vandenberg
Cohen	Johnson	Patterson	Wagner
Connally	Jones	Pittman	Walsh, Mont.
Copeland	Kean	Reed	Watson
Costigan	Kendrick	Robinson, Ark.	Wheeler
Couzens	Keyes	Robinson, Ind.	White

Mr. McNARY. I desire to announce that the Senator from Iowa [Mr. BROOKHART], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Wyoming [Mr. CAREY], and the Senator from Ohio [Mr. BULKLEY] are detained at a meeting of the Committee on Banking and Currency.

The PRESIDING OFFICER (Mr. COUZENS in the chair). Sixty-eight Senators having answered to their names, a quorum is present.

Mr. TRAMMELL. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The Senator from Florida offers the following amendment:

On page 41, line 23, strike out "$5,000,000" and insert "$5,715,000."

Mr. TRAMMELL. Mr. President, I very much hope that this amendment will be agreed to, so that it may be considered by the conferees. It is an item that was estimated for and recommended by the department; and if we can have it adopted by the Senate, it can be considered by the conferees.

I hope the amendment can be adopted.

Mr. HALE. Mr. President, the committee considered this matter. The Budget provided for $715,000 more than was put into the bill. The House, wishing to economize, cut out this amount. The Senate committee did not put it back.

Out of this $715,000 the department will be able to get about 22 planes, and that number would be necessary to carry out the provisions of the 5-year aircraft-building program. They will be somewhat under the numbers required in the program if it is not done. In the interest of economy we did not put in the amount. I see no objection, however, to putting it in, so that the contracts for next year can be made, as the Senator suggests; and if the Senator wishes to have that done, I shall not object.

Mr. TRAMMELL. I should like very much to have the amendment inserted in the bill. It will have a detrimental rather than an economical effect if this amount is not placed in the bill.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Utah?

Mr. TRAMMELL. I yield.

Mr. KING. Under the head of Bureau of Aeronautics we have very large appropriations—first, $13,000,000 plus; then $2,200,000; then $7,200,000; then $1,450,000—an aggregate of $25,211,105, out of which $5,000,000 are to be devoted to various purposes.

In view of the very large appropriations carried by this bill, considerably more than $300,000,000—and I think the bill ought to be reduced to $275,000,000—it seems to me that to add to this total $5,000,000 could scarcely be justified.

Mr. TRAMMELL. Mr. President, this is an authorization, it is true; but I can not believe that the House realized that to leave out this authorization would so upset and interfere with the plans of the department that some of the air activities would be so curtailed as to throw probably 600 or 1,000 people out of employment. I should like very much to get the amendment into the bill, have it considered by the conferees, and have the House and Senate present their respective attitudes. The amount was recommended by the department, and I think the department still feels that it would be a very advantageous item in the bill.

Mr. HALE. Mr. President, the total appropriations for the air this year were reduced about $6,000,000 over last year. This provision, if it goes in as the Senator has offered it, would not add any planes at the present time. It would simply authorize the department to contract for them for another year. I see no objection to the amendment, and I shall be glad to accept it and take it to conference.

Mr. TRAMMELL. There is a very large reduction already in the bill.

Mr. FLETCHER. Mr. President, I hope the Senator from Utah will not make any objection to this amendment. Unless it is made, it will mean shutting down air stations to a very large extent. It will diminish the training of flyers after the Government has invested millions of dollars in air stations. They will have to stop training because they will not have the necessary planes. This will enable them to do it to some extent.

Mr. KING. Mr. President, of course any objection would not be availing unless a vote were taken. I shall not ask for that. I shall vote against the amendment, however; and, indeed, I felt disposed to offer an amendment reducing the appropriation for the Bureau of Aeronautics from $25,000,000 to $20,000,000.

In examining the various appropriations made in past years, and comparing our naval and military expenses with those of other nations, I can not reach any conclusion other than that we are extravagant and militaristic, if we are to give to the word "militaristic" the interpretation ordinarily applied.

In 1914 our Navy Department had an appropriation of $144,000,000.

In 1915 the appropriation was $150,000,000.

In 1923, coming down to the postwar period, the appropriation was $300,000,000. We were then completing a considerable number of naval vessels.

In 1924 it was $325,000,000.

In 1925 it was $278,000,000. I am omitting the smaller figures.

In 1926 the naval appropriation was $324,000,000.

In 1927 it was $325,000,000.

In 1928 it was $320,00,000.

In 1929, instead of making a reduction as we should have done, we increased the appropriation to $394,000,000.

Mr. President, we are spending entirely too much for military purposes. Our appropriations exceed those of any other nation on earth. We charge the Bolshevik Government of Russia with militaristic aspirations, with the maintenance of a large army, and a purpose to construct a large navy upon the Baltic and the Black Seas; yet the appropriations of the Bolshevik Government are several hundred million dollars less than the appropriations of the United States.

The appropriations of France, the appropriations of Great Britain for the army and for the navy, for all military purposes are less in the case of each of those nations by between one hundred and fifty and two hundred million dollars than the appropriations made by the United States. Yet in a year of peace, when we profess to be the great moral leaders of the world, when we are clamoring for peace, and when we have our representatives attending a disarmament conference, we are called upon to appropriate more by one hundred and fifty to two hundred million dollars for the maintenance of the Army and the Navy for the next year than any other nation on the globe! And only a few days ago the able Senator from Maine [Mr. HALE], backed by the administration and by the votes of the Senate, championed and succeeded in pushing through the Senate a naval measure that will result in the expenditure of a billion dollars before 1936.

Mr. President, I protest against these enormous, unjustifiable appropriations. I object to the appropriation just asked for. I think that the $25,000,000 carried by this bill under the head of aeronautics for the next year is all that should be appropriated, and, in passing, may I say that the policy of the Government in having an aeronautical organization in the Army and another one in the Navy, instead of combining all of the air forces, leads to waste and extravagance, and to increased appropriations.

When this matter has been disposed of, I shall move that the bill be recommitted with instructions to the committee to reduce the appropriations by 10 per cent.

The VICE PRESIDENT. The question is on the amendment of the Senator from Florida [Mr. TRAMMELL].

The amendment was agreed to.

RENOMINATION OF VICE PRESIDENT CURTIS

Mr. REED. Mr. President, I have the very great pleasure of announcing that the Republican National Convention at Chicago has just renominated for Vice President our distinguished Presiding Officer. [Great applause, the Senators rising.]

Mr. ROBINSON of Arkansas. Mr. President, if the country accepts a Republican Vice President—the indications are that it will not—I am sure that we on this side of the Chamber will be pleased to have the present occupant continue in his place; but God save the country from another Republican administration! [Laughter.]

NAVAL APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 11452) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes.

Mr. NYE. Mr. President, I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 55, line 15, after the word "plants," it is proposed to insert the following:

Provided further, That hereafter such amount of work required by the several departments and independent establishments of the Federal Government, of the kind which heretofore has been let in whole or in part to private contractors, shall be assigned to the several navy yards, arsenals, Coast Guard stations, or other industrial plants owned and operated by the Federal Government, in accordance with which of these several Government establishments are best equipped to perform such work on an economical basis, as will insure the employment of not less than the maximum number of employees in such several trades and occupations as were employed at these several Government plants during the fiscal years 1931 and 1932.

Mr. KING. Mr. President, I rise to make a point of order against the amendment just read.

Mr. NYE. Mr. President, the amendment which has been read at the desk is, in the strictest sense of the word, an amendment in the interest of economy at this time. Spending as largely as we do to maintain the Navy, I can not understand why any Senator would object to the furtherance of an amendment which would provide the largest possible amount of this appropriation being expended to maintain employment and to accomplish a work for the Navy Department for the least possible money.

Under the present conditions prevailing in the navy yards particularly, a great deal of work which could be done by the men employed by the navy yards is being contracted and let out to private corporations, so that instead of using these appropriations of ours really to maintain labor and afford employment for labor, we let a large part of the work be sublet, and instead of paying for labor we pay profits to the General Electric or the Westinghouse or to others.

The amendment which I have offered would merely provide for the doing of the work in building for the Navy in the navy yards themselves, so far as possible, and I hope the amendment may prevail.

Mr. HALE. Mr. President, this amendment provides that all work done in any of the departments of the Government which can be done in the navy yards shall be done there. It is clearly new legislation and would mean the setting up of the Government in competition with private industry. I therefore make the point of order against the amendment.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). The Chair sustains the point of order.

Mr. REED. Mr. President, in behalf of the junior Senator from Pennsylvania [Mr. DAVIS] and myself I send to the desk and offer the following amendment.

The PRESIDING OFFICER. The clerk will read the amendment.

The CHIEF CLERK. On page 40, between lines 2 and 3, the Senators from Pennsylvania propose to insert the following:

Naval hospital, Philadelphia, Pa.: To continue construction of the public works authorized by the act entitled "An act to authorize the Secretary of the Navy to proceed with the construction of certain public works at Philadelphia, Pa., and for other purposes," approved February 12, 1931 (46 Stat. 1091), subject to the limit of cost fixed by such act, the Secretary of the Navy is authorized to expend $1,000,000 from the naval hospital fund for the buildings, equipment, accessories, and appurtenances authorized by such act, in addition to the expenditures authorized from such fund by such act.

Mr. REED. Mr. President——

Mr. KING. Mr. President, if the Senator will yield, I intend to raise a point of order against the amendment.

Mr. REED. I hope the Senator will not do that until I make an explanation.

Mr. KING. I wanted the Senator to understand that I intended to raise the point of order.

Mr. REED. Mr. President, this would not add one cent to the appropriations carried by the bill. It would authorize the expenditure to be made solely from the hospital fund which now exists. That hospital fund at present amounts to about a million and a quarter dollars, and will be increased this year by about $800,000. It is not Government money at all. It is raised by a contribution by about 20 cents per month from every officer and enlisted man of the Navy. In other words, this amendment does not call for the spending of any money out of the Federal Treasury.

The naval hospital which it is proposed to start with this money is most urgently needed. At present there are over 500 patients up there, in buildings which are veritable fire traps, war-time, temporary construction, half-rotted away, 34 buildings made out of laths covered with stucco. A single match or cigarette would be enough to start a fire which would burn any one of the buildings, and the consequences of a fire there are almost unthinkable.

The hospital land has already been bought, the plans have already been made and approved, and everything is waiting for the work to be begun. It is a necessary part of a navy yard which will be permanent, under any scheme of naval defense. If Senators could see the condition of that pres-

ent hospital, Mr. President, I know that their hearts would go out to the men who are confined there.

This appropriation was authorized by an act of Congress approved February 12, 1931; it has been approved by the Secretary of the Navy, it has been approved by the Director of the Budget, it has been approved by the President, who sent a special message to the House of Representatives last March approving this amendment in exactly the words in which I have submitted it. It is not new legislation. It is already covered by the act of February, 1931. It is not doing violence to our Budget system, because it has the full approval of the Director of the Budget and of the President.

From the bottom of my heart, Mr. President, I do assure the Senate that this appropriation is terribly needed. I should feel my share of the guilt if there should be a fire in that place.

Mr. KING. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. KING. My information was—and it may be erroneous—that the matter had been considered by the committee, and that they had declined to act favorably upon the proposition.

Mr. REED. That is quite true. I went before the committee and appealed to them as strongly as I could. When I left them it seemed to be practically the unanimous sentiment of the committee that it was the wise and proper course to take. Subsequently they seemed to have felt that they could not do it.

Mr. KING. May I ask the Senator another question?

Mr. REED. Surely.

Mr. KING. Is there any controversy as to the availability of this fund for this particular purpose? Has it been earmarked, so to speak, for this hospital, instead of some other naval hospital?

Mr. REED. It has not been earmarked for any other hospital, but the Secretary of the Navy, who has charge of the administration of it, approved the application of this much of the fund to this particular work.

Mr. KING. The reason why I propounded that inquiry was that it was suggested to me that there was some uncertainty as to whether this hospital, in preference to some other, should receive this fund.

Mr. REED. No; I do not think there is that question. It was suggested in the debate in the House that some of the funds might well be spent at Parris Island, S. C., and some at Pensacola; but whatever may be the future fate of those stations, there can be no question but that the navy yard at League Island will be maintained, and everybody in the naval administration admits that.

In addition to these naval phases, it should be borne in mind that this is the only hospital for general treatment of veterans in that part of the State of Pennsylvania. There is a veterans' hospital in eastern Pennsylvania for neuropsychiatric cases. There is no general hospital there, and the Veterans' Bureau is using this hospital almost to a greater extent than is the Navy. Every veterans' association in Pennsylvania has appealed to us to get this work started. The veterans themselves individually have appealed to us literally by the thousands. It is closer to the hearts of the veterans of that part of the country than is the bonus bill, which we are to act on to-morrow, because this deals with men who are desperately in need of the service which the hospital renders, and who at present might just as well be lodged in a box of matches, as far as the fire hazard goes.

I know that my colleague Senator DAVIS is thoroughly familiar with this hospital and the need, and I know I am speaking his views as well as my own when I urge the Senate to let this amendment go into the bill.

Mr. JOHNSON. Mr. President, I want to say to the Senator from Pennsylvania that I am wholly sympathetic with what he seeks to do, but I would like to inquire why the committee turned it down.

Mr. HALE. Mr. President, what the Senator from Pennsylvania has said is quite true. The President did send up a Budget message recommending this appropriation, and the Secretary of the Navy appeared before the House committee, I believe, and favored the appropriation. When the question came over to the Senate I was in sympathy personally with the appropriation and am still, but the committee, in considering the matter, in their desire for economy, cut it out. While it is perfectly true that the appropriation for this year of a million dollars will come out of the naval hospital fund, and not out of the Government, this is only the start of the building. It is going to cost over $3,000,000 to build that hospital, and the rest of the money will have to come in future years out of regular appropriations. I think it ought to. I think the hospital ought to be built. I think unquestionably the present hospital is in very bad condition and needs to be fixed up, but the committee, in their desire for economy, decided not to take it up this year.

Mr. JOHNSON. Mr. President, I can not subscribe to a kind of economy that does not provide decent hospital facilities for such men as are in that hospital; and so, whether it is a question of economy or whether it is not, if the situation is such as has been described by the Senator from Pennsylvania—and I take that as absolute—we ought, it seems to me, to adopt his amendment.

Mr. REED. Mr. President, let me detain the Senate for just a minute to give literally a description of this hospital as testified to in the House by Representative DARROW, of Philadelphia. We all know Mr. DARROW, and we all know that he is scrupulously careful in his statements; and if this description of the hospital does not touch the heart of the Senate, nothing can. Representative DARROW said this to his colleagues, as appears at page 8732 of the CONGRESSIONAL RECORD:

> I want to give you, if I may, a brief description of the present hospital buildings. There are 34 in number. They are of a very flimsy wooden-type construction, mostly stucco on wood laths, built for war-time emergencies. They are built on wooden piles, about two feet or two and a half feet from the ground. They have been decaying so rapidly that the sills are rotting away. The buildings are sagging, and in many instances the heating pipes and plumbing have been disconnected.

Think of putting men who are desperately sick in such hovels in zero weather; and that is what we have been doing. I repeat the last sentence:

> The buildings are sagging, and in many instances the heating pipes and plumbing have been disconnected. Captain Dennis told me a few days ago that when he visited these buildings in September last during a heavy rain he saw the patients eating in the mess hall with umbrellas over them to keep from getting wet.

Sick men, to whom this country owes everything, eating in a mess hall with umbrellas over them to keep from getting wet! Mr. DARROW continued:

> The buildings being grouped closely together, and because of this flimsy construction, we have there one of the greatest fire hazards of which you can conceive. Should a fire break out, the loss of life, I am afraid, would be appalling.

I will not detain the Senate further. I have painted the picture in Representative DARROW's words.

Mr. DILL. Mr. President, may I inquire why this condition has been allowed to go on continuously without bringing in some bill to take care of it, so it would not be necessary to take it out of the naval appropriations?

Mr. REED. We have brought in a bill. We had the bill passed last February.

Mr. DILL. This item certainly does not belong in this bill.

Mr. REED. Oh, yes; it is a naval hospital.

Mr. DILL. But not a part of the Navy Department appropriation bill.

Mr. REED. Yes; it is authorized. What we are trying to get is an appropriation, so we can go on and build it for the Navy. The House, after it heard the statement just read, adopted the amendment in Committee of the Whole and then, for some reason which I can not fathom, struck it out when the bill was in the House.

Mr. BANKHEAD. Mr. President, may I ask the Senator from Pennsylvania a question?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Alabama?

Mr. REED. I yield.

Mr. BANKHEAD. May I inquire of the Senator how many men are in the hospital?

Mr. REED. There are something over 500. Of course the number fluctuates.

Mr. BANKHEAD. Is there no other Government hospital to which they could be transferred?

Mr. REED. Nothing closer than the naval hospital here in Washington.

Mr. BANKHEAD. Could they be transferred here?

Mr. REED. There is no room for them.

Mr. BANKHEAD. How much does it lack of having the necessary room?

Mr. REED. There is a hospital in Brooklyn near the navy yard, but there is no room there.

Mr. BANKHEAD. Could they not be divided between the two?

Mr. REED. There are not vacant beds enough.

Mr. BANKHEAD. How much do the two other institutions of that character lack of having sufficient room for the men in this hospital?

Mr. REED. I do not know that precisely.

Mr. LA FOLLETTE. Mr. President, I am in entire sympathy with the desire of the Senator from Pennsylvania to correct the bad conditions in the Philadelphia hospital, but I would like to have a little more information before I vote on the amendment. First of all, I would like to inquire what land is to be sounded, referred to in the amendment previously offered by the Senator from Maine on behalf of the committee? Is it the site for the same hospital?

Mr. HALE. Yes; it is the same hospital.

Mr. LA FOLLETTE. Is there some question about the site being suitable for a permanent building?

Mr. HALE. They are putting up some permanent buildings which were authorized last year.

Mr. LA FOLLETTE. I may have misunderstood the amendment, but I thought it was for the purpose of testing the subsurface formation.

Mr. HALE. That was appropriated for last year.

Mr. LA FOLLETTE. For what purpose?

Mr. HALE. For the purpose of getting the site.

Mr. LA FOLLETTE. I thought it had some reference to sounding.

Mr. HALE. That is all in connection with the site.

Mr. LA FOLLETTE. I listened to the description read by the Senator from Pennsylvania as made by one of the Representatives from Philadelphia in the House. He stated that the piles on which these buildings have been located are rotting off. The Senator from Maine offered on behalf of the committee an amendment, as I understood it, to test-drill the site, and I want to ascertain whether there is any question about the present site being suitable for the erection of permanent buildings.

Mr. REED. Mr. President, this land which has been acquired by the Government for a site is on the peninsula which lies between the Delaware River and the Schuylkill River. It is alluvial soil. There is no question about its ability to sustain a building of any size. Buildings 20 stories high are carried on exactly similar ground. But there is a question as to how deep the foundation must run, which must be determined before the architects can make definite plans. They must sink test holes, just as they do in Washington, to find out how deep the foundation should be set. It is what we have in every case where the rock outcrop is not known.

Mr. LA FOLLETTE. I judge from the statement, however, that if the piles are rotting off, there must be a good deal of subsurface water on this particular site.

Mr. REED. We saw the same thing exactly taking place in the temporary Government buildings now occupied by the Navy Department down on the Ellipse.

Mr. SMOOT. We had to replace nearly all of them once and some of them twice.

Mr. LA FOLLETTE. Now I want to ask about another matter. What is this hospital fund to which the enlisted and the commissioned personnel have been contributing? How was it established, and for what purpose?

Mr. REED. I will let the Senator from Maine answer that question.

Mr. KING. Mr. President, while the Senator from Maine is getting his data I would like to ask the Senator from Pennsylvania a question, if I may have his attention, in regard to a statement made a moment ago. I understood from that statement that $1,000,000 is not all that will be required. There is $200,000 already in the bill——

Mr. REED. No; we have previously raised $300,000, $200,000 for the site which has been acquired—and incidentally was acquired at less than the appropriation by $60,000—and then $100,000 for the plant which has been completed and approved. There is no money carried by the present bill for this building.

Mr. KING. I understood from the statement made that the $1,000,000 is only a beginning and that $2,000,000 more will be required to be appropriated.

Mr. REED. Yes; ultimately the building will cost $3,000,000.

Mr. KING. Who pays the balance besides the $1,000,000?

Mr. REED. The United States Government some day will pay it, but we are not proposing to spend that now.

Mr. KING. If we start with $1,000,000, then obviously the Government will step in as soon as that is expended and complete the building, and that will cost $2,000,000 more.

Mr. REED. If we can afford it, I am going to ask that the balance be appropriated next year. If we can not afford it, we will have to wait.

Now, if I may answer the Senator from Wisconsin, by an old act passed in the eighteenth century, somewhere along about 1797 or 1798, it was provided that this 20-cent deduction should be made from the pay of everybody in the Navy to build up a hospitalization fund. The Senator from Maine doubtless knows the details much better than I.

Mr. LA FOLLETTE. I yield to the Senator from Maine for an answer to my question about the hospital fund.

Mr. HALE. At one time the naval hospital fund had $10,000,000 or $15,000,000 in it. The fund is now raised entirely through the 20 cents per month which is deducted from the pay of officers, seamen, and marines, as the Senator from Pennsylvania stated, and from fines and forfeitures. In this way they get a little more than $1,000,000 a year. The large fund of $8,000,000 or $10,000,000 has been reduced by building hospitals and taking care of hospitals around the country, so it has been reduced to about $1,250,000 at the present time. If we take the $1,000,000 out for the purpose of this amendment, the fund will go down to about $250,000, but during the year will be built up at the rate of about $1,000,000 a year.

Mr. LA FOLLETTE. May I ask the Senator from Maine or the Senator from Pennsylvania what proportion of the patients in the Philadelphia Naval Hospital are ex-service men and what proportion are now in the service?

Mr. REED. Seventy-five or 80 per cent of them are ex-service men put there by the Veterans' Bureau. There is a great advantage in that because while the hospital is run quite as well as a Veterans' Bureau hospital, it is run at a cost of about 93 cents per man per day less than the Veterans' Bureau hospital. The Navy is giving just as good care and giving it for less money.

Mr. LA FOLLETTE. The only question that I have concerning the source from which the Senator is getting the $1,000,000 is that it does not seem equitable for the Government of the United States to take contributions or deductions from the pay of enlisted and commissioned personnel in the Navy and use the money to build a hospital to hospitalize veterans of a previous war. I regard the care of ex-service men as a responsibility of the Government and not the responsibility of enlisted men and commissioned officers in the active service of the Navy.

Mr. REED. There are two answers to that. The first is that if the Government provides the $1,700,000 necessary to complete this hospital at some future time, then the active members of the Navy at the present time will be contributing about the same proportion to the total cost as that proportion of the use which they get of it.

Secondly, after all, this is not our money. It is the money of these members of the Navy, and they themselves want to use it and have it spent in this way. Actually, we are not being very generous. We are letting the Navy have a hospital at the expense of its own men.

Mr. LA FOLLETTE. That is just the point. It seemed to me, in view of the fact that the veterans are using about 75 per cent of the bed space in the hospital, that an appropriation should be made out of the Treasury to build the new hospital rather than taking it from the fund contributed by the active personnel of the Navy for their own hospital purposes.

Mr. HALE. I think all the naval hospitals to-day receive veterans.

Mr. LA FOLLETTE. Yes; but my impression is that there is not such a large percentage of ex-service men in the other naval hospitals as in this one, which is really taking the place of a veterans' hospital that should be constructed in that part of Pennsylvania.

Mr. REED. To a certain extent that is true, but there is a very amicable system of cooperation between the hospitals. For instance, Walter Reed is purely an Army hospital, but it always has some veterans there under treatment. It is in the interest of the men themselves, but I can assure the Senator that the presence of veterans in that naval hospital will never be permitted to exclude active Navy personnel that needs to be taken in. They will always be received.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LA FOLLETTE. I yield.

Mr. SMOOT. I have not had a chance to look it up recently, but many times when the veterans of the World War are given hospitalization in a hospital not owned by the Government of the United States, we pay so much per patient to those hospitals. I do not know whether that is the case with this particular hospital or not.

Mr. REED. Yes; it is. The Veterans' Bureau pays the Navy Department for the daily care of these patients.

Mr. LA FOLLETTE. I understand that, but it is proposed to take capital out of this fund contributed by the active personnel of the Navy and use it to build hospital facilities in Philadelphia, 75 per cent of which will be used by veterans. The question of upkeep and maintenance it seems to me is not involved. As I understand it there are other naval hospitals in need of new buildings and I would much prefer if the Senator would offer an amendment to appropriate the money directly out of the Treasury, because I believe it is an obligation of the Government to maintain proper hospital facilities. While I am just as anxious as he to see these unsafe buildings replaced by permanent structures, I think it unfair to appropriate it from a fund contributed by the active personnel of the Navy on the plea that the Government is too poor to make the contribution from the Treasury.

Mr. GLASS. Mr. President, I would like to be permitted to ask the Senator from Pennsylvania a question: Does the appropriation supersede or will it result in superseding or interfering in any way with the hospitalization program of the Veterans' Commission which is now considering these matters?

Mr. REED. No; it is not in conflict with it in any way. It does not change it in any way.

Mr. TRAMMELL. Mr. President, may I ask the Senator from Pennsylvania a question?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED. Certainly.

Mr. TRAMMELL. Will the diversion of this fund to this building activity over there take $1,000,000 out of the fund to be used for the hospitalization of the Navy personnel?

Mr. REED. It takes it out of the naval hospital fund, but we are assured by the Secretary of the Navy that the receipts will restore the fund before the end of the year.

Mr. TRAMMELL. It will not curtail the opportunity of providing hospital facilities for the use of the personnel of the Navy?

Mr. REED. I am sure that it will not, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Pennsylvania.

Mr. ASHURST. Mr. President, many patriotic persons disagree as to the wisdom and even as to the righteousness of the House bill 7726, the so-called bonus bill. I believe that the bonus bill is righteous and just, but I am able to perceive that men whose intellectual processes are equal and probably superior to my own take the other view.

I am displeased at the remissness and delay that have characterized action relative to House bill 7726. We should have voted upon that bill yesterday, and the Senate ought to be diligent and vote on that bill to-day or at least to-morrow before meridian.

No matter how greatly men may disagree—and honest and patriotic men will continue to disagree—respecting the bonus or adjusted compensation bill, I can not permit this occasion to go by without saying a word respecting this amendment. I am for it with all my heart. One of the reasons why the country has practically demanded the passage of the bonus bill is because, arduous as have been the labors of Congress and great as have been the services of General Hines, the Administrator of Veterans' Affairs, we have been somewhat remiss, somewhat negligent, with respect to the hospitalization of our ex-service men.

An esteemed Senator asks, What do I mean? I mean this: I shall not name the State, and I shall not name the institution, but not more than five years ago a public institution was destroyed by fire and more than 200 helpless men were incinerated. The Senators from Pennsylvania tell us, and the record shows, that the present facilities and buildings at the proposed hospitals are flimsy, inflammable, and susceptible to fire at any moment, with 400 or 500 sick and disabled men in the institution. That appeals to me; I am sure it will appeal to every Senator.

It is a solemn obligation, in my judgment, that the Government owes, and from which it can not honorably escape, to hospitalize, so far as science and money may hospitalize, sick soldiers. Then possibly after we shall have done our full duty in that regard Senators may not find such a demand for what we call a "bonus." Mr. President, can you blame men who are ill—who need hospitalization, and the Government not furnishing proper facilities—for demanding their bonus or their adjusted compensation?

Mr. President, I conclude with the hope this amendment may be adopted. Then I hope the Senate, with equal courage and diligence, will proceed to vote upon the adjusted compensation bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. REED] on behalf of himself and his colleague.

Mr. DAVIS and Mr. SMOOT addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania has been trying to secure recognition for some time and is now recognized.

Mr. SMOOT. Mr. President, will the Senator from Pennsylvania yield to me?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. DAVIS. I yield.

Mr. SMOOT. Mr. President, I wish to say to the Senator from Arizona that I have been a Member of the Senate for 30 years and during that time I have never seen a bill that has been handled so rapidly as has the bonus bill. It came to the Senate from the House late yesterday afternoon and was immediately referred to the Finance Committee. It could not have been passed at that time because it reached here at about the hour of adjournment. But the Finance Committee met this morning at 9.30, the bill was reported to the Senate, and a unanimous-consent agreement was asked for its consideration a few minutes after 11 o'clock.

Unanimous consent was not granted. So the bill has to go over until to-morrow, but the first thing in the morning I shall make a motion to take up the bill for consideration.

Mr. DILL. Mr. President, if the Senator will yield, I should like to suggest also that the objection to consideration was made by a friend of the bill.

Mr. DAVIS. Mr. President, time will not permit me to make a lengthy statement concerning the pending amendment, nor, indeed, do I think such a statement necessary, for I think conditions now existing at the Philadelphia Navy Yard are understood by Senators and that they are satisfied that the work on the hospital there should begin at once. I should like, however, to make the further observation that unless a new hospital building shall be erected at the Philadelphia Navy Yard—on rainy days, such as this, when men are admitted to the hospital they will have to carry with them umbrellas in order to afford them shelter during the time they may be compelled to remain in the hospital.

Mr. President, I urge the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. REED] on behalf of himself and his colleague.

The amendment was agreed to.

Mr. DILL. Mr. President, I have a short amendment, which before offering I desire to explain. I would not offer the amendment if it were not for the fact that the chairman of the committee himself to-day has repeatedly offered amendments which were out of order if a point of order had been made. I recognize that if a point of order shall be made against the amendment I am about to offer, it may be held out of order, but I want to appeal to the chairman of the committee not to make a point of order against it. In any event I desire to make a brief statement concerning it.

The amendment proposes to authorize the Secretary of the Navy to furnish material to pave a street along the navy-yard grounds at Bremerton, Wash. The street there is unpaved, and in the summer months it is extremely dusty and in the winter months it is muddy.

Under the laws of the State and the city the only way that payment can be made for the paving is through assessments on the abutting property. The abutting property on one side of the street is the navy yard and on the other side of the street is owned by private interests. The private-property owners are entirely willing to pay their share of the expense of paving the street.

The amendment proposes to authorize the Secretary of the Navy to furnish, out of materials in possession of the Bureau of Yards and Docks, sufficient material to pave the part of the street along the navy yard not to exceed one-half of the cost and in no case to exceed $11,000. In addition to making this street more usable it will furnish work during the coming fall and winter for some men there who will be out of work because the navy yard will lay them off after affording them work for some months. I now offer the amendment.

Mr. HALE. Mr. President, the Senator referred to my offering amendments which were subject to points of order. I have not done so except in the case of amendments which I have been instructed by the committee to offer.

In the present case the amendment offered by the Senator came before the Committee on Appropriations; the committee looked into it and found that it was not recommended by the Bureau of the Budget nor was it recommended by the department. Therefore, with all sympathy for the Senator and the cause he represents, I do not very well see how the amendment can go into this bill.

Mr. DILL. The amendment will not require any additional appropriation; it only proposes the use of some material which the Bureau of Yards and Docks has on hand, and I trust the Senator will not raise a point of order against it but will let it go to conference. It may be that it will not be retained in conference, but I think the Senator ought to let it be considered there. It is a matter that is in the interest of the Government. The improvement has been needed for years. I should like to have the amendment read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 37, line 2, after the figures "$8,400,000," it is proposed to insert a colon and the following proviso:

Provided, That the Secretary of the Navy is authorized to furnish to the city of Bremerton, Wash., material for paving Burwell Avenue where there is property of the navy yard, Puget Sound, Wash., abutting said avenue, to cost not to exceed $11,000, nor to exceed one-half of the total cost of paving such sections of said avenue.

Mr. DILL. Mr. President, the work contemplated can not be very expensive; it can not be much of a burden. A similar provision was included in the appropriation bill in 1911 when $1,000 was allowed for a sidewalk under similar circumstances; so that it is not anything new. There are amendments now in this bill against which points of order would have laid; and it seems to me that by accepting this amendment the Senator from Maine will not be violating any great tradition of his position and will be acting in harmony with the attitude which has been evidenced toward him here to-day in the case of his own amendments by those of us who might have made points of order. I appeal to the Senator to let the amendment go to conference.

Mr. HALE. The Senator is so very persuasive that I will not make the point of order against the amendment, but I will not vote in favor of it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington.

The amendment was agreed to.

Mr. GOLDSBOROUGH. Mr. President, I offer an amendment, on page 42, line 15, to strike out "$269,000" and in lieu thereof insert "$284,130."

The purpose of the amendment is this: As the bill is drawn, five civilian professors at the Naval Academy at Annapolis, Md., will be dropped, and a very great hardship will be imposed upon them. I hope the chairman of the Naval Affairs Committee will accept the amendment.

Mr. LA FOLLETTE. Mr. President, so that the Senate may have this matter in mind before a vote on the amendment, I should like to say a few words.

There are five civilian instructors at the Naval Academy. They were appointed after an examination held by the Navy Department. In sending out information to these candidates this paragraph appeared:

Instructors are employed with a provision that their services may be dispensed with after six months' notice. It is only fair to state, however, that this procedure has rarely been invoked in the past, and then only in cases of unsatisfactory service, misconduct, or to make a necessary reduction in force. In general, civilian instructors remain at the Naval Academy for long periods; for example, the junior professor at present in the department of modern languages, has been employed for 8 years, while the senior professor has been employed for 23 years.

These civilian instructors, Mr. President, were estimated for by the Bureau of the Budget, but the House reduced this item $28,913, and the $15,130 involved in the amendment offered by the Senator from Maryland is for the purpose of paying the salaries of these instructors. They had no notice that they were to be dismissed until after the time when normally college contracts are made for the ensuing year.

Certainly in view of these instructions the Government is under a moral obligation, at least, to give them six months' notice with pay, which would reduce the saving in this item at least 50 per cent, making the net saving only $7,565.

These men have come to the academy feeling secure in the tenure of their employment. They have bought homes. Some of them have been paying for them on the installment plan. They do not receive large salaries. I think the largest salary is $3,000, and the others are less than that. To cut off these men without notice of any kind, and after the time when teachers may ordinarily hope to secure contracts for college employment as instructors, seems to me a cruelty in which this Government should not indulge.

The amendment offered by the Senator from Maryland will only carry these men through one ensuing fiscal year. In justice to these men and to their families, and to save them from this cruel hardship, and the loss in some instances of all the savings and property which they have in this world, I hope the Senate will adopt the amendment.

Mr. TYDINGS. Mr. President, I hope the amendment of my colleague will be adopted.

One of the men in question brought to my attention the other day the fact that a short while ago he had been offered another position, which he had declined, not having had any notice that he was likely to be dropped by action of the Senate or the House. Having done that, as the Senator from Wisconsin has pointed out, he is practically precluded from getting another position now, because we all know that instructors are usually employed in the spring for the year that follows, opening in the fall.

If these men were to receive only a cut in salary, like other Government employees, I should not rise to protest, but their complete livelihood is likely to be taken away from them for a year.

Furthermore, if a great saving were involved in this matter, I think we would give it more serious consideration, but when the amount is so trivial and when the complete employment of these men is to be taken from them when they have gone along upon the assumption that they would be regularly employed there, and many of them have bought homes, to withhold from them now this small day of grace, this opportunity to make a readjustment and to dispose of their property seems to me to be little short of cruelty.

If we had notified them away last winter that this action was likely to be taken, that would be one thing. To come here at the end of the school year, however, a couple of months before the new school year opens, and tell them that they are out of employment entirely for a year in all likelihood, in view of the fact that we save only a few thousand dollars, seems to me to be unwarranted.

I appeal to the fairness of Members on both sides of the aisle not to put the stamp of approval on such action as that. There are only about seven or eight of these men, as I recall; and, as I stated a moment ago, some of them have lately declined opportunities for other employment next year because they took it for granted that they would be carried on next year.

I know that the Superintendent of the Naval Academy would like to have these men retained. Their service has been efficient; and I ask the Senate to help us get a majority vote on the amendment of my colleague as no more than simple justice to a small group of men who will be the victims of circumstances, and very sad circumstances indeed, if they lose an entire year of employment.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Utah?

Mr. TYDINGS. Yes; I yield.

Mr. KING. If these men should be displaced, would other men be employed to take their positions?

Mr. TYDINGS. Let me say to the Senator in all frankness that, in my judgment, it is possible for the academy to get along, perhaps, without these men; but I can say with equal honesty that it can not get along without a serious handicap. I know that the services of these men are needed, and that the instruction force down there has already been reduced considerably, many civilian employees having been let out some time ago.

Mr. LA FOLLETTE. Mr. President, will the Senator yield for a suggestion?

Mr. TYDINGS. Yes.

Mr. LA FOLLETTE. The commandant of the academy testified that the academy could absorb this reduction in teaching force by changing the curriculum, by cutting down the length of time certain studies, which these men are teaching, are given under the curriculum as it exists to-day.

The fact is, however, as the Senator from Utah will perhaps remember, that these men were originally obtained when a very large class came into the academy. While it is true that the present "plebe" class will be reduced as a result of those preceding larger classes there are still large classes in what would ordinarily be called the sophomore, junior, and senior college years. Therefore, these men may very well be used for one more year in helping to care for the larger classes which have come into the institution.

Mr. TYDINGS. Mr. President, may I say further to the Senator from Utah, who has asked a very pertinent question, that I have been inclined to support almost every bit of economy that I could, often with the knowledge that there were some injustices in it; but after the school year is up, and when these men have no opportunity to make connections for the next year, in view of the fact that they already own their homes and have their families there and it will be practically impossible for them to relocate, what could be more unfair than to notify them that they will not have any positions at all next fall?

Mr. KING. Mr. President, will the Senator yield?

Mr. TYDINGS. I will in just a second, because I want to yield to the Senator from Utah.

In addition to that, from the investigation that I have made I understand that these instructors are needed; and while, of course, the Naval Academy will adapt itself to anything Congress passes, it will do so with reluctance, because I am advised on the best of authority that these instructors are a real necessity.

I yield to the Senator from Utah.

Mr. KING. I was about to say to the Senator that the argument which has been made in favor of the amendment I think justifies the Senate in adopting it, but I desire to make this observation:

A number of years ago I was appointed to visit the academy, as Senators are, and have gone there quite frequently. I have appointed quite a number of young men to the academy. From the investigations made, and from statements made to me, I have reached the conclusion that economies could have been introduced in the past, and possibly at present, that have not been introduced; in other words, that we have been too extravagant in the appropriations made for the Naval Academy. I believe that to be the case from investigations made and from complaints; but the argument in favor of this amendment, I think, is irresistible.

Mr. TYDINGS. I am very glad to know that the Senator feels like supporting the amendment; and I certainly hope that other Senators likewise will not permit this injustice to be perpetrated on a lot of innocent men.

Mr. GLASS. Mr. President, regardless of whether these civilian instructors are needed or not, I do not think the United States Government can afford to treat people in the way proposed in this bill. I would not treat a darkey farmhand on my plantation in any such manner as that.

Therefore, I am going to vote to keep these people, whether they are needed or not.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Maryland [Mr. GOLDSBOROUGH].

The amendment was agreed to.

Mr. BANKHEAD. Mr. President, I move to reconsider the vote by which the committee amendment on page 12, line 15, was adopted. That amendment increases the appropriation passed by the House from $3,077,686 to $3,727,686, or an increase of $650,000.

The PRESIDING OFFICER. The question is on the motion of the Senator from Alabama.

Mr. BANKHEAD. Mr. President, I am advised by examination of the report of the committee that this increase is to provide a cruise during the coming summer for the Naval Reserve, which, I understand, includes the graduates from the Naval Academy and the reserve naval officers.

Under normal conditions I should have no objection to that appropriation. We started out here, however, with a brave front on the subject of reducing the costs of government; and I think on every direct vote of the Senate on that

subject the Appropriations Committee was directed to decrease by 10 per cent the aggregate amount of appropriations as finally passed by the House of Representatives.

That was done in one or two bills. Then we found, by force of the pursuasive arguments of those in charge of the appropriation bills, that the determination of Members of the Senate upon that subject broke down; and in this bill there is a reduction below the appropriation made in the House of only 2½ per cent.

It seems to me that this is an item which, under our campaign for a reduction in the cost of government, should not be included in this bill. The House of Representatives doubtless rejected it.

I have heard a great many speeches here on the subject of economy in Government and revenue bills, but practically all of the arguments I have heard have been in favor of levying new taxes upon the consumers of our country. I have heard Senator after Senator—and I say this in no critical sense, because they have as much right to their viewpoint as I have to mine—stand here day after day pleading for the poor Federal employees. I heard a Senator stand upon this floor and say it was absolutely inhuman to remove anyone from the Federal pay roll at this time and add him to the great mass of the unemployed. I heard the same Senator stand here and say that he was opposed to reducing the salary of a single Federal employee, and in his next speech he said he was as much interested in economy as any Member of the Senate.

He opposed reducing the number of employees; he opposed any reduction in salaries. Now we find an item which falls under neither classification, an item which merely dispenses with a cruise upon American battleships to different sections of the world. There may be some training in that item, but I submit to Members of the Senate who have their minds to some degree upon the taxpayers of America, upon the great average consuming public of America, that if we are to protect the salaries of Federal employees, if we are to protect their number, than in fairness I submit that we must look to places where we can at least dispense with services which are not essential; in order to make some decent reductions in the cost of government under these trying circumstances.

Senators may differ with me, but in my judgment we have not given sufficient thought and sufficient attention to the great cry that is coming up from every section of the United States to reduce the costs of government, to levy less taxes upon the people at this time.

We blandly accept the recommendations of the committee who have fallen into the attitude of being sympathetic with the departments, and with the recommendations of the Cabinet members and their bureau chiefs, but I say to Senators that we must get away from that attitude, and if we do not make more reductions at this session than I see in sight, I predict that there will be a reversal of this attitude when the next Congress comes here fresh from an election, fresh from a protesting people, fresh from an electorate indignant, and denouncing all the Members of the Congress in the aggregate, denouncing Congress itself, for thinking little of the taxpayers and the consumers and too much of the bureaus and departments and the Federal employees of this Government. I predict that when Members of Congress go back and get in touch with their constituents, they are going to find it most difficult to explain the action of Congress in not making much larger reductions in the costs of government than have even been attempted by those responsible for appropriation bills.

Mr. President, I have moved to reconsider the vote by which this item was agreed to, in the hope that the Senate will not add that additional tax of $650,000 upon the people of the United States at this time, when the item is not in any way essential to our national defense.

Mr. BLAINE. Mr. President, before the question on the motion of the Senator from Alabama is put I desire to have the attention of the Senator from Maine, in charge of this bill.

It had been my purpose to ask unanimous consent for the reconsideration of the vote by which the amendment proposed by the committee, on page 13 of the bill, was agreed to. The amendment proposed by the committee follows the amendment to which the Senator from Alabama has referred, and if the amendment on page 13 is reconsidered, then the whole matter may be discussed, and I think the Senator from Maine would be convinced that the House text ought to be restored, and the Senate committee amendment defeated.

I am going to ask the Senator from Alabama whether he will not withhold his motion, so that I may ask unanimous consent for the reconsideration of the vote by which the amendment on page 13 was agreed to.

Mr. BANKHEAD. I could not hear the Senator, and did not understand the significance of his remarks.

Mr. BLAINE. The significance is this, that the increase in the appropriation has reference to the Naval Reserve. I am asking that the vote by which the amendment on page 13 was agreed to be reconsidered, and if that vote is reconsidered, then I desire to present facts which I think ought to convince the Senate that the House provision should prevail, and then, as a matter of course, the proposal of the Senator from Alabama would follow and ought to prevail.

Mr. BANKHEAD. I shall be very glad to accommodate the Senator and agree to that course.

The VICE PRESIDENT. The Senator from Alabama withdraws his motion to reconsider temporarily.

Mr. HALE. Mr. President, I have already told the Senator from Wisconsin that I had no objection to the reconsideration of the vote by which the amendment on page 13 was agreed to. I will be very glad to hear what he has to say.

Mr. BLAINE. Mr. President, I ask unanimous consent that the vote by which the amendment on page 13 was agreed to be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote is reconsidered. The question now is on agreeing to the amendment, which the Secretary will report.

The CHIEF CLERK. The Senator from Maine, on behalf of the Committee on Naval Affairs, moved to strike out on page 13, after the word "Naval Reserves," in line 4, the following proviso:

Provided, That no appropriation contained in this act shall be available to pay more than one officer of the Naval Reserve and one officer of the Marine Corps Reserve above the grade of lieutenant or captain, respectively, for the performance of active duty other than the performance of drills or other equivalent instruction or duty and/or the performance of 15 days' active training duty.

Mr. BLAINE. Mr. President, I desire to offer evidence which I think is convincing, given to me by a member of the United States Naval Reserve. This man has served for 15 years. He now occupies the rank of lieutenant commander. He served in the World War.

Mr. HALE. Mr. President, will the Senator give the name of the officer?

Mr. BLAINE. I scarcely feel privileged to give the name of the officer in the Naval Reserve who has conveyed this information to me confidentially, for the reason that his position might be jeopardized if the name were disclosed on the Senate floor.

Mr. HALE. Mr. President, it seems to me that if the man is coming with objection to what other officers in the reserve are asking for, he at least ought to have the courage to step out in the open.

Mr. BLAINE. This man is a man of courage. I know him. I know him well. I have known him for years. I know that he had the courage to serve in the World War. I know that he has been a member of the United States Naval Reserve for 15 years. I know that now he occupies the rank of lieutenant commander in the United States Naval Reserve. I know that what he says in his communication to me outlines the situation exactly as it is, and if the Senator from Maine has any different information which controverts the facts which I propose to disclose, and which

have been brought to me by this officer now serving in the United States Naval Reserve, of course we will be privileged to have that information.

Mr. President, as the information comes to me, a large number of captains and commanders of the reserve are in active duty the year around, drawing salaries, including their allowances, of from six to seven thousand dollars a year for captains.

Mr. KING. Per man?

Mr. BLAINE. Six to seven thousand dollars a year, including their allowances. That about $5,500 goes to commanders doing practically nothing which could not be done by lieutenants drawing less than $3,000 a year, or by officers of the regular Navy who would be drawing their regular Navy pay.

The fact is that there are five captains on active duty the year around commanding training vessels on the Great Lakes who sail a ship just six weeks each year. They draw their pay when those vessels are frozen in the ice for nearly seven months, when civilian vessel owners lay their ships up, with no one aboard but a watchman. That is the testimony of this lieutenant commander in the United States Naval Reserve.

That is not all. He also states, which is a fact, that there are five vessels, old cruisers, which have been brought onto the Lakes to train reservists. Referring to those vessels, this officer states that they are totally unfit for training purposes. He calls attention to the fact that under our treaty with England we can not carry guns on those ships, and, therefore, there is no training, as he says, in that most important feature of a Navy man's duties. They carry no torpedoes. Their engines and their boilers are antiquated and furnish no training to men who must go to modern Navy ships with high-speed engines.

He also states that regular Navy officers have condemned training on the Great Lakes, but there has been a certain influence to which he refers, political influence, which has prevented the Navy Department from withdrawing those ships and sending the officers and the men to the coasts, where training can be given on the vessels upon which they would have to work, and in the duties they would have to perform if called to service in an emergency or war.

Furthermore, the United States Navy gives each officer of the regular Navy two years' shore duty out of every four years' service. Its greatest problem is to find places ashore where they can be placed. Those regular Navy officers are schooled and experienced in training men and could be put on this duty on the Great Lakes without any cost to the Government other than their regular pay, which they draw anyway, as the officer states it. With reserve officers in command, "it is a case of the blind leading the blind." I quote him literally.

Mr. KING. Mr. President, I did not quite understand who those persons were who commanded the ship. Were they regular Navy officers or were they reserve officers?

Mr. BLAINE. They are reserve officers. On the Great Lakes there are five old cruisers, which, of course, are inadequate for training purposes, as this officer points out. There are five officers who command those ships, which ships sail only six weeks a year, and all the balance of the year those officers may be idle. Yet they draw all the way from $5,500 to $6,000 or $7,000 a year.

Mr. KING. If the Senator will pardon me, why does not the Senator offer an amendment providing that no part of the appropriation carried in this bill shall be used for the maintenance of these vessels upon the Great Lakes?

Mr. BLAINE. That is substantially the language adopted by the House, at least as it affects the officers. The Senate struck it out. I am endeavoring now to have the House text remain in the bill.

This officer calls attention to the fact that—

> The cost of this undertaking is upwards of $300,000 a year to operate the Lake training ships over and above the pay of men in training. On the east and the west coast the Naval Reserve takes training on the vessels of the regular Navy. So should those located on the Lakes.

He further states:

> If it is urged that officers of high rank are required because of experience, safety, etc., it should be remembered that an officer must serve from 8 to 10 years before he can get the rank of lieutenant and if he can not navigate one of these ships by that time the whole scheme of the reserve is a useless waste of money.

So, as this United States Naval Reserve officer points out, these five old cruisers can furnish no training of any consequence and yet they are manned by reserve officers drawing these high salaries, who spend but a small portion of their time on the ships in the service of the Government of the United States, and therefore the House, perceiving that situation, adopted the text which provides that—

> No appropriation contained in this act shall be available to pay more than one officer of the Naval Reserve and one officer of the Marine Corps Reserve above the grade of lieutenant or captain, respectively, for the performance of active duty other than the performance of drills or other equivalent instruction or duty and/or performance of 15 days' active training duty.

If the Senate rejects the committee amendment then the House text will stand as I have read it, and motion of the Senator from Alabama [Mr. BANKHEAD] should prevail and thereby make a reduction of over $600,000 in the appropriation. I trust I have made it clear to the Senate just what the proposition is.

Mr. KING. Mr. President——

The PRESIDING OFFICER (Mr. JOHNSON in the chair). Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. BLAINE. I yield.

Mr. KING. If we shall reinstate the House text by rejecting the committee amendment, will that effectuate the object which the Senator has in view, if I interpret his remarks correctly, of preventing any further naval training upon these old boats upon the Great Lakes?

Mr. BLAINE. That will be largely the case unless the boats are commanded by officers of lower rank. It is contemplated that the United States Naval Reserve activities on the Great Lakes are quite useless. I appreciate that my State has two Great Lakes bordering it—Lake Michigan and Lake Superior. I have no interest in the matter from the standpoint of locality except as it is pointed out by the lieutenant commander, an officer of the United States Naval Reserve, whom I know very well and who lives in that section of our country. I am accepting his statement because I know him to be a very honorable gentleman, a splendid citizen, who has had service in the United States Naval Reserve for the past 15 years, and who is now a member of that reserve, and who had service during the World War.

Mr. KING. I am interested in this matter for the reason that a year ago some officer of the Navy—I believe he was, at any rate he was a person familiar with naval activities—called my attention to the activities upon the Great Lakes. He stated that it was as useless to have those boats operated and the activities continued as it would be in the Army, by way of comparison, to send boys out to learn the art of war and give them no guns, but to put them out in some valley a few of them at a time where there was no chance of mobilization for Army maneuvers. He thought we ought to abolish entirely the naval activities upon the Great Lakes.

Mr. BLAINE. This is not the abolishment of the United States Naval Reserve. It is simply limiting the United States Naval Reserve to that sort of training where there can be actual training upon vessels equipped with such equipment as may be necessary to make sailors and officers in time of emergency of war.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Michigan?

Mr. BLAINE. I yield.

Mr. VANDENBERG. The Senator quoted from one Naval Reserve officer from that section of the country. Has he heard from any others?

Mr. BLAINE. I have not.

Mr. VANDENBERG. Is it not a fact that the Naval Reserve as a whole in that area is emphatically in favor

of the maintenance of training upon the Great Lakes as an efficiency measure in respect to their responsibilities?

Mr. BLAINE. I have no knowledge of what may be the opinion of United States Naval Reserve officers, but the facts as presented by this United States Naval Reserve officer to my mind is very convincing, notwithstanding what may be the opinion of other Naval Reserve officers. Let me say that he points out, though I have not read that portion of his letter, that there are these five soft jobs for somebody and he thinks in these times of distress, when we are making the tremendous cuts in relation to civilian employees of the Government, that it is about time to cut out five soft snaps for United States Naval Reserve officers. That is frankly about what he said.

Mr. VANDENBERG. I have no interest in the five soft snaps and know nothing about them, but I do have a very tremendous interest in the very large Naval Reserve in the Great Lakes States, which is one of the finest and most efficient units of that character in the entire country. In fact, many of the efficiency trophies from year to year have gone into that particular area of the country.

If the proposal which the Senator has in mind is a blow at the efficient training of the Naval Reserve of the central section of the country, I would say it is a very serious blow at the morale and the successful training of the reserve branch of the Navy, which bears the same relationship to the Navy that the National Guard does to the Army. I should hate to see anything of that sort happen.

Mr. BLAINE. The Senator's conclusions would be correct if those conclusions corresponded with the facts. But there is no comparison between the United States Naval Reserve on the Great Lakes and the Navy, on the one hand, and the State Militia or National Guard and the Army, on the other hand. The National Guard is trained in camp, with the same equipment, under the same circumstances, and under the same conditions as though they were called into actual service in time of war. In all the military camps the National Guard receives its annual training in all lines of Army service from the medical to the heavy artillery, the tank service, the trench-mortar service, the field service, the engineering service, and so forth.

But what can a naval reservist do on an old cruiser that has no guns and can not carry guns because prohibited by the treaty with Great Britain, that has no torpedoes and can not carry them on the Great Lakes, that has equipment, such as this reserve officer mentioned, of engines and boilers, the operation of which does not give the naval reservist any idea whatever of a cruiser or a battleship or a submarine? There is no comparison respecting the Naval Reserve and the National Guard.

Mr. VANDENBERG. The Senator does not deny that the relationship of the reserve to the Navy is precisely the same as the relationship of the National Guard to the Army?

Mr. BLAINE. There is that remote relationship, but largely in name.

Mr. VANDENBERG. It is a fact.

Mr. BLAINE. Of course there is a relationship, but what is it? The vessels upon the Great Lakes are scarcely more than painted pictures. They serve no purpose whatever in training men. It ought to be obvious to anyone that these old vessels upon the Great Lakes can not afford the naval training necessary for the reservist. This officer to whom I have previously referred very pertinently said:

> I am a member and officer of the United States Naval Reserve with the rank of lieutenant commander. I have taken training each year for 15 years. I served in the late war. I am friendly to the reserve, but I know from a wide experience that training on the Great Lakes is a useless waste of public money, and that it is a waste of money to keep these officers on active duty the year around.

Mr. VANDENBERG. Mr. President, will the Senator permit a further interruption?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Michigan?

Mr. BLAINE. I yield.

Mr. VANDENBERG. The Senator may be entirely correct in his description of the equipment. In whatever degree he is correct, however, the efficiency standing of the Naval Reserve in the Middle West is the more to be complimented and the more to be sustained. The Naval Reserve unit in my home city of Grand Rapids in two different years, the last time I was familiar with the facts, had won the national efficiency test of the United States Naval Reserve from coast to coast, so that there must be something in the training which provides an efficient net result through training on the Lakes in spite of the handicap to which the Senator refers.

If that be true, the greater credit is due in view of the handicaps that have been overcome and the greater the advisability of permitting whatever equipment they have to be continued, it would seem to me.

Mr. BLAINE. With the Senator's usual good judgment and common sense and knowledge of the eternal fitness of things, I would indeed like to have him inform the Senate how any reservist can be trained for the essential service of the Navy upon boats such as must be the character of the boats that are on the Great Lakes. Perhaps they have the land training for the marine service. That is an entirely different thing.

Mr. VANDENBERG. I am speaking of the Naval Reserve or naval training service, and while I can not enlighten the Senator respecting the curriculum or the equipment, I can state emphatically to him what the net result has been.

Mr. BLAINE. I can very readily appreciate how the reservists in the Marine Corps——

Mr. VANDENBERG. This is not the Marine Corps.

Mr. BLAINE. Might well be trained not upon ships but upon the shore, and, of course, they do not need reserve officers who are drawing the enormous salaries with little work for that particular training, as it can be obtained through the regular channels, through the regular officers of the Navy. But I submit that the testimony as presented by this officer of the United States Naval Reserve, in my opinion, is sufficient justification for the retention of the text as adopted by the other House.

Mr. HALE. Mr. President——

Mr. HAWES. Mr. President, will the Senator from Maine yield to me?

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Missouri?

Mr. HALE. Very well; I yield.

Mr. HAWES. Mr. President, I think there is some assumption here that the naval reserves only operate and are only trained on the Gulf, the Great Lakes, and the seacoast. Quite the contrary is true. In my city of St. Louis, and all up and down the Mississippi River and the Ohio River and even up the Missouri River, the naval reserves are in training. My own city contributed as much as $150,000 to their support. I do not know of a finer body of young men anywhere than these young business men, some of whom served in the Navy during the World War, who give a certain portion of their time each year to active service on the rivers. In addition to that service, they meet three or four times a month; they have classes; they study, and they are trained.

I thought it proper, Mr. President, to call the attention of the Senate to the fact that the inland waterways are tremendously interested in this naval reserve force. If we will let our minds go back to the Civil War we will recall——

Mr. BLAINE. Mr. President, will the Senator from Missouri yield to me?

Mr. HAWES. Yes; I shall yield to the Senator in just a second—the really decisive battles of that war were fought on the lower Mississippi River. If there shall ever be an invasion of our country by a foreign foe—which I do not think is at all probable—the route will be up the Mississippi Valley or down the Mississippi Valley. We have trained men in the Army; we have our militia; but the naval reserve is a comparatively new departure, and by reason of its activities men are trained for the Navy.

It was discovered, Mr. President, during the late war that some of the finest sailors and marines in our service came from the great Central West. I am sure that that western

section and the Mississippi Valley are vitally interested in doing what seems to me to be only the fair thing by these men who give so much of their time and so much of their thought and their energies to the public service.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. HAWES. I yield.

Mr. BLAINE. May I call the Senator's attention to the fact that the proposition I have been discussing has nothing to do with the United States Naval Reserve other than these reserve officers who man the ships merely six weeks during the year, are then idle the remainder of the time, but, nevertheless, receive pay?

If the amendment to which I have referred shall be rejected, and the House text shall be retained, the regular naval officers, who are competent—and a lieutenant is competent for that purpose—will take their places, and the Naval Reserve training, so far as the men in the service are concerned, will continue just the same.

Mr. HAWES. Mr. President, I will say to the Senator that I came in rather late and did not know the specific object of his amendment. There is this thought in connection with that, I will say to the Senator. Militia organizations like to have their own officers; they like to have the officers who are elected by them and commissioned by them; and I presume there is some feeling of that kind to be found in the Naval Reserve.

Mr. BLAINE. I should like to suggest to the Senator from Missouri that when the training camps for the militia throughout the United States have the 3-week period of training the instruction is entirely under regular officers of the United States Army. Of course, there are the officers of the respective companies of the militia; but for the training, for the actual instruction, there are certain officers of the United States Army who are assigned to each camp. That situation will not be affected in case the amendment should be rejected.

Mr. HAWES. Mr. President, I have seen some of the most splendid young fellows learning how to use the rifle, competing as crack pistol shots, carrying on athletics, and doing it for what? Doing it so that they may at a critical period, if, perchance, they should be needed, perform patriotic service for their country.

Mr. HALE. Mr. President, the other House provided in this bill:

Provided, That no appropriation contained in this act shall be available to pay more than one officer of the Naval Reserve and one officer of the Marine Corps Reserve above the grade of lieutenant or captain, respectively, for the performance of active duty other than the performance of drills or other equivalent instruction or duty and/or the performance of 15 days' active training duty.

At the present time there are 18 reserve officers of higher rank with the reserves, all but two of whom would have been eliminated if the House provision were allowed to remain in the bill. There are 14 with the reserves scattered around the country and four here in the department. Those in the department are the liaison officers between the regular service and the reserves. The tendency of the regular officers is somewhat to disregard the reserves, and perhaps to put things over on them to a certain extent. These officers in the department watch the interests of the reserves, and unless they were men of fairly high rank and experience they would not have much standing in protecting the interests of the reserves.

As to the 14 who are stationed in various sections of the country with the reserves, these are men who are thoroughly familiar with the naval-reserve matters and have charge of the reserves in their respective districts. They are men who have studied the situation in each district, who have watched it, who understand it, and who work with the men in the reserve. To turn these men out would simply mean that the efficiency of the reserves would be shattered. I have had many letters since this matter came up, but I have never heard it questioned by anyone who is interested in the reserves in any way that the House provision would work to the detriment of the reserves.

The Senator from Wisconsin reads us a letter from a man who does not sign his name, and who is evidently some disgruntled officer who does not like the way things are proceeding. I can not imagine anything that could do more harm to the reserve than to restore the House provision.

Along with that comes the question that was brought up by the Senator from Alabama [Mr. BANKHEAD], which has to do with the question of summer cruises. In the bill we have provided $650,000 to arrange for summer cruises for the reserves. For the purposes of economy the House cut that item out. In the Army appropriation bill there have been put back the items for citizens' military training camps and for reserve officers' training camps, but now the reserve is picked out and an effort is made to give up what is the most essential training of the reserve, which makes them the fine body of trained men that they are, and it is proposed to do it in order to save $650,000.

Naturally all the reserve associations over the country are very much stirred up about it, and none more so than the reserves around the Great Lakes, who insist that they shall be given an opportunity to take their summer cruise. They do not have an ideal summer cruise on the Lakes, as the Senator from Wisconsin has said. They do not have the best ships, but they use old gunboats, five in number, which are operated, I think, at a cost of about $100,000 a year. Those ships have been put in condition, and, while they are not the most modern ships, the men get excellent training on them. Some of the companies in that district are as good as if not better than any others we have, and it is due to the training they get on these summer cruises and to the weekend drills which they have.

The Senate has already acted on both of these matters and its action will help the reserves. I hope very much that its action will not be overset and that the summer cruise under officers of higher rank will be continued as provided in the bill as reported to the Senate.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. KING. Mr. President, I do not think the able Senator from Maine [Mr. HALE] has fully answered the statements made by the Senator from Wisconsin. I think he has offered no adequate explanation for the retention of so many officers of high rank, with these enormous salaries, whose activities are limited to just a few months during the year.

Mr. HALE. Mr. President, they are on duty all the time. They get paid only when they are on duty.

Mr. KING. Does the Senator deny that some of them are receiving from five to seven thousand dollars a year?

Mr. HALE. They receive the regular pay of active officers of the Navy when they are on active duty, which it is quite right that they should receive.

Mr. KING. Does the Senator deny that they are paid for the entire year?

Mr. HALE. No, I do not; but I say they are on active duty during that time.

Mr. KING. Active duty on the Great Lakes, when for six or seven months there is no training whatever, and there is nothing for them to do?

Mr. HALE. Oh, yes, Mr. President; there is training all the time, every week.

Mr. KING. Training whom?

Mr. HALE. The reserves are being trained all the time. There is a weekly drill and instruction schools.

Mr. KING. I do not think the Senator is in earnest in asserting that during all of the year the boats upon the Great Lakes are receiving and training reserves.

Mr. HALE. They do not train altogether on boats, Mr. President. They do it in their halls and armories, wherever the drill is conducted.

Mr. KING. Oh! The Senator, then, is providing a land force instead of a naval force?

Mr. HALE. Oh, no, Mr. President.

Mr. KING. I repeat that I do not think the Senator has sufficiently answered the statements made by the Senator from Wisconsin.

Mr. HALE. I can assure the Senator that the reserves all over the country are greatly interested in this matter. They feel that they have been very badly treated by the provision in the House bill, and they are very much discouraged. If we can do anything to encourage them, I sincerely hope we will do so.

The committee went into this matter very thoroughly, and they were unanimous in approving the action that has been recommended.

Mr. KING. There is no objection whatever, as I understand, to providing a Naval Reserve. There is no objection to providing that the Naval Reserve shall have 15 days of active service. I agree with the Senator from Wisconsin, however, and with the statements made by the officer whose testimony he read, that the training upon the Great Lakes, in view of modern warfare and the post-Jutland developments, would scarcely qualify them for service upon our battleships or submarines or destroyers, because none of those great warcraft are found upon the Great Lakes.

Take a man who has been upon one of those old tubs—and I have seen two of them—up on the Great Lakes, and place him upon a battleship or a submarine or a destroyer out upon the Atlantic or the Pacific or the Gulf, and he would be as much of a stranger to it as some of us would be upon the planet Mars. He would be wholly incompetent to deal with the activities that are required upon those modern naval war vessels.

I think the Government should make a sufficient appropriation to enable those who live in the interior, and who desire to affiliate with the Naval Reserves, to be transported to the Atlantic coast or to the Pacific coast or the Gulf, where there are modern war vessels, and where they may receive the training that will enable them to render efficient service in the event of a naval conflict between the United States and some other country.

Mr. HALE. Mr. President, the Naval Reserves about whom the Senator is speaking are very anxious to have their training cruises kept up, and they are anxious to have their training done exactly where it is done now.

Mr. KING. Oh, yes; I suppose they are.

Mr. HALE. If they did not get proper and efficient training out of it, they would not be asking so earnestly to have it continued.

Mr. KING. A man living in Chicago, of course, would like to train and drill right there on the Great Lakes within a stone's throw of his home; but that is not the place where he is going to learn the arts of war and equip himself for fine naval service in the event of a conflict between the United States and other countries.

Mr. HALE. Attention has already been called to the fact that one of the companies trained in that district stood second on the list of companies all over the country, and there are 139 of them.

Mr. KING. I should like to know just how much rating such a man would have for firing torpedoes and for going down in submarines and for manipulating the guns and other mechanism of a submarine. I should like to know how much rating he would have for handling the mechanism and doing naval service upon a destroyer or upon a battleship. Obviously, he would get no rating, because he would have rendered no service. He would be wholly unacquainted with such duties. A battleship would be as much of a stranger to him as it would be to landlubbers who had never seen the ocean.

Mr. HALE. Oh, I think not. I think the training he would get with guns, boats, machinery, and everything of that kind would be most valuable.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, which will be stated.

The LEGISLATIVE CLERK. On page 13, line 4, it is proposed to strike out all after the word "reserve" down to the period in line 11.

The VICE PRESIDENT. The question is on the committee amendment. [Putting the question.] By the sound the noes seem to have it.

Mr. HALE. I call for a division. The question is on the committee amendment, as I understand, Mr. President.

The VICE PRESIDENT. The committee amendment.

Mr. BLAINE. Mr. President, this is a proposition involving several hundred thousand dollars. I think we ought to have a yea-and-nay vote on it; and I therefore suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	King	Sheppard
Austin	Davis	La Follette	Shipstead
Bankhead	Fletcher	Logan	Shortridge
Barbour	Frazier	McGill	Smoot
Blaine	George	McNary	Steiwer
Bratton	Glass	Metcalf	Thomas, Idaho
Brookhart	Glenn	Moses	Thomas, Okla.
Broussard	Goldsborough	Neely	Townsend
Bulkley	Gore	Norbeck	Trammell
Byrnes	Hale	Norris	Tydings
Capper	Hatfield	Nye	Vandenberg
Carey	Hawes	Oddie	Wagner
Cohen	Hebert	Patterson	Walcott
Connally	Howell	Pittman	Walsh, Mass.
Copeland	Jones	Reed	Watson
Costigan	Kean	Robinson, Ark.	White
Couzens	Kendrick	Robinson, Ind.	
Cutting	Keyes	Schall	

The VICE PRESIDENT. Seventy Senators have answered to their names. A quorum is present. The question is on the committee amendment, upon which the Senator from Wisconsin demands the yeas and nays. Is the demand seconded?

The yeas and nays were ordered.

Mr. BLAINE. Mr. President, may the question be stated, so that Members who were absent will know what they are voting upon?

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 13, line 4, it is proposed to strike out all after the word "reserve" down to the period in line 11.

Mr. BLAINE. If the amendment is rejected, as I take it from the committee's report, it means a saving of over $600,000.

Mr. HALE. Oh, Mr. President, I can not accept the statement of the Senator. We are voting on the amendment on page 13. The total pay of these officers amounts to $24,000, and no more.

Mr. BLAINE. I accept the correction made by the Senator from Maine. I had in mind the two amendments.

Mr. HALE. Yes; but we are voting now on this amendment.

Mr. BLAINE. I understand. This amendment has reference to the pay of the United States Naval Reserve officers who serve only six weeks annually; and yet their pay for that short service, together with their land service, whatever that may possibly be, amounts to about $5,500 to $7,000 a year.

Mr. HALE. Mr. President, I understand that the yeas and nays have been ordered on this question. Of course, that is not the proposition at all. The proposition is that there shall be only two reserve officers with rank of over lieutenant in the Navy or captain in the marines assigned to the reserve. That will mean that 18 officers who are now with the reserves, who are familiar with the work, who are building up the reserves and taking care of them, will be put out of office, and the whole reserve organization will be destroyed.

Mr. BLAINE. Mr. President, the Senator states the proposition in another way, of course. This bill will eliminate those Naval Reserve officers who, as I pointed out during the debate, sail only about six weeks a year——

Mr. KING. On the Great Lakes.

Mr. BLAINE. On the Great Lakes and other places, and who then may serve in some armory for the balance of the year, where they have practically no service whatever, no duties to perform of any substantial character; and those officers receive from $5,500 to $7,000, which includes their allowances, I am informed.

Mr. HALE. Mr. President, these men are on active duty and performing duties in connection with the reserves right through the year, and unless they are allowed to do it there will be no one to look after the reserves.

Mr. KEAN. Mr. President, these reserve officers are all over the country; and they administer to the reserves in the same way that the professors do down at Annapolis. They all have weekly drills. The officers have night schools, and give out the problems these men are to study and to learn, so as to equip them for service in the United States Navy. That is a very valuable service to the United States Navy, and should not be curtailed or diminished.

The VICE PRESIDENT. The question is on the amendment of the committee. On that question the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BROOKHART (when his name was called). I have a pair with the junior Senator from Illinois [Mr. LEWIS]. If he were present, he would vote "yea," and if I were permitted to vote, I would vote "nay."

Mr. GLENN (when his name was called). I have a general pair with the Senator from Louisiana [Mr. LONG], who is necessarily absent. Therefore I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent. I have been unable to obtain a transfer, and therefore withhold my vote. If at liberty to vote, I would vote "yea."

Mr. KEAN (when his name was called). I have a pair with the junior Senator from South Dakota [Mr. BULOW]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. MCNARY (when his name was called). On this vote I have a general pair with the senior Senator from Mississippi [Mr. HARRISON], which I transfer to the senior Senator from Colorado [Mr. WATERMAN], and vote "yea."

Mr. NYE (when his name was called). Upon this question I have a pair with the junior Senator from North Carolina [Mr. BAILEY]. Were I permitted to vote, I should vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SHORTRIDGE (when his name was called). I have a general pair with the junior Senator from Tennessee [Mr. HULL]. Not knowing how that Senator would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. GLASS. I have a general pair with the senior Senator from Connecticut [Mr. BINGHAM], who is necessarily absent, but I am assured that the Senator from Connecticut, if present, would vote as I desire to vote. I vote "yea."

Mr. BYRNES. I have a pair with the senior Senator from Idaho [Mr. BORAH]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. MCNARY. Mr. President, I desire to announce the following general pairs:

The junior Senator from Iowa [Mr. DICKINSON] with the senior Senator from Kentucky [Mr. BARKLEY];

The senior Senator from Delaware [Mr. HASTINGS] with the senior Senator from Alabama [Mr. BLACK]; and

The junior Senator from Arkansas [Mrs. CARAWAY] with the junior Senator from New Mexico [Mr. CUTTING].

Mr. HATFIELD (after having voted in the affirmative). Mr. President, has the senior Senator from North Carolina [Mr. MORRISON] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina, which I transfer to the senior Senator from Connecticut [Mr. BINGHAM], and allow my vote to stand.

Mr. COPELAND. I have a pair with the senior Senator from Ohio [Mr. FESS], which I transfer to the junior Senator from Arizona [Mr. HAYDEN], and vote "yea."

The result was announced—yeas 40, nays 20, as follows:

YEAS—40

Austin	Dale	Kendrick	Sheppard
Barbour	Davis	Keyes	Steiwer
Bratton	Fletcher	McNary	Thomas, Idaho
Broussard	Glass	Metcalf	Thomas, Okla.
Bulkley	Goldsborough	Moses	Trammell
Carey	Hale	Oddie	Vandenberg
Cohen	Hatfield	Patterson	Wagner
Connally	Hawes	Pittman	Walcott
Copeland	Hebert	Reed	Watson
Couzens	Howell	Schall	White

NAYS—20

Bankhead	Frazier	Logan	Robinson, Ark.
Blaine	George	McGill	Shipstead
Capper	Gore	Neely	Tydings
Costigan	King	Norbeck	Walsh, Mass.
Dill	La Follette	Norris	Wheeler

NOT VOTING—36

Ashurst	Caraway	Hull	Robinson, Ind.
Bailey	Coolidge	Johnson	Shortridge
Barkley	Cutting	Jones	Smith
Bingham	Dickinson	Kean	Smoot
Black	Fess	Lewis	Stephens
Borah	Glenn	Long	Swanson
Brookhart	Harrison	McKellar	Townsend
Bulow	Hastings	Morrison	Walsh, Mont.
Byrnes	Hayden	Nye	Waterman

So the amendment of the committee was agreed to.

Mr. BANKHEAD. Mr. President, I now renew my motion to reconsider the vote by which the committee amendment on page 12, line 15, was adopted, where the Senate committee increased the appropriation over the House provision by $650,000. It covers the item for a summer cruise of the Naval Reserve. I have already discussed the question, pointing out that this would put no one out of employment, but would simply dispense with an appropriation of $650,000 for a service which is not essential. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HALE. Mr. President, is this vote on the motion to reconsider?

The VICE PRESIDENT. It is on the motion of the Senator from Alabama to reconsider the vote by which the committee amendment was agreed to.

Mr. HALE. I ask unanimous consent that the order for the yeas and nays be vacated, so that I may consent to the reconsideration asked for by the Senator, and we can take the matter up on its merits.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the order for the yeas and nays is vacated.

Mr. HALE. I hope we can come to a vote on this question, as it has been already discussed.

The VICE PRESIDENT. Is there objection to the request of the Senator from Alabama for a reconsideration of the vote by which the amendment on page 12, line 15, was agreed to? The Chair hears none, and the vote is reconsidered.

Mr. WALSH of Massachusetts. Mr. President, may the amendment be stated?

The VICE PRESIDENT. The amendment will be reported.

The LEGISLATIVE CLERK. On page 12, line 15, the committee proposes to strike out "$3,077,686" and insert in lieu thereof "$3,727,686," so as to read:

Pay of officers and enlisted men of the Fleet Naval Reserve for the performance of not to exceed 48 drills per annum or other equivalent instruction or duty, or appropriate duties, and administrative duties, exclusive, however, of pay, allowances, or other expenses on account of members of any class of the Naval Reserve incident to their being given flight training unless, as a condition precedent, they shall have been found by such agency as the Secretary of the Navy may designate physically and psychologically qualified to serve as pilots of naval aircraft, $3,727,686.

Mr. BANKHEAD. I ask for the yeas and nays.

Mr. VANDENBERG. Mr. President, I want to supplement what the Senator from Maine has said in just a few words.

This is an item which involves the very lifeblood of the Naval Reserve, which is the unit bearing the same relationship to the Navy the National Guard bears to the Army.

This is the item which involves the cruising facilities in the central part of the country, around which the reserve inevitably has to be built.

It has been said that the equipment is inadequate and insufficient, and that undoubtedly is true. The more the credit to the Naval Reserve of the central part of the country, which has an efficiency record which compares favorably with that upon either coast.

Mr. President, so far as economy itself is concerned, I remind the Senate that this item already is $780,000 smaller than it was last year. It already has taken its share of the economy burden, and there is neither reason nor rational mathematics in now proposing further economy, which deliberately would kill the Naval Reserve in the central part of the country.

Mr. WALSH of Massachusetts. Mr. President, I do not think anybody who knows my record would accuse me of failing to believe in and support adequate national defense, but I can not vote to reduce the salaries of Government employees to the extent we have, and vote to permit such activities as these in the Army and the Navy to go on during this present year of depression.

It seems to me, as a defender of and a believer in national defense, if there is any one way to begin to save money, it is by curtailing from the Army and the Navy every single unnecessary activity during this one year. No harm could come to the Navy from cutting this item out. How can we justify discharging Government employees and cutting down Government salaries, and yet allow such activities, important as they may be under normal conditions, to go on in the Army and the Navy?

We ought to have a moratorium on every such activity and all maneuvers in the Army and the Navy for one year. That would not mean that we would impair the personnel; it would not mean that we would discharge a single man or reduce the wages of the enlisted men. But how can we justify appropriating for the naval reserves' training cruises, in view of conditions, if we believe what we say?

That these cruises are useful and necessary in ordinary years we all concede. But this year we have the situation of some of us voting to deprive the ex-soldiers, many of them in distress, of the money they think is due under their adjusted-service certificates, because the Public Treasury will not stand the drain upon it, and yet we are to permit the Army and the Navy to indulge in various military activities just as if we were getting ready for war, when every human being knows there is no war in sight and no danger or threat of war.

I have voted at every single opportunity to reduce the appropriations in the civil departments and I can not act differently on the Army and Navy bills, and I repeat, no Senator can fairly question my unalterable allegiance to a strong national defense. Mr. President, I assert again this year is the year of all years to cut out such activities as this, to have a moratorium of expenses and activities in the Army and the Navy. I can not see how Senators can face the men and women in the Government service who will lose their positions because of the reductions we have made, and those whose salaries will be reduced, and yet allow these special activities to go on in the Army and Navy during the coming year of depression.

For these reasons I propose to vote for the motion of the Senator from Alabama.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. SHIPSTEAD. I was going to suggest to the Senator that we might well spend some of this money to feed some of the boys who have come to Washington in an effort to collect what they feel is due them on their World War adjusted-service certificates and are camped over on the Anacostia flats in a mud hole.

Mr. WALSH of Massachusetts. Of course.

Mr. SHIPSTEAD. Who have already fought a war for their country and now are living in sanitary conditions which are a disgrace to any civilized community.

Mr. WALSH of Massachusetts. I am getting out of patience with talk about economy and attempts at economy while we allow the Army and Navy to proceed with the same activities they would follow if we were on the verge of war in this year of distress and trouble. Let us apply the same rule of economy to every department and bureau of the Government during this depression, at least. I can not understand how we can justify any other course.

I voted for a 10 per cent cut in the Army appropriation bill. I understand the Senator from Utah will make a motion for a similar cut in this bill. I shall vote for it. It seems to me it is, in this emergency, our paramount duty to begin with the Army and Navy and cut out every possible activity that can be dispensed with. If I thought for one moment it would impair or destroy or weaken the strength of the defense of our Government, I would not vote for it, but I can see no harm, in this year of distress, of destitution, of difficulty, of demand for reduction in the expenditures of the country, in feeling that we must cut salaries and discharge employees, but oh, the Army and the Navy must be spared! I can not follow that reasoning. It is not pleasant to vote for these reduction motions, but consistency and duty requires it.

Mr. HAWES. Mr. President, it is always disagreeable to me to differ with the philosophy of my friend from Massachusetts. That is not for the Army and Navy. This is for the finest body of young men in all America who are giving their time and their energy to prepare for real service to their Government in time of war. In my section of the country we are particularly interested in the reserve program. On the sea coast men are trained in the Coast Guard and in other branches of the Government, but this great training camp has men from Missouri, Arkansas, Tennessee, and Kentucky, many of whom served in the World War. All up along the river and on the Great Lakes the cities and the States have contributed to the support of the Naval Reserve.

Mr. President, it is out in the Central West that we are getting our fine sailors. If these young men want to learn how to shoot, and want to learn how to serve their country, at least we should be decent about it and treat them properly.

I have followed and voted for all the cuts, but this is a thing that is serious. It affects the social life, the future naval life of our country, and the assault is upon the reserves in the Central West, upon the Great Lakes, and in the Mississippi Valley.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, on which the yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered and the legislative clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). I have a pair with the Senator from Idaho [Mr. BORAH]. Not knowing how he would vote on this amendment, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. COPELAND (when his name was called). I have a general pair with the Senator from Ohio [Mr. FESS]. I transfer that pair to the junior Senator from Arizona [Mr. HAYDEN] and vote "yea."

Mr. GLASS (when his name was called). I have a general pair with the senior Senator from Connecticut [Mr. BINGHAM]. Not knowing how he would vote, I withhold my vote.

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is necessarily absent. In his absence I refrain from voting.

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. In his absence I withhold my vote.

Mr. JONES (when his name was called). Making the same announcement as before with reference to my pair, I withhold my vote.

Mr. KEAN (when his name was called). I have a pair with the junior Senator from South Dakota [Mr. BULOW]. In his absence, not knowing how he would vote, I withhold my vote.

Mr. McNARY (when his name was called). Again referring to my pair with the senior Senator from Mississippi [Mr. HARRISON] and transferring it to the Senator from Colorado [Mr. WATERMAN], I vote "yea."

Mr. NYE (when his name was called). Making the same announcement of my pair as before, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. ROBINSON of Indiana (when his name was called). Making the same announcement as before with reference to my pair with the junior Senator from Mississippi [Mr. STEPHENS], I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SHORTRIDGE (when his name was called). I make the same announcement with respect to my general pair with the junior Senator from Tennessee [Mr. HULL]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. McKELLAR]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. WATSON (when his name was called). I transfer my pair with the senior Senator from South Carolina [Mr. SMITH] to the senior Senator from California [Mr. JOHNSON] and vote "yea."

The roll call was concluded.

Mr. BROOKHART. I have a pair with the Senator from Illinois [Mr. LEWIS]. I find that I can transfer that pair to the senior Senator from Montana [Mr. WALSH], which I do, and vote "nay."

Mr. McNARY. I desire to announce the following general pairs:

The Senator from Iowa [Mr. DICKINSON] with the Senator from Kentucky [Mr. BARKLEY];

The Senator from Delaware [Mr. HASTINGS] with the Senator from Alabama [Mr. BLACK]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Arkansas [Mrs. CARAWAY].

The result was announced—yeas 34, nays 26, as follows:

YEAS—34

Austin	Davis	Metcalf	Thomas, Idaho
Barbour	Fletcher	Moses	Trammell
Broussard	Goldsborough	Oddie	Vandenberg
Bulkley	Hale	Patterson	Wagner
Carey	Hawes	Pittman	Walcott
Cohen	Hebert	Reed	Watson
Copeland	Kendrick	Schall	White
Couzens	Keyes	Smoot	
Dale	McNary	Steiwer	

NAYS—26

Ashurst	Dill	Logan	Shipstead
Bankhead	Frazier	McGill	Thomas, Okla.
Blaine	George	Neely	Tydings
Bratton	Gore	Norbeck	Walsh, Mass.
Brookhart	Howell	Norris	Wheeler
Capper	King	Robinson, Ark.	
Costigan	La Follette	Sheppard	

NOT VOTING—36

Bailey	Coolidge	Hayden	Nye
Barkley	Cutting	Hull	Robinson, Ind.
Bingham	Dickinson	Johnson	Shortridge
Black	Fess	Jones	Smith
Borah	Glass	Kean	Stephens
Bulow	Glenn	Lewis	Swanson
Byrnes	Harrison	Long	Townsend
Caraway	Hastings	McKellar	Walsh, Mont.
Connally	Hatfield	Morrison	Waterman

So the amendment of the committee was agreed to.

Mr. NYE. Mr. President, during the consideration of the economy bill in the Senate an amendment was offered and accepted which afforded what might have been a relief from unfair pay in relation to the employees in the navy yards, who are situated a little differently in the matter of wages than are other departments. To insure that fair play the Senate accepted the amendment. There seems now to be some little possibility that there would be a compromise which might leave the economy bill hanging in the balance for quite some time. Because that is the case, I am going to offer the amendment which was adopted in the economy bill and ask the Senator from Maine, in charge of the pending appropriation bill, to accept it for resort to in conference in the event it is required by reason of such action as might be taken by the conferees on the economy bill. I send the amendment to the desk.

The VICE PRESIDENT. The amendment will be reported for the information of the Senate.

The LEGISLATIVE CLERK. On page 55, line 15, after the word "plants," insert the following:

Provided further, That hereafter the schedule of wages of employees whose wages are adjustable to conform to the prevailing rate paid for similar classes of work in private employment shall not be less than the present established rate of pay for any employee or for any trade or occupation as of the date when such rate was established in any Government establishment, nor shall the average pay be less for any trade or occupation in any Government establishment than it was upon the date when the present wage schedule became effective, nor shall the pay be indirectly reduced by the assignment of work to lower-paid employees.

Mr. NYE. The adoption of this amendment would in no way and in no wise preclude the employees thus affected from any pay cut that might finally be agreed upon by the conferees in the consideration of the economy bill.

Mr. HALE. Mr. President, my purpose in offering the amendment to the economy bill was to prevent the navy yard employees, whose wages are adjusted by the wage boards, from getting a double cut. Under the law, every year the wage boards are supposed to meet and adjust wages. The wage boards have not met this year, but I presume they will do so in the near future. The economy bill also provided for a cut in wages, and for that reason the cut under the economy bill and this cut from the wage board would cause these men to be reduced twice in the course of a year. Therefore I offered the amendment to prevent the double cut, and it was adopted.

If the economy bill does not go through there will be no cut in their wages by legislation, and the only cut that will come to them will be the ordinary cut that may come from action of the wage boards. That might be a cut, or it might be a raise in wages. I see no reason why they should not be subject to that provision.

Mr. NYE. The acceptance of the amendment which I have offered would maintain the average pay in employment in the navy yards. Certainly the Senator from Maine would have no objection to accomplishing that, would he?

Mr. HALE. But this is a very complicated amendment. It is not at all like the amendment which I offered on the economy bill.

Mr. LA FOLLETTE. Mr. President, I merely wish to make this suggestion to the Senator from Maine, if the Senator from North Dakota will indulge me. The conference report on the economy bill will no doubt be acted upon while the navy appropriation bill is still in conference. May I not appeal to the Senator from Maine to take the amendment to conference in order that if there is certain action in the economy bill which would make this amendment desirable, he will be in a position to give it consideration, which would not be the case were he to make the point of order, which I frankly admit would lie against the amendment.

Mr. HALE. Of course, a point of order would lie against the amendment. However, I am perfectly willing to take the amendment to conference, but I can not hold out very much hope that it will be agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota.

The amendment was agreed to.

The VICE PRESIDENT. The bill is before the Senate and open to amendment.

Mr. TRAMMELL. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment offered by the Senator from Florida will be stated.

The LEGISLATIVE CLERK. On page 36, line 18, after the numerals "$1,600,000," it is proposed to add a semicolon and to insert the following:

Provided, That from said sum the naval station at Key West, Fla., shall be maintained upon an active operative status.

Mr. TRAMMELL. Mr. President, should that amendment be adopted, it would not call for an additional appropria-

tion, but it would provide for a particular station being considered in the expenditure of the general appropriation provided on page 36 of the bill.

Mr. HALE. Mr. President, this expenditure was not estimated for by the Budget Bureau.

Mr. TRAMMELL. I do not know that it was estimated for. In the figures submitted to the House of Representatives in February, I think, there was mention of eliminating an item of about $18,000 on account of the discontinuance of this station and transferring it from an active to an inactive status.

This is the only naval activity in the United States as to which there is an effort practically to close it down completely. The amendment, as I have said, does not call for any additional expenditure. I think by the apportionment and distribution of the large sum of money which is appropriated for maintaining such stations the department could keep this station on an active operating status. It would not cost, even according to their own statement, anything additional in the way of an appropriation.

Mr. HALE. Mr. President, will the Senator from Florida yield to me?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Maine?

Mr. TRAMMELL. I yield.

Mr. HALE. Mr. President, this is not the case of closing a station down under any provision of this bill. This station has been already put on an inactive basis several months ago. What the Senator from Florida wants to do is to have it revived. It could not, however, be revived without additional appropriations being expended in some way on it. There is no Budget recommendation for the expenditure, and I therefore make the point of order against the amendment.

Mr. TRAMMELL. I think if the department had a right to issue an order, which was done, as I recall, about the first of May, and which I consider a very unfair procedure, to put this station on an inactive status, certainly it would have a right to issue an order apportioning a part of the funds appropriated in this bill for the use of that station so as to put it back on an active operative status.

There is no question of any great expenditure. It was only claimed that the saving by putting this station on an inactive basis would be about $18,000; and I can not help but be impressed with the inconsistent attitude, when there has been no other naval activity which it has been attempted to put absolutely upon an inactive status anywhere else in the whole country. This is a station which is well located, and it has been in use by the Government for many years. Now absolutely to cut it off does not seem to be right.

I have been instrumental in assisting in saving a great deal more money to the Government on automobile expenditures than this whole item will amount to. We have cut off an expenditure, which the department did not ask to have cut off, of about three hundred or four hundred thousand dollars on automobiles for Assistant Secretaries, heads of bureaus in the Navy. So, I repeat, I have been pretty active and instrumental in saving a great deal more than the $18,000 which would be involved in this amendment. However, the inconsistency of the Navy Department is that they came in and asked for their automobiles, for their luxuries, but now they want to cut off a small amount of $18,000 necessary for this station.

Mr. FLETCHER rose.

Mr. TRAMMELL. I yield to my colleague.

Mr. FLETCHER. Mr. President, I desire to remind the Senate that the station at Key West has been in existence for over half a century. It is located at a very strategic and important point in this country, at a point which is adjacent to the Caribbean Sea, the Panama Canal, and what is really the Mediterranean of the western world, the Gulf of Mexico. The station has been there for all these years. It is now said the Government can save $18,000, and it is recommended that this station be made inactive, thereby throwing men out of employment. I do not know how many men are employed there, but they probably number 40 or 50, who will be thrown out of employment. It is stated that it is for the purpose of reducing expenditures to the extent of $18,000.

This station at Key West has been needed for all these years; it is needed now just as badly as it ever was needed. I think it would be a great mistake to do away with it arbitrarily, in order to effect $18,000 of that amount, and it is very doubtful if by taking such action there would be saved to the Government a cent. There is a question whether they would save anything by the time those there were transferred and their expenses paid.

Mr. TRAMMELL. Mr. President, I think my colleague and I together have pretty thoroughly explained the situation. I understand the chairman of the committee made a point of order against the amendment. Of course, we should like very much to have it considered if it is in order.

The VICE PRESIDENT. Did the Senator from Maine make a point of order?

Mr. HALE. I made a point of order; yes.

The VICE PRESIDENT. Does the Senator insist upon it?

Mr. HALE. I insist upon it.

The VICE PRESIDENT. The point of order is sustained.

Mr. KING. If there are not further amendments to be tendered, I desire to submit a motion. I move that the pending bill be recommitted to the Committee on Appropriations, with instructions that it be reported back with a reduction of 10 per cent below the aggregate amount now carried in the measure.

The VICE PRESIDENT. The question is on the motion of the Senator from Utah.

Mr. LA FOLLETTE. Mr. President, I wish to be heard on the motion of the Senator from Utah.

There has been much said during the present session of Congress about economy. Senators have risen and made the welkin ring with protestations of their willingness and their anxiety to make reductions in Federal expenditures. They have denounced the extravagance and waste in the Government service; they have voted for similar motions to the one now pending with regard to every appropriation bill except in the case of the Army appropriation bill. When that measure came up Senators cooled off in their ardor for economy; the Army appropriation bill was sacrosanct; Senators who had been leaders in the talk for economy could not vote for the 10 per cent reduction to be applied to the Army bill, and the motion made by the Senator from Tennessee [Mr. McKELLAR] failed. Now, when the motion is made to apply a 10 per cent reduction to the Navy appropriation bill, the very Senators who made the loud pleas for economy, thus getting their names in the headlines of the newspapers back home with stories about all the money they were willing to save the taxpayers of their States, desire to dispose of the motion by a viva voce vote.

Mr. President, what has been happening to naval expenditures in this country since the war that was to end war? In 1923 the expenditures for the Navy, according to the Secretary of the Treasury, were $322,532,909; in 1924 they were $324,129,998; in 1925 they were $326,365,467; in 1926 they were $311,611,694; in 1927 they were $322,620,723; in 1928 they were $337,608,086; in 1929 they were $364,806,678; in 1930, the first year of the depression, they were $374,052,691; in 1931, the second year of the depression, they were $352,022,986; and the appropriations for 1932 were $358,262,123 plus unexpended balances from previous years; and, despite such economies as may have been effected, it is probable that actual expenditures during the current year are to be about on the 1931 level.

The Budget estimate for 1932 was $342,606,000. The House, partly in view of the available unexpended balances and partly in order to effect actual economies, cut that sum to $326,353,459. Had the Senate committee applied the same rule to this bill that has been applied to all other appropriation bills, save that of the Army, it would have reported a bill which would have had a total below $300,000,000. Instead of that, however, it recommended a bill carrying $318,218,461. This is, of course, exclusive of the possibility of supplemental estimates which may be submitted when Congress meets next December. It is still approximately at the 1923–1927 level of expenditures for naval purposes, de-

spite the sharp decline in commodity prices that has taken place in the last two and a half years. If the carry-over of the unexpended construction balance be added, amounting to $27,000,000, according to Representative AYRES, the expenditures during this coming year may actually total, roughly, $345,000,000.

Mr. President, this bill provides for carrying on naval construction at the same rate of expenditure which would have occurred in normal years. In 1923 we expended for construction $46,632,000; in 1924 we expended $41,697,000; in 1925 we expended $34,022,000; in 1926, $25,250,000; in 1927, $27,430,000; in 1928, $36,935,000; in 1929, $46,760,000; in 1930, the first year of the depression, we expended for naval construction $49,872,000; in 1931, the second year of the depression, we expended $37,944,000 for naval construction. The expenditures for the current year were estimated by the President in his Budget message last December at $53,000,000, the highest in all the years since 1923. During the House committee hearings in February, Secretary Adams submitted an estimate of $58,375,000 for construction, in this third year of the most cataclysmic and devastating economic crisis which this country has ever experienced.

Mr. President, whatever the precise total may prove to be at the end of this month, the Senate should face the fact that if the committee's recommendation shall be followed, and if the motion of the Senator from Utah shall not be agreed to, the expenditures for naval construction in 1933 will be little, if at all, less than those for the current year.

The totals in the bill do not tell the story. In past years amounts substantially larger than the Navy was ready to spend were appropriated and the unexpended balances have been carried over from year to year.

The Budget for 1933 carried estimates of but $31,400,000 for the construction of new vessels, a decrease apparently of $7,150,000 over the $38,500,000 appropriated for the fiscal year 1932.

The President's Budget message pointed out, however, that this seeming decrease in reality meant no decrease at all in expenditures for construction; that if full advantage were taken of the available funds there would actually be an increase in the expenditures for construction. He said:

> When the cash balances to be carried forward from prior years and the amount to be made available by transfer from the naval supply account fund are taken into consideration the total that will be available for ship construction in 1933 is estimated at $57,000,000.

This sum, he added—

> exceeds in amount the expenditures for ship construction in any one of the last 10 years. * * * The amount available for 1933—

Continuing to quote from the Budget message—

> will provide for normal progress in construction of every vessel now authorized by law and permitted under treaty restrictions except six destroyers, the laying down of which has been postponed, and, in addition, for beginning construction of one more 8-inch-gun cruiser in January, 1933, which is the earliest date permitted under the terms of the London treaty.

If the President erred, he appears to have erred on the side of conservatism when his analysis of these figures is compared with that of Chairman AYRES, of the House subcommittee on the naval bill, who explained to the House on April 19:

> For new ship construction the Budget provides a direct appropriation of $31,400,000, and contemplates the augmentation of such sum by a draft of $6,000,000 upon the naval supply account fund. There will be available, in addition, an estimated unexpended balance at the end of the present fiscal year of $27,000,260, making a total available for expenditure during 1933 of $64,400,260. The committee is advised that probably all of that sum actually will be expended except $4,169,667.

Mr. HALE rose.

Mr. LA FOLLETTE. I have been quoting from Chairman AYRES. Does the Senator from Maine wish to interrupt me?

Mr. HALE. I simply wanted to call the Senator's attention, if he will pardon the interruption, to the fact that to replace the Navy that we have now, cutting it down to the limitations of the London and Washington treaties and not rounding it out in categories where we are lacking, would cost us substantially $80,000,000 a year, provided the whole Navy were to be replaced within 20 years, which is the maximum life of any ship in the Navy under the terms of the treaty. So that during the past 10 years we have never spent anywhere near what we should have spent simply to replace the Navy. We have not spent half what we should have spent in most years.

Mr. LA FOLLETTE. Yes; but that does not alter one iota the point I am making. I am putting in the RECORD the startling fact that total expenditures for the Navy and expenditures for the construction fund have been rising year by year; they are continuing to rise during this period of depression; they are rising at a time when broadax economies have been applied by Senators who are riding the economy wave to all of the civil services of the Government that are rendered daily to the citizens of this Republic. But now, as in the case of the Army bill, when the Senators who have bellowed about economy are confronted with a proposal to treat the Navy with the same rule which they applied to all others they balk, they gag, they find some excuse. The Senator from Maine says that we did not spend half enough in previous years.

Mr. HALE. Or in this year.

Mr. LA FOLLETTE. Of course, if the Senator from Maine had his way, he would have an appropriation in this bill for the $900,000,000 authorization bill that he passed a while ago. The Senator from Maine thinks every dollar wasted that does not go to the Navy.

Mr. President, referring again to the statement I quoted from Chairman AYRES of the House subcommittee. He had been advised that in spite of the President's insistence upon economy, and in spite of the belief that substantial economies might be effected, the Navy intended to go ahead with construction expenditures of approximately $60,000,000 in the next fiscal year.

Senators who voted to cut the low-income groups of Government employees, those who voted to cut men and women getting less than a thousand dollars a year by 10 per cent, now refuse to apply a like cut to the construction of ships which everybody knows will neither be completed nor needed during the next fiscal year.

The same Appropriations Committee that has treated the Army and the Navy with such tender mercy in its drive for economy has recommended, in the independent offices appropriation bill, the hamstringing of the Federal Trade Commission because the committee said it could not afford to appropriate $300,000 to carry on the activities of that commission in investigating the Power Trust and in investigating the Cement Trust and in carrying on the other investigations which have been ordered by the Senate.

The same committee cut into the appropriation for the purpose of carrying on the valuation of the railroads $2,000,000. The House had provided $2,750,000, and the Senate committee which has treated this appropriation bill with such tenderness in so far as economies are concerned slashed into that service and by indirection repealed the law for the valuation of the railroads by reducing the appropriation to the sum of $750,000.

This slash is made at the very time when valuation of railroads should be going forward and kept up to date, in view of the largess which the Government is extending to the railroads of this country through the Reconstruction Finance Corporation, and in view of the further fact that if this depression continues the Government will be inevitably confronted with the problem of taking over the railroads and operating them during this crisis just as it did during the war.

Mr. President, in order to achieve an apparent reduction in the pending bill, and in view of the assurance that the money would not be used anyway because of the availability of balances coming over from previous years, Chairman AYRES stated that the committee had subtracted from the Budget estimates the unneeded $4,169,667, which left in the bill a new appropriation for "Increase of the Navy" amounting to $27,230,333. I ask the Senators who have led the charge for Government economy, are you justified in providing in this bill $27,230,000, according to Chairman AYRES,

of the House Committee on Appropriations, for increase in the Navy in this the third year of this depression?

Seemingly, this constituted total "economies" of more than $11,000,000 over the preceding year. Actually it permitted a building program in excess of that in any one of the 10 preceding years. Not a single ship is to be delayed in construction. In fact, as the chairman of the House committee pointed out—

> Every vessel for which authority exists to build or commence the construction of during the fiscal year 1933 is provided for in varying degrees in the Budget and bill, save seven destroyers, one transport, and an experimental submarine, all authorized in 1916.

In other words, in spite of the alleged need of imposing sharp reductions upon virtually every other governmental activity, it is proposed to go full steam ahead with the entire naval building program, except for a few vessels under the obsolete construction program authorized in 1916.

Mr. HALE. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. HALE. How many vessels does the Senator think we are laying down this year?

Mr. LA FOLLETTE. I do not know how many vessels are to be laid down this year, but I take it that Chairman AYRES is a reliable authority, and he states that—

> Every vessel for which authority exists to build or commence the construction of during the fiscal year 1933 is provided for in varying degrees in the Budget and bill, save seven destroyers, one transport, and an experimental submarine, all authorized in 1916.

Take that statement, Mr. President, coupled with the statement he made, which I quoted from a moment ago, that this virtually amounts to a $27,000,000 increase in the construction program, and I submit that the Senator can not evade the point that the Senate is not only increasing the total appropriation but it is increasing the construction fund as well. This year the construction fund will be the largest of any in the last 10 years.

Mr. HALE. Mr. President, the Senator has given so many figures that I can not quite follow him. There is no question of building the seven destroyers and the experimental submarine. Congress appropriated for the building of 11 destroyers, but only 5 of them have been contracted for. The other six have not been contracted for, and there is no plan to build them.

Mr. LA FOLLETTE. Chairman AYRES did not state that they were provided for in this bill. He said with the exception of those——

Mr. HALE. I understood the Senator to say that they were provided for.

Mr. LA FOLLETTE. Oh, no; the Senator misunderstood me.

Mr. HALE. I will say to the Senator that there is no new construction provided for at all except one 8-inch-gun cruiser which, under the terms of the London treaty, we are allowed to complete before the close of the year 1936, and the old ships that we have been building for years, that have not been completed.

Mr. LA FOLLETTE. Exactly; but you propose to go right ahead with construction as though this were a normal year. The bill proposes to proceed with the modernization of these battleships, as if it were a normal year, at a time when the Senators who ballyhoo for economy claim money can not be found in the Treasury of the United States to carry on important civil activities of the Government. The "economy bloc" of Senators could not find money to carry on the valuation of railroads by the Interstate Commerce Commission. They could not find money for the Federal Trade Commission. They are unable to provide money for maternity and infancy protection. They say we must abandon rehabilitation and vocational training of the handicapped. They are ready to cut off activities to protect the public interest. The economy-shouting Senators say there is no money for these purposes; but these same Senators are perfectly willing to find money to provide for the biggest construction program in the last 10 years in the present bill.

Mr. COUZENS. Mr. President, will the Senator yield to me a moment?

Mr. LA FOLLETTE. I yield.

Mr. COUZENS. The same committee that has added to this naval construction bill struck out about $2,000,000, involving the laying off of 700 trained men, for the sake of saving money in evaluating the railroads.

Mr. LA FOLLETTE. Exactly—I mentioned that while the Senator happened to be out of the Chamber—and at a time, as I said, when there is more need to carry on that service, in order to protect the Government against the eventualities which may confront it during the present crisis, than ever before, perhaps, in the history of the valuation activities.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. NORRIS. I call the Senator's attention also to what I understand to be a fact, that the cut in the Interstate Commerce Commission appropriation will cut off $360,000,000 which is owing to the Government by the railroads under section 15 (a) of the interstate commerce act.

Mr. LA FOLLETTE. Under the recapture clause.

Mr. NORRIS. Yes.

Mr. LA FOLLETTE. Mr. President, in addition to the eight 8-inch cruisers already built and the seven now under way, the London treaty still permits the building of three more vessels of this type, one each in the calendar years 1933, 1934, and 1935. One of these cruisers can therefore be begun some time next January. Disregarding entirely the condition of the Federal Treasury and the Budget submitted by the President, the appropriation bill as passed by the House, and as now recommended by the Senate committee, carries $800,000 to proceed forthwith next winter with the building of this additional cruiser.

Senators will have to take their choice on this vote as to whether they would rather spend $800,000 on an 8-inch-gun cruiser, the usefulness of which has been questioned by Navy experts and which will not be ready for a number of years, or whether they would rather have the investigations conducted by the Federal Trade Commission and its other statutory activities proceed. On this vote Senators must decide whether they favor the largest construction fund for naval vessels in recent years or whether they believe we should maintain activities of the Government which mean the protection of the public interest and the improvement of human values.

The bill as now before the Senate has a further decrease of $9,167,333 in the appropriation for increase of the Navy. Apparently this represents a step toward true economy. The fact remains, nevertheless, that construction expenditures of the Navy will still be greater than in all but one of the years since 1922. On top of that, as I said a moment ago, the bill carries $14,000,000 for the modernization of the battleships *New Mexico, Mississippi,* and *Idaho,* in addition to the unexpended balance from the appropriation of $10,000,000 previously enacted for this purpose.

Mr. President, Senators vote to cut the low-income groups of the Government employees 10 per cent—those who live below the level of barest necessity. Senators vote to cut off the regulatory activities of the Federal Government which they do not approve of. By indirection Senators seek to repeal in the guise of economy the Government regulation of big business. Senators vote to hamstring the Federal Trade Commission. They vote to cripple the Interstate Commerce Commission, all in the name of "economy," but those same Senators will vote, in this third year of depression, to modernize these old and obsolete battleships, which every man here knows will not be needed under any circumstances in the year 1933, and for that purpose they will appropriate out of the Treasury, which they have been contending is in such a deplorable condition, $14,000,000, in addition to an unexpended balance of a $10,000,000 previous appropriation.

Senators may make that appropriation if they want to; they will have to go home and defend it before their constituents, but I say to you that the voters will see the falsity of the plea which has been made for economy by those Senators. They will see that Senators have used this plea for economy to smash down the wage standards in the Government service. The constituents of Senators will see that

they have used this hue and cry for economy for the purpose of indirectly securing the repeal of regulatory activities of the Government, which could not have been accomplished if bills were presented for that purpose. The voters will not forget that those same Senators refused to apply the rule of 10 per cent reduction to the appropriations for the Army and the Navy.

There is a little paper published out in Galena, Kans. I happened to see a clipping from it the other day, from which I read:

Let's pretend, as Alice in Wonderland might, that instead of building one of the new 10,000-ton cruisers Uncle Sam should present the cost, about $17,000,000, to agencies interested in public health. Here is what they could do:

Guarantee cancer-research work for one century. "One cruiser for cancer would insure the banishment of the plague," asserts Dr. Ellice McDonald, of the Cancer Research Laboratories; or

Give 680,000 people complete medical attention for one year; or

Make possible a thorough physical examination to some 3,000,000 individuals, or allow them each one day in a hospital; or

Supply a quart of milk every day for one month to each one of the 6,000,000 improperly nourished children in the United States.

Senators who voted against relief for the hungry and destitute at the beginning of the session, Senators who oppose food for the hungry bonus army, Senators who cut the pay of Government employees, Senators who cut and slashed every appropriation bill for the civil arm of the Government service, Senators who have been the leaders in the drive for so-called economy will now vote to appropriate money with a lavish hand for the Navy. They were strong for the 10 per cent reduction rule on all bills except the Army and Navy, for which we will expend this year nearly $800,000,000.

Mr. President, all the talk on this floor, all the pages of the RECORD filled with cant about economy and balancing the Budget are a sham and a hypocrisy if Senators vote against this motion to recommit the naval appropriation bill for a 10 per cent reduction.

The VICE PRESIDENT. The question is on the motion of the junior Senator from Utah [Mr. KING] that the bill be recommitted to the Committee on Appropriations with instructions.

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BROOKHART (when his name was called). I have a pair with the junior Senator from Illinois [Mr. LEWIS], which I transfer to the senior Senator from Michigan [Mr. COUZENS], and vote "yea."

Mr. BYRNES (when his name was called). I have a pair with the senior Senator from Idaho [Mr. BORAH], which I transfer to the junior Senator from Massachusetts [Mr. COOLIDGE], and vote "nay."

Mr. COPELAND (when his name was called). I have a pair with the senior Senator from Ohio [Mr. FESS], which I transfer to the junior Senator from Arizona [Mr. HAYDEN], and vote "nay."

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is absent from the city. Therefore I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. HATFIELD (when his name was called). Repeating the announcement of my pair, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. JONES (when his name was called). I understand that my pair, the senior Senator from Virginia [Mr. SWANSON], would vote as I intend to vote. Therefore I am at liberty to vote, and I vote "nay."

Mr. KEAN (when his name was called). On this vote I am paired with the junior Senator from South Dakota [Mr. BULOW]. Not knowing how that Senator would vote, I withhold my vote.

Mr. McNARY (when his name was called). Again referring to my pair and its transfer, I vote "nay."

Mr. NEELY (when his name was called). On this question I am paired with the senior Senator from Florida [Mr. FLETCHER]. If that Senator were present he would vote "nay," and if I were at liberty to vote I would vote "yea."

Mr. NYE (when his name was called). I have a general pair with the junior Senator from North Carolina [Mr. BAILEY]. I understand that if he were present he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. REED (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON], which I transfer to the senior Senator from Virginia [Mr. SWANSON], and vote "nay."

Mr. ROBINSON of Indiana (when his name was called). Again announcing my general pair with the junior Senator from Mississippi [Mr. STEPHENS], I withhold my vote. If permitted to vote, I would vote "nay."

Mr. SHORTRIDGE. I have a pair with the junior Senator from Tennessee [Mr. HULL]. Not knowing how he would vote on this motion, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. McKELLAR]. Not knowing how he would vote, I withhold my vote.

Mr. TYDINGS (when his name was called). On this vote I have a general pair with the senior Senator from Nevada [Mr. PITTMAN]. I understand that if he were present he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. WATSON (when his name was called). I transfer my general pair with the senior Senator from South Carolina [Mr. SMITH] to the senior Senator from California [Mr. JOHNSON] and vote "nay."

The roll call was concluded.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. McNARY. I desire to announce the following general pairs:

The Senator from Connecticut [Mr. BINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from Iowa [Mr. DICKINSON] with the Senator from Kentucky [Mr. BARKLEY];

The Senator from Delaware [Mr. HASTINGS] with the Senator from Alabama [Mr. BLACK]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Arkansas [Mrs. CARAWAY].

The result was announced—yeas 22, nays, 27, as follows:

YEAS—22

Bankhead	Costigan	McGill	Thomas, Okla.
Blaine	Frazier	Norbeck	Vandenberg
Brookhart	Hawes	Norris	Walsh, Mass.
Capper	Howell	Sheppard	Wheeler
Carey	King	Shipstead	
Connally	La Follette	Thomas, Idaho	

NAYS—27

Austin	Dale	Metcalf	Steiwer
Barbour	Goldsborough	Moses	Trammell
Broussard	Hale	Oddie	Wagner
Bulkley	Hebert	Patterson	Walcott
Byrnes	Jones	Reed	Watson
Cohen	Kendrick	Schall	White
Copeland	McNary	Shortridge	

NOT VOTING—47

Ashurst	Davis	Hayden	Pittman
Bailey	Dickinson	Hull	Robinson, Ark.
Barkley	Dill	Johnson	Robinson, Ind.
Bingham	Fess	Kean	Smith
Black	Fletcher	Keyes	Smoot
Borah	George	Lewis	Stephens
Bratton	Glass	Logan	Swanson
Bulow	Glenn	Long	Townsend
Caraway	Gore	McKellar	Tydings
Coolidge	Harrison	Morrison	Walsh, Mont.
Couzens	Hastings	Neely	Waterman
Cutting	Hatfield	Nye	

So the Senate refused to recommit the bill with instructions.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

The bill was passed.

ADJUSTED-SERVICE CERTIFICATES

Mr. WATSON. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates.

The VICE PRESIDENT. Under agreement that bill went over a day, and the motion therefore would not be in order except by unanimous consent.

Mr. MOSES. Mr. President, the Senator can ask unanimous consent to take up the bill.

Mr. WATSON. I ask unanimous consent that the Senate proceed to the consideration of the bill to which I have just referred in order that it may be made the unfinished business, and that we may vote on it if possible to-morrow or, in any event and in all events, that it may come up for discussion to-morrow.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, which had been reported adversely from the Committee on Finance.

Mr. WAGNER. Mr. President, I desire to ask unanimous consent that immediately upon the disposition of the so-called bonus bill the Senate shall proceed to the consideration of Calendar No. 8888, a bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such a program.

The VICE PRESIDENT. Is there objection to the request of the Senator from New York?

Mr. SMOOT. Yes; Mr. President, I object.

The VICE PRESIDENT. Objection is made.

FEDERAL HOME-LOAN BANKS—ADDITIONAL REPORT

Mr. WATSON, from the Committee on Banking and Currency, to which was referred the bill (S. 2959) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, reported it with an amendment and submitted a report (No. 837) thereon.

PUBLIC-WORKS PROGRAM—ADDITIONAL AMENDMENTS

Mr. LA FOLLETTE and Mr. WAGNER each submitted sundry amendments intended to be proposed by them, respectively, to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which were severally ordered to lie on the table and to be printed.

ISSUANCE OF ARMY RATIONS TO UNEMPLOYED VETERANS

Mr. BROOKHART. Mr. President, I desire to enter a motion to discharge the Committee on Military Affairs from the further consideration of the joint resolution (S. J. Res. 174) providing for issuance of Army rations to unemployed World War veterans.

The VICE PRESIDENT. The motion will be entered.

MRS. FLORENCE KELLEY

Mr. WAGNER. Mr. President, I ask leave to have published in the RECORD a memorial address delivered by Miss Lillian D. Wald, one of the most distinguished American women, upon the renowned humanitarian, Mrs. Florence Kelley, at a memorial meeting of the National Association for the Advancement of Colored People, Washington, D. C., on May 20, 1932.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The National Association for the Advancement of Colored People has been enriched since its birth by the personality, the vital qualities of Florence Kelley. For us here any formality expressive of appreciation, admiration, and reverence for that gallant, generous, and unique friend must be inadequate and is perhaps unnecessary. For nothing that we can say or that can be written could give a picture of what her presence in any group meant, what an extraordinary and, I may say, unparalleled stimulation she was, unless, indeed, you had the good fortune to have felt her power; and who that ever was in her presence that did not feel her quality and did not respond to the stimulus that she gave; who did not leave the meeting without the hope of remembering what she said and how she said it.

We do know, however, that for our own sakes we can not come together after her death without recording something of our appraisal of Florence Kelley, that record may be made in the history of this organization of her part in its development and in its achievements. From the first challenge of William English Walling in the summer of 1908 to reawaken the spirit of the abolitionists, Mrs. Kelley belonged here, and ever since you received from her a share of her great nature, unseparated by consciousness of race or creed; and this was of the very essence of Florence Kelley. Those of you who have sat with her will understand me when I say that she never did anything for the society, for the colored people, that was alien to her sense of fellowship. She did things with you, with sensitive adults who felt the responsibility for each other and must act with each other, in which the question of race distinctions should have no weight. Identity of fortunes, good and bad, likenesses and not differences were to be stressed. Your problems were her concern to the same degree that they were your concern. Through the long and precious quarter of a century that Mrs. Kelley was a member of our household at the Henry Street settlement, and the numerous times when she returned to the group after a meeting of this organization I can not recall that there was a single comment or an interpretation from her of the obligation of her race to your race. Always and always the note that she sounded was of our meeting, our people, our problems. Justice and fair dealing was the trumpet call. How personal was that relationship you know. Not many know how easily the little children who went up with their working mother to spend the summer in her beloved Naskeag home slipped into that New England atmosphere, because Mrs. Kelley made no difference, and the Maine native who labored on her land therefore saw no difference.

It is therefore without emphasis on this characteristic that we are memorializing her to-night, but as a great and unique woman who lived with us, worked with us, and who will never die as long as the things that she stood for and proclaimed as the essentials of civilization live within our social consciousness. Mrs. Kelley wanted to live forever, not from any lust of life or even for such personal endearments with which she was enriched, though she loved people and loved her work, but because there was so much to be done, and the need of doing was to her the challenge to act and to get others to understand. A troubled, tempestuous, vivid life she led, rich in great experiences, and tender, too, because of her capacity for tenderness and her love and her loyalties. I suppose she realized the deepest desire that can come to any one—she did the work that was worth living for and that will not be lost by her death.

But unbelievable as was her capacity for hard, unremitting work, she cherished certain cultures of life—not easement or luxuries but respect for the written word. She made demands for clarity and simple English, a forceful lesson to those for whom she felt the obligation to help, at times the obligation to severely criticize. Legends will grow about her, built upon her quick penetration into the essence of a problem, and stories will be told by proud folk, grown men and women of course, whom she spared not the rod because she cared. For no child that I ever have heard of was severity deemed necessary. The last time I saw my beloved friend in life was in her hospital room, and though her mind was keen on public impersonal interests, she was mindful of the precious personal, the weekly excursions, and she had me read Emily Dickinson's poems (some one had sent the volumes), and she had me pause in the reading that she might enjoy a winged word or a cadence.

I presume that very few people will question that Florence Kelley's pioneering work for the protection of children has affected the morals of America and morals far beyond our shores. Slow action and disappointments at times seemed to her a betrayal, and a betrayal of the things upon which our American civilization is based. But, looking back from those early days when she made her study of the sweatshop conditions in Chicago—among the first, if not the very first to fix attention upon the immorality, the social crime of the neglect of the children in this rich country of ours—we have marched on. We have been reminded by Mrs. Kelley that we must march upon the feet of the little children, and never did she lose an opportunity to proclaim the rights of children and the wrongs that were perpetrated upon them and the generations to come by neglect of them. Of course, Mrs. Kelley spoke for all children, not only for the children that she discovered in the sweatshops of Chicago, but for the children the world over. There were no frontiers in her social consciousness. Children of all races were related to each other. With that vision the world became her parish, and wrongs to the children in China or India became her affair and were closely related, if not an integral part, of the fortunes of the children in Chicago and New York, or children in the canneries outside the city boundaries, whose liberation in New York State was largely due to her.

With this society, Mrs. Kelley, overburdened, unremittingly active, found time to help build its foundations, and replaced whenever possible other interests, already well-established, that she might throw herself into its programs, rarely omitting a meeting, participating whenever possible in its conferences. One of

your members related the other evening an experience in a southern city, when at the last hour it was found that there was no place on the program in that city for a discussion of the negroes' needs by negroes, and so this section removed to a place of its own and Mrs. Kelley and Grace Abbott went with it, not making comment, but both as a matter of course marching into the negro church for the meeting.

In some ways Mrs. Kelley was intolerant. She was intolerant of superficiality, intolerant of selfishness, intolerant of inaction where action was called for, and very sharp could be that tongue. Our reminiscences are enriched by the recitals of the quick, rapier thrusts that she made. I recall one instance when some one defended a woman who had disappointed those who had expected much of her. People who still counted upon her support, said, "Well, she has an open mind." Said Mrs. Kelley, "That's what I object to. Her mind is open top and bottom." Though capable of tenderness and tolerance, tenderness and tolerance were not given at the cost of straightforward, upright truth and justice. She often appeared before the legislatures to present her case, a ready crusader for just causes, and she knew her facts, which were strengthened by her driving power and her rich and lovely voice; and what a pity that no record was made of that voice, only those who heard it will never forget! Coming away from a crowded hearing in Albany, which was in the interest of the children who were working in the canneries, and where the arguments of the opposition seemed very thin indeed when contrasted with the passionate defenders of the rights of children, this bit of conversation was overheard. "Well, you know this bill is all wrong. Why don't you say something!" (This to a canner:) "What, and let that fire eater in the black dress make a monkey of me!"

At the memorial meeting that was held in New York immediately after her death, the evidence of the range of her interests, her activities, her constructive force was almost unbelievable. For its program came John Howland Lathrop, broad-minded Unitarian clergyman, friend, and, I think he would like me to say, humble disciple of the woman to whom the tribute was made; Newton Baker, broad-minded in his almost limitless field; Dr. Alice Hamilton, social crusader, too, and the only woman member of the staff of the Harvard Medical School; eloquent Doctor DuBois from this organization; and Harry Laidler, who represented Mrs. Kelley's political convictions. For Mrs. Kelley was a socialist long before there were any of her acquaintances willing to affiliate with the tiny group of rebels in the dingy little meeting places in New York.

There was a time when she was not welcomed, and with humor and no bitterness she told me, as one night we watched from the window the poor little parade that in those days gave expression to the few who revolted, "I belong there, but I was put out, and as nearly as I can understand it, I think I was put out because I could speak English." She lived to see the gallant leadership of the society and rejoiced in that. Frances Perkins, commissioner of labor, at the memorial meeting proudly proclaimed her indebtedness to the beloved leader and joined with the others in communion with the great spirit that had given them strength, as each one testified in that Quaker meeting house specifically to the awakening that had come through her.

But no memorial to Mrs. Kelley would be complete without reference to the other colleagues with whom her great works were developed: Paul Kellogg, editor of the Survey, and Jane Addams and the famous women of Hull House, among them Julia Lathrop and Grace Abbott; Professor Commons and later, among the intimate, Josephine and Pauline Goldmark, who were as daughters of her heart; Justice Brandeis and George Alger, her associate in child-labor legislation and committee work; and the long list of other men and women who worked with her and tried to realize her vision, who learned the lessons of hard work and zeal for a cause.

But little could be told of her vast influence at that meeting, as to-night but little can be told by me of the many measures that were translated into definite programs because of the light that she shed. Mr. Baker said that in all the times that he had met with her, when he was president of the National Consumers League, he never left her presence without feeling that his own flagging spirit and energies had touched an elemental force and were reinspired and that he had tried to preach her gospel.

The constructive legislative measures traced directly to Mrs. Kelley, her literary work, her participation in suffrage for women, her international and pacifist measures, her immediate enlistment in spreading intelligence in the cause and the need of the Federal Children's Bureau, whose twentieth anniversary we are commemorating now—a list too long to enumerate—these found their roots in her respect for the individuality of the man or the woman, the little boy or the little girl. She asked for them protection from exploitation, leisure to have a share in the fun and the recreation of life, and she was not afraid. She was not afraid of truth, she was not afraid of life, she was not afraid of death, she was not afraid of enemies. If she was afraid of anything, it was her fear of indifference, her fear that people would cease to care, would retire into smugness and satisfaction when there was so much more to be done, and what had been done she insisted was at best only an opening up of the way to a richer life for all.

At the twenty-fifth anniversary of her service to the Consumers League, friends came in great numbers to pay their tributes. It was memoriable because of the sincerity, the gratitude evidenced, the quality of appreciation. It was said and it was sung. I think people will remember that night for long years. The speakers had said their say and the time for Mrs. Kelley's acknowledgment had come. Upright and with ringing voice, barely commenting on the praise, but forthright she reminded us how little had been accomplished, how much was to be done. We had broken a path, perhaps, but there were mountains to be climbed, great roads to be opened up. No rest for her or for us—keep on!

In concluding I would like to summarize her extraordinary qualities, and I am baffled. But this I would say; that she has an undying place in the rise of the civilization of America and what she gave can not be lost. She is woven into the pattern of our social consciousness. We can not forget her, but we must think of her, speak of her, and pass on to those who were not illuminated by her radiance the lessons that she has taught. You remember in the Bluebird the old couple who sat in their heaven, "Not dead," said they, "as long as we are remembered."

RECESS

Mr. McNARY. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and the Senate (at 7 o'clock and 5 minutes p. m.) took a recess until to-morrow, Friday, June 17, 1932, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate June 16 (legislative day of June 15), 1932

COLLECTOR OF INTERNAL REVENUE

Albert H. Ladner, jr., of Philadelphia, Pa., to be collector of internal revenue for the first district of Pennsylvania, in place of Joseph S. MacLaughlin, deceased.

COAST GUARD

The following-named officers in the Coast Guard of the United States, to rank as such from the dates set opposite their names:

To be commander

Lieut. Commander Carl H. Abel, January 1, 1932.

To be district commander with rank of lieutenant commander

District Commander Howard Wilcox, June 29, 1932.

To be lieutenants

Lieut. (Junior Grade) Julius F. Jacot, May 1, 1932.
Lieut. (Junior Grade) Glen E. Trester, May 1, 1932.
Lieut. (Junior Grade) Chester A. A. Anderson, May 1, 1932.
Lieut. (Junior Grade) Edward E. Hahn, jr., May 1, 1932.
Lieut. (Junior Grade) Emmanuel Desses, May 1, 1932.
Lieut. (Junior Grade) Wilbur C. Hogan, May 15, 1932.
Lieut. (Junior Grade) Dale T. Carroll, May 15, 1932.
Lieut. (Junior Grade) Kenneth P. Maley, May 15, 1932.
Lieut. (Junior Grade) Samuel F. Gray, May 15, 1932.
Lieut. (Junior Grade) Earl K. Rhodes, May 15, 1932.
Lieut. (Junior Grade) Carl B. Olsen, May 15, 1932.
Lieut. (Junior Grade) Walter C. Capron, May 15, 1932.
Lieut. (Junior Grade) Watson A. Burton, May 15, 1932.
Lieut. (Junior Grade) Frank K. Johnson, May 25, 1932.
Lieut. (Junior Grade) Chester W. Thompson, May 25, 1932.
Lieut. (Junior Grade) Edwin C. Whitfield, May 25, 1932.
Lieut. (Junior Grade) Leslie D. Edwards, May 25, 1932.
Lieut. (Junior Grade) Frederick G. Eastman, May 25, 1932.
Lieut. (Junior Grade) Dwight H. Dexter, May 25, 1932.

COAST AND GEODETIC SURVEY

The following-named officers of the Coast and Geodetic Survey to the positions named:

Aide (with relative rank of ensign in the Navy)

Charles Andrew Schoene, of Virginia, vice F. A. Natella, promoted.

William Robert Tucker, of Alabama, vice J. S. Morton, promoted.

Philip Antoine Weber, of Louisiana, vice R. A. Marshall, promoted.

Horace Guy Conerly, of Mississippi, vice I. R. Rubottom, promoted.

Charles Francis Chenworth, of North Carolina, vice M. E. Wennermark, promoted.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 16, 1932

The House was called to order at 12 o'clock noon by the Speaker pro tempore [Mr. RAINEY].

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We draw near to Thee, our Father, in humble confidence and with the courage of true love. As these are inspired by Thee, be pleased to accept our thanksgiving and praise. As we look back, how often have we been confused by the dark and the inscrutable things which surged about us; now we know that they were ways of mercy; gracious Lord, we thank Thee. Clothe us with just and righteous judgment and make known Thy counsel to us for our obedience and guidance. Come with us; walk with us upon the sea, in the twilight and on the shore. Wherever there is need, give the divine supply. Bless our homes that they may be as the gates of heaven. Unto Thy holy name be eternal praises. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate agrees to the amendment of the House to the amendment of the Senate No. 76 to the bill (H. R. 7912) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes."

That the Senate recedes from its amendments Nos. 13, 16, 17, 21, 22, 29, 53, 61, 67, 68, and 69 to said bill.

That the Senate further insists on its amendments Nos. 14, 15, 30, 56, and 82 to said bill.

That the Senate further insists on its amendment No. 77 to said bill, asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MCNARY, Mr. JONES, Mr. KEYES, Mr. KENDRICK, and Mr. HAYDEN to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1523. An act for the relief of certain tribes or bands of Indians in the States of Washington, Idaho, and Montana; and

S. 2340. An act to provide funds for cooperation with the school board of Shannon County, S. Dak., in the construction of a consolidated high-school building to be available to both white and Indian children.

ROCKY MOUNTAIN NATIONAL PARK, COLO.

Mr. EVANS of Montana. Mr. Speaker, by direction of the Committee on the Public Lands, I ask unanimous consent to recommit the bill (H. R. 11895) to authorize the President, in his discretion, to make certain adjustments in the eastern boundary line of Rocky Mountain National Park in the vicinity of Estes Park, Colo., and for other purposes, to the Committee on the Public Lands.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

Mr. LAGUARDIA. Reserving the right to object, was the bill reported out to the House?

Mr. EVANS of Montana. Yes. It was reported by the committee to the House. The author of the bill desires to change the bill or drop it entirely.

Mr. LAGUARDIA. Anything that goes back to the Committee on the Public Lands is all right.

The SPEAKER pro tempore. Is there objection?

There was no objection.

PENDING RELIEF MEASURES

Mr. KELLER. Mr. Speaker, I ask unanimous consent to address the House not to exceed five minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. KELLER. Mr. Speaker, I regret exceedingly that it is necessary for me to leave the Capitol to-day and go to Denver and relocate my wife, who has been an invalid for many years. I regret it exceedingly also on this further account: At the present time there are pending some measures of very great importance. Permit me to say to the House that up to the present we have spent most of our time in this entire session in attempting to modify or palliate our present conditions. I am very hopeful, and I trust that hope may be shared by my colleagues, that we may now, during the last part of the session, get down to doing the things that are absolutely necessary to take us out of our present condition.

Among the important matters pending there are three, in my judgment, that we ought not by any means to overlook. We ought not consider adjourning until these three measures are provided for. The first one is that we shall supply an abundance of direct relief to prevent starvation in this country.

The second is that we ought to provide a far-flung program of public improvements, in order to give labor to no less than 1,000,000 men.

Third, we ought to pass the farm bill now put forward by the farm organizations. In my judgment, I do not believe we ought to consider adjournment until at least these three measures have been passed by this body and the other body and have become law.

I want to pair to the best advantage I can in favor of all these bills. In closing permit me to suggest that I am hopeful that our conference committee on the economy measure may leave in the vocational-training provision as the House passed it, because the House voted practically unanimously in favor of that, and I trust the House will not recede from that position.

Mr. Speaker, I thank you, and I shall return as soon as possible.

TRANSOCEANIC MERCHANT AIRSHIP SERVICE

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of the bill (H. R. 8681) to develop American air transport services overseas, to encourage the construction in the United States by American capital of American airships for use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship.

Mr. STAFFORD. Mr. Speaker, I make the point of order that there is no quorum present. This bill will be contested, and I make the point of order that there is no quorum present.

The SPEAKER pro tempore. Evidently there is not a quorum present. The point of order is sustained.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 96]

Abernethy	Crisp	Hull, Morton D.	Parks
Aldrich	Crowe	Hull, William E.	Patman
Allgood	Crump	Igoe	Patterson
Arnold	Davis	Johnson, Ill.	Peavey
Bachmann	De Priest	Johnson, S. Dak.	Pratt, Harcourt J.
Beck	Dominick	Johnson, Wash.	Pratt, Ruth
Beedy	Doughton	Kahn	Reid, Ill.
Bland	Douglas, Ariz.	Kemp	Rogers, N. H.
Bloom	Doutrich	Kennedy	Sanders, N. Y.
Boland	Drane	Kunz	Snell
Boylan	Estep	Lambeth	Stalker
Brand, Ga.	Fernandez	Lamneck	Stokes
Brand, Ohio	Finley	Lankford, Va.	Stull
Browning	Flannagan	Lea	Sullivan, Pa.
Buchanan	Foss	Leavitt	Swanson
Buckbee	Freeman	Lehlbach	Taylor, Tenn.
Bulwinkle	Garber	Lewis	Tierney
Busby	Gasque	McMillan	Tilson
Byrns	Gibson	McReynolds	Treadway
Cannon	Gillen	Manlove	Tucker
Cavicchia	Goodwin	Mitchell	Warren
Chase	Hancock, N. C.	Milligan	Watson
Christgau	Hare	Murphy	Whittington
Clark, N. C.	Hastings	Nolan	Williams, Tex.
Clarke, N. Y.	Hawley	Norton, N. J.	Wood, Ind.
Cooper, Tenn.	Horr	Owen	Yon
Corning	Houston	Palmisano	

The SPEAKER pro tempore. Three hundred and twenty-three Members have answered to their names, a quorum.

On motion of Mr. BANKHEAD, further proceedings under the call were dispensed with.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Texas [Mr. RAYBURN] that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8681.

Mr. RAYBURN. Mr. Speaker, quite an interest has developed in this measure. There is some opposition. There were only 30 minutes on a side provided under the rule. More time than this is demanded by men who seriously want to discuss this question, and, therefore, pending the motion to go into the Committee of the Whole, I ask unanimous consent that time for general debate be extended 30 minutes with a division of the latter 30 minutes the same as for the original hour.

Mr. LAGUARDIA. Mr. Speaker, the cotton and the wheat bill will come up right after this bill. It is a pressing need. I am in favor of the gentleman's bill. An opportunity will be given Members to speak under the 5-minute rule, and we already know the gist of the bill. I hope the gentleman will not press his request.

Mr. CELLER. Mr. Speaker, reserving the right to object, I, too, want to supplement what the gentleman from New York has stated with reference to the wheat and cotton bill, which, to my mind, is of paramount importance. Time is growing short. We may be forestalled from getting a final vote on any conference between the House and the Senate in case they disagree.

I hope the gentleman will not insist in asking for more time.

Mr. LAGUARDIA. Let us find out if there is any opposition to the cotton and wheat bill which is coming up this afternoon.

Mr. CELLER. That is next.

Mr. LAGUARDIA. It is next on the list.

Mr. GREEN. Mr. Speaker, will the gentleman from New York yield to me? I understand the Rules Committee has reported a rule for the consideration of an amendment to the Reconstruction Finance Corporation act whereby the Department of Agriculture will be permitted to make loans to farmers for planting crops this summer and fall which may be harvested as late as 1933. Is it contemplated to bring up this rule for the consideration of the House in the near future? I am deeply interested in this measure and hope it will pass.

Mr. O'CONNOR. Yes; that will come up very soon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Texas that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8681.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8681, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the further reading of the bill will be dispensed with.

There was no objection.

Mr. RAYBURN. Mr. Chairman, I yield at this time 25 minutes to the gentleman from Alabama, and ask unanimous consent that he may use that time himself or yield it, as he sees fit.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HUDDLESTON. Mr. Chairman, may I inquire of the gentleman from New York [Mr. PARKER], who is to control the remainder of the time, how he desires to use it?

Mr. PARKER of New York. I shall follow the example of the gentleman from Texas. I yield 10 minutes to the gentleman from Wisconsin [Mr. STAFFORD] and 15 minutes to the gentleman from Alabama [Mr. HUDDLESTON] to use if he wishes.

Mr. RAYBURN. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. CROSSER].

Mr. CROSSER. Mr. Chairman, this bill contains three provisions.

First, it applies the admiralty law to airships flying over the sea just as now that law applies to ships sailing on the sea. This is necessary for a number of reasons, but chiefly in order to determine the rights and liabilities of airships. Otherwise insurance companies will not insure them.

Second, it contains a provision that permits American airships to make contracts with foreign airship companies—for example, the German Zeppelin Co.—for the mutual use of their terminal facilities, their docks, and also permits them to stagger their schedules, so that an equal number of airships that the two companies might own should be going in opposite directions at certain times in the week and thereby give the maximum efficiency in service. This provision is thought necessary by lawyers, because it was felt that any attempt to make a contract like this without specific statutory authority might infringe the antitrust laws.

The third provision of the bill is this: It gives to the American airship companies the right to bid for the carriage of mail in the same manner and according to the same terms as is now provided for surface ships. In short, no airship company could at the present time carry mail without a contract or without permission of the Postmaster General so to do. This simply fixes the same maximum rate for compensating airships as now prevails in regard to surface ships. These are the three provisions of the bill.

My reasons for urging the passage of the measure are several: First, it will do more to enable the people of the United States to extend their foreign trade than any other single thing we could do. We can make the journey to London in 2 days or a little better, as compared with the 6, 7, or 8 days the best ships now take.

Obviously, the nation that has the most expeditious means of transportation and communication will be the most likely to extend its trade faster than any other nation. At the present time the German Zeppelin Co. has completed 4 of 10 scheduled trips from Friedrichshafen to Pernambuco, South America, the scheduled time being 4½ days as compared with 16 days on surface ships.

Does it take any diagram, does it take any great explanation, to see the advantage that that nation must have in the extension of its trade with foreign countries over those nations which do not have that means of transportation? Why, my friends, with this means of transportation available it would be possible to take fully authorized representatives of commercial companies, who could not otherwise take the time, across to Europe in a couple of days, bring them back in a couple of days, and finish the trip in a week, and probably conclude a contract right there and then, where otherwise it might be necessary to carry on negotiations for weeks and months in order to conclude such a contract.

So, my friends, the chief reason for urging the passage of this bill is that it will do more to expedite the extension of our trade—and certainly we need foreign trade at present—it will do more to help us extend our foreign trade than any other one thing we can do to-day.

There is another reason. This, in my opinion, will do much to increase the business of the steamship lines. To show that I am not mistaken about that, the late Captain Dollar was very much interested in the promotion of these transoceanic airship lines. Why? For the simple reason that he felt that if we had some quick means of going over to the Orient, and prominent representatives of commercial houses in the United States could go to the Orient, or any place else, for that matter, for the purpose of getting business it would mean increased cargoes and increased revenues for the steamship lines. It seems to me he was entirely right, and he was perfectly willing to invest his money in such an enterprise.

It is an ideal way for the transportation of passengers. The people of the world have not yet come to realize just how really satisfactory is this method of transporting passengers from one part of the world to the other. Under ordinary circumstances a man is likely to become seasick on a surface vessel, but I am told by those who have had experience and who have been given to seasickness on surface vessels, and who have traveled across the Atlantic Ocean on the *Graf Zeppelin*, that it is really a very delightful experience. In fact, one who had been a passenger on the *Graf Zeppelin* told me he had not the slightest feeling of seasickness, and, moreover, that during the whole voyage you could hardly tell you were moving unless you could pick out some ship on the horizon to tell whether or not you were moving. This man also told me that during the whole time of the trip—and there were storms—there was not a time when he could not balance a teaspoon on the edge of his coffee cup in the dining room of the *Graf Zeppelin*.

Now, my friends, that, it seems to me, points a finger to the future method of rapid transportation.

But there is another reason. You can make the trip across the oceans with this type of transportation more safely than you can on surface ships. Why? For the simple reason that instead of going head on into a storm, which the fixed channel requires a surface ship to do, airships may take their charts, which are prepared for them every few hours of the day, and take advantage of these storms and these winds in order to expedite their passage across the ocean, as was done by Doctor Eckener when he came back from Japan to California in three and a half days. He simply availed himself, by scientific means, of the help of the storms.

But there is another reason, my friends. We have talked a great deal during this Congress and we have voted for some rather unusual measures to abolish unemployment. Now, my friends, the Goodyear Zeppelin Co., at Akron, Ohio, now employs, roughly speaking, 1,000 of the most highly skilled and technical men in the United States. They not only have a corps of very efficient engineers, who have been gathered together after a most painstaking and careful search, but they have highly trained, technical workmen who work under these engineers.

At the end of this year the second ship for the Navy, namely, the *Macon*, will have been finished. If we are not to be allowed to go on and manufacture commercial ships, this thousand of the best skilled help in the United States will be walking the streets with the already existing millions of unemployed looking for some means of earning a livelihood. So when these folks tell us they want to encourage new enterprises, here is an enterprise already started and this enterprise only asks for the privilege of carrying, on fair terms, passengers, express, and mail. They can carry the passengers and express without the consent of anyone, but they must have the consent of the United States Government to carry the mail. Why should they not have that privilege? Why all this balderdash about a subsidy? There is not a contract let to a star-route man, to a railroad, or to a steamship line that does not involve exactly the same principle. Is there any particular reason why these people, if they build their own ships and risk their own money, should not be allowed to come in on at least equal and fair terms with everybody else and say, "We will carry your first-class mail for you"? I can see none whatsoever.

My friends, there was a statement made in the minority report that to me seems only astounding. It is stated there that the cost of one of these airships is about three and a half million dollars. This will probably be so after they have reached a production basis; but in addition to that you have docks, which cost as much, if not more, so that if you are only using one Zeppelin from here to the Orient the total investment would be about $6,000,000, as I recall it.

They undertake to make the House believe that the total cost of operations, which is between $11,000,000 and $12,000,000, would be borne by the mail. The Postmaster General must find that any contract he makes is in the public interest; but if we charge 25 cents a letter on that long trip from California to the Orient, three times as far as across the Atlantic, the average income would almost be the total amount that it costs to operate the ship for a year. This would not be fair, because passenger and express revenue should pay their just share of the cost of operation. It would not, therefore, be fair under the circumstances to charge even that much for the mail; but if it were necessary, I think anybody would be more than glad to pay 25 cents extra for the special-delivery service he would get in this way. If they did charge this, it would bring about $10,000,000 of revenue, which, it seems to me, would be far more than ample to pay any expense assumed in hiring the space in the dirigible.

The Goodyear Zeppelin Co., which is the chief bidder in this country, although there is another concern under contemplation at Detroit, has already invested three and a half million dollars in terminal docks and other facilities for building ships at Akron. The city of Akron has spent $2,000,000 for an air field to encourage the lighter-than-air industry. The Guggenheim Foundation has spent $350,000 in a laboratory to experiment with lighter-than-air craft, and has brought the leading lighter-than-air engineer all the way from a technical school in California to Akron to work there. [Applause.]

Mr. PARKER of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Chairman, I have listened attentively to the argument advanced to-day, as well as when the rule was presented for consideration by the principal sponsor of this legislation, and all that I can glean from his argument is that we should vote a subsidy to this private enterprise that wishes to take the initiative in establishing a passenger dirigible line between New York and England.

The gentleman from Ohio [Mr. CROSSER] cites the case of Germany having established a line from Germany to Pernambuco. I am informed by the Foreign Mail Service of the Post Office Department that this is a most irregular service. Also that France maintains a service from some point in Africa, namely, Dakar, over to Argentina, which is likewise not a very regular service, requiring seven days from Paris to Buenos Aires.

It is sought to extend the provisions of the White Act to this service of dirigibles across the ocean. What is the basis for our voting a subsidy or a subvention to the steamers plying between here and Europe and other foreign ports? It is to provide an auxiliary for the Navy in case of need. Get clearly in mind that these vessels that receive this subsidy are obligated to carry the entire mail that may be offered to them.

Mr. GOLDSBOROUGH. About 4 pounds a trip, and they get about $1,000,000 for it.

Mr. STAFFORD. For the fastest steamers they receive $12 a nautical mile for every mile traveled, but they are obligated to carry the entire amount of foreign mail that may be offered.

Now, what is proposed by the bill under consideration? The argument is that we wish to have fast transportation of transoceanic mail. In competition with whom? Not in competition with any existing like service, because there is none such. The American public has the advantage of the fastest line of steamers, whether flying the American flag or a foreign flag, and our Post Office Department utilizes the *Bremen* and the *Europa* under the German flag, and other ships flying the flags of other countries, and with only one idea in mind, the quickness of dispatch of the mail between here and foreign ports and vice versa.

The bill under consideration purposes to give $12 a nautical mile, as is provided as the maximum amount in the White subsidy bill, for a dirigible which, as he says, is capable of going across the ocean and returning in one week. The distance is 3,000 miles, or a round trip of 6,000 miles, and if they make a round trip once a week that one ship would entail an obligation upon the Government of $3,744,000 during the year.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. HUDDLESTON. I want to call the gentleman's attention to a fact which he has perhaps overlooked. The maximum amount that may be paid is $35 a nautical mile.

Mr. STAFFORD. If it is $35 a nautical mile, then it is three times the $12 basis which I used, or we would pay for one ship going across and back on an average of once a week, instead of $3,744,000 a year to support this private industry that needs work out here in Akron, three times that amount, or nearly $11,000,000.

Mr. PARSONS. The $35 is for a round trip.

Mr. STAFFORD. Then I am in error in my figures.

Thirty-five dollars for a round trip would make $5,000,000 for one ship for the year.

Mr. KELLER. For how long?

Mr. STAFFORD. Going back and forward once a week. We would pay for a ship out of the Treasury of the United States $5,000,000 unnecessarily, because the mail is now being carried and privileged to be carried in fast-moving ships which are not costing the Government one cent more than we are paying under the subsidy, and this is trying to take additional money out of the Treasury.

But that is only one objection. We have had some examples of the way the Post Office Department has been spending money in paying for transportation of foreign mail. We have a foreign mail air service from Miami going down the west coast twice a week and going down the east coast to Brazil once a week, that costs the Government $7,000,000, and the revenue is only one-fifth of that amount.

Oh, the argument is, we are increasing foreign trade. How ridiculous. There is no legitimate demand from American merchants trying to have a faster service.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. STAFFORD. I yield to the protagonist for high tariffs.

Mr. COOPER of Ohio. Is the gentleman from Wisconsin trying to leave the impression with the House that the Postmaster General would sign a contract for carrying this mail that would cost the Federal Government $5,000,000 a week?

Mr. STAFFORD. Five million yearly for a round trip weekly service by one dirigible. I am stating what we might have imposed on us under this authorization. He has signed contracts for the transportation of mail from Miami to South American countries, a needless expense of $7,000,000 annually, and the revenue is only one-fifth of that sum. That is not justified, because there is no competition existing in the foreign service. I am opposed to this policy of authorizing the Postmaster General, whether he be Republican or Democrat, to have the right to stick his hand into the pockets of the people of the United States for a preferred service, even though the proposal for the preferred service emanates from the State of Ohio.

Mr. PARSONS. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. PARSONS. Is not it a fact that the air mail subsidy amounts to about $35,000,000 annually above the revenue?

Mr. STAFFORD. There is no justification for having such a service established.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. GOLDSBOROUGH. How does the gentleman from Wisconsin distinguish between the air mail subsidy and the mail subvention?

Mr. STAFFORD. Because the mail subventions provide an auxiliary in having vessels available as an addition to the Navy in time of war. That is the theory of Great Britain, that the fast-going subsidized steamers will be of value in time of war. It is the opinion of some members of the War Department subcommittee of the Committee on Appropriations, and of some members of the Committee on Military Affairs, these large balloons are vulnerable, notwithstanding the statement made by the gentleman from Ohio that they are filled with helium and are invulnerable.

[Here the gavel fell.]

Mr. HUDDLESTON. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. SHALLENBERGER].

Mr. SHALLENBERGER. Mr. Chairman and gentlemen, I am one of the three members of the Committee on Interstate and Foreign Commerce who signed the minority report. I want to state briefly to the House my reasons for objecting to this bill, especially at this time.

Of course, the gentleman from Ohio [Mr. CROSSER] names the bill "A measure to promote international trade and travel throughout the air," but, in my judgment, the proper name for the bill, as presented to the House and in the hearings, would be "A bill to promote and enlarge the deficit in our Post Office Department."

I have here a statement, prepared by the Post Office Department, showing the expenditures, revenue, and deficit of our postal funds for the past fiscal year.

Total expenditures		$803,893,287.80
Total revenues		657,348,088.08
Deficit		146,545,199.72
Revenue credits:		
Penalty matter, other than that of Post Office Department, including registration	$9,886,456.00	
Franked matter—		
By Members of Congress	723,671.00	
By others	128,970.00	
Second-class matter, free in county	704,579.00	
Free matter for the blind	132,161.00	
Publications exempt from zone rates	392,495.64	
	11,968,332.64	
Expense credits:		
Aircraft service	[1] 17,167,501.04	
Differential favoring vessels of American registry	[1] 18,911,474.60	
	[1] 36,078,975.64	
Total revenue and expense credits		48,047,308.28
Net deficit		98,497,891.44

(It will be noted that subsidies for air and ocean vessels mail service equaled about one-third the net deficit.)

The total postal expenditures were over $803,000,000 and the total revenues of the Post Office $657,000,000, leaving a total deficit for the Post Office Department for the past year of $146,545,199. The loss in subsidies paid the aircraft service above the receipts and the differential favoring the vessels of American registry amounts were as follows: For the aircraft service $17,167,501, and for the differential favoring American vessels under this present bill, $18,911,000, or a total deficit of $36,078,975.64. If this bill becomes a law, the deficit, because of mail subsidies to private corporations, will be much greater in the future as a result of its provisions.

In the first place, gentlemen, it was made very plain to the committee that the proponents of this bill, the Goodyear Co., would not undertake the construction of these ships or enter into the foreign service without this subsidy contract from the Post Office Department. Mr. Hunsaker, the man who has the construction of these ships in charge, so stated, and Mr. Keating, the lawyer who represented the airship people, made practically the same statement. The bill, it will be noted, provides a period of three years before the Government will be required to begin to pay the subsidy under a contract. That provision is not for the benefit of the Federal Government, but it gives the airship people three years to construct their ship after they have secured a satisfactory contract from the Government, otherwise they will not undertake the construction of the ships. It is contended by the gentleman from Ohio, Mr. CROSSER, and others, that this subsidy contract is comparable to those given ocean-going ships. But the capital invested in airships is much less than in first-class ocean steamships, and the subsidy to airships possible under this bill is very much greater than that to ocean liners of the first class. This was brought out in the hearings before the committee.

[1] Subsidies paid for fast mail service.

Mr. Hunsaker, of the Goodyear Co., stated that under the present law, referred to by the gentleman from Wisconsin [Mr. STAFFORD], $12 a nautical mile is the maximum that can be paid to ocean-going ships. Class 1 ocean ships must show a speed of at least 24 knots an hour in ordinary weather to entitle them to a subsidy of $12 per mile. But this bill proposes to go much further than that, as Mr. HUDDLESTON has pointed out, and provides that airships in class 1, under the terms of this bill, can be paid up to $35 a mile, or $350,000 for a 10,000-mile trip to and from the Orient. This is three times the subsidy the *Leviathan* is paid for carrying ocean-going mail, and the *Leviathan* cost five or six times as much as one of these airships to construct it. Let us figure $5,000,000 for the construction of one of these first-class airships. There are nine ocean-going ships that are fast enough, we were told, to qualify for class 1; and the United States has only one, and that is the *Leviathan*, a ship costing a sum that would build five class 1 airships. Yet it is proposed to pay this airship three times as much subsidy as we pay the ocean-going ships; and the question is raised, Does the Goodyear Co. demand $35 per mile as a subsidy? The gentleman from Michigan [Mr. MAPES] brought that out. Mr. Hunsaker testified at page 40. He first admits that they are not bound to carry any kind of mail or any given amount. He states that if they carry but 1 pound they expect to be paid the full subsidy of $35 per mile. He also states that ocean ships now receiving the full subsidy sometimes carry only one letter per trip, and that there are some freight steamers he believes that are receiving subsidies for transportation of the mail. Mr. MAPES asked:

> Would you want the department to make a contract to pay $35 a mile for the carriage of mail?
>
> Mr. HUNSAKER. Regardless of the poundage?
>
> Mr. MAPES. Regardless of the poundage; whether there is one letter or any number.
>
> Mr. HUNSAKER. Yes, sir; these are mileage contracts, and it means that the department has leased or owned the capacity; and they can use it fully or not, depending on how they route their mail and on what mail is available.

In other words, all they have to do is to carry one letter in order to receive this enormous subsidy. The airship company can not lose. The contract is ironclad and for 10 years in time. As Mr. CROSSER has already stated to you, the Goodyear Co. has built the *Akron*, and they are soon to finish the *Macon*. The Government has paid for the *Akron* and owns it, and they are going to pay for the *Macon* and own it. In my opinion, they are of very little public value; they are only naval toys, so far as war service is concerned. For commercial uses they doubtless have great prospects for the future. The United States Government will own the *Akron* and the *Macon*, but this bill proposes a subsidy that in a short period of time will pay for the ships contemplated, and a private company will own them, together with a fat subsidy contract that may easily cost the United States a hundred million of dollars in the 10-year life of the contract.

My friend Mr. STAFFORD perhaps got a little mixed in his figures, but the graft possible in this bill is so great that it is difficult for anyone to understand it. Mr. Hunsaker said that every time an airship would make a trip from New York to Paris and return, the $35 per mile subsidy would earn $63,000 each way or $126,000 for the round trip. If they made 50 trips a year they would earn $6,300,000, or more than the highest estimate of the total cost of the airship. Mr. Keating, who represented the company, also stated that on a round trip to the Orient, which is 12,000 miles, at the rate of $35 a mile, a class 1 airship would earn $420,000 for every trip it makes under such a contract. In other words, it is plain that so far as the gross investment in these ships is concerned, it will be paid for by the Government in subsidies in a year or at least in less than two years.

I am not in favor of paying this tremendous subsidy above that which we now pay the ocean-going ships. I do not think we are warranted in paying that additional amount of money. Perhaps the proponents of this bill value these ships so highly because they may be able to fly high enough to get over the tariff wall that has been built between this country and other nations. Because of trade and tariff barriers our ocean-going vessels now have hardly enough business remaining to warrant their efforts to keep the American flag still flying upon the high seas of the world.

Mr. LINTHICUM. They can not get over this tariff wall, I do not care how many airships you have.

Mr. SHALLENBERGER. I maintain that this bill makes possible too great a drain upon the Public Treasury. At the proper time I shall offer an amendment providing that instead of paying $35 a mile we pay $12 or $15, something comparable with that which we pay the great ocean-going vessels now, ships that have five times the amount invested in them and render a great deal more valuable service to the country.

We had testimony before the committee showing that these airships can earn a great deal of money in passenger traffic. Mr. Hunsaker pointed out that they would have capacity for 80 passengers. If they only take 50 passengers, at $500 per passenger, that is $25,000 per crossing, and every time they make a round trip they can earn $50,000 in passenger fares. Mr. Hunsaker says they expect to make an initial charge of $1,000 a passenger and they expected to get it for a while at least. The *Graf Zeppelin* charged $2,000 a passenger, and they had a long waiting list of people who wanted to ride on that ship.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. PARKER of New York. Mr. Chairman, I yield five minutes to the gentleman from Minnesota [Mr. MAAS].

Mr. MAAS. Mr. Chairman, there has been more juggling of figures here to-day than I have ever seen in this House. As a matter of fact, the postage rates will be so adjusted as to cover the contingencies mentioned, and I believe this is one bill that will give the Government a chance to make some money. I am satisfied that the real result in the end will be a profit to the Government on this service.

There has been a great deal of talk about these airships being toys. Well, you know there were gentlemen in their day who said that railroad trains were toys, and then those who said that automobiles were toys, and not long ago they said that airplanes were toys. Believe me, those Zeppelins that came over and bombed London during the war were not toys, or if toys they were pretty dangerous ones, as they killed hundreds of people. As a matter of fact, I think crossing the ocean on a lighter-than-air ship of the type of the *Akron* is safer than crossing it on a surface ship. I have taken a trip on the *Akron*, and so have other Members of this House. It rides more comfortably and I think it is actually safer than an ocean-going boat. On the trip to the Pacific coast the *Akron* was not in any difficulty from the storms at any time. They did have to go over high mountains, which they would not have to do in crossing the ocean.

Because of the altitude, they automatically released some helium. Most of it was valved out, however, in an effort to descend rapidly when three inexperienced soldiers on the ground unfortunately got hauled up by a sudden shift in air currents in the hot valley that sent the *Akron* several hundred feet off the ground. These men became confused and failed to let go of the ropes in time. With regular docks and landing facilities such accidents would not occur. One of the benefits of this legislation is that new and additional terminal facilities for airships will be built by private capital, providing in itself much needed employment, and, best of all, without any expenditure on the part of the Government, millions of dollars will go into wages for construction work now, when employment is so needed. The fantastic story, incidentally, about the *Akron* being in difficulty in a storm over Texas on its westward trip and signaling its distress to the ground with flashlights from the airship arose from somebody's imagination and a lack of understanding of the situation. At no time was the *Akron* in distress, nor did it send out distress signals. Air-commerce regulations require airships to use intermittent running lights, and it was the periodic flashing of these navigating lights that created

the impression on the ground that flashlights were being used to signal from the *Akron*.

Actually, the crew were most comfortable and safe, and merely as a matter of precaution, Commander Rosendahl decided to cruise around during the night rather than go into the mountain country during the storm at night. There was no hurry and no reason to push on then. Had it been urgent, or in war, there would have been no hesitation in proceeding on its course, even in the storm. It was merely extra precaution with valuable Government property.

The storm, and incidentally one of the most severe that could be encountered, was in no way a barrier to the trip and offered no more hazzard to the airship than a similar storm would to a surface vessel. It was, in fact, an excellent test and proof of the practical value and airworthiness of a big airship.

There is no possible expenditure under this bill for at least three years, so that it is not a question of adding to the present deficit; but it does mean that during those three years when employment is so badly needed, private capital will be brought out of hiding or inactivity and put into normal trade, because it will go into wages. What we need is to get capital into new enterprises. It means that the Goodyear Co. and perhaps others who will build these ships in the meantime, on a chance to bid for a contract, will employ many hundreds of people. Their money will go into circulation. That is the one thing we need to-day.

I have flown to South America and back through Central America, and I want to tell you that air service has materially improved and increased American trade in those countries. It gives us a chance to compete with European countries on the matter of service, both in sales service and the service of equipment on machinery and parts, that the European countries can not give. It has made a material change. The total deficit on air mail can not be charged up as a total loss, because against that is the increase in general American trade that heretofore has gone to other countries, to say nothing of improved international good will.

The next great development is in the air, of course, whether it is in war or in peace. The next great scene of activity is the Orient. The next great trade center to be developed is in the Orient, and that is where speed will be highly essential. It is important for us now to start the development of a type of transportation that will permit us to compete for trade in China with the rest of the world and particularly European countries. It is not the intelligent thing to wait until we are actually in competition with other lighter-than-air ships. The smart thing to do is to take the initiative. That is in keeping with the real American spirit. The thing for us to do is to prepare now for the future and be there first and not get there afterwards, when the trade has already been diverted into other channels.

The *Akron*, built out of Government funds, is a perfectly practical ship in peace or in war. That is now demonstrated. This bill provides the cheapest possible way for us to aid national defense—to get further development in lighter-than-air ships done privately. Otherwise, we will be forced to do it out of appropriations directly for the War and the Navy Departments. But in this way private capital will make scientific advancement in lighter-than-air ships, which the Navy and Army will profit and benefit by in their future operations.

There are so many benefits as well as possible savings from this plan that it should be undertaken. The answer to the question with reference to the deficit is that if the Budget is not in a condition to stand such contracts, they will not be made at that time, and the rate of postage can always be adjusted to a point to take care of whatever is necessary to spend for carrying the mail on these ships.

The maximum authorized rate per mile based on speed, identical with rates now being paid surface ships, is a protection to the Government, and at the same time places airships in a fair competitive position with surface ships.

The amount the Government, through the Post Office Department, safeguarded by the necessary approval of the Appropriations Committee and the Congress, may see fit to pay for the proposed service can be determined by the Government based on its consideration of: First, what revenue it may likely receive from extra postage; second, its value to the people of the United States in the development of foreign trade, the national defense and the continuance of a new industry seeking to establish itself in these times of depression. The mail-carrying capacity of a transatlantic airship is 20,000 pounds. If all of this capacity were used at a surcharge of 10 cents per letter, the Government would get $80,000 per trip. If only one-half of this capacity were used the return would be $40,000 per trip.

The cost of operating the airship must be recovered by selling its services for carrying passengers, express, and mail. Each service can be expected to pay whatever it is worth. No one can now tell how much these services can be sold for. Only experience in operating can determine this, and this experience can only be gained after private capital has expended many millions of dollars in building airships and terminals. Before setting up this operation, a price for passenger rates must be set up, also a price for express, also a price for mail. If any of these rates are too high or too low they will be adjusted in light of experience. The price the Government may pay will be determined by what the Government may figure its worth to the American people and by that standard only. In this determination the Government will, of course, take a risk with possibilities of gain or loss. The operator will take a greater risk because if the public will not become passengers or send express, the venture will be a failure, and the Government does not pay and the private millions invested in the enterprise will be lost.

If it fails, the Government loses nothing. If it succeeds, it is possible that the Government will make money out of its contract with the operator.

We must realize that we are not and can not longer remain isolated in matters of world trade, travel, and communications. No matter how much we might like to remain so, world progress will not permit it. Therefore it is incumbent upon us to keep pace with developments, and the wise thing is to lead not follow. The seed we sow to-day we will harvest to-morrow. I hope and urge that this bill will pass. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. HUDDLESTON. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, every year there goes forth to the country a statement explaining the poor business showing of the Post Office Department and Congress is usually blamed for the deficit. These figures are at times misleading. Again they are the result of juggling the facts, and sometimes the postal policy law, which was enacted some few years ago, is entirely forgotten.

Some years ago we passed an act to separate from the actual postal charges, charges such as subsidies that should not be made against the Post Office Department appropriation. Nevertheless, the Post Office Department is held responsible for these losses, although they were all brought about by an authorization of Congress. This bill will be another charge against the Postal Department. It will increase that deficit, and we, in turn, will be required to increase either the cost for the use of the Postal Service, or we will be required to further decrease the salaries of the personnel in the Post Office Department.

This legislation, like every other measure introduced to promote a new and epoch-making method of transportation, will have its friends and its foes, and from the light of experience and history we know that those who disapproved such legislation in the past were in the course of years humiliated by the results attained.

So, while I will not take a positive position against this bill, because I know that within a few years air transportation of this kind will be as popular as rail or motor trans-

portation is to-day, still I believe we should have in mind that this will be another charge against the Post Office Department and that it properly should be made a charge against the Treasury Department.

Before air mail contracts are entered into under the provisions of this act the Post Office and Post Roads Committees of the House and Senate ought to be given some jurisdiction in the matter. This action, in my judgment, as carried out by the provisions of this bill, will be a usurpation of the authority of those committees.

The making of any air mail contracts for the transportation of United States mails overseas by airship at this time may be a deterrent factor in the uniform and proper development of the American dirigible industry. We should be sure that we neither discriminate nor show favoritism in the matter.

We have similar bills before our committee, and I am, of course, in favor of the general proposition. However, I think it ought to be properly safeguarded before it is adopted and some authority and discretion should be left with Congress. We give the same subsidy and the same privileges to foreign airships that we do to American airships, according to the provisions of this bill. I favor the principle of the bill, but I believe it should be amended. Such contracts as these should require the approval of Congress.

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Chairman, I yield five minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman, I agree with the principle just expressed by my friend the gentleman from New York [Mr. MEAD], chairman of the Post Office Committee, and yet, in line with that principle, I favor this bill and believe it should be enacted into law.

The bill carries out a consistent purpose which is older than our Constitution. It is the use of the Post Office Department to encourage and develop new industries. In 1784 the Continental Congress passed an act granting special rates of payment to stage-coach companies in order to encourage that means of transporting passengers between the villages and towns of the country. The post riders could carry the mails, but Congress subsidized the stage-coach companies for public benefit. Therefore there is nothing new about this proposal. It is simply an old-time program of the Post Office Department in carrying out the policy of encouraging new industries.

I agree with what the gentleman from New York [Mr. MEAD] has said about the cost. He stated clearly facts which should be remembered by every Member of this House. By the act of June 3, 1930, we specifically exempted from the Post Office balance sheet the charges for the air mail and merchant marine subsidies. We took out the cost of the franking and penalty privileges and other services of the kind. Thus, the figure given by the gentleman from Nebraska [Mr. SHALLENBERGER] of $146,000,000 as the postal deficit is misleading. The net deficit was $98,000,000. These other charges are for congressional policies for the encouragement of new means of transportation and other nonpostal activities.

It is said this bill should have been considered by the Post Office Committee, and we have had under consideration dirigible bills for the last four years. Taking the view that this bill provides for an extension of the merchant marine law, it logically comes from the Committee on Interstate and Foreign Commerce. As to cost, I believe the bill provides a way to make the service self-supporting after its establishment.

The carriage of 10,000 pounds of first-class mail is provided for under this bill. There is an average of 45 letters to a pound of mail. Under this measure the Postmaster General may establish any rate he desires. It is well within the limits of possibility to say he might fix a surcharge of 20 cents per letter, which would mean a total return of $11.25 a pound. It is possible, therefore, to have a return of $111,000 for a shipment of that poundage of mail. The total maximum cost under this bill will be less than $100,000. So I say there is the possibility this service will become self-supporting after it has proven its value. Certainly we should not hesitate to encourage a brand-new industry, which will set men to work, which will speed up delivery of mail in regard to foreign trade, and which will give us an advantage in speedy transportation over other countries. At the present time France is paying far more in subsidies in proportion to its air mail than is the United States. France not only pays a direct subsidy to aircraft companies carrying mail to her foreign possessions and to foreign countries but she allows the company to keep every penny of the postal revenues received. In this bill the postal revenues received go into the Treasury and are used to help pay the cost.

Mr. HOGG of Indiana. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. HOGG of Indiana. What would be the objection to inserting in the bill an amendment which would provide that the expenditure for any arrangement the Post Office Department might make to carry out the provisions of the bill should not be larger than the revenue received.

Mr. KELLY of Pennsylvania. I am sure my friend knows that when we start experimenting with this service, there is bound to be a loss for a time. The Pan American Airways Co. has an investment of $18,000,000, which has been used in the foreign air mail service of the United States. It has never paid a penny of dividend and yet it has rendered a great public service. The amount of mail carried shows an increase of 500 per cent over what it was at the start, and the revenues are almost as much greater. The money spent by the Government has been a most profitable investment and nothing we have done has increased to such a degree the friendly relations with our neighbor nations in Central and South America.

At the beginning of this kind of new service there is bound to be a considerable gap between income and outgo, but my belief is that there will be a continual lessening of that gap and in time this service can be made self-supporting.

Mr. HOGG of Indiana. I understand, however, that there was testimony presented or representations made that the income would be greater than the cost to the Government.

Mr. KELLY of Pennsylvania. No; I do not believe that would be so at first, because it will take time to prove to our business interests the value of speed and security. However, this measure should be enacted as a forward-looking measure, in line with modern progress. [Applause.]

[Here the gavel fell.]

Mr. HUDDLESTON. Mr. Chairman, I had hoped, when control of my committee shifted to my side, that I would be relieved thereafter of further performing the function of "his majesty's opposition." But it transpires that the present minority has abdicated their function so far as this bill is concerned, so that it devolves upon me to come back to my previous duty of pointing out why this measure should not be passed.

This is a typical special-interest bill. There is no public demand whatsoever for it. No public authority has asked for its passage or has appeared before the committee. It originated with the Goodyear Co., which conceived the idea that they would be able to get financial support for their merchant-airship development if they could get a profitable Government contract. If this bill is not passed they will build no ship. If this bill is passed—yet the company is unable to get this subsidy from the Post Office De-Department; is unable to get the Postmaster General to enter into the contract that is provided for—there will be no ship built. It will merely be a vain gesture in which we have indulged.

These gentlemen conceived the idea of getting this bill passed through Congress, not as a measure of public importance and not for the purpose of providing against unemployment, but as a means of securing profits for themselves in their industry. Although I have evidence that they have been very active in seeking to elicit support for the bill, I have received only two communications from what

you might call outside sources in behalf of it—they were from a couple of fine gentlemen in my district who were interested in a helium development and had been asked to write to me. They want to sell some helium, and, therefore, they are interested in this proposal.

It is a typical special-interest bill. No public interest is to be served or can possibly be served otherwise than in the development of a private industry, if that be a public interest. No responsible officer of the Government has advocated the passage of this bill. It was referred to the Secretary of Commerce. He made no reply. It was referred to the Postmaster General, who, in reply, took occasion to say:

that while we interpose no formal objection to the passage of the measure proposed, I deem it my duty to state clearly that our failure to make such objection must not be construed as committing the Post Office Department now or at any future time to a policy of dispatching the mails across the Atlantic or Pacific by lighter-than-air ships.

We come therefore to the House with hearings carrying only the testimony of those who expect to reap profits out of this proposal, and without any adverse interest having been heard, and without being supported by any responsible officer of the Government.

I am opposed to subsidies of any and all kinds. I trust I may continue to maintain my political fortitude and integrity to the extent that I may vote against all such measures in the future as I have always done in the past. Therefore I am opposed to this measure from the standpoint of principle.

I am merely performing a duty which I feel is imposed upon me in presenting the opposition to this bill. I feel that Members of the House are entitled to know what it means; and let me say to you that I doubt if any who are not on the committee, even after the debate you have heard, fully understand the significance of this bill. Perhaps you will understand but little if any better when I have finished my remarks. Nevertheless, I will at least have the consciousness that I have attempted to tell you something of what this bill means.

The poison in this bill is in subdivision (a) of section 1—the first and main dose of poison. By that provision we legislate with reference to the merchant marine act. You may read this bill yet not have the slightest idea of what it means; you may go even farther and read the merchant marine act and still not get any clear idea of what that provision of the bill means.

Yet that is the heart of the bill. That is what gives the Postmaster General authority to make a contract. There is where the subsidy is carried. Under that provision of the bill the Postmaster General is authorized to make contracts, binding upon the United States Government, for periods of 10 years each, and binding our Government to pay as much at $35 a mile one way upon an indefinite number of lighter-than-air postal contracts that he may choose to enter into establishing routes across the sea. There is no limit upon the number of these routes which may be established. We may have 3 or 4 to Europe; 1 or 2 to Africa; 2 to South America; 3 to the Orient, and so on. There is no limitation whatever upon that. Under that provision the Postmaster General may agree to pay up to $35 a mile for every one of these routes, no matter what its length may be.

It is, say, roughly speaking, about 3,500 miles to Paris. The Postmaster General is given the power under this measure to make a contract binding the Government for a period of 10 years to pay for every trip that one of these vessels may make from here to Paris $122,000. For 50 trips a year you can see that the expenditure upon that one route would amount to over $6,000,000.

If we may conceive that the Postmaster General would enter into contracts establishing routes as I have mentioned, it may possibly transpire that this service will cost the Government up to $100,000,000 a year. And the amazing thing about this is that despite this enormous outlay, it does not follow necessarily that as much as a single letter shall be carried on a single route. Of course, I will not say this will transpire. I merely point out to you what are the possibilities of this bill, and these are the possibilities. The contracts provided for do not require the carriage of any particular amount of mail nor any mail at all. Let me also say now, while I think of it, that every piece of mail sent through the air will be taken away from the mail which would otherwise be carried by our surface ships. I know of no reason to think that there would be any increase in the mail because it is carried in this fashion. And what we are now paying in subsidy to seagoing ships will not be reduced a penny.

Gentlemen take refuge behind the fact that this bill does not award a contract; that it is a mere authorization. In reply, I say this as a matter of principle: That the Congress should not authorize any officer of the Government to enter into a contract which Congress would not itself enter into if it were advised and had sufficient facts before it to enable it to act. The Congress can not shelter itself behind the faults of an officer whom it has clothed with authority to do that which he has done.

The responsibility is upon Congress, and Congress, when it authorizes contracts to be made, should surround them with such safeguards as to make it impossible that it shall be an improvident contract. The Congress should make it impossible that the Government should be beaten and defrauded by a contract, whether in good faith or otherwise.

In authorizing an agent to make a contract the principal is always chargeable not merely with legal but with moral responsibility for the contract which the agent makes within the scope of his employment, and the most that the principal can expect as between him and the agent is that the agent shall exercise his discretion in good faith; but as between outsiders, the responsibility, both legal and moral, extends to the full limit of the authority conferred upon the agent.

If we do not intend that the Postmaster General shall establish these routes, 10 or 20 routes extending to the remotest corners of the world, upon a basis of $35 a mile and at an expenditure of somewhere between $50,000,000 and $100,000,000 a year, without a penny of benefit being derived by the Government—if we do not intend that the Postmaster General shall do this, then we have no right to give him authority to do it.

The argument has been made in behalf of this bill that it merely puts airships upon an equality with the surface-going vessel and enables them to make contracts on the same basis as the surface-going vessel.

This argument, of course, is made in good faith, but it is highly misleading. The joker in it is this: The rate of payment is based upon speed. The speed capacity of the surface-going vessel is about 35 miles an hour, which makes the maximum for a surface-going vessel about $17.50 per nautical mile. But the speed capacity of an airship is about 70 miles per hour, so that the limit of payment at the same rate is $35 per mile, or twice that which could be paid to any surface-going vessel.

The talk about competition is absurd. All you have to do is to put a speed limit in the request for bids and you exclude all the surface-going vessels. In short, you insure, by the passage of this bill, that only one concern in the country can bid on this contract, and that is the Goodyear Co., a concern which has not got a ship and does not need to have a ship until after the contract is awarded. All it has to do is to agree to build a ship within the three years before the contract shall begin.

This is a bill for the benefit of the Goodyear Co. It should be so labeled. It should be so recognized; and those who take the responsibility of voting for it shoulder the responsibility of voting a subsidy of nobody knows how much in amount to this particular concern for the purpose of enabling them to carry on this enterprise. This is what the bill means. This is why I can not vote for it.

When we were in the war everything that was brought in, in the way of a job, was "to help win the war." Everybody who had a selfish interest drew the cloak of patriotism around him and was helping to win the war. That same

spirit has passed on to us with the time and the emergency, the same argument has been adapted to the existing conditions, and again that same situation confronts us.

Now it is "unemployment." The idle by millions are walking the streets, hundreds of thousands of starving women and children are reaching out their hands for bread. Now they are capitalizing the humane sentiments which must arise in every heart in the face of such a situation; and we find similar selfish interests pulling the cloak of patriotism around them and saying, "We want to aid the unemployment situation."

If we had an entirely different situation, in which unemployment did not figure, some other highly patriotic reason would be found—"We want to expand our foreign trade," or "We want to nourish the prosperity of the country."

I have never known a selfish interest to come to Congress and put its case squarely on its merits and say, "We want you to pass this measure in order that we may make some money."

The thought crowds upon me that we are now reaping the awful fruit of policies of which this measure is a part. These processes of pseudo-socialism, of which Karl Marx would be ashamed, because they socialize for the benefit of a few instead of the welfare of the multitude. We are suffering from the fruits of such policies now.

Instead of going recklessly forward along this course, which has brought us to the brink of ruin, we should about face and go back to the practice of real individualism so that there might be opportunity for private initiative, free from governmental interference, free from governmental control, and free from governmental subsidies. [Applause.]

If this country is to survive it will be on the initiative of the individual citizen, and his hope to reap the fruits of his labor. It is not by going forward with governmental favors in subsidies or artificial trade barriers, which has brought ruin on the country.

If these people want to make money with airships, let them build them on their own responsibility. If conditions justify airships, we will have airships; we do not need to take this industry and swaddle it with funds from the public Treasury. It is by so doing that we have brought down upon ourselves and on our country the consequences from which we now suffer. Let every man and every business stand on its own feet. Give every man a fighting chance. Take the hand of the Government off business and off enterprise and off the individual. Take the hand of the Government out of the taxpayers' pocket. Let him who would ride pay for the horse. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. PARKER of New York. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, it seems to me that the efforts of the gentleman from Alabama [Mr. HUDDLESTON] should be directed toward the repeal of the merchant marine act and not to an amendment to that act to make it in keeping with the times in which we are living and the only hope that we may have from repairing the mistakes that are being made in the administration of that law. I am willing to concede a great many of the conclusions drawn by the gentleman from Alabama. He states that the grant of air mail contracts will take mail from the surface ships. Of course it will, just as the steamships took mail from the sail ships. Of course it will. At the time of the construction of the first paddle wheel the United States had the greatest merchant marine in the world, built in this country, manned with American crews. With the development of steam and the steamship this country insisted upon the sail ship, so that in one generation we were far behind in a merchant marine. If we delay now and continue to pour millions of dollars into subsidies for surface ships, other countries will have the supremacy in air transportation. The gentleman from Alabama refers to the average speed of surface ships of 35 miles an hour. I do not know whether he said 35 miles or 35 knots. I say that there is not 1 per cent of the ships to which we are paying subsidies that has a speed of 35 miles an hour. Yet I hear no protests from the gentleman from Alabama when the appropriation bill comes before us for the payment of these subsidies. The difference between the subsidy paid to a surface ship under the merchant marine act and the amendment herein provided is that we pay a lot of money to a surface ship for carrying a little mail, while here we will pay a little money for carrying a lot of mail.

I can name line after line, and I have testified to it before the committee, of ships going out on regular trips carrying one pound of mail. I have named the ships; I have named the line; I have not only appeared before the committee upon it, but I laid these facts upon the desk of the President of the United States. What does this do? It simply amends the law to bring airships under the provisions of the merchant marine act. The gentleman says that none of the adversaries appeared before the committee. Of course not, because the bill is open. Any one who can qualify may obtain the benefits of the bill. There is no opposition to the bill. The gentleman says that it will benefit the Goodyear Co. Of course it will. There is no question about that. The Goodyear Co. is the only company in this country to-day that has successfully built a dirigible of the size and qualifications required under the present bill. Let us be frank about it. Of course, they will have the benefit of it, but at least the ship will carry the mail, and the demand for mail on airships will be such that the Post Office will save money. Why? For this reason. I say, and no one can contradict the fact that every week, every day of every week, there are ships leaving the port of New York receiving subsidies from the American Government for mail which they do not carry, but on the same day a foreign ship of higher speed is leaving the port, carrying mail for which we pay by poundage. Unless we keep up with the competition in air transportation we will find ourselves in a very few years in the same situation in which we were when we were compelled to pass the merchant marine act, when it was too late, and it has been badly managed.

Mr. COLTON. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. I can not now. The airship is not entirely in an experimental stage. Some gentlemen refer to it as a toy. That is silly. A ship of that size, being able to accomplish what dirigibles have up to date, we can not dismiss as a toy. We have succeeded in completing in this country the finest dirigible in the world, which is the *Akron*. The greatest authority in the world, and he is in a class by himself, Dr. Hugo Eckener, commander of the *Graf Zeppelin*, an engineer, says this of the *Akron:*

> Having just completed a detailed inspection of the U. S. airship *Akron* at the kind invitation of the commandant of the naval air station, Lakehurst, I am anxious to express to you and your department my sincere congratulations upon the completion of this wonderful ship. A number of fundamental improvements over the conventional design, particularly the inside power plants and the swiveling propellers, besides a number of novel features, represent such a fortunate combination and are of such far-reaching importance that I fully understand the pride and satisfaction which her commander, her officers, and crew take in her. Furthermore, such performance data of the ship as have become known to me, together with the superb workmanship apparent in every detail, are so excellent that I am anxious to convey to you my admiration for this masterpiece of American engineering and draftsmanship.

Mr. Chairman, we pride ourselves in the development of the internal-combustion motors. I suppose every gentleman on the floor believes that we have advanced ahead of every other country in motor development. As a matter of fact, all this good workmanship that Doctor Eckener talks about would be useless were it not for the German motors that are on that ship. I wonder how many of the Members here to-day know that after we had built the *Akron*, and after we had shown the ability to construct that ship, we did not have the motors to put in it, and we had to go to Germany to get them.

The *Akron* to-day is equipped with Maybach motors. So that we must learn as we proceed in the development of aviation, and I for one do not want to see my country fall behind as it did with the steamship and as it surely will with the airship unless we do something. If we had not

subsidized the merchant-marine surface ships, if we had not adopted that policy, then I submit that some arguments presented by the gentleman from Alabama might be tenable.

Mr. WOODRUFF. Will the gentleman yield?

Mr. LAGUARDIA. Not just now. However, in the face of having adopted this policy, in the face of having subsidized surface ships, I say it is simply bringing this bill up to date to amend it, so as to make it possible that an airship may carry mail and receive the same advantages as the surface ships receive.

The CHAIRMAN. The time of the gentleman from New York has expired.

All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the following provisions of the maritime law as now in force are hereby made applicable to foreign commerce by American-built airships registered under the air commerce act of 1926:

(a) Sections 404, 405 (b), 406, 407, and 409 to 413, inclusive, of the merchant marine act, 1928, relating to the ocean mail service; and

(b) Sections 4281 to 4287, inclusive, of the Revised Statutes and section 18 of the act of June 26, 1884 (23 Stat. 57), relating to the limitation of vessel owners' liability; and

(c) Sections 1 to 6, inclusive, of the act of February 13, 1893 (27 Stat. 445), commonly known as the Harter Act; and

(d) Section 15 of the shipping act, 1916, relating to foreign-trade agreements.

Mr. HUDDLESTON. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. HUDDLESTON: Page 2, line 1, strike out lines 1, 2, and 3.

Mr. HUDDLESTON. Mr. Chairman, my amendment would eliminate from the bill the clause which enables the Postmaster General to make a contract for carrying the mails by these airships. It takes away the subsidy which is found in this bill. It removes the poison from this dose that is now tendered.

What I have said in opposition to the bill was addressed to the part which I now seek to remove, and is applicable to my amendment. I have nothing further to add.

Mr. CROSSER. Mr. Chairman, I rise in opposition to the amendment. Of course, Mr. Chairman, to adopt this amendment would be unjust. I still have not come to the conclusion that the Postmaster General, simply because he is Postmaster General, will be a scoundrel. I think the proper assumption is that he is going to be honest and serve the interests of the American people.

I remember reading one time a quotation from a famous author in which he said:

He that sayeth there is no such thing as an honest man you can be sure is a rogue himself.

I make no personal application of that, of course, but cite it merely as a caution to those who are tempted to assume the "holier-than-thou" attitude.

Now, Mr. Chairman, is there any reason why this or any other means of transportation should not have the same right to carry cargoes, whether passengers, express, or mail, as any other kind of transportation? None whatsoever.

Mr. HOGG of Indiana. Will the gentleman yield?

Mr. CROSSER. I yield.

Mr. HOGG of Indiana. How much will this bill cost the Government?

Mr. CROSSER. This bill will not necessarily cost the Government a nickel. These ships will be built without a single penny of expense to the Government, whereas the steamship companies can borrow three-fourths of the value of their ships. They do not ask for a single dollar.

Mr. WOODRUFF. Will the gentleman yield?

Mr. CROSSER. I yield.

Mr. WOODRUFF. Is it not a fact that any money that is paid to these particular ships for carrying the mail will not be paid to some other ship for doing exactly the same thing, if these ships are built and authorized to carry mail?

Mr. CROSSER. Absolutely so. It seems to me so preposterous. One must have highly developed the love of the heroic rôle when he can picture himself with his back to the wall protecting the American people against a Postmaster General determined to place upon the Post Office Department all of the expense of operating one of these airships and let them carry 80 passengers and a great deal of express scot free. It is so ridiculous that it does not need to be further discussed. If we really believe that this country of ours should avail itself of the opportunity of taking a place in the front rank of the nations of the world in an effort to extend the trade of this country, if we have sense enough to avail ourselves of the advantage of the natural monopoly we have, namely, the helium of the country, located in Texas, Colorado, Kansas, and Utah, we could not give a moment's consideration to this amendment.

These people ask only that they be given an opportunity to bid to carry the mails at a fair rate of compensation. The rates named in the bill are merely the maximum or limit beyond which they can not go. They are the rates fixed by the marine act. As far as I am concerned, I would be perfectly willing to have said the Postmaster General may make a fair contract with these people for the carriage of the mail and let it go at that. We thought we were making doubly sure by putting it on the same basis as the merchant marine act puts the surface ships.

Mr. THATCHER. Will the gentleman yield?

Mr. CROSSER. I yield.

Mr. THATCHER. In the bill, is it intended that the right of the Postmaster General to exercise the power to make a contract shall be permissive or compulsory?

Mr. CROSSER. Altogether permissive. This does not do anything except permit the Postmaster General to make a contract for the carriage of the mail, if he considers it in the public interest. The minority report says that the supporters of the bill would not be interested in its passage if it did not permit the carriage of mail. Neither would it be desirable if it prohibited the carrying of passengers and express. Of course, they must be able to carry all three kinds of traffic in order to make it a success.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gravamen of the argument in favor of this subsidy is that it is for the expedition of the transportation of mail. Following the logic of that position, we should subsidize, or have subsidized, our transoceanic cables and our wireless, because the prime purpose of these utilities is communication.

It is known that under the subvention act we grant subsidies to various classes of steamers based upon their speed, the maximum being $12 a mile. These steamers are obliged to carry all the mail that is offered, regardless of its tonnage, in addition to the mileage subsidy, and for this they get no return. They are paid for the carriage performed.

By this bill you are going to pay this private undertaking, this private establishment, $35 a mile instead of $12 a mile, for it is stated that it is possible under the provisions of the bill to pay $35 a mile, to give employment to a private industry. For what? Not the carriage of the mail. Such an agency is already provided to-day.

The gentleman from Ohio says the law would not be abused by the Postmaster General. I say the Postmaster General has abused the air mail appropriation in establishing foreign-mail service from American ports to South American ports, and has expended millions and millions of dollars when the mail did not justify the expenditure.

This is an authorization without any limitation whatsoever. If the principle involved does not mean anything to the Democrat who is advocating this bill, it does mean something to me, because I do not believe in voting special favors to the special few.

Mr. PARKER of New York. Mr. Chairman, I move to strike out the last word.

Of course, you all recognize that the amendment offered by the gentleman from Alabama means he might just as well have moved to strike out the enacting clause. It means the absolute discarding of the purposes of the bill.

A great deal has been said about the rate being $35 a mile and about there being no return to the Federal Government. Of course, that is possible, but at least we have got to concede that the Postmaster General is a man of ordinary ability; and, if he is, he certainly is not going to grant a contract at the maximum price and carry the mail for the minimum postage. That can not be. No sane man would ever make a contract of that kind.

Now, you talk about speed, about the use of dirigibles over the water. As the gentleman from New York said, about 15 miles an hour is the economical speed of a steamship. When you go beyond 20 miles an hour the cost of the increased speed is entirely too great to make it economical to build ships faster than about 15 to 20 miles an hour for a long trip.

With aircraft or lighter-than-air craft, the minimum speed will be about 60 miles an hour, and they are able to go up to a hundred miles an hour. In other words, the time of crossing the ocean will be reduced from five days to less than two days.

You all know the difference between freight and express. The steamship companies are not opposing this bill. They know perfectly well that the quicker transportation of mail will increase their freight business, for the reason that business men are in closer contact with their customers abroad.

The opposition talked about four or five lines to Europe and four or five lines to Africa. This is not the last Congress that is ever going to sit. If this law is abused some future Congress can change it. If any company should try to establish more lines than were practical, any honest and efficient Postmaster General would refuse to grant contracts. He would not grant any more contracts than were entirely practical.

I most sincerely hope the amendment of the gentleman from Alabama will be voted down, because, as I have said, you might just as well strike out the enacting clause.

Mr. REED of New York. Mr. Chairman, I move to strike out the last three words.

Solomon once said, "Where there is no vision the people perish."

We have to go back only a short time to 1907 when the Fulton celebration was being held in New York City. Thousands of people were there from all parts of the United States to witness a trial run of the old *Clermont*, which had been reproduced for that purpose. Thousands watched the old *Clermont* as it navigated with difficulty the current of the river. It provoked a great deal of merriment when this pioneer steamship was contrasted with the great, modern, palatial steamers in the harbor, equipped with every possible comfort and luxury from libraries to swimming pools. While the spectators were watching and noting the contrast and commenting on the great improvement and advancement that had been made in a hundred years, some one shouted, "Look" and pointed to the sky. Thousands of people looked and marveled, for there they saw Curtiss flying over the city.

Again drawing upon our imagination and going back to a time not long after the *Clermont* celebration, we read in great headlines that a ship in distress had sent out an S O S and how numerous ships had received the message and had ordered the pilot to turn back to aid a ship in distress—simply marking the advance that had been made in the field of communication.

One of the most powerful, one of the most logical arguments presented in the United States Senate, with reference to a mechanical invention, was made by Daniel Webster pointing out the impracticability of railroads. He said trains could never hope to attain a speed of more than 20 miles an hour, because if they did the friction would cause the rails to roll up behind the train.

So it is about time to stop and reflect upon the age in which we are living. All of these inventions came in as toys. Many people ridiculed them and characterized them as impractical. Some of these mere toys, such as the telegraph, the radio, the automobile, and the airplane, have literally put hundreds of thousands of men to work at high wages.

One of the needs of the hour is some new invention to take up the slack caused by the invention of machinery which has displaced so many men. The airship is not a toy anymore. It is here to stay. It has already circumnavigated the globe. Companies are running regular airship lines from Germany to other countries.

This is a nation of inventors; it is a nation of people who possess initiative; therefore it seems to me the time has come when we should at least lend encouragement to an enterprise that possesses such great potential possibilities. We subsidized our ships; we subsidized our railroads with public lands, with the result that through this aid and encouragement we brought convenience, prosperity, and happiness to the people as a whole and an abundance of prestige and national wealth as well.

I hope this amendment will be defeated; that we may by our vote encourage this new means of transportation. [Applause.]

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. HUDDLESTON].

The amendment was rejected.

The Clerk read as follows:

SEC. 2. (a) For the purposes of section 409 (a) and (b) of the merchant marine act, 1928, as hereinbefore made applicable, there is hereby established the following class for airships employed in mail service in foreign commerce: Class 1, airships capable of carrying 10,000 pounds of mail, with a suitable commercial load, a distance of 2,000 miles without refueling. The compensation for airships of class 1 shall be the same as that provided by section 409 (a) and (b) for vessels of class 1.

(b) Section 15 of the shipping act of 1916, as hereinbefore made applicable, shall be administered by the Secretary of Commerce: *Provided*, That the Secretary of Commerce shall not approve any agreement which prevents any person a party thereto from making a similar agreement with any other person or persons nor unless it relates to commerce between the United States or possessions or Territories of the United States and foreign countries.

(c) General average and salvage shall be payable with respect to airships of the United States engaged in foreign commerce, their cargoes and freights, in accordance with the maritime law with respect to general average and salvage.

With the following committee amendment:

On page 2, strike out all of lines 13 to 21, inclusive, and insert in lieu thereof the following:

"SEC. 2. (a) For purposes of section 409 (a) and (b) of the merchant marine act, 1928, as hereinbefore made applicable, there are hereby established the following classes for airships employed in mail service in foreign commerce: Class 1, airships capable of carrying 10,000 pounds of mail, with a suitable commercial load, a distance of 2,000 miles without refueling, and capable of maintaining in ordinary weather an air speed of at least 65 knots (74.85 statute miles per hour); and class 2, airships capable of carrying 5,000 pounds of mail, with a suitable commercial load, a distance of 1,000 miles without refueling, and capable of maintaining in ordinary weather an air speed of at least 55 knots (63.33 statute miles per hour). Compensation for airships of class 1 shall be the same as that provided by section 409 (a) and (b) for vessels of class 1. The compensation for airships of class 2 shall be one-half that provided by section 409 (a) and (b) for vessels of class 1."

Mr. HUDDLESTON. Mr. Chairman, I offer an amendment to the committee amendment.

The CHAIRMAN. The gentleman from Alabama offers an amendment to the committee amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HUDDLESTON to the committee amendment: Page 3, line 15, after the words "class 1," insert: "*Provided*, That the contracts shall provide that compensation stipulated for shall not exceed such income as the United States shall derive from the mails which may be carried by airships."

Mr. HUDDLESTON. Mr. Chairman, the statement has been made that the Government would lose nothing by these mail contracts.

Mr. MAPES. Will the gentleman yield?

Mr. HUDDLESTON. Yes.

Mr. MAPES. I am not sure as to the extent of the gentleman's amendment. It seems to me from the reading of

it that the limitation of the gentleman's amendment would apply only to the class 2 ships and not to the class 1 ships.

Mr. HUDDLESTON. No; it applies to all.

Mr. MAPES. The gentleman's amendment, then, is not a limitation upon the last sentence but upon the paragraph.

Mr. HUDDLESTON. Yes. The statement has been made that the Government will lose nothing by these contracts—in other words, that the mails carried will be sufficient to pay the contract price. The purpose of my amendment is to insure that. It will forbid the payment of anything in excess of what may be derived from the mails carried.

If we purpose to grant a subsidy and if that is our intention, then my amendment should not be adopted. If it is our purpose that this service shall be self-sustaining and derive its expense from the mails which may be carried, then my amendment should be adopted.

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the amendment. The gentleman from Alabama will concede that I for one am willing to call a thing by its right name. I say this is a subsidy. There is no doubt about it, because if it were not a subsidy and they were carrying the mail by poundage we would not need a bill. That is why I am opposed to the gentleman's amendment.

Mr. HUDDLESTON. But gentlemen have argued that it was not a subsidy and that it would pay its own way.

Mr. LAGUARDIA. It is a subsidy.

Mr. HUDDLESTON. All those who believe that way ought to vote for my amendment.

Mr. LAGUARDIA. It is a subsidy, because, I repeat, if it were not so, and if we paid for the mail carried, they would get a contract under the poundage system and the bill would not be necessary. I prophesy now that after the first trans-Atlantic airship is built, the demands for carrying the mail will be so great that succeeding ships will prefer to carry the mail on a poundage basis.

Mr. HUDDLESTON. The purpose of my amendment is to take away the possibility that we may spend all of this money and not have a single letter carried.

Mr. LAGUARDIA. That is not possible, although that is going on right now. I could name ship after ship and line after line getting subsidies for mail and carrying no first-class mail, and our only hope of extricating ourselves from the enormous cost and the demands brought about by the merchant marine act is to adopt this new system of transportation, where we will pay a subsidy and get service in return. If you are against the bill, then, of course, you should adopt the amendment offered by the gentleman from Alabama; but if you are in favor of progress and in favor of giving this new means of transportation the same treatment that is accorded obsolete surface ships, then I say vote down the amendment.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. SHALLENBERGER. Does the gentleman think the ship subsidies we have voted and are now paying have resulted in any benefit to the commerce of this Nation or its trade?

Mr. LAGUARDIA. The gentleman knows my position on that.

Mr. SHALLENBERGER. I think here is a good place to stop subsidies.

Mr. CROSSER. Mr. Chairman, I move to strike out the last word. The pending amendment is plausible but very unsound. It proposes to require the airship company to hold at the disposal of the American Government a certain amount of space and let the Government, if it sees fit, either refuse to let them have a cargo of mail or give them an insignificant cargo. In other words, the carrier could not possibly be sure as to having a cargo of mail.

If you were to allow the carrier to deal with the public directly, as it can do in regard to express, of course it could soon come to a conclusion as to what is or is not a fair rate for carrying each letter or each piece of mail.

To ask a private owner to furnish the space, to furnish the expensive equipment, and have no assurance that the Government will furnish a cargo that would pay him the cost of the service he gives in reserving such space, would seem to me absolutely preposterous and unfair, and I, therefore, ask, in all justice, that this amendment be voted down.

Mr. HOGG of Indiana. Mr. Chairman, I rise to support the amendment of the gentleman from Alabama. I have sent a similar one to the desk.

For the past six months we have declared and heard in Congress and from our constituents that we balance the Budget. Personally I am of the opinion that this matter has been discussed altogether too long and that action to balance the Budget should have been taken months ago. I believe that all of us are in favor of balancing the Budget and of reduction of the expenses of government.

What are you doing here now? In plain language you are doing exactly what the gentleman from Alabama [Mr. HUDDLESTON] has said you are doing and what the gentleman from New York [Mr. LAGUARDIA] admits you are doing, namely, you are voting a substantial subsidy. You are putting another hole in the bottom of the United States Treasury. You are spending taxes of the public in a time of national distress.

It had been represented to me that this proposed law would not call for a subsidy. Personally I am not voting for this subsidy. We must diminish the subsidies already granted instead of creating more debts to pay.

All of us know that airships are past the experimental stage. The only thing permanent in this world is change. Advancement will come without another subsidy being voted from the United States Treasury. I believe it is my highest duty, as well as yours, to see to it that the tax burden of the American people is substantially lowered; when you vote against this amendment, you vote to increase taxes.

This amendment ought to prevail or the bill ought to be defeated.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. HOGG of Indiana. I yield.

Mr. COOPER of Ohio. Does not the gentleman realize that any air mail that might be carried on one of these airships will be taken from one of the ocean liners that is now receiving a subsidy, so this would not increase the cost any?

Mr. HOGG of Indiana. And the same subsidy would be paid to the liner that it receives now.

The pro forma amendment was withdrawn.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. HUDDLESTON].

The question was taken; and on a division (demanded by Mr. HUDDLESTON) there were—ayes 31, noes 65.

So the amendment was rejected.

Mr. SHALLENBERGER. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. SHALLENBERGER to the committee amendment: On page 3, line 11, after the period, strike out the balance of line 11, and all of lines 12, 13, 14, and 15, and insert in lieu thereof the following:

"The compensation for airships of class 1 shall in no case exceed $12 per nautical mile and the compensation for airships of class 2 shall be one-half of that allowed airships of class 1."

Mr. SHALLENBERGER. Mr. Chairman, this amendment seeks to limit the amount of subsidy or pay for carrying the mail by airships to the same amount as that allowed to ocean-going vessels.

As I pointed out in my remarks at the beginning of this debate, the investment in the class 1 ocean-going ship is four or five times the cost of an airship. So it seems to me that in considering the condition of our Federal Treasury, our enormous postal deficit, and the tremendous tax bill just voted to meet the lack of money in the Treasury, we are not warranted at this time in paying a subsidy such as would be possible under the terms of the bill.

It will be noted by a reference to section 409 that I have used the language which provides the pay that shall be allowed to ocean-going vessels. There is a provision in the section following that which provides that under certain circumstances, where the speed of the vessel carrying the mail is greater than 24 knots an hour, additional pay of 50 cents a nautical mile may be allowed by the Postmaster General.

and it was shown throughout the hearings that the airship builders expect that they are to receive this additional compensation, or at least $35 a mile. Under my amendment, Mr. Chairman, airships can be allowed $12 per mile. For a 3,000-mile trip the pay would be $48,000, and for a trip to the Orient it would be $180,000 a trip. With cotton at 5 cents a pound and eggs 5 cents a dozen, I submit that $50,000 a pound is enough for transporting mail to Europe.

I submit to the House that we are going to have something to explain to the people, after voting an increase of $135,000,000 upon the people in postage increase for transporting our mail here at home and a 2-cent tax on every bank check we issue to make up our present deficit, when we provide in this bill that the Government may be required to pay hundreds of thousands of dollars for transporting one pound of mail or one letter to the Orient or to Europe.

So I submit, Mr. Chairman, we would allow sufficient subsidy under my amendment to pay them the very limit that is now possible to be paid to the fastest ocean-going greyhound upon the sea. It was demonstrated before the committee that these ships will earn in passenger carriage an amount almost equal to the amount I have offered in my amendment. So, in all fairness to the airship builders and the public, if we allow them the tremendous subsidy that is now allowed to the ocean-going vessels, we are granting the limit that can in all conscience be granted to the beneficiaries of this act.

Mr. CROSSER. Mr. Chairman, of course, this is the same thing, in another form, that was proposed in the last amendment.

The very purpose of providing the rule that was laid down in the merchant marine act was to enable the Postmaster General to procure the very fastest form of transportation possible.

It is admitted that 25 knots an hour is the maximum rate of speed commercially profitable for a surface vessel. This amendment proposes to pay the same rate provided for surface ships for carrying a load of 20,000 pounds of mail, which is about one-fifth of all the mail that goes from New York to Europe. If a vessel could have been built with the necessary speed, it would have been paid rates calculated according to its speed. But it has been found on calculation that to increase the speed of surface vessels 10 per cent, so as to successfully compete with the *Europa* or the *Bremen*, would cost $60,000,000 for each ship, and, of course, that was out of the question.

Mr. LAGUARDIA. The surface ship gets the contract and borrows money to build the ship.

Mr. CROSSER. Yes; it borrows three-quarters of the price of the ship, and airship people do not ask a cent. I say instead of harassing the dirigible people we should give them every encouragement. I ask that the pending amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. SHALLENBERGER].

The question was taken; and on a division (demanded by Mr. SHALLENBERGER) there were 20 ayes and 50 noes.

So the amendment was rejected.

Mr. SWING. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 3, lines 2 and 3, strike out "2,000" and insert "2,500."

Mr. SWING. Mr. Chairman and members of the commitee, I want to support this bill. I have heard a lot of arguments in favor of it to-day, and the talk about the fast carrying of mails between here and Europe and between the United States and the Orient are persuasive. I am interested in that. But if you are to have airships that can fly only 2,000 miles, where are you going to be when you run out of gas? [Laughter.]

I would like to start the mail on these lighter-than-air ships and have it arrive at some place, and to arrive at some place your ship will have to do better than 2,000 miles. That will not get you to Hawaii and it will not get you to Europe. So, my friends, if you are going to provide for airships carrying the mail across the ocean, you must provide for ships that can go farther than 2,000 miles. [Applause.]

Mr. CROSSER. Mr. Chairman, we will accept that amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. SWING].

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The question now is on the committee amendment as amended.

The committee amendment as amended was agreed to.

The Clerk read as follows:

SEC. 3. (a) As used in this act the term "foreign commerce" means commerce between the United States or possessions or Territories of the United States and foreign countries, or between the United States and possessions or Territories of the United States, or between possessions or Territories of the United States, or between foreign countries; the terms "United States," when used in a geographical sense, means the several States and the District of Columbia; and the term "possession of the United States," shall include the Panama Canal Zone.

(b) No air mail contract made pursuant to this act shall obligate the United States to any expenditure thereunder earlier than three years after the approval of this act.

(c) This act may be cited as the "merchant airship act, 1932."

Mr. MEAD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 4, line 16, strike out the period, insert a colon, and add the following:

"*Provided, however*, That all contracts awarded under the provisions of this act shall receive the approval of Congress."

Mr. LAGUARDIA. Mr. Chairman, I reserve the point of order.

Mr. MEAD. Mr. Chairman, in view of the attitude of the Department of Commerce, as well as the Post Office Department, in taking no decided or definite stand in favor of or against this legislation, coupled with the fact that we are attempting to legislate for a succeeding Congress and that we are reaching at least three years into the future, it occurs to me that at the time when a future Cabinet Officer is called upon to administer the provisions of the act, the Congress then in existence should have an opportunity and some authority to pass on the contracts. I still maintain that this legislation ought to be considered by the Post Office Committees of the House and Senate, and in view of the fact that they had no opportunity to consider or study it, and also because it is not exactly required at this time, we should have the power to review the contracts when the contracts are finally and ultimately entered into. I know as one Member of Congress that I shall support, if a Member at that future time, any fair and reasonable contract to promote this new method of transportation, and I do not believe anyone should be afraid to come before the Congress with a reasonable proposition. Therefore, I ask you to adopt the amendment I have offered in order that the Congress in session at the time might have an opportunity to review the agreement made by the department.

Mr. MAPES. Mr. Chairman, I rise in opposition to the amendment for the purpose of making an announcement. I have just been handed the result of the vote in the Chicago convention this afternoon upon the nominations for President and for the information of the House I shall read it:

Charles G. Dawes, 1; James M. Wadsworth, jr., 1; Calvin Coolidge, 4½; Joseph I. France, 4; Senator BLAINE, 13; Herbert Hoover, 1,126½.

[Applause.]

Mr. LAGUARDIA. Mr. Chairman, I withdraw the reservation of the point of order.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. MEAD) there were—ayes 39, noes 55.

So the amendment was rejected.

The CHAIRMAN. Under the rule the committee will rise.

Accordingly the committee rose; and Mr. RAINEY having resumed the chair as Speaker pro tempore, Mr. WOODRUM,

Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 8681, to develop American air transport services overseas, to encourage the construction in the United States by American capital of American airships for use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship, and under the rule he reported the same back to the House with sundry amendments.

The SPEAKER pro tempore. The previous question is ordered on the bill to final passage. Is a separate vote demanded on any amendment? If not, the Chair will put them en grosse. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 110, noes 45.

Mr. STAFFORD. Mr. Speaker, I make the point of order that there is no quorum present and I challenge the vote because there is no quorum present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and ninety-eight Members present, not a quorum. The call is automatic. The Doorkeeper will close the doors. The question is on the passage of the bill.

The question was taken; and there were—yeas 163, nays 146, answered "present" 3, not voting 118, as follows:

[Roll No. 99]

YEAS—163

Adkins	Cullen	Kemp	Ransley
Aldrich	Curry	Kendall	Rayburn
Allen	Dallinger	Ketcham	Reed, N. Y.
Andrew, Mass.	Darrow	Kniffin	Rogers, Mass.
Andrews, N. Y.	Delaney	Kurtz	Rudd
Arentz	Dickstein	LaGuardia	Schafer
Baldrige	Drewry	Larsen	Seger
Bankhead	Eaton, Colo.	Lehlbach	Selberling
Barbour	Erk	Lewis	Sirovich
Barton	Evans, Calif.	Lichtenwalner	Smith, Idaho
Bohn	Evans, Mont.	Lindsay	Smith, Va.
Bolton	Fiesinger	Linthicum	Smith, W. Va.
Bowman	Fish	Lonergan	Stewart
Brand, Ohio	Fitzpatrick	Luce	Strong, Kans.
Britten	Foss	McClintock, Ohio	Strong, Pa.
Brumm	Garber	McFadden	Stull
Burtness	Gifford	McGugin	Sullivan, N. Y.
Butler	Goldsborough	McLaughlin	Sutphin
Cable	Goss	McLeod	Swanson
Campbell, Pa.	Greenwood	Maas	Sweeney
Carley	Griffin	Magrady	Swing
Carter, Calif.	Guyer	Maloney	Tarver
Celler	Hadley	Mapes	Thatcher
Chavez	Haines	Martin, Mass.	Timberlake
Chiperfield	Hall, Ill.	Martin, Oreg.	Tinkham
Clague	Hall, Miss.	Mead	Underwood
Clancy	Hancock, N. Y.	Michener	Vinson, Ga.
Cochran, Mo.	Hardy	Millard	Wason
Cochran, Pa.	Harlan	Montet	Watson
Cole, Iowa	Hartley	Moore, Ohio	Weeks
Cole, Md.	Hess	Mouser	Welch
Colton	Hoch	Nelson, Me.	West
Connery	Hollister	Niedringhaus	White
Cooke	Holmes	Norton, N. J.	Whitley
Cooper, Ohio	Hooper	Palmisano	Wigglesworth
Cox	Hope	Parker, N. Y.	Wilson
Coyle	Hull, Morton D.	Person	Wolverton
Crail	Jacobsen	Pittenger	Woodruff
Crosser	Jenkins	Polk	Wyant
Crowther	Jones	Prall	Yates
Culkin	Kelly, Pa.	Purnell	

NAYS—146

Almon	Carden	Doxey	Green
Amlie	Cartwright	Driver	Griswold
Andresen	Cary	Dyer	Hall, N. Dak.
Bacon	Christopherson	Ellzey	Hare
Beam	Collins	Fishburne	Hart
Black	Condon	Frear	Haugen
Bland	Cross	French	Hill, Ala.
Blanton	Crowe	Fulbright	Hill, Wash.
Boileau	Davenport	Fuller	Hogg, Ind.
Boland	DeRouen	Fulmer	Hogg, W. Va.
Briggs	Dickinson	Garrett	Holaday
Brunner	Dies	Gavagan	Hornor
Burch	Dieterich	Gilbert	Howard
Burdick	Dominick	Gilchrist	Huddleston
Campbell,	Douglass, Mass.	Glover	Jeffers
Canfield	Dowell	Granfield	Johnson, Mo.
Johnson, Okla.	May	Romjue	Swick
Johnson, Tex.	Miller	Sanders, Tex.	Taber
Kading	Montague	Sandlin	Taylor, Colo.
Kelly, Ill.	Moore, Ky.	Schneider	Temple
Kerr	Morehead	Schuetz	Thomason
Kinzer	Nelson, Mo.	Selvig	Thurston
Kleberg	Norton, Nebr.	Shallenberger	Turpin
Knutson	Oliver, Ala.	Shott	Vinson, Ky.
Kvale	Oliver, N. Y.	Shreve	Weaver
Lankford, Ga.	Overton	Simmons	Williams, Mo.
Larrabee	Parker, Ga.	Sinclair	Williamson
Loofbourow	Parsons	Snow	Wingo
Lovette	Patman	Somers, N. Y.	Withrow
Lozier	Pettengill	Sparks	Wolcott
Ludlow	Pou	Spence	Wolfenden
McClintic, Okla.	Ragon	Stafford	Wood, Ga.
McCormack	Ramseyer	Steagall	Wood, Ind.
McKeown	Ramspeck	Stevenson	Woodrum
McSwain	Rankin	Summers, Wash.	Wright
Major	Reilly	Sumners, Tex.	
Mansfield	Rich	Swank	

ANSWERED "PRESENT"—3

Bacharach	O'Connor	Rainey

NOT VOTING—118

Abernethy	Corning	Houston, Del.	Owen
Allgood	Crisp	Hull, William E.	Parks
Arnold	Crump	Igoe	Partridge
Auf der Heide	Davis	James	Patterson
Ayres	De Priest	Johnson, Ill.	Peavey
Bachmann	Disney	Johnson, S. Dak.	Perkins
Beck	Doughton	Johnson, Wash.	Pratt, Harcourt J.
Beedy	Douglas, Ariz.	Kahn	Pratt, Ruth
Bloom	Doutrich	Karch	Reid, Ill.
Boehne	Drane	Keller	Robinson
Boylan	Eaton, N. J.	Kennedy	Rogers, N. H.
Brand, Ga.	Englebright	Kopp	Sabath
Browning	Estep	Kunz	Sanders, N. Y.
Buchanan	Fernandez	Lambertson	Shannon
Buckbee	Finley	Lambeth	Snell
Bulwinkle	Flannagan	Lamneck	Stalker
Busby	Free	Lanham	Stokes
Byrns	Freeman	Lankford, Va.	Sullivan, Pa.
Cannon	Gambrill	Lea	Taylor, Tenn.
Carter, Wyo.	Gasque	Leavitt	Tierney
Cavicchia	Gibson	McDuffie	Tilson
Chapman	Gillen	McMillan	Treadway
Chase	Golder	McReynolds	Tucker
Chindblom	Goodwin	Manlove	Underhill
Christgau	Gregory	Milligan	Warren
Clark, N. C.	Hancock, N. C.	Mitchell	Whittington
Clarke, N. Y.	Hastings	Mobley	Williams, Tex.
Collier	Hawley	Murphy	Yon
Connolly	Hopkins	Nelson, Wis.	
Cooper, Tenn.	Horr	Nolan	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Free (for) with Mr. Arnold (against).
Mr. Johnson of Washington (for) with Mr. Bulwinkle (against).

General pairs:

Mr. Rainey with Mr. Snell.
Mr. Crisp with Mr. Bacharach.
Mr. Ayres with Mr. Kopp.
Mr. Hastings with Mr. Johnson of South Dakota.
Mr. Byrnes with Mr. Bachmann.
Mr. McMillan with Mr. Manlove.
Mr. Collier with Mr. Connolly.
Mr. McDuffie with Mr. Hopkins.
Mr. Gambrill with Mr. Stokes.
Mr. Warren with Mrs. Pratt.
Mr. Buchanan with Mr. Chindblom.
Mr. Whittington with Mrs. Kahn.
Mr. Milligan with Mr. Beedy.
Mr. Yon with Mr. Leavitt.
Mr. Davis with Mr. Beck.
Mr. Williams of Texas with Mr. Doutrich.
Mr. Lanham with Mr. Lankford of Virginia.
Mr. Rogers with Mr. Tilson.
Mr. Douglas of Arizona with Mr. Murphy.
Mr. Tierney with Mr. Perkins.
Mr. Doughton with Mr. Reid of Illinois.
Mr. Tucker with Mr. Gibson.
Mr. Fernandez with Mr. Pratt.
Mr. Chapman with Mr. James.
Mr. Kennedy with Mr. Horr.
Mr. Corning with Mr. Partridge.
Mr. Patterson with Mr. Carter of Wyoming.
Mr. Shannon with Mr. Lambertson.
Mr. Drane with Mr. Buckbee.
Mr. Parks with Mr. Christgau.
Mr. Disney with Mr. Nolan.
Mr. Gregory with Mr. Clarke of New York.
Mr. Allgood with Mr. Peavey.
Mr. Gasque with Mr. Golder.
Mr. Abernethy with Mr. Hawley.
Mr. Flannagan with Mr. Treadway.
Mr. Karch with Mr. Houston.
Mr. Brand of Georgia with Mr. Underhill.
Mr. Auf der Heide with Mr. Taylor of Tennessee.
Mr. Keller with Mr. William E. Hull.
Mr. Boylan with Mr. Goodwin.

Mr. Lamneck with Mr. Stokes.
Mr. Busby with Mr. Sullivan of Pennsylvania.
Mr. Mobley with Mr. Finley.
Mr. Crump with Mr. Englebright.
Mr. McReynolds with Mr. Robertson.
Mr. Bloom with Mr. Estep.
Mr. Hancock of North Carolina with Mr. Freeman.
Mr. Lambeth with Mr. Eaton of New Jersey.
Mr. Boehne with Mr. Nelson of Wisconsin.
Mr. Mitchell with Mr. Johnson of Illinois.
Mr. Cooper of Tennessee with Mr. Sanders of New York.
Mr. Browning with Mr. Cannon.
Mr. Clark of North Carolina with Mr. Gillen.
Mr. Igoe with Mr. De Priest.

Mr. BACHARACH. Mr. Speaker, I am paired with the gentleman from Georgia, Mr. CRISP, who is away on the funeral party. I voted "no"; but not knowing how the gentleman from Georgia would vote, I wish to withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

On motion of Mr. CROSSER, a motion to reconsider the vote by which the bill was passed was laid on the table.

The doors were opened.

AMENDMENT OF REVENUE ACT OF 1932

Mr. RAGON, from the Committee on Ways and Means, presented a privileged report on the resolution (H. J. Res. 435) to amend the revenue act of 1932, which was referred to the Union Calendar and ordered printed.

Mr. RAGON. Mr. Speaker, I ask unanimous consent to consider the joint resolution (H. J. Res. 435) in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

Mr. STAFFORD. Reserving the right to object, what is the matter under consideration that is included in the resolution? Is this another amendment of the revenue act, and what is the purpose of the resolution?

Mr. RAGON. The situation is that the Treasury Department finds there are some large oil concerns in this country, refining corporations, which have selling agencies under different incorporations. The Treasury Department finds that millions of gallons of gasoline, in order to avoid payment of taxes, have been turned over to these selling agencies. In all there are about 60,000,000 gallons of gasoline which, unless this measure is passed and made effective by the signature of the President before the 21st day of this month, will be avoiding the taxes, and there will be a loss in taxes to the Government of $17,000,000. The bill provides that where they have impounded only 25,000 gallons or less of gasoline, the amendment that is presented now will not be effective.

With reference to lubricating oil the bill provides that where it has been impounded in an amount above 1,000 gallons, the one who holds the oil shall pay the tax instead of the refiner.

Mr. STAFFORD. In the amendment agreed to the other day it was sought to reach those sales which were negotiated before June 21 but for delivery afterwards. This is to reach the manipulations that are going on to avoid the tax, as far as gasoline and oil are concerned?

Mr. RAGON. That is true.

Mr. BACHARACH. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. BACHARACH. This was a unanimous report from the Committee on Ways and Means, both Republicans as well as Democrats voting for it.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the resolution be read for information.

The SPEAKER pro tempore. Without objection, the Clerk will report the resolution.

There was no objection.

The Clerk read as follows:

House Joint Resolution 435

Resolved, etc., That section 617 of the revenue act of 1932 is amended by adding at the end thereof a subsection to read as follows:

"(d) There is hereby imposed on gasoline sold by the person (other than the importer thereof or a producer of gasoline) having title to such gasoline on June 21, 1932 (if such person had title on that date to 25,000 or more gallons of gasoline), a tax of 1 cent a gallon, except that under regulations prescribed by the commissioner with the approval of the Secretary the tax shall not apply in the case of sales to a producer of gasoline."

SEC. 2. Section 601 of the revenue act of 1932 is amended by adding at the end thereof a subsection to read as follows:

"(d) There is hereby imposed upon lubricating oils sold in the United States by the person (other than the manufacturer or producer thereof) having title to such lubricating oils on June 21, 1932 (if such person had title on that date to 1,000 or more gallons of lubricating oil), a tax at the rate of 4 cents a gallon, to be paid by such person."

SEC. 3. Section 620 of the revenue act of 1932 is amended by inserting after "tube," the following: "or lubricating oils taxable under section 601 (c) (1),".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas that the resolution be considered in the House as in the Committee of the Whole?

Mr. LINTHICUM. Reserving the right to object, I would like to ask the gentleman whether this has anything to do with the tariff which was placed in the tax bill?

Mr. RAGON. Not a thing in the world.

Mr. CHINDBLOM. It has this to do with it: The imported gasoline would escape the excise tax, aside from the tax (or duty) on importations, and the oil would also escape its excise tax in certain cases if this resolution is not passed. It happens that most of the gasoline and oil here involved comes from fields outside of the United States. This legislation would place everybody on the same basis and give all persons who are interested in this business an opportunity to operate on the same terms and under the same handicaps with reference to taxation.

Mr. LINTHICUM. How does the gentleman feel about it? I am absolutely opposed to this tariff proposition.

Mr. STAFFORD. This is to reach the tax dodgers.

Mr. CHINDBLOM. This was a unanimous report from the Committee on Ways and Means, and I was present in the committee.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. RAGON. Mr. Speaker, the only reason I take time to explain this is because the gentleman from Pennsylvania [Mr. WATSON], desires to ask a pertinent question, which everybody in the country is interested in. That is the chief reason. There is one particular feature that I did not explain a moment ago.

I now yield to the gentleman from Pennsylvania.

Mr. WATSON. I would like to know if a transportation company or any other industry that has bought an unlimited amount of oil for its own use previous to June 21, and which does not sell oil, will be required to pay the tax on that oil?

Mr. RAGON. No; I do not think so. The purpose of the bill is merely to catch those parties who, knowing that the bill will become effective on June 21, have gone out and made contracts for a great supply of gasoline and lubricating oil to the different selling agencies, and thereby the producer or importer evades that tax.

Mr. DYER. I will say to the gentleman, if he will permit, that it should apply to everybody who is buying gasoline and oil in large quantities to evade the tax.

Mr. RAGON. That is true, but I do not think it would be held that a railroad company which happened to have a stock of oil on hand was trying to evade the tax, for, as the gentleman knows, they are obliged to carry large stocks all the time. They would not be subject to the tax unless they resold the oil.

Mr. WATSON. Many are obliged to have a reserve of 500,000 gallons.

Mr. LINTHICUM. The gentleman talks about evading the tax. How about those who are doing it to evade this iniquituous tariff tax?

Mr. RAGON. I do not know about that. The tariff is not involved, I may say to the gentleman.

Mr. DYER. That will be taken care of at the Democratic convention in Chicago.

Mr. RAGON. The tariff is not involved in this matter. Section 620 of the revenue act is amended by inserting the words "or lubricating oils taxable under section (c) (1)."

I did not explain this to the gentleman from Wisconsin a while ago, because I was interrupted on every side. It is simply a proposition that the taxes on all lubricating oils shall be paid by the producer.

Under the law that we passed the other day, as to lubricating oils that were sold to individuals or companies for the purpose of being mixed or blended with other things, only that part of the oil which was sold to this individual was taxable. The individual had to pay the tax, and therefore it compelled the Government, at a great administrative cost, to go to about 3,000 different retailers and blenders of lubricating oil. Therefore this makes the tax payable by the refineries and causes the Government to have to deal with only about 100 persons.

Mr. DYER. In other words, if the gentleman will permit, it is strictly a sales tax, is it not?

Mr. RAGON. I have stated just how it applies.

Mr. BACHARACH. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. BACHARACH. I know the gentleman wishes to be accurate in his figures. We were told this morning that the Government would have to deal with about 300 persons. The gentleman made the statement that it was 100.

Mr. RAGON. I believe the gentleman from New Jersey is correct.

Mr. STAFFORD. To what extent will the revenues be effected by change in the mechanism of making the collection?

Mr. RAGON. I am glad the gentleman mentioned that. On gasoline we would lose approximately $17,000,000.

Mr. STAFFORD. I am referring to the method of collecting the tax on oil, instead of collecting it from the blenders, collecting it from the refineries.

Mr. RAGON. That and the lubricating-oil feature. This tax amounts to about $15,000,000. I have not divided it.

Mr. STAFFORD. So far as the new method of collection on oil is concerned, would it add to the revenues of the Government or decrease them?

Mr. RAGON. No; I would not say it would add to them; but we give the Government an efficient method of collecting the tax. Otherwise they would lose much of the tax, because they would have to get down to these small fellows to collect it.

Mr. SABATH. And it will bring about economies?

Mr. RAGON. Yes.

Mr. BACHARACH. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. BACHARACH. The gentleman made the statement that we would only have to see 300 persons to collect the tax, provided this bill was passed.

Mr. RAGON. Yes.

Mr. BACHARACH. If this amendment should not be passed, it would require seeing about 4,000 persons?

Mr. RAGON. I think the figure is 3,000, to be correct.

Mr. VINSON of Kentucky. I might suggest this comes from the Treasury in an effort to collect the tax.

Mr. RAGON. Yes. The Treasury estimates if we do not pass this amendment 60,000,000 gallons of gasoline alone will escape taxation on June 21.

The joint resolution was ordered to be engrossed and read a third time, was read the third time and passed.

A motion to reconsider was laid on the table.

WAGES FOR LABORERS AND MECHANICS EMPLOYED BY CONTRACTORS AND SUBCONTRACTORS ON PUBLIC BUILDINGS

Mr. CONNERY. Mr. Speaker, I call up conference report on the bill (S. 3847) to amend the act relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill S. 3847 having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to S. 3847, and agree to the same with amendments as follows:

Page 1, line 10, strike out " the Canal Zone."

Page 1, line 11, strike out " or Territories."

Page 2, lines 1, 2, strike out " the Canal Zone."

Page 2, line 3, strike out " or Territories."

Page 2, line 6, strike out the comma after the word " States " and insert in lieu thereof the word " or."

Page 2, line 7, strike out ", or the Panama Canal."

Page 2, lines 15, 16, strike out ", or the District of Columbia, respectively."

Page 3, lines 8, 9, strike out " or the Commissioners of the District of Columbia, respectively."

Page 3, lines 11, 12, strike out " or the Commissioners of the District of Columbia, respectively."

Page 3, lines 13, 14, strike out " or the District of Columbia, respectively."

Page 3, line 16, strike out " or the District of Columbia, respectively."

Page 3, lines 21, 22, strike out " or said commissioners, respectively."

Page 4, line 1, strike out ", if the contract be with the United States, or to the credit of the District of Columbia if the contract be with the District of Columbia."

And the House agree to the same.

WILLIAM P. CONNERY, Jr.,
R. A. GREEN,
ROBERT RAMSPECK,
RICHARD J. WELCH,
W. F. KOPP,
Managers on the part of the House.

JESSE H. METCALF,
WALLACE H. WHITE, Jr.,
ROYAL S. COPELAND,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House have held full conference with the managers on the part of the Senate on the bill S. 3847. We have agreed to the Senate wishes to strike out all reference to the Canal Zone and the Territories. These references were eliminated because of an objection by the Secretary of War that the administration would be exceedingly complicated and expensive, and that it would be necessary for the Secretary of Labor to open labor offices in Panama, for which no appropriation is provided. The rate of wages of the great majority of Government employees in the Canal Zone is fixed by the governor in conformance with the provisions of the Panama Canal act of August 24, 1912. The Governor of the Canal Zone has recommended that no legislation be enacted by Congress which seriously affects the operation of the canal and the construction of allied projects until a committee of Congress has visited the canal and made a complete study of the effects of such legislation. Therefore, in view of the evident complications which would arise out of appliance of this act to the Canal Zone and the Territories, the managers on the part of the House thought it wise to agree to the Senate proposal.

The managers on the part of the House have also agreed to the Senate proposal to eliminate references to the District of Columbia and the Commissioners of the District of Columbia where these references are not compatible to the purpose of the bill. These words were written in in the House of Representatives at a time when the bill provided that contractors on public works and buildings should be reimbursed for increased wages, and that the Government should reduce the contract price by the amount of any decrease in wages. Some projects are constructed by the Dis-

trict of Columbia out of funds belonging to the District of Columbia, and consequently the bill was amended so that rebates might be paid directly to the District. However, the section providing for these rebates was stricken from the bill, and in order to correct the language the House managers have agreed to the Senate proposals to eliminate the various references to the District Commissioners and the District of Columbia.

WILLIAM P. CONNERY, JR.,
R. A. GREEN,
ROBERT RAMSPECK,
RICHARD J. WELCH,
W. F. KOPP,
Managers on the part of the House.

Mr. CONNERY. Mr. Speaker, the Senate conferees agreed to all the amendments placed in the bill by the House. In addition the Senate conferees wished to strike out the provisions which included the Panama Canal and the Territories in the bill. That was done because they felt it would be too expensive to carry out the purposes of the bill in the Panama Canal and the Territories. A letter was received from the Secretary of War objecting to those provisions and it was believed by the conferees of both House and Senate that the Secretary of Labor would be forced to place an office of the Department of Labor at the Panama Canal and that they would be obliged to send a representative of the department to the Territories, Alaska and Hawaii. So the House conferees agreed with the Senate conferees in taking out those provisions of the bill.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

DISTRIBUTION OF GOVERNMENT-OWNED WHEAT AND COTTON

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 261, providing for the consideration of House Joint Resolution 418, a joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

The SPEAKER pro tempore. The gentleman from New York calls up a resolution which the Clerk will report.

The Clerk read as follows:

House Resolution 261

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 418, a resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

That after general debate, which shall be confined to the resolution and shall continue not to exceed 30 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the resolution for amendment the committee shall rise and report the resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the resolution and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Does the gentleman from Indiana desire any time?

Mr. PURNELL. Does the gentleman intend to use any time on the resolution?

Mr. O'CONNOR. Just a few minutes.

Mr. PURNELL. I think the House is familiar with the resolution. I have no desire to use all of 30 minutes, but I will ask the gentleman to yield me some time, and I will endeavor to yield it all back.

Mr. O'CONNOR. Mr. Speaker, I yield the gentleman 30 minutes. This is a resolution for the consideration of a House joint resolution which donates an additional 40,000,000 bushels of wheat to the Red Cross or such other organization as it shall designate for distribution. There is a new departure in the resolution. It donates 500,000 bales of cotton for distribution, to be made into cloth. The important feature of this resolution is that the wheat may be exchanged for other foods. As I understand it, the experience of the Red Cross was—as the Committee on Rules was told—that in the big cities they had difficulty in handling the wheat donated in March, and even the flour made from the wheat. Under this resolution the wheat may be exchanged for food of all kinds and the cotton may be exchanged for cloth.

The Agricultural Committee did have in mind offering some amendments to this resolution, but I understand the committee has withdrawn the same and that there will be no substantial amendments offered to the resolution which will interfere with this wheat being exchangeable for food. Those more familiar with the wheat and cotton conditions will explain the resolution in detail.

Mr. HOLMES. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. HOLMES. In other words, the Red Cross will be allowed to sell this wheat?

Mr. O'CONNOR. No; exchange it.

Mr. STAFFORD. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. STAFFORD. Did the committee receive any testimony as to how the former 40,000,000 bushels of wheat donated to the Red Cross had been administered?

Mr. O'CONNOR. The figures are given in the report; but, as I understand, they have distributed about 25,000,000 bushels, about half of which went to livestock. They have on hand 15,000,000 bushels, which they expect will not last later than September 1. The distribution was made in every State of the Union.

Mr. GILCHRIST. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. GILCHRIST. I rise for information concerning the shipment of some of this wheat. I am for this resolution, and I am for the distribution of the wheat.

Mr. O'CONNOR. May I suggest to the gentleman that I might not be able to answer his question, and it would be better for the gentleman to wait until we go into the Committee of the Whole House on the state of the Union for the consideration of the resolution? Then those familiar with all of these conditions will undoubtedly answer the gentleman's question.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 418, authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 418, with Mr. WOODRUM in the chair.

The Clerk read the title of the House joint resolution.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the first reading of the joint resolution be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Chairman, this resolution is somewhat similar to the one passed a few months ago which provided for the distribution of 40,000,000 bushels of wheat through the American National Red Cross. Twenty-five million bushels have been distributed under that resolution, some of it going into every State of the American Union. A report has been prepared and will go in the RECORD showing the manner in which distribution was made. Many fine reports from all over the country show the good results of this distribution.

The pending measure provides for making available 40,000,000 bushels of additional wheat and 500,000 bales of cotton.

The report of the Red Cross shows they have enough wheat on hand to last until about September 1. Congress will meet again in December. The stabilization corporations of the Farm Board have these commodities on hand. They are gradually eating themselves up in storage, insurance, and other carrying charges.

We are all familiar, through reports, with the distress existing in America. I do not believe any finer disposition could be made of these commodities, which the Government has through these stabilization corporations, than to make this distribution. This will not only feed the hungry, but will get these commodities off the market and prevent them from continuing to be a drug on the market. I believe the commodities in the hands of the stabilization corporations should be disposed of and then I think the program of direct buying and selling under Government supervision, through stabilization corporations, should be ended. [Applause.] If we can get proper disposition of the commodities they have on hand, I do not think there will be any disposition to keep that program from being ended, and that part of the act which provides for them repealed. The time is late and I see no reason for further discussion.

Mr. ANDRESEN. Will the gentleman yield?

Mr. JONES. For a brief question.

Mr. ANDRESEN. Does the gentleman propose to offer the committee amendments that were approved in the committee providing for feed for livestock in areas where they may have crop failures?

Mr. JONES. I propose to offer the amendment which provides for feed for livestock in the 1932 crop-failure areas.

The other amendment was adopted after I had appeared before the Rules Committee, and the amendment was not disclosed to the Rules Committee. It is regarded by them as a substantial amendment, and they would not permit the measure to be brought up if I insisted on offering this as a committee amendment. I must keep faith with them. I do not feel at liberty to offer that amendment. I have talked with all but three of the members of the committee, and I may state that I called up the American Red Cross and they said there would be very little wheat exchanged for commodities other than those into which wheat went as an ingredient.

Mr. ANDRESEN. If the gentleman will yield further, I may say in connection with the other amendment which was agreed to in committee——

Mr. JONES. Yes; it was agreed to in committee.

Mr. ANDRESEN. It provided that the wheat should be exchanged for other food where a substantial portion of that food was of flour.

Mr. JONES. Yes.

Mr. ANDRESEN. And the same provision was adopted as to the exchange of cotton for cloth or for other goods where a substantial portion of the goods were made of cotton. So both commodities were treated in the same way, and unless we adopt the amendment relating to wheat it means we will still have our wheat surplus upon the American market, that it will not help agriculture, and that the farmers will have to bear the entire burden.

Mr. JONES. I have kept faith by not offering either wing of the amendment. While in sympathy with the purposes of both, I was not at liberty to offer either. If the gentleman wishes to oppose the bill, that is his privilege.

I will simply state that the American Red Cross has handled this matter in every State of the Union and has exchanged it for food products, largely those into which flour went, and they will do this again. If you go to putting restrictions around them, it will prove a handicap. They found they were handicapped, especially in the cities, because of restrictions, and this was an effort to give them full leeway so that the best possible results might be accomplished.

As to the committee amendment, it was not disclosed to the Rules Committee, because it was adopted after I appeared before that committee. I found, after talking with various members—and I am sorry I did not get to see the gentleman—that as the bill could not come up otherwise, it would be better to have it offered in this way than to have the whole bill killed, and I had to make this concession. It was my own fault to a considerable degree, because I did not go back to the Rules Committee after our committee had adopted that amendment.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. JONES. For a question; yes.

Mr. STRONG of Kansas. Does the same provision about exchange apply to cotton?

Mr. JONES. It does, as is provided in the bill itself. However, an amendment will be offered, I understand, to make it so that wheat can only be exchanged for food products and cotton for clothing products.

Mr. COLTON. Will the gentleman yield?

Mr. JONES. Yes.

Mr. COLTON. I want to know if the charges that are necessary to be paid before this wheat and cotton are released will be paid from the revolving fund furnished the Farm Board, or will there be a special appropriation for that purpose?

Mr. JONES. There is an authorization for payment of what the commercial banks hold against these commodities and carrying charges up to the time when the Red Cross makes a requisition for it.

Mr. COLTON. And that will be paid out of a special appropriation.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. JONES. Yes; for a question.

Mr. VINSON of Georgia. I wish the gentleman would advise the committee why they did not dispose of all the cotton on hand instead of only 500,000 bales.

Mr. JONES. I wish that might be done. However, when we pass this measure the amount covered by it will be tied up subject to storage charges and other costs. It is definitely allocated. A considerable amount is covered by this measure. We will be back here in December, and, if this plan works out, we can take care of the rest of it at that time.

I decline to yield further.

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, I have no disposition to stand on the floor and oppose any measure for the relief of destitution or distress. But I believe it ought to be called to the attention of the House that so far in this session Congress has done very little, if anything, for the relief of agriculture; and there is some question in my mind that in passing this bill we may, instead of doing something for the farmer by giving the Red Cross the surplus wheat, be doing something to him.

On the 3d day of March the House passed a bill donating 40,000,000 bushels of wheat to the Red Cross, and the price of May future in Chicago on that date was 62 cents. The price of July futures for wheat in Chicago yesterday was 50 cents. Wheat has gone down 12 cents a bushel since we started giving it away.

Now, we may expect that as soon as we start giving this wheat away it is not going to help the price.

It is true that there has been a great deal of destitution relieved by the donation of this wheat, and I think some benefit might accrue from the donation of this amount of wheat. But I want to call attention to the fact that this bill differs from the preceding bill, in that this bill takes wheat that is not needed for destitution and donates it to the Red Cross and says that organization may trade it for other food. The entire theory on which we can justify giving away this wheat is that it is needed to relieve distress. In passing this bill we are giving away wheat that is concededly not needed because we are asked to give authority to the Red Cross and other agencies to trade it for beefsteak or bologna or anything in the way of food.

Mr. CELLER. Will the gentleman yield?

Mr. HOPE. Yes.

Mr. CELLER. I have been in touch with the Red Cross and not one bushel was exchanged except for flour, which comes from the wheat. They have asked that this might be done only in the big cities.

Mr. HOPE. Would the gentleman have any objection to an amendment providing that it might be exchanged for flour and bread or other products of wheat?

Mr. CELLER. That would do no good in the cities, because they have not the means whereby to bake flour into bread. The large bakeries are opposed to the Red Cross exchanging this for bread. We want to take the flour and have it exchanged for the ordinary foodstuffs, like dry groceries and breakfast food.

Mr. HOPE. The statement of the gentleman is an illustration of what I pointed out. We are going to take wheat out of the stocks of the Farm Board and ask the miller to mill it at cost, without profit to him, and then take the wheat and trade it for some other food supply, and thus sell it in competition with the farmer's wheat and the miller's flour. It does not seem to me that a transaction of that kind can work for the benefit of the farmer, because we are certainly taking some wheat that is not needed and selling it in competition with him. [Applause.]

[Here the gavel fell.]

Mr. HAUGEN. Mr. Chairman, I yield two minutes to the gentleman from Michigan [Mr. KETCHAM].

Mr. KETCHAM. Mr. Chairman, I want to take two minutes' time to call attention to one provision that may meet the inquiry of some Members here. Why, I think you will ask, is it necessary to make an additional appropriation of wheat when the report shows a balance of 15,000,000 bushels still on hand for distribution by the Red Cross?

The report of the Red Cross is to the effect that the amount on hand will last approximately to September 1. We will not have an opportunity to act upon this additional allotment before December, and consequently this additional amount is made available; but, calling attention to lines 3 to 7, on page 2 of the bill, this additional allotment is to be used only in case the request has the approval of the President of the United States, and he asks such an allotment shall be made. That places in the hands of the President the power to meet any situation that might possibly arise before Congress convenes in December. It seems to me this is a wholesome provision, and I hope there will be no serious opposition to it.

Mr. JONES. Mr. Chairman, I yield two minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Chairman, for the information of the committee, I will state that farm prices are still going down, unemployment is increasing, and winter is coming on. We have millions of hungry and naked people to-day. In the meantime we have millions of bushels of wheat and around 13,000,000 bales of surplus cotton that are hanging around the necks of farmers of this country like a millstone. When the President of the Red Cross came before our committee he stated that he had just as many demands for cloth and clothing as he did for food and food products.

I regret very much that the committee did not report the resolution authorizing 1,000,000 bales of cotton, as introduced by me. I am sure it will work to a wonderful advantage for all concerned if this cotton is turned over to the Red Cross as outlined in the resolution. First, we have in mind clothing needy people who are out of work and out of money. In the next place, it will give to cotton mills that are now shutting down, extra work which will enable them to keep their employees working. However, I contend that until something is done to give farmers a fair price for their products all Congress has done will not relieve the serious economic situation that now exists. Until relief is granted to agriculture it is my opinion that under my resolution we have a wonderful opportunity to get rid of this surplus wheat and cotton.

Mr. HAUGEN. Mr. Chairman, I yield one minute to the gentleman from Kansas [Mr. HOCH].

Mr. HOCH. Mr. Chairman, I ask unanimous consent to proceed for one minute out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HOCH. Mr. Chairman, it is a pleasure to announce to the House that word has just been received from Chicago, from the Republican Convention, that that convention by an overwhelming vote, has renominated for Vice President of the United States, a distinguished Kansan, a distinguished American, Hon. Charles Curtis, of Kansas. [Applause.]

Mr. JONES. Mr. Chairman, I yield two minutes to the gentleman from Georgia [Mr. LARSEN].

Mr. LARSEN. Mr. Chairman, no one can say very much in two minutes regarding this bill. The membership of the House will recall on the 1st of March last we appropriated 40,000,000 bushels of this wheat, and that up to this time already 25,000,000 bushels of that wheat have been disposed of. If we go upon the theory that we would appropriate no more, we would not have left exceeding 3,000,000 bushels of wheat per month from now to the 1st of December. I am of opinion that neither under the provisions of this bill, nor under the provisions of any other bill which we are likely to pass, should we make it possible for the Red Cross or any other organization to use this wheat for any purpose except in exchange for wheat products. As relates to cotton, the Red Cross should be permitted to use it only for exchange of cotton goods. That is the legitimate purpose and the purpose which I have in mind in supporting this legislation. I think we have done a good piece of work in wheat distribution so far, and I would regret very much to see any other method pursued than the one which I have outlined, because we might thereby bring down on the Red Cross organization criticism which would inure to its injury and to the injury of the Congress.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. LARSEN. Yes.

Mr. BURTNESS. This question is not asked in any critical sense, but I note the language of the bill with reference to cotton includes not only cloth but also wearing apparel.

Mr. LARSEN. An amendment has been prepared to take care of that. Under the provisions of that amendment, if adopted, the purpose that I have outlined will be carried into effect.

Mr. HAUGEN. Mr. Chairman, I yield one minute to the gentleman from Michigan [Mr. CLANCY].

Mr. CLANCY. Mr. Chairman, the Government wheat which has been distributed in my city, a city of 2,000,000 people, with six or seven hundred thousand people in acute distress, has been a godsend. It has been distributed in the nature of bread and flour products to hungry children in the schools.

Many families would be absolutely hungry and in danger of starvation if it were not for this flour, because our public and private welfare funds have been exhausted. Just last Monday it was estimated by John C. Cowan, chairman of the distribution committee, that the amount of these bread products distributed to starving people amounted to tens of thousands of dollars. We look for more acute distress this fall and winter. We need more flour and wheat products. I hope the bill will pass.

Mr. HAUGEN. Mr. Chairman, I yield two minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, in May there was shipped to Cheyenne from Chicago a large amount of wheat at 41 cents per hundredweight freight. At that same time in Cheyenne wheat was selling for from 30 to 35 cents a bushel. I am in favor of this legislation. I voted for it before; but if that sort of thing continues, it would seem to me that some one ought to be privileged to discover why so much freight is paid when they can buy the wheat there for about that same price laid down.

Mr. FULMER. Mr. Chairman, if the gentleman will yield, I might say that shipping the flour to that same point would cost exactly the same amount that the wheat cost. They have a mill and wheat transit rate that would permit them to ship wheat to that point, mill it into flour, and ship it out just as cheaply as if sent there in flour in the original instance. Therefore it did not cost any more.

Mr. GILCHRIST. I know where there is a large amount of wheat at a closer point that might have been available. I call the attention of the House to that fact.

Mr. FULMER. But the freight on the wheat did not amount to any more than the freight on the flour would that you would have had to ship to that point.

There was quite a lot of this wheat shipped to South Carolina and milled by the mills in South Carolina for the benefit of the labor and the benefit of the mills, and we did not lose one dime by doing it rather than shipping the flour.

Mr. GILCHRIST. I am glad to have some explanation of it.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. JONES. Mr. Chairman, I yield one minute to the gentleman from Connecticut [Mr. LONERGAN].

Mr. LONERGAN. Mr. Chairman, on May 24 I introduced House Joint Resolution 403, which has been merged with the pending resolution. Flour has been distributed to each of the 48 States and to the District of Columbia. In the short time I have I can only give the totals. There were 1,964,894 barrels of flour. There were 2,423,367 families assisted. There were 220,079 tons of stock feed approved.

Mr. Chairman, I ask unanimous consent to include in my remarks the figures for the States, as I have only given the totals.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The matter referred to is as follows:

FIGURES GIVEN BY MR. MARKHAM, OF THE FEDERAL FARM BOARD, JUNE 16, 1932

Eighty-eight million five hundred thousand bushels of wheat actually held in elevators on June 1 and in transit; 350,000,000 to 450,000,000 bushels estimated in private elevators; 51 cents a bushel present market price; $13,200,000, or 15 cents a bushel, is present carrying charges of Federal Farm Board per year.

Statement of Government-owned wheat distribution to close of business June 9, 1932

	Number of families expected to be assisted by flour	Number of barrels flour approved	Number of families expected to be assisted by stock feed	Number of tons stock feed approved
Alabama	45,456	50,116		
Alaska	1,560	971		
Arizona	17,681	10,014	175	50
Arkansas	30,161	22,349		
California	114,899	65,336	600	300
Colorado	22,560	16,688	2,205	2,780
Connecticut	31,893	20,315		
Delaware	4,000	1,200		
District of Columbia	3,814	1,252		
Florida	28,546	27,708		
Georgia	64,090	59,914		
Idaho	18,353	12,682	19,303	17,908
Illinois	164,204	72,956		
Indiana	78,584	61,432		
Iowa	26,833	20,000	3,574	6,871
Kansas	16,462	12,354		
Kentucky	54,398	58,214		
Louisiana	31,685	24,625		
Maine	14,255	14,670		
Maryland	18,970	22,565		
Massachusetts	63,060	47,219		
Michigan	113,194	90,627		
Minnesota	41,375	33,540	9,735	11,676
Mississippi	54,711	28,159		
Missouri	53,497	28,935		
Montana	20,990	23,576	17,984	23,804
Nebraska	18,356	17,788	8,858	11,587
Nevada	3,844	3,590	3,110	5,519
New Hampshire	6,375	8,781		
New Jersey	67,516	43,993		
New Mexico	9,627	8,903		
New York	93,208	71,530		
North Carolina	42,110	48,790		
North Dakota	19,669	19,924	31,083	45,132
Ohio	153,009	158,763		
Oklahoma	85,109	69,972		
Oregon	19,181	9,847	2,065	1,070
Pennsylvania	273,908	283,614		
Rhode Island	16,676	15,015		
South Carolina	30,291	28,960		
South Dakota	35,059	38,088	40,866	56,530
Tennessee	42,680	55,485		
Texas	78,590	55,861		
Utah	91,240	32,799	33,774	27,456
Vermont	7,378	6,727		
Virginia	28,370	26,075		
Washington	55,607	28,287	1,994	3,337
West Virginia	38,114	48,845		
Wisconsin	67,252	51,705	684	555
Wyoming	4,667	4,135	4,410	5,504
Total	2,423,367	1,964,894	180,420	220,079

Total number of bushels wheat—

Voted to Red Cross	40,000,000
Committed to date	25,305,211
Uncommitted to date	14,694,789

NOTE.—Families expected to be assisted represent those families for whom wheat has been requested by Red Cross chapters through the filing of applications for Government-owned wheat.

THE AMERICAN RED CROSS,
Washington, D. C., June 10, 1932.

Hon. AUGUSTINE LONERGAN,
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN LONERGAN: In accordance with your telephone request of yesterday, June 9, you will find attached a statement giving you the information for which you asked pertaining to wheat distribution and the families benefiting by this distribution.

I trust that this statement embodies all of the information which you desire.

Sincerely yours,

JAMES L. FIESER, *Acting Chairman.*

Mr. JONES. Mr. Chairman, I yield the balance of my time to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, I do not believe that any legislation has passed this body since I have been a Member of it that has done more good than the bill that was passed a short time ago which gave 40,000,000 bushels of wheat to feed the hungry of our land. When that bill came to our committee it came as a Senate bill, introduced by Senator NORBECK, to relieve five States out in the West which had had a drought. It was the wisdom of our committee that that should be broadened so that it might be made to apply to the entire United States. I offered an amendment in the committee to strike out everything after the enacting clause and insert the language that we placed in the bill, and every Member of this Congress that voted on that except two, as I remember, voted for it.

The present bill is simply carrying that plan farther. There are only 15,000,000 bushels of wheat left now to last until September. It will soon be gone. Then will come the fall season when our people will be in greater distress than they are now, and we ought to vote for this. I would vote twice that much. There is a greater principle back of this than taking care of the price of wheat or the price of cotton. This is saving lives, and they are going to suffer if we do not take care of them. I say that any man who votes for this will not have the criticism of any man who has the spirit of humanity in him that he should have.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HAUGEN. Mr. Chairman, it has been stated that this wheat is not needed and therefore we are donating it. On the contrary, it is very much needed. It is needed to maintain the market, as provided in the declared policy of the Farm Board act. That is, to maintain advantageous domestic markets.

The board bought 329,000,000 bushels of wheat. For what purpose? To remove the surplus from the market, to give the wheat grower the benefit of the tariff. The wheat cost 81 cents a bushel. Wheat can be bought to-day for 49 cents a bushel. As a result of donating 40,000,000 bushels of wheat a few days ago, the price has gone down to the lowest point it has been in a number of decades. It was 49 cents yesterday, and, as was stated by the gentleman from Kansas [Mr. HOPE] it has dropped 12 cents because of the donation of the 40,000,000 bushels, some weeks ago.

Now, the unfortunate thing about donating the 40,000,000 bushels is the fact that it is donated at the expense of the wheat growers, and if the wheat growers are satisfied I take it that we should take no exception; but it also affects the price of corn. Wheat is to be substituted for corn and used as feed, thereby depressing the price of corn. If there is any doubt about it, let me quote a member of the Farm Board, so that we know exactly what we are doing. I quote from Mr. Denman. He makes it clear——

Mr. FULMER. Will the gentleman yield?

Mr. HAUGEN. I yield.

Mr. FULMER. We did not use any cotton before, and cotton has been declining ever since.

Mr. HAUGEN. Oh, that is right, but we know why wheat has declined, and the gentleman will find out, if the 500,000 bales are placed on the market, why cotton will decline. The gentleman has not yet had that experience, but after he has had that experience, he will have the same experience as the wheat growers and the corn growers in the past.

If we want to do the charitable thing, why not save the Treasury the expense of this costly wheat? This wheat cost $36,000,000. It can be bought on the market for less

than $20,000,000, and the market for both wheat and corn will not be depressed.

Let me read what Mr. Denman said. Mr. Denman makes it clear that—

> Any amount taken out would affect the market. It will be done solely at the expense of the revolving fund. To obtain this wheat we would have to purchase other wheat to pay off the loan for the amount of wheat let out, thus reducing the amount of money left for loans to the cooperatives.

As stated in the hearings, the cost of the wheat to the board was 81 cents a bushel. The funds were depleted $36,000,000, at the expense of the Federal Treasury, and reduced the funds available for loans to the farmer $36,000,000, thus not only crippling the Farm Board to the extent of $36,000,000, but also reduced the funds available for loans to aid the farmers in marketing their commodities.

Had Congress appropriated $20,000,000—the value of the wheat at the time it was turned over—instead of donating 40,000,000 bushels of wheat—which cost the Federal Treasury $36,000,000—and had the Red Cross used the money to buy wheat, corn, or other feed, it would not only have left the funds of the Farm Board intact, but would have maintained the advanced price of wheat, and stimulated the price of corn, and the gain to the farmers would have been millions of dollars in price received for their commodities. Unfortunately, since the wheat was substituted for corn, corn was sold at the lowest price in 30 years. May corn is 30 to 31 cents at Chicago. Sensational reports of heavy crop failures have resulted, as is usual, in speculators advancing the price of wheat recently.

The aim of representative farm groups and friends of the farmers and Congress for a number of years has been to redeem the platform pledges of the major parties to place the farmer on an equality with industry and labor—in other words, to restore a parity between prices of agricultural commodities and the products of industry and labor.

It is needless to say that the three and a half billion dollars deficit for the two years can not be reduced by depleting the Federal Treasury $36,000,000 when $20,000,000 would have done the job better and without injury to the corn grower, nor can the farmer be bettered by thus lowering the price of his commodities.

The donation was not only at the expense of the Federal Treasury of $36,000,000 but at many times that amount to the producers, unless the 40,000,000 bushels donated are replaced by the purchase of 40,000,000 bushels to take it off the market, as suggested by Mr. Denman. In short, donating the wheat instead of cash not only defeated the purpose of the act but killed the goose that laid the golden egg. [Applause.]

The CHAIRMAN. All time has expired.

The Clerk will read the bill.

The Clerk read as follows:

> *Resolved, etc.*, That the Federal Farm Board is authorized and directed to take such action as may be necessary to make available, at any time prior to August 1, 1933, to the American National Red Cross, and any other organization designated by the American National Red Cross, 40,000,000 bushels of wheat of the Grain Stabilization Corporation and 1,000,000 bales of cotton of the Cotton Stabilization Corporation, for use in providing food, cloth, and wearing apparel for the needy and distressed people of the United States and Territories. Such wheat or cotton shall be delivered upon application therefor, but only upon the approval of the President of the United States, and in such amounts to each organization as the President may approve.

With the following committee amendment:

> Page 1, line 8, strike out "1,000,000" and insert "500,000."

Mr. LAGUARDIA. Mr. Chairman, I rise in favor of the committee amendment.

Mr. Chairman, I just want to say one word to my friends representing farming districts. There has not been a measure brought before this House in the last 10 years, for the benefit of agriculture, that I did not vote for, and in one or two instances I was the only man from the East who did vote for it.

Now, the relief provided in this resolution means life to thousands of people in my city. This wheat at the present time is held by the Farm Board and it was purchased by public funds. My State contributed to that public fund just as much as any other State, if not more.

It has been said that this wheat will be taken out and put into the market. Certainly it will. It is said that it will affect the sale of flour. Of course, it will. It is only temporary. The use of this wheat can not affect the price of wheat. Let us be frank about these things. As long as that wheat is in existence it is bound to have a permanent, constant depressing effect upon the price of wheat. The quicker it is consumed the better for the wheat grower.

When the 40,000,000 bushel resolution was before us I attempted to offer a modest amendment which I prepared after consulting every member of the Committee on Agriculture and gentlemen from the farming districts, to permit the processing of wheat into flour and flour into bread.

But, Mr. Chairman, it did not work out in the city. Of the 40,000,000 bushels authorized by the previous resolution New York City did not get one pound. My colleague, the gentleman from New York [Mr. CELLER] and I literally went down on our bended knees to ask the Red Cross to construe the previous resolution so we could use this flour for food. I pointed out when the previous resolution was before us that we have not the facilities in the tenement-house districts for baking. The cost of gas is very high. We are up against a local condition in converting flour into bread. We do not want individual recipients to exchange the flour. That surely would not be wise.

The mechanics of the exchange are simply these: That the wheat is delivered to the Red Cross. The Red Cross changes it into flour and delivers it to the established charitable organizations of New York City, the C. O. S., the A. I. C. P., the United Hebrew Charities, the Catholic Charities, and I think the Salvation Army.

Now, it may be they may use this for bread. It may be they may use this for other flour products, but in the event, Mr. Chairman, that it is necessary to save a family to give them a little coffee, tea, and sugar that they may require, all we ask is to make this law sufficiently broad to permit such an exchange.

I have come before this House time and time again not only this session but the previous session pleading for help, asking for relief of the unemployed. The gentleman from New York [Mr. FISH] and myself appeared before the Agricultural Committee. We asked for this wheat then, last session. We were laughed at and ridiculed at the time. They said we were pessimistic, that everything would be all right.

I am not overstating it when I tell you that distress in the big cities is growing and almost beyond control.

What will the people of our city think, knowing that 40,000,000 bushels of wheat were authorized, that a great deal of it went for feed—and you have a right to use it for that—but when they ask for bread they can not get it?

Now, please, gentlemen, do not be too technical in this instance. Give us a chance to take this wheat that we are handing out for distribution and use it for food within the intent of this resolution.

I ask you to cooperate with us in this instance. [Applause.]

The CHAIRMAN. The question is on the committee amendment.

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment by Mr. JONES: Page 2, line 2, after the word "for," insert a comma and the following: "and in providing feed for livestock in the 1932 crop-failure areas."

Mr. JONES. I do not think I care to make any statement about the amendment.

Mr. STAFFORD. Will the gentleman yield?

Mr. JONES. If an explanation is desired I will be glad to make it. This particular amendment was suggested by the American National Red Cross. It was included in substance in the previous measure and it provides that in some of the 1932 crop-failure areas they may use wheat for feed purposes in order to save the livestock. They only used it in

sections of very great distress, and it provided a wonderful service in those sections.

I do not think there is any objection to the amendment from the committee.

Mr. STAFFORD. Will the gentleman yield further?

Mr. JONES. I yield.

Mr. STAFFORD. I understand the purpose of the gentleman's amendment is to carry into effect a like provision for the 1932 crop-failure areas as was provided in the last act for the 1931 crop-failure areas?

Mr. JONES. Exactly.

Mr. STAFFORD. To what extent has the wheat been used for this purpose up to date?

Mr. JONES. There was a considerable percentage. I have not the figures here.

Mr. STAFFORD. After we authorize the taking over of this additional 40,000,000 bushels of wheat how much wheat will be left in the possession of the Farm Stabilization Corporation?

Mr. JONES. At the present time there is around 94,000,000 bushels in the hands of the Government. This bill would take an additional 40,000,000 bushels and would leave, in round numbers, 54,000,000 bushels. They have gradually disposed of some of it. These figures are approximate.

Mr. STAFFORD. As for the cotton, it was testified this morning before the special committee investigating Government competition with private industry that there are 1,300,000 bales of cotton in the possession of the Government.

Mr. JONES. Correct.

Mr. STAFFORD. Which the Government has bought at high prices and is holding at great loss.

Mr. JONES. That is correct.

Mr. STAFFORD. By this bill it is proposed to take 500,000 of the 1,300,000 bales of cotton. Is there any proposal before the Agriculture Committee that would dispose of the other 54,000,000 bushels of wheat, which are a drag on the market, keeping down the price of wheat, and dispose of the other 800,000 bales of cotton which have a like effect?

Mr. JONES. There are a number of measures of varying types pending before the committee, but it is rather difficult for a busy committee to take away the management from those who are in charge of the disposition of these commodities.

Mr. STAFFORD. The only prospect of disposing of them ultimately is to do as we are doing to-day—give them to the Red Cross.

Mr. JONES. No; that is not exactly correct. They have tried to dispose of them. I am hoping that if this is adopted the remainder of the wheat may be kept entirely off the American market until there is a materially better price.

Mr. STAFFORD. If the gentleman will permit, I am willing to do this so as to remove its potential effects from the market in keeping down the price of cotton and wheat.

Mr. JONES. I think at least no one can gainsay the advantage and advisability of this action.

Mr. FISH. Will the gentleman yield?

Mr. JONES. Yes.

Mr. FISH. Following up the statement of the gentleman from Wisconsin, when the bill was first under consideration, the original bill, there were still 200,000,000 bushels of wheat in the hands of the Grain Stabilization Corporation. The gentleman has just stated that that corporation now has on hand 94,000,000 bushels; and when this bill is passed, there will remain 54,000,000 bushels. Can the gentleman state for the information of the committee what happened to the other 100,000,000 bushels in the last few months?

Mr. JONES. The board announced the policy of selling not to exceed 5,000,000 bushels per month. At the time the previous bill was passed they only had 146,000,000 bushels on hand. They had had more than 200,000,000 bushels, but it had been gradually disposed of; they have sold some abroad. As I have stated, they announced the policy of disposing of not to exceed 5,000,000 bushels a month.

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I rise in opposition to the amendment for the purpose of inquiring of the gentleman from Texas if he knows how many millions of bushels of wheat under the last bill went for the feeding of livestock in these drought-stricken areas?

Mr. LONERGAN. I will say to the gentleman that I procured those figures from the Red Cross, and they will be placed in the RECORD.

Mr. JONES. The gentleman will find those figures in the report. The report shows how many millions of bushels of wheat were used in that way.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JONES].

The amendment was agreed to.

Mr. CELLER. Mr. Chairman, I move to strike out the last word. With all the earnestness of which I am possessed, I desire to supplement the remarks made by the gentleman from New York [Mr. LAGUARDIA]. The previous bill, approved March 7, 1932, authorized the distribution of Government-owned wheat to the American National Red Cross for relief of the poor and distressed to the extent of 40,000,000 bushels.

In the distribution the Red Cross has rendered a fine service and has rescued many families from starvation. The following clipping from the New York Times shows clearly the extensive relief made possible by the first 40,000,000 bushels of wheat:

RELIEF FLOUR GOING TO 10,000,000 NEEDY—RED CROSS AIDS IN ALL STATES WITH 40,000,000 BUSHELS OF WHEAT VOTED BY CONGRESS—PENNSYLVANIA TOPS LIST—250,701 FAMILIES HELPED THERE, WITH 92,959 IN NEW YORK—SUPPLY MAY LAST THROUGH SUMMER

WASHINGTON, May 28.—More than 10,000,000 persons are receiving flour from the Red Cross out of the 40,000,000 bushels of Farm Board wheat voted to it by Congress for distribution among those in need, the Red Cross announced to-day.

Applications for 1,703,813 barrels of flour for 2,224,701 families in 2,672 Red Cross chapter jurisdictions have been approved. About three-fourths of the 3,072 counties in the United States asked for such aid, and flour is being distributed in all States, the District of Columbia, and Alaska.

The largest distribution is for Pennsylvania, where 250,701 families are to be aided. Illinois is second with 151,621 families. In New York State 92,959 families are listed; in New Jersey, 63,921; and in Connecticut, 29,773.

Applications for 218,000 tons of livestock feed have been approved for 178,647 stock owners.

The total requisitions have consumed 23,718,177 bushels of the 40,000,000, flour orders totaling 12,818,177 bushels and livestock feed 10,900,000.

Officials estimate that if the flour distribution continues at the present rate, the remaining wheat may last through the summer.

The distribution began on March 7, and already some communities have sent in a second order. This, the Red Cross said, was caused by underestimation of needs in the first order, the extention of relief, or to increased unemployment.

Requirements by States for flour and feed and the number of families aided are shown in this table:

State	Families aided by flour	Barrels of flour approved
Alaska	1,310	781
Alabama	40,318	44,377
Arizona	14,721	8,234
Arkansas	22,325	16,395
California	101,267	57,975
Colorado	21,470	15,633
Connecticut	29,773	18,013
District of Columbia	3,814	1,252
Delaware	3,000	600
Florida	23,885	24,106
Georgia	58,042	53,371
Idaho	14,459	10,587
Illinois	151,621	63,404
Indiana	73,974	51,975
Iowa	23,748	17,295
Kansas	13,955	9,801
Kentucky	47,676	43,786
Louisiana	22,047	17,258
Maine	13,282	13,630
Maryland	18,827	19,217
Massachusetts	62,420	44,277
Michigan	112,026	88,770
Minnesota	39,148	31,331
Mississippi	46,412	22,982
Missouri	50,231	25,449
Montana	20,765	22,941
Nebraska	18,115	17,583
Nevada	3,499	3,332
New Hampshire	5,952	6,885
New Jersey	63,921	40,193
New Mexico	9,062	8,203
New York	92,959	62,433
North Carolina	36,935	39,942
North Dakota	19,619	19,566

State	Families aided by flour	Barrels of flour approved
Ohio	149,917	148,795
Oklahoma	76,883	62,922
Oregon	18,875	9,667
Pennsylvania	250,701	223,411
Rhode Island	15,976	14,115
South Carolina	23,268	19,270
South Dakota	34,359	36,966
Tennessee	35,152	40,503
Texas	75,480	52,898
Utah	85,829	29,368
Vermont	6,967	6,077
Virginia	26,298	23,332
Washington	41,087	22,597
West Virginia	31,552	38,033
Wisconsin	65,852	49,491
Wyoming	4,157	3,731

In the large cities, however, like New York, although the law permitted exchange of wheat for flour—the cost of processing and milling to come out of the wheat—the local chapters of the Red Cross could do nothing with the flour. When the Red Cross brought the flour to the poor in Brooklyn and New York City, they found these wretched, impoverished families did not have the fuel or the money to purchase gas or electricity or the ingredients for baking in order to convert the flour into bread. The flour was simply useless under such conditions. Thus the needy, the poor of New York had to go without. Just think of it, granaries bursting with grain and yet the poor of the cities starve. That was and still is intolerable. We did all in our power to persuade Judge Payne, the head of the American National Red Cross, and we did all within our power to persuade the Solicitor General of the United States, Judge Thacher, who is the counsel of the Red Cross, to interpret the previous bill to permit the American Red Cross through its local chapters, particularly in the large cities like Chicago, St. Louis, Boston, and New York, to exchange flour for food, like potatoes, bread, and dry groceries, sugar, and coffee. However, we could not get these gentlemen to budge one inch in the interest of the poor people in those large cities. In justice to them I must say they desired to do so but felt constrained to deny our request because of the rigid terms of the bill.

The Red Cross had, however, persuaded the large wholesale grocers and bakers and the large chain-store operators to take this flour and give other food in return, but before effecting the exchange Judge Payne asked us to get an amendment to the statute giving him that power of exchange.

We went to the Agricultural Committee and asked for enabling legislation. The committee were considering a bill for a second 40,000,000 bushels. We persuaded the gentleman from Texas, Chairman MARVIN JONES, to write into the second bill the right to exchange the wheat or flour for other food. The bill is now before you. The amount of other food that will be exchanged will be comparatively trifling in amount, yet you will be doing genuine charity to the poor and distressed of my city. In New York, or rather Brooklyn, the Red Cross will and has distributed through the following agencies: The Salvation Army, the Brooklyn Bureau of Charities, St. Vincent de Paul Society, the Association for the Improvement of the Condition of the Poor, and United Jewish Aid Societies—I am an officer of the latter organization.

Dire distress, bitter poverty, stalks the land. Relief is imperative. Otherwise I shudder at the consequences of failure to succor the needy, the halt, the lame, and the feeble. Private charity has spent itself. Public charity, governmental charity is necessary. You must pass this bill. In New York City the emergency unemployment relief committee has been doing a fine job under the benevolent and wise guidance of Harvey D. Gibson. This organization is the central distributing agency of the Red Cross in the five boroughs of New York. It in turn coordinates and works with all the local borough charity societies. The emergency unemployment relief committee has raised millions of dollars for the idle. But the work and the need seems unending. Governmental help is imperative. This bill will greatly help.

Mr. FISH. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. FISH. Why did not your charitable organizations bake the flour and make it into bread?

Mr. CELLER. It costs almost five times the cost of the flour to bake it into bread, so it was utterly impossible to do that. The cost, which must come out of the wheat, was prohibitive. However, some of the wheat was baked into bread, gratis, by some of the bakers.

Mr. HOPE. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. HOPE. I am in sympathy with the gentleman's position, but does not the gentleman think that an amendment which would limit the exchange to flour, bread, or products of wheat would be sufficient to give him the relief which he desires?

Mr. CELLER. No; it would not.

Mr. LAGUARDIA. Let me suggest to the gentleman that Judge Payne will keep these exchanges down to the minimum.

Mr. CELLER. The gentleman is correct. As the gentleman suggests, Judge Payne, of the American National Red Cross, will keep this exchange down to a minimum. He will, so far as it is within his power, have the exchanges confined to bread, to crackers, to cakes, to pies, if you please, to breakfast foods, and to all those commodities of which wheat is an essential and substantial part. But he must not be limited to products of wheat. I will say to the gentleman that I am sure you can rely upon my word and rely upon the word of Judge Payne in that respect, because he is in charge of this charitable distribution through his local chapters all over the United States, that he will, so far as is humanly possible and consistent with proper alleviation of distress, confine exchanges to wheat products.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. LAGUARDIA. New York City, on a population basis, would have been entitled to a distribution of 5 per cent of the total of the first 40,000,000 bushels of wheat voted for. Five per cent of 40,000,000 bushels is 2,000,000 bushels. Yet New York City did not, because it could not use the flour, get anything at all to speak of. It is entitled to the fair consideration which the pending bill will give. It should receive not only its share of the second 40,000,000 bushels of wheat in the form of food but its share of the first 40,000,000 bushels as well. Upon this I shall insist. I hereby serve notice upon the Red Cross as to this.

The Red Cross did not want to give flour to individuals, and let them run to the grocery stores, where it would be traded in at a ridiculously low exchange rate. That is what we prevented for you.

Mr. CELLER. That is what would happen. The family in their misery possessed of a bag of flour would run to the nearest grocer and exchange it. The cupidity of many tradesmen might cause the poor family to become the victim of a sharp bargain.

I am aware that the Members from the wheat States are fearful lest the exchange privilege will in effect defeat the purpose of the bill, which is to relieve distress and at the same time reduce by consumption the quantity of wheat in the country. If flour is exchanged for coffee or sugar, the sugar and coffee is consumed but the wheat remains. That is true. But to do a great good, let us do a little harm. There is never a perfect solution or a perfect answer. In practice, even if you give the New York poor family the flour, they would not, could not use it. They would sell or exchange it. The flour would, in any event, remain unconsumed. Let the Red Cross make the exchange.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

Mr. UNDERWOOD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. UNDERWOOD: Page 1, line 6, after the words "Red Cross," strike out "and any other organization designated by the American National Red Cross" and insert in lieu thereof the following: "To the governors of the several States, Commonwealths, and Territories of the United States, and any other organization designated by the American National Red Cross, or the governors of the several States, Commonwealths, and Territories of the United States."

Mr. UNDERWOOD. Mr. Chairman, I have offered this amendment for the purpose of asking the chairman a question. I would like to know what objection the gentleman's committee has to making this wheat available to the governors of the several States, Commonwealths, and Territories of the United States as well as to the American Red Cross.

Mr. JONES. I will state to the gentleman that after investigation the committee reached the conclusion it was better to have the responsibility in one central organization. This organization has the authority to utilize, and it has exercised the privilege of utilizing, many local organizations in administering the provisions of the old act. The American National Red Cross has the confidence of everyone and has done such a fine piece of work, generally speaking, that I think it would be a mistake to divide the responsibility and probably induce disputes between different organizations.

Mr. CLANCY. Will the gentleman yield for a question?

Mr. UNDERWOOD. I yield.

Mr. CLANCY. There were a few months ago 10,000,000 bushels of wheat in Canadian elevators, mostly in Ontario, and I would like to ask the chairman of the committee what has become of that American wheat in Canadian elevators?

Mr. JONES. I am sorry I can not tell the gentleman, but I am sure if he will call up the Farm Board they will give him the information.

Mr. CLANCY. But the point is that the rental or storage of this wheat in Canada is a very large item, amounting to about two and a half million dollars a year, and it is also true that as we dispose of this wheat we cut down the total amount of $28,000,000 which we are paying for storage and carrying charges in American and Canadian elevators.

Mr. JONES. I am sure the storage is no more in Canada than it is here.

Mr. UNDERWOOD. Mr. Chairman, I do not desire to take up the time of the committee. In view of the statement of the distinguished chairman I will withdraw my amendment.

I am going to support this measure authorizing the distribution of 40,000,000 additional bushels of Government-owned wheat and 500,000 bales of cotton for the purpose of providing food, cloth, and wearing apparel to relieve the distressed people of the United States. This resolution provides that the wheat, cotton, or produce thereof may be milled, processed, or manufactured into or exchanged for flour, food, cloth, or wearing apparel. The value of this wheat and cotton now on hand is being gradually eaten up by interest, storage, and insurance charges. The humanitarian thing to do is to make it available to the American people for relief purposes. By so doing we will help the farmer in removing this surplus and in extending relief to human misery.

My bill provided for the distribution of 50,000,000 bushels of wheat, and, further, provided for a different method of distribution. I proposed to utilize the governors of the States, who, in turn, will utilize the American Legion, the Veterans of Foreign Wars, and other patriotic, charitable, and relief organizations, and the Red Cross.

The widespread unemployment and business depression still holds our country in its grasp. The situation demands the most serious and thoughtful consideration of Congress and every patriotic American citizen. These are abnormal times. A crisis is here. The very foundation of our Government and social order is tottering and in danger. The situation is as serious as any war in which our country has engaged.

In tragic times like these no one desires to load unnecessary burdens or responsibilities either on individuals or the Nation. However, we must face the realities of the present. Careful study and thoughtful consideration has been given to the situation. Legislation for relief based upon careful thought and consideration has been proposed. Bills have been passed that have brought some measure of relief, and others are pending. Congress has endeavored to stabilize industry, agriculture, and commerce.

Objections have been made to certain legislation on the ground that it was a "dole," meaning that the measures looked to the public as distinguished from private aid. The charge of "dole" and "pork" legislation must be squarely met. American citizens must not starve while we quibble over words. Emergency measures to bridge the unparalleled distress resulting from the unemployment situation have been and must be passed by Congress. Help has gone to the afflicted of other lands. Local resources have been exhausted. States, cities, municipalities, political subdivisions, charitable and relief organizations are no longer able to cope with the situation.

Under normal conditions, in a democratic form of government such as ours, we should rightfully rely upon those organizations to care for our destitute American citizens who are suffering from want, privation, and hunger. Radical and unusual situations all rightfully go for reversal of beliefs. Words and slogans damning and beclouding the true purposes of legislation should not cause us to neglect our duty to mankind. The total number of people needing relief is greater now than it ever has been before. Savings have been exhausted, friends and relatives borrowed from; credit is gone; and the man or woman who never before has been out of a job is "up against it." Federal assistance is necessary. Measures that will provide employment until the wheels of industry move again are urgent and necessary. Our people must work. That is the cure for unemployment.

I have supported and will vote for any measure, Republican or Democratic, that will help provide employment or relief for existing conditions. Many times direct aid has been given for the needs of our peoples and the peoples of other lands. We have many precedents to prove this. The wheels of industry must move again. Our people must work, but until they do, they can not and must not starve. I have voted for measures in this Congress that I would not support in normal times or under ordinary circumstances, but the cry of needy men, women, and little children for help constantly in our ears must not go unheeded. If it does, we will fall into national disgrace and dishonor.

Our Government does not owe its citizens a living, but it does owe them the opportunity to make a living. We can no longer ignore the crying need. Our people deserve recognition and assistance. Hunger has caused many a revolution and revolt. Gentlemen, we do not want these conditions added to the distress we now have. It is a stain on our society that people have to resort to hunger marches and strikes in order to picture their plight.

The greatest Leader of all time taught us "to love one another" and "feed the hungry." Now is the time to express our willingness to care for those in need.

Conditions have arisen which demand prompt and vigorous public action in order to prevent millions of worthy but destitute American citizens from further suffering actual want, privation, and hunger.

The emergency is so pressing that immediate action by the Government and an emergency appropriation from the Federal Treasury are urgent and necessary. I am quite sure that we would all prefer that private benevolence provide relief for this terrible situation. However, the excellent and worthy work of our relief organizations must be supplemented and aided by an emergency appropriation from our Federal Treasury for the relief of such a crisis as now confronts us.

I am not unmindful of the steps taken and action contemplated by our Government to relieve these sad and deplorable conditions. But we owe this immediate duty to our people in order to relieve millions of men, women, and little

children now on the verge of starvation. We have boasted about our prosperity. To argue that we are not able to expend a few millions for food for our needy and destitute is unreasonable, untenable, and not in keeping with our past or the humanitarian spirit of our great Nation. This must be done at once to prevent the pangs of hunger from causing the spread of revolutionary and bolshevistic doctrines.

We have spent billions of dollars for war. In times of peace we spend millions for our Army and Navy to secure and perpetuate the cause of liberty and free government. Can we not afford to spend a few millions under the general welfare clause of our Constitution—a strikingly smaller amount to relieve destitution and suffering among our own citizens? We must not hesitate in the face of evident distress, grief, and destitution. It is no time to quibble or argue. Delay may prove more costly. It might endanger our Government and institutions. Measures proposed and those which I have supported provide the direct way that relief and help can be given to innocent and suffering men, women, and babes, who are in no way responsible for existing conditions. The American people have always heeded the call of suffering humanity at home and abroad. Under the general welfare clause of our Constitution, we have made many appropriations of this nature. Many times we have helped the suffering peoples of other lands. The great heart of America has never failed to respond to a plea for help in time of need and distress. Many times we have appropriated money for the relief of distress of those at home and abroad. We have many precedents for this act.

Our Government has gone to the aid and help of the starving women and children in Belgium, France, and other States. We have appropriated $20,000,000 for the relief of the people of Russia. At the close of the war we gave our suffering allies $100,000,000. Austria received over $70,000,000 in food from our Government. Relief has been given to Germany, Ireland, India, Cuba, and China—to the suffering people of Italy and Japan. Under the guise of loans, which never have and never will be repaid, our Government has furnished millions of dollars in supplies and foodstuffs to foreign countries, aggregating the enormous sum of more than $200,000,000, including advances made by the American Relief Administration and the United States Grain Corporation.

Mr. Chairman, our country is rich, great, and wealthy. We love and cherish our institutions, our ideals, our Government. We have passed and are going to pass measures to relieve distress and, we hope, hasten good times. Multitudes of men, women, and little children are suffering and will suffer during the winter unless we assist our private relief agencies by an emergency appropriation to help relieve the distress and suffering resulting from the widespread unemployment and business depression existing throughout the country. Let us help bring about a brighter day and help relieve suffering and sorrow in our land as we have helped to do in other lands. If Congress will vote this measure, I am confident that it will help bring hope and courage to millions of hungry or discouraged men, women, and children throughout the United States.

Mr. SABATH. Mr. Chairman, I rise in opposition to the amendment.

Mr. JONES. Mr. Chairman, if the gentleman will permit, I ask that all debate on this section and all amendments thereto close in five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent to withdraw the amendment I offered.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. SABATH. Mr. Chairman, notwithstanding that the wheat which has been distributed by the Red Cross has not reached the places where it is most needed, I still believe that the Red Cross is in a much better position to distribute it than the governors of the respective States.

Mr. LARSEN. If the gentleman will yield, the gentleman from Ohio [Mr. UNDERWOOD] has withdrawn his amendment.

Mr. SABATH. I thank the gentleman for calling my attention to the fact. However, I want to supplement what has been stated by the two gentlemen from New York [Mr. LAGUARDIA and Mr. CELLER] as to the need of this legislation.

The gentleman from Michigan [Mr. CLANCY] has stated that the people in the city of Detroit are in danger of starvation. What applies to Detroit applies to the great city of Chicago. In that city, in which the Republican Party holds its convention this very day, and which party had four years ago pledged four years of plenty, employment, and high wages, there are nearly 650,000 men out of employment, on whom another 1,500,000 lives depend. Mr. Chairman, I repeat, I have cooperated with and aided in and voted for every piece of legislation to relieve the farmers of the country, although the starving people in the city of Chicago have not received a bushel of this wheat or a pound of this flour, notwithstanding that it, like several other large cities in the United States, pays into the Federal Treasury more money in the form of revenue than a great many States.

I think it is manifestly unfair and unjust that the people in the cities and in the large centers of population who need the food most should be deprived of this relief, aid, and assistance.

Mr. PARSONS. Will the gentleman yield?

Mr. SABATH. Yes.

Mr. PARSONS. Is it not a fact that the city of Chicago and the State of Illinois have already spent $45,000,000 for relief purposes?

Mr. SABATH. The city of Chicago, Cook County, and the State of Illinois have spent approximately $45,000,000 to relieve the poor, and they have appealed for a loan in order to continue this necessary relief. They have come before us because the banks whom we have aided by the creation of the Reconstruction Finance Corporation have refused to buy any of our State, county, or city bonds, or even anticipating warrants. They do not ask for gifts or donations. I repeat, all they desire is to secure a loan, for which the city is willing to give good security and positive assurance that it will be repaid, so that Chicago may feed its hungry and create employment for the unfortunate thousands who are out of work and in need of food.

Some of the gentlemen from the Wheat Belt object to the exchange provisions in this bill, fearing that wheat must be exchanged for other commodities. Personally, I feel that the benefits that the people of the large cities will derive are only infinitesimal as compared to those derived by the wheat growers.

I am pleading for the bill not only because it will supply a small amount of food and clothing to the needy of the cities but also because it will reduce the tremendous surplus of wheat and cotton now in the warehouses that appears to affect the prices of the other commodities.

I realize that it would have been much more prudent and wiser if the Farm Board had disposed of the wheat long before this. But at that time we were under the impression that men of experience and vision and men who had the interest of the country at heart would be appointed to this board that would enable us to market our surplus wheat and other commodities and give our farmers fair prices for their commodities. But, from what you agriculturists say, this board has been grossly incompetent, has exceeded its authority, and has abused the power granted to it by Congress. These gentlemen, instead of bringing about increases in the prices of commodities, have brought about increases in their own salaries and allowances to a degree not only vicious but criminal. As I understand it, one of these men is drawing $75,000 annually and another $50,000. No wonder the $500,000,000 which we have voted for to relieve the farmer is fast disappearing.

Please remember, these men have not been appointed by the Democratic Congress but by a Republican President, who is entitled to all of the credit and glory for their great achievements in bringing about the 40 or 50 per cent reduc-

tion in the prices of all farm commodities, and this, as I have stated, notwithstanding the fact that Congress has voted $500,000,000 in good faith to stabilize the prices of all farm products.

Mr. CONNERY. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment of Mr. CONNERY to the Jones amendment: At the end of the Jones amendment, insert: "After the needs of human consumption have been taken care of in the opinion of the Director of the Red Cross."

The CHAIRMAN. The Chair will state that all debate on this section and amendments thereto is closed. The Chair would like to inquire of the gentleman from Ohio [Mr. UNDERWOOD] if he withdraws his amendment?

Mr. UNDERWOOD. I withdraw it.

The CHAIRMAN. Without objection, it is so ordered. The question is on the amendment offered by the gentleman from Massachusetts [Mr. CONNERY].

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

SEC. 2. No part of the expenses incident to the delivery, receipt, and distribution of such wheat or cotton shall be borne by the United States or the Federal Farm Board. In order to carry out the purposes of this resolution such wheat or cotton or the products thereof, may be milled, processed, or manufactured into, or exchanged for, flour of any kind, bread, or other food of any kind, or cloth or wearing apparel; but such milling, processing, or manufacturing shall be without profit to any mill, organization, or other person.

Mr. FULMER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 12, after the word "wheat," strike out the words "or cotton," and at the end of line 12, add the word "or." In line 13, strike out the words "or manufactured." In line 14, strike out "clothing or wearing apparel," and insert in lieu thereof "cotton may be manufactured into clothing or wearing apparel or exchanged for other articles of clothing made of cotton."

Mr. FULMER. Mr. Chairman and gentlemen of the committee, I am offering this amendment for the purpose of clarifying the language as written in the bill. Apparently under the present language you could trade cotton for wheat or wheat products, or trade wheat or wheat products for cotton or cotton clothing. This will leave the bill as intended, so you can trade wheat for flour, and so forth, and for other food products; or, as to cotton, you can trade cotton cloth for garments or other manufactured clothing made out of cotton.

Mr. HOPE. Mr. Chairman, I offer the following amendment as substitute for the Fulmer amendment.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the Clerk may read the paragraph as it would read if the Fulmer amendment were adopted.

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read as follows:

SEC. 2. No part of the expenses incident to the delivery, receipt, and disposition of such wheat or cotton shall be borne by the United States or the Federal Farm Board. In order to carry out the purposes of this resolution such wheat or the products thereof may be milled or processed into or exchanged for flour of any kind, bread or other food of any kind, or cotton may be manufactured into cloth or wearing apparel or exchanged for other articles of clothing made of cotton; but such milling processes or manufacturing shall be without profit to any mill, organization, or other person.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Kansas [Mr. HOPE] as a substitute for the amendment of the gentleman from South Carolina.

The Clerk read as follows:

Page 2, strike out, beginning with line 11, down to line 16, and insert in lieu thereof the following:

"In order to carry out the purposes of this resolution, such wheat or the products thereof may be milled, processed, or manufactured into or exchanged for flour of any kind, bread or other food or feed of which wheat or any by-product thereof is a substantial ingredient, and such cotton may be processed or manufactured into or exchanged for clothing and wearing apparel made of cotton; that such milling, processing, or manufacturing shall be without profit to any mill, organization, or other person, and so far as necessary such wheat and cotton products may be used for immediate transportation, storage, and handling expenses in carrying out the purposes of this resolution."

Mr. BANKHEAD. Mr. Chairman, reserving the point of order, does the gentleman offer this as a substitute or as an amendment?

Mr. HOPE. Mr. Chairman, I offer this as a substitute for the amendment offered by the gentleman from South Carolina. This amendment does for both wheat and cotton what the amendment of the gentleman from South Carolina [Mr. FULMER] does as to cotton. In effect it provides that wheat shall not be exchanged for any other food product excepting flour, bread, or any other food or feed of which wheat is a substantial ingredient, and as to cotton it provides that it shall not be exchanged for any cloth or wearing apparel other than that manufactured from cotton.

Mr. MOUSER. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. MOUSER. Who is to determine the exchange value of this wheat or cotton that is to be exchanged for other goods?

Mr. HOPE. That is entirely up to the Red Cross.

Mr. MOUSER. In other words, you are to delegate that right to a Red Cross official to fix whatever value he may see fit and make any kind of a deal he may see fit, without any supervision whatever?

Mr. HOPE. That is true. The original bill does that, because it gives the Red Cross officials authority to trade for anything in the way of food or clothing. I am entirely sympathetic with the position of the gentleman from New York [Mr. CELLER], and I want to see them get some of this wheat and flour to relieve their destitute citizens, but I can not see any reason why they will not get the relief asked for if this amendment is adopted. This is not the only relief measure that Congress is going to pass. We are going to pass another relief measure before we adjourn, and it certainly is not asking too much to say that this wheat which is going to be given away here in competition with the wheat which is now coming on the market from the farms and fields of this country must be exchanged for a product of wheat, and the same thing is true of cotton. If we do not do that, we are going to have wheat exchanged for meat, canned goods, dried fruits, and almost every article of food. The result will be that we will not be doing what we intend to do, in giving flour to people who need it because they are destitute.

We will be giving flour to these organizations to trade for other products. The millers of this country have been most generous in milling this wheat free of all costs. The farmers of the country have not complained because to a certain extent this relief has been at their expense, the price of wheat has declined 12 cents since we started giving wheat away, but I think both millers and farmers of the country have a right to insist that the Government shall not give wheat away to be put on the market in competition with their wheat and flour. I can not see if this amendment is adopted that it is in any way going to interfere with relief of those destitute in our great cities. We will pass other relief bills, and these cities and States are going to be able to purchase other food supplies for the needy, and in all conscience and good faith toward the farmers of the country who are in just as poor condition as any people, this relief ought not to be at their expense.

Mr. O'CONNOR rose and was recognized by the Chair.

Mr. JONES. Mr. Chairman, will the gentleman yield until I make a request for unanimous consent?

Mr. O'CONNOR. Yes.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this paragraph and all amendments thereto close in 10 minutes.

Mr. LAGUARDIA. Reserving the right to object, the gentleman is opposed to this amendment?

Mr. JONES. Under the circumstances I shall oppose the amendment.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate upon this section and all amendments thereto close in 10 minutes. Is there objection?

Mr. DYER. Mr. Chairman, reserving the right to object, does the gentleman from Alabama [Mr. BANKHEAD] propose to go on with any other legislation to-day?

Mr. BANKHEAD. We had hoped to take up the kidnaping bill this afternoon, but it is so late that I do not think it will be possible to do it, but that bill will be called up the first thing in the morning.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. O'CONNOR. Mr. Chairman, I shall not address my remarks so much to the merits of this amendment as I shall call the attention of the committee to what I consider a matter of fairness. This amendment should be defeated if for no other reason than that it would be most unfair to the Committee on Rules as representative of this House. The Committee on Agriculture appeared before the Committee on Rules and presented a picture to that committee of what they wanted in this bill, and they featured the fact that the products of wheat could be exchanged for all kinds of food. That is practically all they talked about. That is the bill that we reported out of the Committee on Rules. When the Committee on Agriculture came here to-day and proposed to put in a substantially different amendment, the direct opposite of the request made before the Committee on Rules, our Committee on Rules said to them, "If you are going to do that, we will just not call up the rule."

Mr. WILLIAMSON. Surely the gentleman does not take the position that any committee should refuse to report out a bill merely because it could be amended upon the floor of the House.

Mr. O'CONNOR. This is not a question of amending a bill on the floor of the House. It is an attempt to substitute an entirely different thing, a complete reversal of what was requested before the Committee on Rules. When the Committee on Agriculture decided to recommend an amendment it should have come back to the Committee on Rules and said that the bill that the Committee on Rules reported out was not the one they wanted. They had plenty of time to do it. This amendment is a complete change of front. I shall not call it "deceptive" in this instance, because the proposal to offer the amendment was disclosed this noon, and I asked the chairman of the Agriculture Committee to change his position. I understood he canvassed practically all of the members of his committee, and I spoke to most of the members of the Committee on Rules, who agreed with me and the chairman of the Agriculture Committee that it would be unfair to offer the amendment.

Whether or not you agree with the merits of this proposal, in addition to what was represented to the Rules Committee that would be done by this measure, in fairness to the committee and in the spirit of not having a committee misled, this amendment offered by the gentleman should be rejected.

Mr. HOPE. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. HOPE. The gentleman, of course, understands that this is not offered now as a committee amendment.

Mr. O'CONNOR. That does not make any difference. That is just an attempt at deception. The gentleman has a perfect right to offer it. I am appealing to the committee that the amendment should be rejected because it is a substantial change in a bill after the bill has been set up and pictured to the Rules Committee.

Mr. STAFFORD. Does the gentleman mean to say that the House is to accept only the ipse dixit of the Committee on Rules without modification by any germane amendment?

Mr. O'CONNOR. Not at all. Just the opposite. I am talking about fairness. There is no question of the germaneness of this amendment. The question is one of good faith.

Mr. STAFFORD. We knew nothing, when we adopted the rule, as to what assertion was made before the Committee on Rules. The bill is before us for amendment.

Mr. O'CONNOR. Oh, I explained the situation before the rule was adopted.

Mr. MOUSER. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. MOUSER. If the gentleman states that this amendment is germane, what is there about the rule which gives the right to amend under the 5-minute rule, that goes beyond the spirit of the bill that was reported?

Mr. O'CONNOR. If this amendment were in the bill in the hearing before the Committee on Rules, it is doubtful if the rule would have been granted, because the question would have arisen, "What have you done to aid the big centers of population?" But the provision to take care of the cities was in the bill. It was, moreover, featured before our committee. I leave it to the gentleman from Michigan [Mr. MICHENER] if that was not the situation before our committee.

Mr. MICHENER. As a matter of fact, what the gentleman from New York is complaining about is that when a committee comes before the Rules Committee and asks for a rule to consider a specific bill, it is not fair to the Rules Committee which has considered a given bill, to have the legislative committee at a later date introduce an amendment which is entirely different from the bill contemplated by the rule.

Mr. O'CONNOR. That is exactly what I have in mind. I am not asserting any superior right of the Rules Committee. I am talking about fairness. We never had a rule before us for the consideration of a bill with this amendment.

Mr. BURTNESS. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BURTNESS. In the gentleman's reference to what has been done for the cities, surely the gentleman does not take the position that this bill, as it would stand if amended by the Hope amendment, is an agricultural bill or for the benefit of agriculture?

Mr. O'CONNOR. Oh, I heard the gentleman talk about this as a farmers' bill, a farm relief bill. We were always led to believe it was a bill to relieve starvation and distress.

Mr. BURTNESS. Oh, no.

Mr. O'CONNOR. Well, I am shocked; the gentleman now talks about it as a bill for the relief of the farmers. When we voted for the last bill to distribute 40,000,000 bushels of wheat we were told it was a bill to relieve starvation and distress.

Mr. BURTNESS. And so did I.

Mr. O'CONNOR. But the gentleman has been saying it is merely a farm relief bill.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KETCHAM. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not want to become involved in any controversy over the question of whether or not the spirit of amity that ought to exist between the Committee on Agriculture and the Committee on Rules has been violated in any way. The explanation made by the gentleman from New York [Mr. O'CONNOR] is the first information I have had as to any special emphasis put upon certain features of this bill before the Committee on Rules, as a reason for or against its being reported.

However, I do not want to become involved in that, but I do want to call attention to the fact that the amendment proposed by the gentleman from Kansas, instead of broadening the provisions of the bill in any way, rather limits the bill. If the amendment of the gentleman from Kansas [Mr. HOPE] were adopted, it would not be as broad as the original proposition presented to the Committee on Rules, when the rule was filed.

Now, I want to go to the merits of the proposition for a moment and say that I believe this amendment is absolutely essential. I appreciate fully the arguments made by the

Representatives from the cities with reference to making the provisions as liberal as possible so that their needy people may be cared for. I am in complete sympathy with that, but I call attention to this proposition, that if this is opened up as wide as the original text provides, I think we are entering upon a very dangerous sort of proceeding. I think we will be establishing a precedent there that will rise to plague us in the days to come. Just as the gentleman from Kansas indicated, if it is proposed that wheat shall be taken and traded for any conceivable proposition that might be brought within the category of food, and it is not limited to the products that come from wheat, it seems to me we are entering upon a very devious and winding path.

Mr. McGUGIN. Will the gentleman yield?

Mr. KETCHAM. I yield.

Mr. McGUGIN. As a matter of fact, what they are doing is not providing for the consumption of wheat but providing to use wheat as legal tender.

Mr. KETCHAM. That is it exactly. I have the greatest sympathy for the gentlemen from New York and I would do anything to make the application of this bill as wide as possible, but it seems to me we are going too far.

Mr. JONES. Will the gentleman yield?

Mr. KETCHAM. I yield.

Mr. JONES. I talked to the American National Red Cross and they said in any event they would use practically all food made from wheat products, but that these restrictions handicapped them and made them investigate and endeavor to determine. I do not think there is any particular necessity for the amendment. The committee adopted the amendment after we had asked for the rule, and I do not think it is of enough importance to insist upon it.

Mr. KETCHAM. I simply want to say that I would not do anything that would violate in any sense the spirit of agreement that had been reached between the two; but I wanted to take this minute to point out what I deemed to be a dangerous precedent that is being established if we proceed with the bill as it is now written, and permit the Red Cross to trade wheat for any conceivable kind of food products. It seems to me that is an exceedingly dangerous thing.

Mr. CELLER. The gentleman is in error. The American Red Cross has said that they would do no such thing; that there would be very little, comparatively speaking, of this exchanged, and then only where it is absolutely necessary in the terrible situation existing in New York, Chicago, and other large cities.

Mr. SABATH. Where the flour can not be used directly.

Mr. KETCHAM. I only want to say in conclusion that, of course, I am interested in seeing as large a quantity of the wheat used as possible. I do not share the fear other members of the committee have that this is going to work an injustice on the farmers. In my own judgment, if you could get every single bushel of board wheat into the hands of the folks who need but can not buy it, and thus do away with it entirely, it would have a good effect upon the wheat market.

Mr. MOUSER. Mr. Chairman, I offer an amendment to the substitute amendment offered by the gentleman from Kansas [Mr. HOPE].

The Clerk read as follows:

Amendment offered by Mr. MOUSER to the Hope substitute amendment: Page 2, line 15, after the word "person," insert a comma and the following: "*Provided*, That the value of the wheat and cotton to be exchanged shall be determined by the local market value of such wheat and cotton prevailing in the section where the exchange is made."

Mr. JONES. Mr. Chairman, I make the point of order the amendment is not germane to the section.

Mr. MOUSER. Mr. Chairman, I would like to be heard briefly on the point of order.

The amendment provides for the exchange of other food products for the cotton and wheat which it to be distributed by the secretary or officials of the Red Cross. If that authority is given to them, certainly it is but logical that we should provide the standard by which the exchange shall be made.

Mr. JONES. I might not have understood the gentleman's amendment.

Mr. MOUSER. It seems to me the chairman of the committee ought to consent to this amendment, since it safeguards the exchange and insures that we get value received for that which we are donating for the benefit of the needy. We want the needy to get the value of this wheat and cotton, and we do not want anybody to manipulate it contrary to their interests. I think this amendment is essential.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. JONES. Mr. Chairman, I desire to insist on the point of order because the amendment would involve the determination of price, which is not involved in this connection. I think the American Red Cross can be trusted. Therefore I insist on the point of order.

The CHAIRMAN. The point of order is sustained.

The question is on the substitute amendment offered by the gentleman from Kansas [Mr. HOPE].

The question was taken; and on a division (demanded by Mr. HOPE) there were—ayes 23, noes 60.

So the substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from South Carolina [Mr. FULMER].

The question was taken; and on a division (demanded by Mr. FULMER) there were—ayes 36, noes 16.

So the amendment was agreed to.

Mr. ARENTZ. Mr. Chairman, I ask unanimous consent to go back to section 1 to offer an amendment providing for the use of 100,000 pounds of coffee which the Stabilization Corporation has at the present time. We might as well use this up while we are at it.

Mr. BANKHEAD. Mr. Chairman, I object.

The Clerk read as follows:

SEC. 3. In so far as wheat or cotton is donated to relief agencies by the Grain Stabilization Corporation or the Cotton Stabilization Corporation under this resolution the Federal Farm Board is authorized to cancel such part of its loans to such corporation as equals the proportionate part of said loans represented by the wheat or cotton delivered hereunder, less the current market value of the wheat or cotton delivered; and to deduct the amount of such loans canceled from the amount of the revolving fund established by the agricultural marketing act. To carry out the provisions of this resolution, such sums as may be necessary are hereby authorized to be appropriated and made immediately available to the Federal Farm Board to be used solely for the following purposes:

(a) For advancing to such corporations amounts to repay loans held by commercial or intermediate credit banks against wheat or cotton which would be released for donations under this resolution.

(b) For reimbursing each such corporation for its net equity in the wheat or cotton used for donations under this resolution, according to the current market value at the time of the donation.

(c) For meeting carrying and handling charges, and interest payments on commercial or intermediate credit bank loans, on or against wheat and cotton which would be released for donations under this resolution between the date of its approval and the delivery of the wheat or cotton to the American National Red Cross or other organization.

Mr. HART. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HART: Strike out all of section 3 and insert in lieu thereof the following:

"SEC. 3. In so far as wheat or cotton is donated to relief agencies by the Grain Stabilization Corporation or the Cotton Stabilization Corporation under this resolution the Federal Farm Board is authorized to cancel its loans to such corporation.

"To carry out the provisions of this resolution, such sums as may be necessary are hereby authorized to be appropriated and made immediately available to the Federal Farm Board to be used solely for the following purpose, but not in an amount that exceeds the market value of the wheat and cotton:

"For advancing to such corporations amounts to repay loans held by commercial or intermediate credit banks against wheat or cotton which would be released for donations under this resolution."

Mr. HART. Mr. Chairman, I am in favor of the purposes of this resolution. I subscribe to all the statements made by the two gentlemen from New York and those who are in

favor of relieving the needy. I am, however, opposed to section 3 because it provides more relief for the Federal Farm Board and their subsidiaries than it does for the needy. This resolution provides for the sale of 40,000,000 bushels of wheat and 500,000 bales of cotton and permits the Federal Farm Board to name their own price. It is true that it is stated in the language of the resolution that this price is to be the market price, but the Federal Farm Board, under this language, will decide what the market price is.

It is conceded that stabilization has been a failure. I think even its proponents will admit it has been a failure. I think it has been agreed even by the friends of the Federal Farm Board that they are no longer to enter any market in speculation or make any attempt to pile up farm commodities under the stabilization program. Therefore my amendment to this resolution simply provides for an authorization of an appropriation from the Treasury to pay the primary loans upon these two commodities, but it does not authorize the appropriation of one dollar from the Treasury to pay any equities which the Farm Board or any of their agencies may claim in this cotton or wheat.

If we adopt the language of this resolution, here is what we will do: First, we will take this cotton and wheat off the Farm Board's hands at their own price. We will pay them a price at which we could go out in the open markets of the country and buy these commodities. We are going to injure the farmers of these two commodities. There is no question about that. I am a large grower of wheat and have a good many thousand bushels of wheat upon my farm now unsold, yet I am in favor of this measure, but I do not desire to take money out of the Treasury in order to rehabilitate this institution, which has done untold damage to the farmers. I am in favor of distributing this wheat and cotton and getting it off the market. It has been a bad deal for the farmer and he must expect to suffer. I expect to take my part of the damage. All farmers throughout Michigan, I am sure, would subscribe to that. They understand that this stuff is hanging over the market and the sooner we get rid of it the sooner we are going to get better prices. On the other hand, I do not think they would subscribe to an appropriation from the Treasury which would increase this revolving fund for the purpose of going back into the market and creating the same situation from which we are now trying to relieve ourselves.

For that reason I have offered this amendment. It simply takes away this wheat and cotton from the Farm Board, pays the primary loans against them which they have borrowed from the intermediate credit banks and private banks but does not reimburse the Federal Farm Board for any equities they may have in it.

[Here the gavel fell.]

Mr. BURTNESS. Mr. Chairman, I rise in opposition to the amendment.

Mr. JONES. Will the gentleman yield in order that I may make a unanimous-consent request?

Mr. BURTNESS. Yes.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes, 3 minutes to be allotted to the gentleman from Washington [Mr. SUMMERS] and 2 minutes to myself.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BURTNESS. Mr. Chairman, I am in general agreement with the purpose of the gentleman from Michigan [Mr. HART]. The only trouble with his amendment is that it is meaningless, for his language does not in any way change the construction that must be placed upon the original language in the resolution itself. All the resolution provides as to reimbursement is the very thing which the gentleman from Michigan argues for, to wit, the payment of liens against the wheat or cotton.

I do not know whether I can be quite as liberal as is the gentleman from Michigan to burden the wheat farmers of this country with the relief that is carried in this resolution. I intended to support this resolution when I came over here this afternoon. I assumed at that time that it was similar to the one passed some months ago. Also I agree with others that whenever the surplus that has been piled up in the show cases of the Stabilization Corporation can be eliminated both the producers and consumers of this country will be better off. I gladly join in relief for those in distress by providing wheat for food. But under the language of this resolution, as it now stands, and with the committee having refused to accept the Hope amendment, let us see what it actually proposes to do. As I construe it, the title thereof might well be substantially this:

To give relief to distressed people in the Nation at the expense of the wheat farmers thereof.

Possibly to that ought to be added the cotton farmers. I am not so sure, however, as to that because it may be that the Fulmer amendment has taken care of it so that it will not be at the expense of the cotton farmer. However, I am not certain, and I suggest the cotton representatives ought to look into that phase of it.

Let us, however, see what it does with reference to wheat. It says substantially this: We will donate 40,000,000 bushels of wheat to the Red Cross for the relief of those in distress. But what will the Red Cross do with it? That organization first arranges to grind it into flour on a sort of share basis.

The millers will retain a portion of it. I do not know whether the portion retained amounts to one-fourth or one-fifth or some other fraction, but a certain amount of it is retained in the hands of the miller to cover the cost of grinding. What happens because of that fact? Why, of course, it decreases to that extent the demand for wheat on the part of the millers. There can be no question about that. It also means that to the extent that consumption demand is met the market for flour is lessened.

Then, under the language of this bill, what further do you propose? You say, "Yes; you may take this wheat or the flour produced from the wheat turned over to the Red Cross and exchange it in turn for any other food that is needed." What will happen to that flour that is exchanged for other kinds of food? Why, of course, it stays in some grocery store and then enters into the competitive market. It will be sold to people who would otherwise buy and pay for flour produced from grain entering the market in the usual way, and you are proposing to do this now, at the beginning of a new marketing season, when the wheat crop from the Southwest will soon go upon the market, and the authority will continue throughout the marketing season. Do you wonder at my concern?

I see most of the men from the wheat States here ready to support this bill, just as I was ready to support it a few moments ago. If these provisions remain in the bill, as one representing one of the largest wheat districts in this country, I can not go back to my people and meet the charge that will be made and admit that I was willing to vote funds or property to relieve the distress of the people in the cities but that I did so at the expense of the wheat farmers of this country. Let us perfect it so as to carry out its laudable intent, but in such a way as not to reduce further the market price of wheat which is now way below the cost of production. [Applause.]

Mr. SUMMERS of Washington. Mr. Chairman, ancient Rome is said to have won her battles, conquered her enemies, and grown great on a ration of unground wheat. But I am persuaded that the simple, invigorating ration of whole wheat that vitalized the Roman soldier is not generally known to individuals and relief agencies to-day.

Well-cooked unground wheat is an ideal human food. It is loaded with calories, vitamins, and other essential elements. It is a rich, nourishing food available for all. At my own table we and our guests think the flavor equals or surpasses most breakfast foods now offered. In food value it undoubtedly surpasses them all. Could it be commercialized and sold in fancy cartons by the ounce instead of by the bushel, millions would demand it, as they now do tomato

juice, which was for ages a waste product. Certainly no man, woman, or child in America need suffer hunger while our wheat bins are bulging.

We process wheat to meet the cultivated demands of modern civilization. With every refinement we reduce its food value.

WHAT'S IN A WHOLE GRAIN OF WHEAT?

A food chemist tells us it contains, before the outer covering or "bran" is removed: Iron, for rich blood and rosy cheeks; fluorine, for clear vision and bright eyes, but especially for the armorplate enamel that protects the teeth from decay; calcium, for sound teeth, good digestion, and strong bones; silicon, for the nerves and luxuriant hair; phosphorus, that repairs and builds nerve tissue; potassium, that keeps the tissues young and elastic; sodium, that destroys poisons and is absolutely essential to health; magnesium, that combines with phosphorus, silicon, and fluorine to develop teeth and bones; sulphur, that works with silicon to make fine hair and nails that will not break; iodine, that defends the body against disease; manganese, that works with iron to keep the healthy red in the blood and to burn up poisons dangerous to the body; chlorine, that helps to make up the gastric juice, and without which there can be no "good digestion"; oxygen, nitrogen, hydrogen, and carbon, which make breathing. These 16 elements that make for the joy of living are all found in wheat.

To Mrs. Congressman James V. McClintic of Oklahoma, to Mrs. Summers, and to Mrs. Fred Rogers, of Colfax, Wash., we are indebted for the following recipes that have found favor in official Washington and elsewhere.

WHOLE WHEAT

Mrs. Summers suggests that 2 quarts of whole wheat be well washed with hot water and soaked for 12 to 24 hours. Place in a double boiler. Add water as needed. Cook three hours over a slow fire. Salt to taste while cooking. Serve hot or cold with milk, or with cream and sugar. Keep unused portion in refrigerator and serve cold or reheat from day to day as used. Reheating improves the flavor which may be changed at time of serving by the addition of any available fruit juice.

But wheat should not be considered a "breakfast food" only. With side dishes of cabbage, lettuce, or other green vegetables and whatever fruits may be available it becomes the base of a well-balanced ration for the heavy meals of the day. A noted food specialist of New York asserts that the brain worker or laboring man will maintain health, strength, and bodily vigor indefinitely on a wheat ration. As a physician myself I commend its wider use.

The criticism that it requires long cooking is overcome by cooking a sufficient quantity for several days' use at one time. Anyone who has two pans may improvise a double boiler by placing a thin strip of wood in the outer pan partly filled with water.

CHILI WHEAT

Mrs. Roger's favorite recipe is approximately as follows: Two pints well-cooked wheat, 2 tablespoons suet, 1 medium-sized chopped onion, ½ pound hamburger, ½ pint chopped celery, 1 small can tomatoes. Season. Bake in oven.

This is a delicious preparation that should tickle the palate of the most fastidious epicure. Unused portions may be fried like meat or potato balls.

To Mrs. McClintic, however, we are indebted for all the original and compiled wheat recipes that follow. She has popularized the use of unground wheat in Oklahoma and in the National Capital and is entitled to much credit.

ALL THE RECIPES CALL FOR COOKED WHEAT

Sort the wheat grains and wash thoroughly. Soak over night or allow a longer period of time for cooking. For each cup of wheat add 2 cups of water. Put on a very low fire in a tightly closed vessel on an asbestos mat. Cook slowly as possible for five or six hours; that is, until the grains are plump to the bursting point. Add 1 teaspoonful of salt for each cupful when wheat is fairly well done.

COFFEE SUBSTITUTE

When wheat is about half cooked, pour off liquid and serve with sugar and cream.

WHOLE GRAIN WHEAT GRIDDLE CAKES

One cup flour, 1 cup milk, 1 egg, 2 tablespoons fat, 2 teaspoons baking powder, one-half cup whole cooked wheat.

WHOLE-WHEAT MUFFINS

One cup sifted flour, one-half teaspoon salt, 1 cup cooked wheat, 1 egg, 2 teaspoons baking powder, one-half cup milk, 1 tablespoon melted fat.

Sift dry ingredients together, add the wheat, and mix thoroughly. Beat the egg, add the milk, stir into the dry ingredients. Bake in moderate oven about 30 minutes. Makes eight large muffins.

WHOLE WHEAT EXCELLENT SUBSTITUTE FOR NUTS

In substituting wheat for nuts, be sure to use the cake, cookies, or muffins the day they are baked. The wheat becomes hard within a few hours.

Use whole wheat with bacon, onions, and scrambled eggs.

WHOLE-WHEAT CHOWDER

Two cups diced carrots, 1 pint boiling water, one-half cup diced salt pork, 4 tablespoons chopped onions, 1 tablespoon flour, 1 pint milk, 2 cups cooked whole wheat, 1 teaspoon salt, pepper.

Cook the carrots in the boiling water until tender. Fry the salt pork until crisp, remove it from the fat, and cook the onions in the fat. Stir in the flour and cook a few minutes longer. Mix all ingredients in the upper part of a double boiler, stir until well blended, and cook about 10 minutes.

This chowder, with the addition of a raw salad or fresh fruit, makes a delicious and nourishing meal.

WHOLE-WHEAT MEAT LOAF

One cup cooked whole wheat, 1 medium-sized onion finely chopped, 1 cup ground or finely chopped meat, 1 egg, beaten.

Mix the ingredients, mold into a loaf, and bake in a moderate oven.

WHOLE-WHEAT PUDDING

Two cups hot milk, 2 cups cooked whole wheat, 1 egg, 2 tablespoons sugar, 1 cup chopped seeded raisins, three-fourths teaspoon salt, one-half teaspoon vanilla.

Mix the wheat, milk, salt, and sugar. Add the raisins, beaten egg, and the vanilla. Pour into baking dish and bake in a moderate oven about 30 minutes or until set. Chill before serving.

WHOLE WHEAT COOKIES

Three-fourths cup sifted flour, one-half teaspoon salt, 1 teaspoon cinnamon, one-half teaspoon soda, 2 tablespoons fat, one-half cup sugar, 1 egg, 1 cup cooked whole wheat, 1 cup seedless raisins.

Sift the dry ingredients together, except the sugar, add the fat, sugar, beaten egg, wheat, and raisins. Stir until well mixed. Drop by teaspoonfuls on a greased pan about 2 inches apart, and bake in a moderate oven until lightly browned.

COOKING THE GROUND WHOLE WHEAT

One cup of ground, whole wheat is added slowly to three cups of boiling water, to which has been added three-fourths teaspoon salt, and cook for one hour. The cooked cereal may be used in soups and stews to thicken.

Whole wheat makes "a dinner fit for a king." Its use may well extend from the farm where it is grown to city dwellers everywhere.

Mr. McGUGIN. Mr. Chairman, I move to strike out the enacting clause.

Mr. Chairman, I was in sympathy with the bill which provided for giving away 40,000,000 bushels of wheat. I had my doubts then if it was for the best interests of the wheat section, but tried to view the matter in the light of the best interests of the Nation as a whole.

It does seem to me that Wall Street and Michigan Boulevard should be able to feed their own poor, but maybe they can not. We who come from the Wheat Belt have made the concession of permitting wheat to be given away, but this is carrying it far enough.

Let us see what Government monkeying in the farm business has done to this country.

In the first place, you gave the farmers a farm bill they did not want. The Farm Board, we say, has wrecked the market, and now comes Congress and does worse. Here is what you are doing for wheat—not the Farm Board but Congress: In the first place, you are saying to the Farm Board, "Give it away; it is not worth selling." The Farm Board gives it to the Red Cross, which gets it for nothing. The Red Cross says, "It is not worth keeping," and trades it for vinegar, salt, pepper, or what not."

When the Government does this is there any wonder that the wheat market is down to nothing? This is an outrage upon the wheat industry of this country.

I say to my friends from the South an amendment was put on here that cotton could not be used in exchange except

for cotton goods; but you desert wheat and provide that wheat can be used as legal tender to be traded for chips and whetstones. Talk about fiat money; I would rather have fiat money than to have this wrong perpetrated upon the wheat industry of this country.

We do strenuously object to throwing wheat on the public to be used as a means of barter and trade. What has this session of Congress done for the farmer? I am not condemning Congress for that, for I do not know that there is anything that can be done for the immediate benefit of agriculture, but Congress can refrain from magnifying the present sad plight of agriculture. If we can not do anything for agriculture, let us not make it any worse. Let no man rise and condemn the Farm Board if Congress is going to give wheat to the Red Cross with instructions to trade it for other goods. I am willing to go along, give wheat to those in distress—but I am not willing to do it at the expense of agriculture, by letting the Red Cross trade the wheat for groceries other than groceries made from wheat. If wheat is to be given away the farmers of America are entitled to benefit to the extent of knowing that the wheat is being consumed.

I did not want to move to strike out the enacting clause, but you have left the bill in such shape that it can not be enacted without crucifying the farmers of this country. [Applause.]

Mr. JONES. Mr. Chairman, I think my friend from Kansas is unduly exercised, and he made some statements that I am sure he did not mean.

In the first place, one would infer from his statement that it would be all right for a man to starve if he was in New York. I want to say that I do not want any man or woman to starve anywhere under the American flag. [Applause.]

We have the statement from the American National Red Cross that in the handling of this commodity practically all the wheat that is exchanged will be exchanged for commodities, of which wheat is a component part. There are scores of articles of food in the preparation of which wheat is used.

Under the terms, however, of the gentleman's amendment, it will be necessary for the American National Red Cross to analyze, to see how much flour there is in the food products. The Red Cross can be trusted to handle it. They have done wonderful work so far. There has never been a time in the history of the American Government when this relief was more important and more needed, and because, forsooth there may be one or two little food commodities not made from wheat that might creep in, the gentleman would by his motion deny the people of this country the right to feed the hungry people 40,000,000 bushels of wheat and the naked the right to be clothed from the cotton. Does he want the wheat to rot in the bins? Would he want these commodities to eat themselves up in storage charges merely because the bill is not worded just as he wishes it?

What a strange and cruel philosophy! Men from the wheat sections seriously contending that because a small amount of this wheat might be used to procure other commodities, the enacting clause should be stricken out. I wish and expect that practically all this wheat will be used for food commodities made of wheat. I believe the Red Cross will see to this. They have assured us they will. I have an admiration for the gentleman from Kansas. I like his candor. I like his courage. I feel that after reflecting he will not want his motion adopted by the House. I believe the farmers in this country will be better off when the wheat and cotton in this resolution are given to the people who need it. [Applause.]

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. McGUGIN. Why is it necessary to provide in this bill that cotton must be used exclusively in exchange for cotton goods? Why did you not leave cotton to be bartered off for knick-knacks, peanuts, and so forth.

Mr. JONES. It is not necessary. I do not believe the Red Cross would so trade it even if that amendment were not in.

Mr. McGUGIN. Give us some kind of similar protection in an amendment for wheat. I would have no objection to the bill then.

Mr. JONES. That is the gentleman's opinion, and I am sorry for it. I am sorry he takes that view, but I believe he is wrong. [Cries of "Vote!"]

The CHAIRMAN. All time has expired on this section and all amendments thereto.

Mr. BURTNESS. Mr. Chairman, a parliamentary inquiry. Has time expired upon the motion to strike out the enacting clause?

The CHAIRMAN. Yes. All time has expired. The question is on the motion of the gentleman from Kansas that the committee do now rise and report the bill to the House with the recommendation that the enacting clause be stricken out.

The question was taken, and the motion was rejected.

The CHAIRMAN. The question now recurs upon the amendment of the gentleman from Michigan.

The amendment was rejected.

The Clerk read as follows:

SEC. 4. The Federal Farm Board shall execute its functions under this resolution through its usual administrative staff and such additional clerical assistance as may be found necessary, without additional appropriations beyond its usual administrative appropriation under the agricultural marketing act.

Mr. CHINDBLOM. Mr. Chairman, I move to strike out the last word. In view of the attitude taken by the members of the committee and of the House from those sections of the country where the wheat is being produced, I have risen at this moment for the purpose of suggesting that the friends of this measure—and I assume that we are all friends of the measure—find some way of meeting the objections that have been made by way of a motion to recommit. We did adopt an amendment under which cotton producers are protected against the exchange of cotton for any other textile except that manufactured from cotton.

Mr. FULMER. I will state for the information of the gentleman that we passed a bill some time ago appropriating 40,000,000 bushels of wheat, and we have only about 100,000,000 bushels of wheat on hand. To-day the cotton people of the South, in connection with the Government, have some 13,000,000 bales of cotton, and this is the first time that cotton has been appropriated.

Mr. STAFFORD. Oh, no; it is 1,000,000 bales.

Mr. FULMER. This is the first time that we have asked anything of the kind.

Mr. CHINDBLOM. I am not objecting to the amendment that was adopted with reference to cotton, but I do think it would be possible to frame a motion to recommit which would give similar treatment to wheat that might be exchanged for food products very largely made from wheat.

Mr. LARSEN. Every member of this committee on the Democratic side voted for the Hope amendment, except two. Do not try to kill the bill. We have done the best that we could.

Mr. CHINDBLOM. It is not my purpose at all to endeavor to kill the bill. I am trying to rescue the bill, because if you get the opposition of the entire wheat-growing sections of the country to the bill, when we are trying to dispose of wheat by it, I do not think that we will be in a very favorable position, so far as passing the bill is concerned. I hope a way out may be found.

I call attention to the amendment that was adopted with reference to cotton. It reads:

Cotton may be manufactured into cloth or wearing apparel or exchanged for other articles of clothing made of cloth.

Let us give like treatment to wheat.

Mr. CONNERY. Mr. Chairman, I rise in opposition to the pro forma amendment. I am very much in favor of this bill, and may I call the attention of the House at this time to one direct result of this kind of legislation. To-day I talked with a representative of Bernarr MacFadden, of New York City, the noted publisher of Liberty and other magazines. Mr. MacFadden is a real philanthropist, who has the interest of the poor and the needy at heart. This

man feeds 6,000 people a day free in New York City, I think, at a cost of 5 cents per person, and gives them a good decent meal. He has sent his representative down here to-day. His representative came to me to ask my help as to how he could be of service in helping to feed the men of the Bonus Expeditionary Force. I assisted him and his associate, Mrs. Lumsden, in contacting the Red Cross. They are going to get wheat from the Red Cross under the provisions of the previous bill which was passed by Congress.

This man will put soup kitchens out there for these 18,000 men of the Bonus Expeditionary Force, and show them how to take that wheat, make it into porridge as he is doing it in New York; and he will give them coffee in addition. He is doing a wonderful thing for those 18,000 men who are out there without shelter—ex-service men who should at least be getting bed sacks and tents from the War Department and are not getting them. I am not talking bonus to you. I am just talking about the plain effect of the legislation which we have already passed. We know what it has done to help those in need and I hope this bill will pass to-day.

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, we are here to legislate for the whole country, and if there is any one man on this floor that has sought to bring about a better understanding between the workers of the cities and the farmers, I have done that in every instance.

New York State and New York City have paid for their share of this wheat. It is impossible to brush aside 6,000,000 people. New York has repeatedly voted for farm relief in every shape and form, whether it was in the drought area, whether it was for the corn borer, or whether it was the Haugen bill or other bills that came up long before some of the gentlemen now opposing this bill were Members of this body.

Mr. KNUTSON. Not the grasshoppers, though.

Mr. LAGUARDIA. Well, that is coming back, and we will help you on that.

Now, I want to say to the gentlemen from the Wheat Belt that we should stand together. The wheat here provided will be consumed in a few weeks. Far better to consume it than have it there as a constant threat to prices. The distress is not local. This distress is all over the United States. Twenty-five per cent of this is going for feed for your own livestock.

Mr. FULMER. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. FULMER. I appreciate the statement which the gentleman made a while ago about trying to be helpful to the agricultural interests of this country. In a great many instances the gentleman from New York has tried to be helpful to me in passing legislation that I know is of deep interest to my people of the South. [Applause.]

Mr. LAGUARDIA. Thanks. It is gratifying to hear that one's sincere efforts are appreciated.

Mr. O'CONNOR. Many of the largest agricultural measures which have passed in this House were passed by the votes of New York City.

Mr. LAGUARDIA. That is absolutely correct. In addition to record votes, many were the teller votes on behalf of the farmers saved by the votes of New York City Members.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do now close.

Mr. McGUGIN. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this section and all amendments thereto do now close. Is there objection?

Mr. BURTNESS. Reserving the right to object, will the gentleman from Texas [Mr. JONES] yield to this suggestion: That this matter be left open until to-morrow, in so far as final action with reference to a motion to recommit is concerned?

Mr. JONES. We can correct it in conference if there is any mistake.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. BURTNESS. I object.

Mr. JONES. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. Under the rule the committee rises automatically.

Accordingly the committee rose; and the Speaker pro tempore [Mr. RAINEY] having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration House Joint Resolution 418, and, pursuant to House Resolution 261, he reported the same back to the House with an amendment adopted by the committee.

The SPEAKER pro tempore. Under the rule the previous question is ordered on the joint resolution to final passage.

Is a separate vote demanded on any amendment? If not, the Chair will put them en grosse.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

Mr. BURTNESS. Mr. Speaker, I demand the reading of the engrossed copy.

The SPEAKER pro tempore. The question is on ordering the engrossed copy.

Mr. BURTNESS. Mr. Speaker, I made a demand for the reading of the engrossed copy, and as a Member of the House I am entitled to it.

The SPEAKER pro tempore. The question is on ordering the bill to be engrossed and read a third time.

The motion was agreed to.

Mr. BURTNESS. Mr. Speaker, I demand the reading of the engrossed copy.

Mr. BANKHEAD. Mr. Speaker, it seems to me this is dilatory action upon the part of the gentleman from North Dakota.

Mr. HOCH. The gentleman is within his rights.

Mr. BANKHEAD. The gentleman is within his rights, but the House evidently desires to pass this bill, and if the House will join with those who are in favor of the passage of the bill to-night, we will pass it, because we can secure the engrossed copy within 10 or 15 minutes.

Mr. O'CONNOR. Mr. Speaker, I call up the resolution (H. Res. 250).

The SPEAKER pro tempore. Does the gentleman from North Dakota insist on the reading of the engrossed bill?

Mr. BURTNESS. I simply want to say we representing wheat sections are confronted here with a situation that may seriously affect the wheat market. Under the policy of the Farm Board they are selling not more than 5,000,000 bushels of wheat per month in the domestic market in order to protect the price of wheat. That is the theory of the limitation.

Suddenly we are confronted with a proposal to release 40,000,000 bushels of wheat on the market at this time or within a few months. Some of us are interested in giving additional thought and consideration to this question to determine whether or not a motion to recommit should be offered, and what provisions should be included in such motion to recommit, if we decide to offer one.

In view of the complex situation I believe we ought to be granted a little time to consider it. Obviously, we can not prepare a well-considered motion to recommit in a hurry, in just a few seconds.

I hate to tie up the House in any way, but it is now past the usual time of adjournment and I wish some agreement could be made so that the matter may go over until to-morrow.

The regular order was demanded.

The SPEAKER pro tempore. Does the gentleman insist on the reading of the engrossed copy of the bill?

Mr. BURTNESS. It depends on the attitude of the chairman of the committee. I would like to consult him.

Mr. FULMER. I may state to the gentleman that I voted for his amendment. The gentleman will have an opportunity to fix the matter in the Senate.

Mr. JONES. I may say to the gentleman that if this bill is passed we may get some sort of an agreement about withholding this wheat from the market.

Mr. BURTNESS. It is ridiculous to throw 40,000,000 bushels of wheat on the market and then talk about an agreement to withhold it.

Mr. JONES. This is not throwing it on the market.

Mr. BANKHEAD. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. Does the gentleman insist on the reading of the engrossed copy?

Mr. BURTNESS. I insist.

Mr. BANKHEAD and Mr. BLACK demanded the regular order.

Mr. BURTNESS. Mr. Speaker, I withdraw my request that the engrossed bill be read, inasmuch as the gentleman from Kansas [Mr. HOPE] has a motion to recommit ready.

Mr. HOPE. Mr. Speaker, I submit a motion to recommit the bill.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. HOPE. I am; in its present form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. HOPE moves to recommit the bill to the Committee on Agriculture with instructions to report the same back forthwith with the following amendment: Page 2, strike out beginning with line 11 down through line 16 and insert in lieu thereof the following:

"In order to carry out the purposes of this resolution such wheat, or the products thereof, may be milled, processed, or manufactured into, or exchanged for, flour of any kind, bread, or other food or feed of which wheat, or any by-product thereof, is a substantial ingredient, and such cotton may be processed or manufactured into, or exchanged for, cloth and wearing apparel, made of cotton, but such milling, processing, or manufacturing shall be without profit to any mill, organization, or other person. So far as necessary, such wheat and cotton, and the products thereof, may be used in meeting transportation, storage, and handling expenses in carrying out the purposes of this resolution."

Mr. BANKHEAD. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BANKHEAD. Mr. Speaker, I make the point of order the motion to recommit is not in order, because the committee has just declined to accept an amendment substantially the same as the motion to recommit now submitted by the gentleman from Kansas.

The SPEAKER pro tempore. The Chair overrules the point of order.

Mr. JONES. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. HOPE) there were—ayes 34, noes 87.

Mr. MOUSER. Mr. Speaker, I object to the vote on the ground there is no quorum present.

Mr. KNUTSON. Mr. Speaker, I move that the House do now adjourn.

The motion was rejected.

The SPEAKER pro tempore. The gentleman from Ohio makes the point of order that there is no quorum present. Evidently there is no quorum present.

Mr. MICHENER. Mr. Speaker, if the House should adjourn now this would be the first thing in order in the morning, would it not?

Mr. BANKHEAD. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The call is automatic.

Mr. MOUSER. Mr. Speaker, I withdraw my point of no quorum.

The SPEAKER pro tempore. The gentleman's request comes too late. The Chair has announced that a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 63, nays 188, answered "present" 1, not voting 178, as follows:

[Roll No. 100]

YEAS—63

Adkins	Garber	Lanham	Strong, Kans.
Allen	Gilchrist	Larsen	Strong, Pa.
Amlie	Guyer	McGugin	Stull
Andresen	Hall, N. Dak.	McKeown	Summers, Wash.
Arentz	Haugen	Maas	Sumners, Tex.
Ayres	Hill, Wash.	Major	Swanson
Burtness	Hoch	Moore, Ohio	Swick
Canfield	Hogg, W. Va.	Mouser	Swing
Chindblom	Holaday	Nelson, Me.	Taber
Christopherson	Hope	Nelson, Mo.	Temple
Clague	Jenkins	Norton, Nebr.	Thurston
Colton	Johnson, Mo.	Pittenger	Timberlake
Cooper, Ohio	Ketcham	Polk	Turpin
Dowell	Kinzer	Purnell	Williamson
Eaton, Colo.	Knutson	Simmons	Wyant
French	Lambertson	Sparks	

NAYS—188

Almon	Delaney	Kelly, Ill.	Ransley
Andrew, Mass.	DeRouen	Kemp	Rayburn
Andrews, N. Y.	Dies	Kleberg	Reilly
Bacharach	Dieterich	Kniffin	Rogers, Mass.
Bacon	Disney	Kurtz	Romjue
Bankhead	Dominick	Kvale	Rudd
Barton	Douglass, Mass.	LaGuardia	Sabath
Beam	Doxey	Lankford, Ga.	Sanders, Tex.
Black	Drewry	Lehlbach	Schafer
Bland	Driver	Lindsay	Schneider
Blanton	Dyer	Lonergan	Schuetz
Boehne	Ellzey	Lovette	Seger
Bohn	Englebright	Lozier	Selberling
Boileau	Erk	Luce	Shannon
Boland	Fiesinger	Ludlow	Shott
Briggs	Fish	McClintic, Okla.	Sinclair
Brumm	Fitzpatrick	McCormack	Smith, Idaho
Brunner	Foss	McDuffie	Smith, Va.
Burch	Fulbright	McFadden	Snow
Burdick	Fulmer	McLaughlin	Spence
Butler	Gavagan	McSwain	Stafford
Carden	Gilbert	Maloney	Steagall
Carley	Glover	Mapes	Stevenson
Carter, Calif.	Goss	Martin, Mass.	Stewart
Carter, Wyo.	Granfield	Mead	Sullivan, N. Y.
Cartwright	Green	Michener	Sutphin
Cary	Greenwood	Millard	Swank
Celler	Gregory	Miller	Tarver
Chapman	Griswold	Mobley	Thatcher
Clancy	Hadley	Montague	Thomason
Cochran, Mo.	Hancock, N. Y.	Montet	Underwood
Collier	Hare	Moore, Ky.	Vinson, Ga.
Collins	Hart	Morehead	Vinson, Ky.
Condon	Hartley	Niedringhaus	Wason
Connery	Hill, Ala.	O'Connor	Weaver
Cooke	Hollister	Oliver, Ala.	Welch
Cox	Holmes	Oliver, N. Y.	White
Coyle	Hooper	Overton	Wigglesworth
Crail	Hornor	Parker, Ga.	Williams, Mo.
Cross	Howard	Parks	Wilson
Crosser	Huddleston	Parsons	Withrow
Crowe	Jacobsen	Patman	Wolcott
Crowther	Jeffers	Person	Wolfenden
Cullen	Johnson, Okla.	Prall	Wolverton
Curry	Johnson, Tex.	Ragon	Wood, Ga.
Dallinger	Jones	Ramspeck	Woodruff
Darrow	Kading	Rankin	Woodrum

ANSWERED "PRESENT"—1

Rainey

NOT VOTING—178

Abernethy	Cannon	Eaton, N. J.	Hardy
Aldrich	Cavicchia	Estep	Harlan
Allgood	Chase	Evans, Calif.	Hastings
Arnold	Chavez	Evans, Mont.	Hawley
Auf der Heide	Chiperfield	Fernandez	Hess
Bachmann	Christgau	Finley	Hogg, Ind.
Baldrige	Clark, N. C.	Fishburne	Hopkins
Barbour	Clarke, N. Y.	Flannagan	Horr
Beck	Cochran, Pa.	Frear	Houston, Del.
Beedy	Cole, Iowa	Free	Hull, Morton D.
Bloom	Cole, Md.	Freeman	Hull, William E.
Bolton	Connolly	Fuller	Igoe
Bowman	Cooper, Tenn.	Gambrill	James
Boylan	Corning	Garrett	Johnson, Ill.
Brand, Ga.	Crisp	Gasque	Johnson, S. Dak.
Brand, Ohio	Crump	Gibson	Johnson, Wash.
Britten	Culkin	Gifford	Kahn
Browning	Davenport	Gillen	Karch
Buchanan	Davis	Golder	Keller
Buckbee	De Priest	Goldsborough	Kelly, Pa.
Bulwinkle	Dickinson	Goodwin	Kendall
Busby	Dickstein	Griffin	Kennedy
Byrns	Doughton	Haines	Kerr
Cable	Douglas, Ariz.	Hall, Ill.	Kopp
Campbell, Iowa	Doutrich	Hall, Miss.	Kunz
Campbell, Pa.	Drane	Hancock, N. C.	Lambeth

Lamneck	Mitchell	Rich	Tilson
Lankford, Va.	Murphy	Robinson	Tinkham
Larrabee	Nelson, Wis.	Rogers, N. H.	Treadway
Lea	Nolan	Sanders, N. Y.	Tucker
Leavitt	Norton, N. J.	Sandlin	Underhill
Lewis	Owen	Selvig	Warren
Lichtenwalner	Palmisano	Shallenberger	Watson
Linthicum	Parker, N. Y.	Shreve	Weeks
Loofbourow	Partridge	Sirovich	West
McClintock, Ohio	Patterson	Smith, W. Va.	Whitley
McLeod	Peavey	Snell	Whittington
McMillan	Perkins	Somers, N. Y.	Williams, Tex.
McReynolds	Pettengill	Stalker	Wingo
Magrady	Pou	Stokes	Wood, Ind.
Manlove	Pratt, Harcourt J.	Sullivan, Pa.	Wright
Mansfield	Pratt, Ruth	Sweeney	Yates
Martin, Oreg.	Ramseyer	Taylor, Colo.	Yon
May	Reed, N. Y.	Taylor, Tenn.	
Milligan	Reid, Ill.	Tierney	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. Rainey with Mr. Snell.
Mr. Martin of Oregon with Mr. Parker of New York.
Mr. Pou with Mr. Bolton.
Mr. Cole of Maryland with Mr. Shreve.
Mr. Garrett with Mr. Reed of New York.
Mr. Wingo with Mr. Barbour.
Mr. Griffin with Mr. Chiperfield.
Mr. Haines with Mr. Davenport.
Mr. Wright with Mr. Free.
Mr. Arnold with Mr. Hogg of Indiana.
Mr. Palmisano with Mr. Kendall.
Mr. Somers of New York with Mr. Yates.
Mr. Gillen with Mr. Watson.
Mr. Taylor of Colorado with Mr. Bowman.
Mr. Chavez with Mr. McLeod.
Mr. Dickinson with Mr. Wood of Indiana.
Mrs. Owen with Mr. Britten.
Mr. Larrabee with Mr. Aldrich.
Mrs. Norton with Mr. Magrady.
Mr. Sweeney with Mr. Brand of Ohio.
Mr. Fuller with Mr. Rich.
Mr. West with Mr. Whitley.
Mr. Evans of Montana with Mr. Cable.
Mr. Sandlin with Mr. Selvig.
Mr. Pettengill with Mr. Weeks.
Mr. Smith of West Virginia with Mr. Campbell of Iowa.
Mr. Hall of Mississippi with Mr. Frear.
Mr. Shallenberger with Mr. Cole of Iowa.
Mr. Harlan with Mr. Campbell of Pennsylvania.
Mr. Fishburne with Mr. Evans of California.
Mr. Kerr with Mr. Gifford.
Mr. Sirovich with Mr. Cavicchia.
Mr. Lewis with Mr. Hardy.
Mr. Lichtenwalner with Mr. Kelly of Pennsylvania.
Mr. Linthicum with Mr. Culkin.
Mr. Mansfield with Mr. Hess.
Mr. Dickstein with Mr. Johnson of Washington.
Mr. Kunz with Mr. Cochran of Pennsylvania.
Mr. Goldsborough with Mr. Hall of Illinois.
Mr. May with Mr. McClintock of Ohio.

Mr. McSWAIN. Mr. Speaker, may I announce that my colleague, Mr. GASQUE, is unavoidably detained. If he were present, he would vote "nay."

Mr. FIESINGER. Mr. Speaker, my colleague from Ohio, Mr. LAMNECK, is out of the city. If he were present, he would vote "nay."

Mr. DOXEY. Mr. Speaker, I desire to announce that my colleague, Mr. WHITTINGTON, is unavoidably detained. If he were present, he would vote "nay."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

On motion of Mr. JONES, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS

Mr. SCHAFER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the 2-headed Janus Ohio plan prohibition plank of the Republican platform.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, and I shall not ever object to my friend's extensions, I want to ask the gentleman from Wisconsin what he thinks about that Republican gag-rule convention, where SNELL sergeants at arms forcibly captured Senator France and kidnaped him, when he tried to nominate Coolidge.

Mr. GOSS. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. KELLER, for time to go to Denver and return, on account of continued illness of his wife.

Mr. MAY, indefinitely, on account of important business.

SOME FACTS FROM THE RECORD

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on my work for economy and efficiency in the administration of government.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I believe that a brief review of some of the highest spots of my 11 years of service in this House may be generally useful, and certainly will be interesting to my constituents.

I have scrupulously attended all sessions of the House. I have been on hand the first day, and through all these years have remained on hand until the last minute of the last day. I have missed, during the 11 years, very few roll calls, and then only when more important official business carried me elsewhere or when sick. Some few times, while in special executive session of the committee and also while attending to some departmental matter for a constituent, I missed unimportant roll calls. But, upon every important issue before the Congress during the 11 years I have insisted upon being recorded. When, upon some matters, there was not any aye-and-nay vote, I made the RECORD show otherwise just where I stood. I hold it to be the duty of any American Representative to stand out where the people can see and understand his official attitude.

OPPOSED SALARY RAISES

For example, when, a few years ago the salaries were increased, some of us demanded a roll call and, while under the rules of the House we did not get a sufficient number to obtain a roll call, I made the RECORD show, and it still shows, that I opposed and protested against such raise and the method employed to do it.

I have taken my official duties seriously. It is my motto that "The public business is my business." When I was elected to Congress I gave up my law business entirely and have engaged in a very few cases since. I insisted upon devoting my entire time and strength, even during vacation, to try in some way to serve and work for the people. I have worked for them upon an average of 12 or 15 hours a day, both while in Washington and while at home even during a recess of Congress.

I have answered all letters promptly and to the very best of my ability. I have tried to meet the various wants, needs, and wishes of individual constituents. I have not only devoted my time and strength but my secret thought and sympathy to seeking how to serve the people.

STAND FOR CLEAN GOVERNMENT

I have sought in every way to promote honest Government, economical administration, and a fair and efficient performance of public duty. I have set my face sternly against every form of graft and grafter. In all cases I have been harsh and severe with the corrupt public officials. I have not failed to offer my criticism of the lax and careless public officer. The man who does his duty along these lines will make enemies, and naturally I have accumulated a good crop of them around Washington.

I believe that it is a fairly safe rule to say that the Congressman who is popular with the social and official and business public in Washington is not doing his whole duty by his constitutents back home and his country. It was Woodrow Wilson who said that he had to leave Washington in order to find out what the people felt and thought. There is a false public opinion about Washington, built up largely by those who are upon the public pay rolls, and by those who

live by selling to, and serving, Government clerks. They do not understand nor sympathize with the millions of struggling, suffering masses of taxpayers throughout the land.

I have kept my mind upon the condition of the country at large, and especially upon the people struggling for existence, and to preserve their homes, in the district that has intrusted me with this office. I have tried to act upon the principle that a public office is a public trust, and to be trusted by one's fellow citizens with the high call of Representative in the National Government has been accepted by me as a great and serious responsibility. I would feel ashamed to face my friends and neighbors if I failed to take this work seriously. And especially so in this sad crisis in our Nation's history. My sole thought is how best to serve, in my humble way, the land and people I love.

FIGHTS WAR PROFITEERS

I came to Congress with a deep-seated hatred for every person who would make profit out of his country's necessities, woes, and miseries during war. It was found that about 23,000 persons had become millionaires as a result of war profits, and those who were already millionaires, had been made multimillionaires by the mounting profits of war time.

On December 8, 1922, I offered the first resolution ever offered in Congress to set up a commission to study this huge problem and to devise ways and means to prevent its repetition in the future. Various other bills were pushed to the front by the American Legion, but failed, and finally the American Legion got behind my resolution, and it was taken up by such administration leaders as Representative SNELL, of New York, and Senator REED, of Pennsylvania, and as a result, after years of work and struggle, a joint resolution was passed, and approved by the President, who gave me one of the pens with which he signed his name on the bill.

MEMBER OF WAR POLICIES COMMISSION

I was appointed by the Speaker one of this body, known as the War Policies Commission, and we were holding daily hearings, investigating the facts, when, on March 17, 1931, I was suddenly stricken ill. But even as I lay helpless in the hospital, unable to raise my head, I called stenographers to the bedside frequently and dictated my thoughts and plans and suggestions for guiding the work of the commission, and as soon as I was able to hobble on my feet I was back at the work again. We found the startling fact that about one-half of the $39,000,000,000 raised and spent by this Government to conduct the war could have been saved if profiteering had been prevented in time, and if prices had been held down to a normal average.

We finally agreed upon a report and submitted the same to Congress, and constitutional amendments are now pending to give the Congress power, in the event of a future war, so to regulate prices that war burdens will be equalized, profiteering prevented, and every citizen contribute, as nearly as possible, his or her part to the conduct of a war which is the business of the whole Nation.

THOSE EUROPEAN WAR DEBTS

I hope that it may be a long time before we have another war. I am sure that it will be a very long time before we finish paying the debts and discharging the obligations of the last war. The hundreds of thousands of wounded and disabled, and the millions of sick, will be with us for at least another generation. Already European nations have practically served notice that they will pay no more on their debts to us. Big international and investment bankers are advocating the cancellation of these war debts. They have foolishly lent money to these European countries, and think that if our Government collects what is due it they may not be able to collect what these European nations owe these big bankers.

But I am for holding their feet to the fire. I never voted for a single settlement of these war debts, except that of little Belgium. If they never pay, we will always know they owe it, and maybe, at some future turn in world affairs, America may gain proper advantage by being able to step up and say: "You fellows owe us these billions of dollars, and now is your time to settle."

But war comes like a thief in the night. We must keep prepared. Especially must our civilian forces, such as National Guard and Organized Reserves, be maintained. I am supporting pending bills to develop and strengthen these forces.

WORK FOR THE FARMERS

Now for my record as to agriculture.

It seems unnecessary to offer any proof of my deep interest in agriculture and of my efforts to promote the well-being of the farmers and of the farmers' families. I know that the foundation of all national prosperity is ultimately based upon the soil. Hence I have taken advantage of every opportunity to promote farm life and all rural institutions serving farm life. I made a trip to Denmark at my own expense to study at first hand their marvelous system of crop production and of cooperative marketing, about which I had been reading for many years. As a result of my studies there I came to the definite conclusion that we must establish farm-demonstration counties, by the aid of both Federal and State Governments, in order to show how communities may be transformed from 1-crop poverty to diversified prosperity through the application of approved and progressive methods.

To that end I introduced H. R. 12481 in the Seventy-first Congress and have done a great deal of work in calling that proposition to the attention of other Members of Congress and of farm leaders outside of Congress, and was meeting with great encouragement when the severity of the depression struck everything with paralysis.

I never lost an opportunity in speaking to Rotary, Kiwanis, Civitan, Lions, and Monarch Clubs to urge my business friends living in cities and industrial districts to recognize that their well-being is wrapped up with the success of farmers. This was my favorite theme. Along this line my mind constantly ran. It was a joy, and not a burden, to work and plan for the improvement of farm conditions. I was one of the three Representatives from South Carolina who voted for the famous McNary-Haugen farm relief bill in 1926. That measure was denounced by the then Secretary of Commerce, Mr. Hoover, as "unsound economically," and that phrase was picked up, and carried around to the ultimate defeat of the bill. If it had become law, the farmers would not have been in the terrible plight they are now in, and the Treasury would have been at least $500,000,000 better off, wasted by the Federal Farm Board.

It was up to candidate Hoover, in 1928, to suggest some solution of farm difficulties that would be economically sound, and so he stumbled upon his stabilization system, which was enacted into law, under his administration, as the Federal Farm Board. It is idle to try to characterize in words the huge mistake then and there made. It has done some good, but much harm.

For several years friends in different parts of the State had been suggesting that I offer myself for the United States Senate. I had never encouraged the matter, by either word or deed, because I was happy in my work in the House. During 1930 I had spoken on the platform several times with Dr. William Weston in seeking to impress our farmers with the necessity for gradually changing over from cotton to diversified food crops, and milk products. The possibilities of good for our whole State along this line seemed to be enormous. The prospects fired my imagination and stimulated my enthusiasm. Many of the people of the State interpreted this interest and activity to signify political ambition, and the inquiries became so frequent and insistent that early in January, 1931, I issued the following statement, which was carried either in whole or in part by most of the papers in the State:

Friends have frequently asked me if I am a candidate for the United States Senate.

I have invariably answered in the negative. I am more interested in service than in promotion in officeholding. I wish to assist in the campaign to rehabilitate South Carolina economically by building up a balanced, diversified agriculture. The 1-crop system must end if we are ever to recover. We must not only produce all food and feed crops for home and farm consumption

but we must begin to sell other things in addition to cotton. Our fruits and vegetables, when canned, will be greedily purchased at top prices in the big city markets North and East. Also such milk and meat products as we are so fortunately situated to produce economically and in abundance will sell quickly. I stand for more sane and sound business leadership and for less petty and partisan political agitation. Our leaders must frankly tell our people the truth and earnestly help to set agriculture upon a stable, self-sustaining, and profit-making basis in South Carolina, and thus insure a reasonable degree of prosperity to country, town, and city, and to all business and industrial groups in the State.

If, therefore, I joined in the movement to help others to lead South Carolina out of her present distress, while at the same time a candidate for the Senate, my motives would be questioned and the benefits of any services discounted. Let us all plan and work together to upbuild South Carolina.

I had fondly planned to enter vigorously upon this work of arousing and organizing our people, both country and city, to the great plan of reconstructing our agricultural system, when, on March 17, 1931, I was struck suddenly by illness, from which I lingered months in the hospital and later at my apartment, and did not put my foot in my office until the first Monday in December, 1931. However, during all those months of suffering and of patient effort to regain health and strength my mind dwelt upon this theme of helping our whole people by constructive and unselfish leadership. My thanksgiving reflections took this same turn, and being committed to writing, they were published in the Greenville News of December 2, 1931. I had many letters from over the State thanking me for that article.

TRYING TO SAVE FARMS FROM SALE

Realizing the sad condition of thousands and thousands of individual farmers, due to the fact that they were unable to pay their annual installments on their mortgage loans from the Federal land banks and the joint-stock land banks, on January 4, 1932, I introduced in the House H. R. 6989, for the creation of a Federal farm-loan trust to take over all defaulted mortgage loans, to refinance the same for 50 years at 4 per cent interest, and to give the original borrower, where land has been sold under foreclosure, an option to repurchase his former home at the face of the mortgage debt, with costs, and to give him, also, 50 years at 4 per cent interest. It was further provided that no foreclosure proceedings should be had until six months after default and no land be sold until one year after default.

CHEAPER FERTILIZERS

I have also during the last 10 years worked hard to demonstrate that it is possible to supply the farmers with a better grade of fertilizer at lower prices per unit of plant food, and for that reason I have taken a deep interest in the Muscle Shoals project. I am opposed to Government in business, and prefer a lease for that property; but, if no one will lease it, I am in favor of using it to demonstrate the feasibility of producing cheap nitrogen from the air. Chile has had a monopoly of mineral nitrogen for nearly 100 years. During that time she has forced the world to pay more than one-half of all her taxes by imposing an export duty on nitrate of soda. The nitrate of soda exported to the United States, and used by our farmers on their crops, has contributed to the treasury of the Chilean Government about $200,000,000 in such export duty. The private manufacturers of nitrogen naturally take advantage of the price of Chilean nitrates as a standard of prices. I believe that a lease can finally be obtained for that property whereby the lessee will produce high-grade concentrated nitrate of soda at little more than half what we have been paying for it on all markets generally since the war, and perhaps this nitrogen can be combined with phosphoric acid at the same place, so as to produce an almost complete fertilizer at an enormous reduction in costs. That is the reason why I have devoted so much of my work in Congress to this Muscle Shoals proposition.

BETTER PRICES, NOT MORE BORROWINGS, NEED OF FARMERS

But I realize that the fundamental problem for the American farmer, and the American business man, and the American laborer is the money problem. Following the most stupendous period of speculation in the history of the world, which ended in tragic collapse in October, 1929, there has been a contraction of money in circulation, both by hoarding and by the calling of loans, and the refusal to make new loans whereby the relative value of actual cash has been enhanced two, three, and sometimes four times its normal value in terms of commodities produced by the farmer, the manufacturer, and the laborer. Debts contracted upon this basis can not be paid under the present circumstances, and the only relief against this distressing situation is by a deliberate and intentional expansion and increase of the volume of currency, through employing the instrumentality of the Federal reserve system, so that it may accomplish the purpose for which it was set up, to wit, to stabilize the market value of commodities, of property, and of labor by increasing or decreasing the volume of currency as conditions may demand, so that the prices may remain uniform.

If we will do this we can restore to the price level of 1926 all such commodities as cotton, corn, wheat, milk, and meat products, and by the use of the Federal reserve system can stabilize those prices so that the farmers will know, when they plant within reasonable limits, what their crops will bring when harvested and the manufacturers will know when they buy raw materials, within reasonable limits, what their products will sell for, and the whole economic structure will thus be rendered healthy and dependable. These cycles of successive prosperity and of depression, these deceptive periods of speculation, followed by the misery and woe of depression, would then disappear. Here is the seat of all our trouble, and this remedy must be applied before we can recover, and this system must be constantly employed in order to insure steady employment for labor, fair prices for farm products, fairly uniform values for property generally, continuity in business, so that bank failures may disappear and the whole country go forward with confidence and continue to work and to produce with a sense of safety.

SUPPORTS GENERAL ACCOUNTING OFFICE

Frequently bills have come before the Committee on Military Affairs relating to some activity of the War Department, and almost concealed therein would be a provision exempting the War Department, in certain respects, at least, from having its vouchers and accounts audited by the Comptroller General of the Treasury.

This very useful and necessary public officer is roundly hated by the personnel of the Army and the Navy. I also believe that the bureau chiefs and permanent personnel of most other Government departments hate this office of Comptroller General of the Treasury. He checks their accounts and will not let them pay out money unless specifically authorized by Congress. Many of their favorite schemes and extravagant plans and projects have been prevented by the close checking and scrutiny of the Comptroller General of the Treasury.

I have stood resolutely and firmly at all times for preserving the power and jurisdiction of that office. It saves the taxpayers of this Nation many millions of dollars a year. It has been estimated that this General Accounting Office saves annually over $3,000,000 directly, and the indirect savings amount perhaps to ten times this sum.

For eight years I have worked for the consolidation of the Army and Navy, which would save $100,000,000 a year. When I began this agitation, less than a dozen Members agreed with me, but now the number has greatly increased until we nearly carried the proposition at this session.

PREVENTS WASTE IN LAND SALES

Another field in which I applied the common sense of a man who knows the value of a dollar by having earned all the dollars he ever had, is in the matter of the sale of real estate by the War Department.

During the war we acquired a great many tracts of land, some of them containing many thousands of acres, for war activities.

When a bill was brought forward to sell 48 different parcels of land, situated in 14 different States, all belonging to the War Department, I called attention to the fact that the Government was not adequately protected under the terms of the bill, and insisted upon and obtained the adoption of amendments requiring the proper appraisal of all of these lands by disinterested appraisers, and required

the advertisement of such sale in newspapers of wide circulation, and also required the sale of all such parcels by public auction.

Thus, I broke up the practice of accepting sealed bids whereby favorites and pets could receive land at their own prices. Ever since that bill became law, subsequent bills before the Committee on Military Affairs calling for the sale of War Department real estate have carried all these provisions as a matter of course. I am persuaded that this work brought into the Treasury, by public advertisement and public bidding, many millions of dollars more than would have come without such precautions.

Before we stopped it, the War Department was wasting money on favorite auctioneers to sell real estate. They contracted with auctioneers to sell, on a commission basis, and one firm, on one sale, and for one day's work, made over $40,000. It seems that a high-school boy would have had more sense.

We immediately put a limitation in the law that no auctioneer should receive more than $100 a day for his services, and that was high pay.

In the same manner, I have watched all authority for appropriations for the construction of buildings, such as barracks and quarters at military posts.

I have insisted that the plans be definitely and carefully prepared in advance, and that the specifications be such that the contractors can not escape their obligation, that the work be periodically inspected, and that the Government receive credit for the materials that it may furnish in connection with such construction. I believe that this work has not only saved much money to the Government but has resulted in obtaining a better type of construction, more suitable plans for the different sections of the country, and has prevented the erecting of buildings where they were not actually needed.

INVESTIGATES GOVERNMENT CONTRACTS

Another less important incident, but illustrative of my general principles of handling Government business, is a recent investigation concerning a lease on a Government property at Port Newark, N. J. I received unofficial information that there was something very strange, to say the least, going on in connection with that property. It cost the Government $11,000,000 and was supposed to have been leased, in 1926, on terms that presumably would yield the Government a moderate rental for the property.

I conducted, through the Committee on Military Affairs, an investigation into the matter and found, to my amazement, that the property was not actually leased, but that an operating contract had been entered into, whereby the Government, instead of being the lessor, was the principal. The so-called lessee, but actually the operating agent, has had charge of the property for six years, and during that time not one single dollar has been paid into the Treasury of the United States, though the company claims that its gross receipts are about $700,000 a year. They work a shrewd arrangement, if not trick, to give excessive financial benefits to the operating agent. It is true that this agent expended about $455,000 in repairs, but all the other receipts have been consumed in so-called operating expenses. Under the head of operating expenses are not only included all labor and insurance, but even the salaries of the officials of the operating agent, which is a corporation, were paid out of the gross receipts. For part of the time some of these salaries were $25,000 a year. Of course, they pay no taxes on this Government property. They thus have an undue advantage over all their competitors in the warehouse business; paying neither taxes nor rent they can underbid all other warehouses.

Though it was admitted that the operating agent has in its hands about $65,000 belonging to the Government, this has not been paid in, because indulgent Army officers have not demanded it, and if the operating agent corporation were to become bankrupt, the Government would lose the $65,000.

It took long and hard work to get to the bottom of these things. In fact, I am not through digging yet. But I have set in motion forces which will stop this outrage. Already financially responsible warehouse men of New York City are arranging to make an offer to lease this property that will insure to the Government a fair and fixed rental for the property, and if the War Department will not cancel the outstanding contract and accept this new proposal, then I will conduct some more hearings before the Committee on Military Affairs, to find out why the War Department refuses. If necessary, I will introduce, and seek to have passed, legislation to compel the War Department to cancel the outstanding contract and to execute a fair and proper lease.

TRUSTEE OF TAXPAYERS

If I did not keep my eyes and ears wide open, and if I were not indifferent to the hostility and criticism of the War Department and its officers and agents, then I would let such matters as this slide by, and neither the Congress nor my constituents would ever know the difference. But I feel myself a trustee for the people and the taxpayers of the Nation, and being placed in the position of watchman upon the tower, when I see things going wrong, I should hate myself and should deserve the condemnation of my constituents if I failed to cry out and tell the people that something is going wrong.

HOW $50,000,000 WERE SAVED

The greatest piece of work that I have done for economy and in the interest of clean government was a fight I made, commencing in 1924 and lasting through 1925 and ending in the early part of 1926, in opposing a recommendation of the Morrow Aircraft Investigating Board to repeal the law requiring advertisement and competitive bidding in the purchase of airplanes and aircraft generally, with accessories, for the War Department and the Navy Department.

All the influence of the Coolidge administration was back of that recommendation. The whole country was worked up over the charges of Gen. William Mitchell that we were woefully backward in military aviation. The Congress seemed determined to go to any length in order to repair this deficiency. They brought before the board the Hon. Dwight W. Morrow, later ambassador to Mexico, and later still father-in-law of Col. Charles A. Lindbergh, and later still United States Senator, in support of their recommendation. Others of the board came before the committee, including Maj. Gen. James G. Harbord. But I saw that there was danger that way. To allow an Army officer or a Navy officer to make a contract to purchase airplanes amounting to many millions of dollars a year, without letting the rest of the country know when and where the contract would be made and without giving all aircraft manufacturers a chance to bid, would be inviting both corruption and extravagance.

The committee, being evenly divided upon the proposition, a joint committee was set up by authority of both the Military Affairs Committee and the Naval Affairs Committee; and being appointed upon that joint committee, I succeeded in convincing it that there was danger of another Teapot Dome scandal if we adopted the Morrow board recommendation. I finally prepared a bill which was submitted to the subcommittee and, with slight amendment, approved, and was later passed by the House, and was later accepted by the committee on conference between the House and the Senate, when the Air Corps bill was in conference, and was then approved by both Houses, and has ever since been the law, without amendment.

In a speech in the House on April 17, 1926, I predicted that both the Army and the Navy would, during the 5-year building program, expend about $150,000,000. I have had a check-up made from these two departments and find that they have spent $155,500,000. My estimate was marvelously near correct.

Furthermore, I believe that if the law requiring advertisement and competitive bidding for the purchase of such aircraft had been repealed, and if secret contracts could have been made, then perhaps one-third of all the money spent would have been wasted by the payment of unnecessarily high and unreasonable prices for aircraft. I would

not charge deliberate corruption, but I would say that Army and Navy officers, inexperienced in business matters, and handling Government money, would have been the victims of shrewd and unscrupulous calculators and salesmen for the manufacturers of aircraft. Thus, a few favorite pets among the manufacturers would have received excessively profitable contracts, while the other manufacturers would have been left out in the cold.

Knowing how these things have gone in other respects, and in other departments, I am fully persuaded that this fight by me saved the taxpayers of this country fully $50,000,000. At the same time, we have gotten not only as many airplanes as we would have gotten, but I believe we have gotten better airplanes than we would have gotten. I do know that airplanes were bought by the Government, after this law went into effect, which were better and more efficient than planes which were built under special contract, and at a price but little more than one-half of the contract price for those built under special contract.

That shows that my estimate of $50,000,000 is probably correct. It means saving not only of $10,000,000 a year for the last five years, but, as the law will continue on the statute books and as we will continue to spend in the future large sums of money for the purchase of aircraft, it will mean that during all the future years the result of my work in this particular will be a saving of millions of dollars to the Government every year. We all remember how aircraft manufacturers wasted over $900,000,000 for us during the war. Not a single American-made plane ever flew over the front. The law recommended by the Morrow board would have reopened the Treasury to the same wasteful methods, and there would have been, to speak charitably, great temptation and fine opportunity for favoritism, if not private rebates and corruption.

STOPPED WASTEFUL WRECKING OF BRIDGE

For several sessions the Hon. R. Walton Moore, of Virginia, at the instigation of the United States engineers for this Washington district, kept pressing a bill before the Committee on Military Affairs to appropriate $190,000 to demolish and remove Aqueduct Bridge. In the last few years a fine new bridge had been built near this old bridge, and in their wastefulness the Army engineers could only think of spending more money to wreck the old bridge.

The huge stone piers of this old bridge and the steel framework are in good condition, and if the steel is kept painted, will last many more years. If anything should happen to the new bridge, the old bridge could be immediately used. But there was no thought of economy, and they propose to spend $190,000 to remove a good bridge that may any day become very necessary.

I alone in the committee bitterly opposed this proposition, beginning with the year 1923, and kept up the fight until they have now abandoned it. This is another example of where I saved the people money.

STILL STANDING ON PLATFORM PLEDGE

In standing for economy all the time, I have simply been doing what I promised the people in my campaign of 1920. In my printed platform at that time I stated:

> I am opposed to any further extension of Federal power, and I am opposed to the multiplication of office-holding appointments under the Federal Government. In this connection I stand for economy of an actual and practical sort, to wit, for striking from the pay rolls of the Federal Government every appointive officer whose existence is not absolutely necessary for the operation of the Federal Government. It will not do merely to talk economy, but we must practice economy. In this connection I favor the use of the machinery, trucks, tractors, and other equipment of the United States Army in the construction of public roads over which the mail shall be carried.

ECONOMY MUST PRECEDE TAX REDUCTION

On April 17, 1926, I said this in Congress:

> The taxpayer is grateful for the tax reduction made this session, but he also is concerned in our practicing the strictest economy so that other reductions may be made. Indications are that the recent cuts were not deep enough. It would be a good thing for us to face a deficiency now and then. Nations, like individuals, are safer when some impulses to extravagance and waste must be restrained.

SAVES $281,440 AT ONE STROKE

In 1925, in the closing days of the Congress, a bill was rushed before the Committee on Military Affairs, and supported by the War Department in the person of the chief of staff and the commanding general at Fort Bliss, Tex., asking for authority to buy 3,600 acres of land at a cost of $360,000 which would be $100 per acre. They stated that they had an option on this land, and that it was very cheap at $100 an acre, and unless the appropriation was immediately made, they would lose the benefit of the option.

I was not carried off my feet by this enthusiasm, but, in executive session insisted upon, and obtained, an amendment striking out the authority and direction to buy the specific tract of 3,600 acres, and authorizing the Secretary of War to buy any land situated near Fort Bliss and suitable for use in connection therewith for cavalry drill and maneuvers. This put the various landowners in the neighborhood of El Paso, Tex., to bidding against each other to sell land to the Government, and, of course, each being anxious to sell, tried to offer his land at a more attractive price than the other man. The result of my amendment was that the War Department bought 4,532 acres of land at a cost of only $78,560. Thus, by my work we got over 900 acres more land, and saved $281,440.

Thereafter, the Hon. John C. McKenzie, who was chairman of the committee when I made the fight above referred to, but who had retired from Congress, and was later chairman of the Muscle Shoals Commission, appointed by President Coolidge, wrote the following letter to me:

ELIZABETH, ILL., *January 21, 1926.*

Hon. J. J. McSWAIN,
Washington, D. C.

DEAR FRIEND MAC: It is impossible for me to forget my association with members of the Committee on Military Affairs, and naturally I am interested in following the work of the committee, notwithstanding I am far away. I am especially pleased to note that through your efforts to guard the interest of the Government in the motion you made in connection with the Fort Bliss land bill in the last session has resulted in saving the people of our Government the snug sum of $281,440 and in the acquiring of 4,532 acres, thus giving us 900 acres more than was proposed in the bill submitted to us. Such an achievement is surely worth while, and only demonstrates the necessity of the members of that great committee being ever diligent in protecting the Government's interests. You can feel that in being alert and submitting the proper motion at the time you saved enough to warrant the retaining you in Congress the remainder of your life. I often think of you and all the boys, and I wish you all well and hope that you all will be on guard to head off not only land exploiters but personal exploiters, of which there are many.

With kind personal regards, I am,

Your friend,

JOHN C. McKENZIE.

When one has the natural Scotchman's habit of watching waste and promoting economy and the lawyer's training to follow up a clue it is easy to serve the taxpayers; but the parasites, pets, papsuckers, and pampered grafters whine and howl.

SOME RECENT WORK AS CHAIRMAN OF THE COMMITTEE

Since I became chairman of the Committee on Military Affairs, on February 9, 1932, some important matters have been handled by me in that capacity.

In addition to instituting and conducting the investigation already referred to, as to the contract between the War Department and a certain corporation, for the Port Newark army base, and uncovering a situation that has cost the Government nearly a million of dollars, I have also been especially active in the investigation of the affairs of the United States Veterans' Administration, pursuant to H. J. Res. 355, introduced by Representative BLANTON, of Texas.

I was astonished and amazed by the revelations, and the longer we investigated and the more we considered the worse the situation appeared. As a direct result of the action of my committee, the famous William Wolff Smith was removed from the pay rolls of the Veterans' Administration. This was a famous case, because he had served, secure at a desk in Washington, only 13 days before the armistice, and had no disability directly due to military service but only a presumptive disability.

Furthermore, as a result of this investigation a subcommittee was appointed by me to draft a bill to meet the situa-

tion and to correct the abuses disclosed by the investigation. This subcommittee prepared and submitted a draft which became H. R. 12448, and it was reported by the committee to the House and was passed by the House promptly by a vote of 5 to 1. That bill is now pending before the Senate for action, but it seems that in the present jam it will not be acted upon until after December 1.

Also, since I became chairman there was formulated a bill for the leasing of the Government properties at Muscle Shoals, Ala. This bill contained an alternative provision that if no lessee could be obtained, then a board, appointed by the President and confirmed by the Senate, should operate the plant.

NATIONAL GUARD

Also, since I have been chairman, the committee has studied and reported favorably a bill to revise the law governing the National Guard in the United States and when this is enacted into law it will strengthen and encourage the National Guard as a very important component of our land defense forces. This bill is warmly supported by members of the National Guard all over the United States and especially by the National Guard Association.

ORGANIZED RESERVES

We have also studied very carefully and will be able to report in the early days of the next session important legislation revising the national defense act concerning the Organized Reserves, and I believe that this legislation holds great possibilities for the future of our country.

VOLUME OF COMMITTEE BUSINESS

In addition, a large number of less important bills, as the calendar will show, have been studied by the 10 subcommittees, and considered by the full committee, and reported to the House. There are about 1,600 bills and joint resolutions on the committee calendar, before my committee, and the 10 subcommittees have been very industrious and hard working during this session. I extend to them my thanks for their support in the carrying on of the work of the committee. Eighty-one bills have been favorably reported by the committee since I became chairman. This work, in addition to the regular office and floor work, shows that I have been a very busy man. No committee of the House, except the Committee on Claims, has reported more bills. We have certainly been active and fruitful of results.

ADDRESS OF HON. LEWIS W. DOUGLAS, OF ARIZONA

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent to extend my remarks by printing in the RECORD a very able and interesting address delivered over the radio on June 11 last by the gentleman from Arizona [Mr. DOUGLAS] on the subject of economy in government and the cost of government.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following very able and interesting address delivered over the radio on June 11 last by the gentleman from Arizona [Mr. DOUGLAS]:

AN APPEAL TO VETERANS AND THE UNORGANIZED MAJORITY

To-night I propose to speak on the subject of veterans' benefits. In a certain sense it is a painful task for me to do this. It is painful because as an ex-service man I have a bond of sympathy with all other ex-service men. The experiences which we had together, the adventures which fell to our common lot, naturally create a tie which time can not sever.

Yet, though the task is disagreeable, I am speaking on this subject because I feel intensely that every man, woman, and child in the United States, and the ex-service men themselves, should be made aware of the staggering burden which existing law granting benefits to veterans imposes upon our Government.

The settled and proper policy of granting benefits to veterans is that those who suffered a disability in the service of their country should be compensated.

The question arises as to whether or not this policy has been applied in practice. The only way in which an intelligent answer to the question can be made is by surveying a few of the facts.

Approximately one quarter of a million—254,000—American men were either killed or wounded during the World War. Almost a million World War veterans and their dependents—845,016—are now receiving cash benefits. At the time of the armistice there were only 882,000 American troops within the zone of hostilities. All of these were not in combat units. Almost as great a number are now receiving some sort of monetary recompense from the United States. There are, then, almost four times as many receiving benefits as there were casualties and almost as many beneficiaries as there were troops engaged with the enemy. This brief survey indicates clearly that we have strayed far from the settled policy of granting benefits to veterans.

The question arises: How has this situation affected our national finances? To-day we are spending more than a billion dollars annually in benefits to veterans of all wars. In other words, 25 cents of every dollar paid in Federal taxes goes to a war veteran. But this is not all.

During our history we have paid $16,500,000,000 to veterans of all wars. Of this sum almost five and one-half billions have been paid within a period of 14 years to World War veterans and their dependents. Or, stated another way, within a period of 14 years we have paid almost as much to World War veterans and their dependents as we have paid during a period of 70 years to Civil War veterans and their dependents, despite the fact that there were twice as many Civil War veterans in combat with the enemy as there were World War veterans within the zone of hostilities, and despite the further fact that there were almost twice as many casualties during the Civil War as there were during the World War.

This summary demonstrates that there is something radically wrong with the statutes passed by Congress under which benefits are granted and paid to veterans of the World War. But this is not all. If it were, the situation would not be so tragic. If it were, the future would be somewhat brighter.

Whereas more than 1,000,000 men are now receiving benefits from the Treasury of the United States, 10 years hence, as closely as it can be estimated, 1,400,000 will be beneficiaries of the Federal Treasury.

Whereas we are now spending over $1,000,000,000 annually and 25 cents of every dollar paid in Federal taxes on veterans, 10 years hence the annual cost will exceed $1,300,000,000, will possibly amount to $1,500,000,000, and of every dollar paid in Federal taxes more than 35 cents will go to ex-service men—and all of this under existing statutes, assuming that no additional benefits are granted by the Congress. Surely this is a staggering burden to carry. Surely the statements of fact here made should cause every American citizen who has some regard for the future of his country and for the success of democracy to pause and to ponder.

Still another question arises: If this situation be true of the United States, is it not true of other countries which participated in the World War? The answer to the question is an interesting one.

While comparison with France is not altogether fair by reason of the higher standards of living which we enjoy in this country, nevertheless it indicates to some extent the difference between the laws which we have passed and the laws which have been passed in the French Republic. The total French casualties during the World War were almost 2,900,000, or more than eleven times as many as were our casualties. Yet France is paying benefits to 150,000 less than the number receiving benefits from the United States. In spite of the fact that there were more than eleven times as many actual battle casualties in the French army, France has spent only $2,500,000,000 on her disabled veterans, or less than half as much as we have spent on our World War veterans.

The total number of casualties in the Canadian forces were 50,000 less than the total number in the American Expeditionary Forces. They were, then, less than 20 per cent smaller than ours. Yet Canada has expended only $370,000,000, or approximately one-fifteenth of the sum which we have expended. Surely this indicates that we have strayed far from the fundamental principle of compensation, namely, that of paying benefits to those who suffered disability directly attributable to their war service.

Why are we faced with this staggering burden? Why are there four times as many veterans receiving benefits as there were casualties?

Because, under the laws which Congress has enacted, thousands of men who served in the Army less than 30 days, who never put foot on ship to sail across the Atlantic, who scarcely carried a gun, who enlisted after the armistice and before July 2, 1921, are receiving large monthly cash benefits by reason of a disability incurred after their discharge from service, but before January 1, 1925—a disability which is presumably connected with their war service, but which, as a matter of fact, can not be shown to be attributable to the performance of their duty as soldiers.

And secondly, it is because Congress has passed an act known as the disability allowance act, under the terms of which a World War veteran who to-day receives a disability as a result of an automobile accident or as a result of, even in the days of prohibition, becoming intoxicated, falling and breaking a leg, or receiving some other disability, can demand and receive from twelve to forty dollars a month from the United States Treasury.

And, finally, because under laws which Congress has passed, veterans with no disability, presumably or otherwise connected with their war service, and regardless of their ability to pay, can enter a veterans' hospital, receive medical care, and be operated on for major or minor operations at no expense whatsoever to themselves.

To sum the case up: By reason of the laws which Congress has passed the United States to-day is carrying a burden of over $1,000,000,000 a year in benefits to veterans. The Federal taxpayer is paying 25 cents out of every dollar to veterans. And by reason of these same laws 10 years hence the annual burden on

the United States will be approximately $1,500,000,000, and 35 cents of every dollar paid in Federal taxes will go to a veteran. Finally, by 1942 the United States will have expended over $17,000,000,000 on veterans of the World War.

This will not have been paid to those whose disability is directly attributable to their war service, to those who actually made a sacrifice for their country. On the contrary, the large part of it will have been paid to those whose disability was not attributable to their war service, and to those who as a matter of fact made no physical sacrifice while following their flag.

This is the intolerable picture to-day. And as we look ahead into the future it becomes more intolerable. The burden becomes more appalling, more staggering, so staggering that, in fact, it may bring us to the very brink of destruction, if it does not actually push us over into the chasm.

Most of the great political philosophers who lived a century ago prophesied the day when under a democratic form of government the power of organized minorities would be greater than the resistance of the legislative body. This is almost what is happening in the United States. Organized minorities come knocking at the door of Congress seeking unwittingly to impose upon the Federal Government a burden which that Government should not, and can not, carry while the unorganized majority, either through ignorance or indifference, remain complacently silent.

And so to-night I am appealing to the unorganized majority to exert their pressure, their influence, in order that veterans' legislation may be revised so as to adequately and properly care for those veterans who suffered disabilities directly attributable to their war service. To such veterans this country must express its gratitude and must extend, as an expression of that gratitude, a generous hand. But gratitude should not be carried to the extent of granting a subsidy to those whose disability was not incurred while in the service; gratitude should not proceed to the extent of destroying the country which the ex-service man fought to save, and I am appealing to-night to the ex-service men themselves and to their organizations who, I am confident, when they are made aware of the facts, will rise up in arms just as in 1917 they rose up, to say, "This thing must stop."

THE TOBACCO TAX

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a speech which I made before the Ways and Means Committee in opposition to the tobacco tax.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CHAPMAN. Mr. Speaker, as the Representative of the greatest Burley-tobacco-producing district in the world, I have taken an intense interest in all legislation affecting the tobacco industry and especially in measures involving the welfare of the tobacco growers. My entire constituency depends for its prosperity in large measure upon the prosperity of the producers of tobacco.

In 1931, 400,000 farmers produced on 2,000,000 acres of land, 1,600,000,000 pounds of tobacco. In the State of Kentucky 115,000 farmers, cultivating 586,000 acres of land, produced over 500,000,000 pounds of tobacco. The Federal Government collected that year in taxes on tobacco and cigarettes $424,528,411.67, more than 80 per cent of the total "miscellaneous taxes" that went into the Federal Treasury.

The tobacco tax is the next thing to a tax on the land itself. It places a burden on those who not only produce a vast amount of the wealth but also pay more than their just share of the taxes. On December 8, the second day of this session of Congress, I introduced a bill to reduce the tax on cigarettes from $3 per thousand to $2 per thousand, and on smoking tobacco, chewing tobacco, and snuff from 18 cents per pound to 12 cents per pound.

The Congress faced the necessity of balancing the Budget, and during consideration of the tax bill for that purpose the Secretary of the Treasury proposed and advocated with his customary plausibility and forcefulness an increase of 16⅔ per cent in the tax on tobacco. If that proposal had prevailed the tax would have amounted to $1.16⅔ per pound on cigarette tobacco and 21 cents per pound on snuff, smoking, and chewing tobacco.

I entered zealously and militantly into the fight that prevented that increase. After a long, hard struggle the Ways and Means Committee decided against the proposal of the Treasury Department. During the hearings before that committee I spoke in behalf of the tobacco growers against the proposed increase in the tobacco tax. Under leave granted me to extend my remarks in the RECORD I include a portion of my statement delivered in January, 1932, before the Ways and Means Committee on that subject. (Revenue revision hearings, p. 586.)

My statement was in part as follows:

Mr. CHAPMAN. Mr. Chairman and gentlemen of the committee, I wish only a few minutes in which to speak in protest against this proposed increase of tax on tobacco, in behalf of a large group of people whose voice is inarticulate. I refer to the hundreds of thousands of farmers and tobacco growers who for many decades have depended upon tobacco as their principal money crop, the crop out of the proceeds of which they have lived and defrayed their necessary expenses. They are a group of farmers who are suffering as severely as any group in America from the terrible depression through which we are passing. In fact, in my own State of Kentucky, where most of the farmers depend on the tobacco crop to pay their taxes, this year it was the exception rather than the rule to find the farmer who had sufficient money with which to pay his taxes when they fell due, and we had proposals in fiscal courts in various parts of the State for the granting of extra-legal moratoriums to farmers until next March for the payment of interest and penalties on taxes due.

We protest against this tax, first, because tobacco is the only farm product on which such a tax is collected and the only farm product on which it is proposed that such a tax be collected.

In the second place, the tobacco tax is the only war tax that is still in effect.

This is not a luxury tax. Tobacco can not be classed as a luxury. It is used by the man in the street, the man working in the factory, the man tilling the soil on the hillside. The cigarette is one thing to which millions of people can look for comfort and solace in these times of panic and depression.

The present tax of 6 cents on a package of 20 cigarettes is already as high a tax as the industry and the tobacco growers can stand. The average price of tobacco in the great Burley Belt for the crop produced in 1931 and now being marketed is estimated at 9 cents a pound. Of course, in the western part of Kentucky and Tennessee tobacco is selling for an average of not much more than half the average Burley price, and I am told that in the Carolinas the bright tobacco did not bring quite as high an average as 9 cents. The Government collects $1 a pound on the tobacco that goes into cigarettes. That is more than ten times the amount received for his Burley crop this year by the farmer, who spends almost an entire year in producing that crop, and conceding that good cigarette tobacco is averaging 20 cents, the Government still collects on every pound of that tobacco five times as much as does the grower who spends 9 or 10 months producing and marketing it, and those who know, as some of you gentlemen do, will bear witness that tobacco growing is the very hardest form of farm labor.

Mr. ESLICK. Mr. CHAPMAN, for the record, what is the average that a tobacco hand can produce in a year?

Mr. CHAPMAN. I don't know whether I can answer that question with accuracy or not, because of the different types of tobacco and the varying degrees of fertility in tobacco-growing sections.

Mr. ESLICK. It is 4 to 5 acres, is it not?

Mr. CHAPMAN. I judge so; that would probably be a fair average throughout tobacco territory.

Mr. ESLICK. Can you state what the average yield per acre is?

Mr. CHAPMAN. That varies considerably, according to the season, the type of tobacco produced, and the section in which it is produced. This year we had a rather large yield in Kentucky. Everything considered, throughout tobacco-producing territory, I would say seven or eight hundred pounds is a fair average.

In addition to the arduous labor involved in producing a crop of tobacco, there is no crop produced that extracts as much fertility from the soil and depreciates the value of farm land as does the production of tobacco.

The tobacco farmers are suffering at this time. In fact, they are in desperation in many sections of the country. Most tobacco is produced under the tenant system of cultivation, and the tenants, as a rule, are in dire poverty. A large proportion of tobacco growers in many Kentucky counties last year had to avail themselves of the opportunity to borrow money from the Government for seed to produce their crops. They are now unable to repay those loans and are urging the Congress to provide them with a year's moratorium in which to repay the seed loans. In addition to all of that, there comes a decrease in consumption. I believe Judge Parker stated that the consumption of cigarettes during the past six months has decreased 6,000,000,000. I find that in the 13 States in which laws have been enacted providing for a State tax on cigarettes and some other tobacco products the per capita consumption of cigarettes during the year 1930 was 431, as against a per capita consumption throughout the United States, including those 13 States, of 975.

Not only has the cigarette tax caused a tremendous decrease in cigarette consumption, but we find that it is about the most unpopular increase of taxes that has been proposed. There are three States in which a popular referendum was held on the proposal for such a tax. In New Mexico the vote was 53,668 against it and 9,655 for it; in Michigan the vote against it was 452,375 and 198,515 for it; in Oregon, the State of the distinguished former chairman of the committee [Mr. HAWLEY] the vote against the tobacco tax was 123,208 and the vote for it 62,254.

This unquestioned decrease in consumption causes a decrease also in the demand for tobacco, which the farmer produces, with a consequent reduction in the price he receives for his crop. In

addition to that it also reduces the amount of revenue received by the Government through the tobacco tax already in existence, as has been shown so ably here to-day.

As one distinguished Member of this House said to me last evening, if we should add one additional cent to the tax on cigarettes, as has been proposed by the Treasury, making that tax 7 cents per package, and if it were possible to pass the tax to the consumer, every time that tax increase diminished consumption by one package of cigarettes, every time a man failed to buy a package of cigarettes on account of that increase of 1 cent per package it would require the sale of seven additional packages in order to make up for the loss of revenue to the Government by reason of that decrease of one package in the consumption of cigarettes. I thought he stated it very forcefully.

Now, when the manufacturer has to pay 6 cents in taxes to the Federal Government on this package of cigarettes and sells the package, as he does to the wholesaler for 12.1 cents, that leaves 2.9 cents for the wholesaler and retailer in order for the consumer to purchase the package for 15 cents. We know that the cigarette business is a highly competitive business. There is very keen competition in the sale of these popular brands. If we increase the price to the consumer to more than 15 cents, I believe it will be conceded by nearly everyone, as proven by past experience and demonstrated by these figures from official reports that have been produced here to-day, that any such increase in price to more than 15 cents per package would cause a great decrease in the volume of sales.

Therefore, since they can not profitably increase the price and must pay the Government 6 cents on every package as it is now and 7 cents as it would be if this provision were enacted into law, that means that the tax can not be increased to the consumer, and there is no other place that the burden of this proposed additional tax could fall except on the back of the tobacco grower, who is least able of all to bear the burden.

We have high authority for that conclusion, which is concurred in by practically all of the leading men in the tobacco industry. Tobacco growers throughout tobacco-producing areas are deeply stirred and disturbed by this attempt to penalize them and still further burden them by an increase of tax that would be reflected in the price received for their crops. I just received a resolution adopted yesterday by the board of directors of the Burley Tobacco Growers Cooperative Association protesting against such a tax increase and declaring, "That any increase in taxes on tobacco or tobacco products will result in additional hardships, if not in disaster, to the growers of this already over-taxed commodity." No less an authority than the distinguished chairman of the Federal Farm Board, Hon. James C. Stone, who represents tobacco on that board, and who has spent most of his life as a tobacco grower, warehouseman, and cooperative leader, has testified before a congressional committee to the effect that he believes that to have this tax reduced to one-half of what it is to-day would greatly increase consumption, without diminishing the revenue to the Government, and would bring a larger return to the farmer, whose income now it pitifully small, and who spends nearly an entire year of hard labor, besides impoverishing his soil, in producing a crop of tobacco.

There is no question of the correctness of what was stated by the gentleman from Georgia [Mr. CRISP] when he said to Judge Parker that a colossal sum of additional revenue must be raised, but I contend, gentlemen of the committee, that while such a sum must necessarily be raised from some sources, the farmer, whom this Government has been seeking to aid in recent years, and about whose financial distress we have heard more and read more than about the condition of any other group of American citizens—I contend that the tobacco farmer is least able of all to take upon his shoulders the additional burden that is being proposed.

Mr. VINSON. Will the gentleman yield?

Mr. CHAPMAN. Yes, sir.

Mr. VINSON. In that connection Mr. Ogden Mills, the Under Secretary of the Treasury, a very able economist and very able legislator, stated that the Treasury proposal was based upon the 1924 act, and in that connection Mr. Mills also stated that the increase of tax on tobacco over the rates set forth in the 1924 act, which is the rate tobacco bears to-day, was the only commodity, agricultural or otherwise, and the only industry that the increase of tax was sought from.

Mr. CHAPMAN. That is true, and not only that, for it is also true that tobacco is the only farm product on which such a tax is levied or sought to be levied. This is also the only war tax that is still in effect.

As to the suggestion that was made just before I was recognized concerning the effect on revenue from the increase on smoking tobacco—I believe the question was asked by the gentleman from Indiana [Mr. CANFIELD]—I think I have some figures that might throw a little light on that question. As a result of the decline in the consumption of tobacco the Federal revenues have already declined $14,000,000, accompanying a loss of volume of $33,000,000 for the manufacturers. This loss of revenue in the volume of cigarette consumption is not compensated for by the increase from manufactured tobacco, since the increased revenue from that source has been only $380,000 and the increased volume only $2,000,000. With the cigarette industry already declining, the proposed tax increase, accompanied by diminished consumption, would actually net the Government less, rather than more, revenue. Assuming a further decline of 15 per cent, which is most moderate in the light of recent experience, the Government would lose rather than gain from the increased tax.

For the fiscal year 1931 the total United States revenues from the cigarette tax were about $360,000,000. If production remains stationary the increased tax suggested would add $60,000,000, making the total $420,000,000, but if production declines 15 per cent the United States revenue from cigarettes would decrease by $63,000,000, leaving a total of $357,000,000, as compared with the $360,000,000 paid into the Federal Treasury for the fiscal year 1931.

Mr. CANFIELD. I will say to the gentleman that my question was not directed as to revenue but to the consumption of tobacco.

Mr. CHAPMAN. Oh, yes; but it certainly shows a loss of revenue, and the decline in both revenue and in the volume of manufactured products certainly indicate a decrease in consumption.

* * * * * * *

Gentlemen, it is the tobacco growers that I am representing, and I believe they are the least able of any class of farmers, and I believe of any group of citizens, to stand an increased burden like this.

Mr. DOUGHTON. I think the gentleman has made a very able statement in regard to this matter. Is it not a fact, or do you not understand it to be a fact, that agriculture was the first industry to feel the extreme depression that is now prevailing throughout the country?

Mr. CHAPMAN. Yes, sir; it is a fact.

Mr. DOUGHTON. And the imposition of further taxes on tobacco will not only further burden this industry and delay its recovery, if not prevent it entirely, but also tend to militate against general business recovery?

Mr. CHAPMAN. That is absolutely true, as the gentleman from North Carolina well says, because the prosperity of every business man, every professional man, every merchant, every banker, every industry, depends primarily on the tillers of the soil, because their prosperity is the foundation of all prosperity.

I expect to continue this fight for the tobacco growers. If I am a Member of the next Congress I shall again introduce a bill to reduce the tobacco tax. When this period of despair and suffering shall have passed and a sufficient revival of business shall have come to assure, with the practice of economy in government, a balanced Budget, one of the first revisions of the revenue act ought to be a reduction of the tobacco tax, which imposes such an unjust burden on the tobacco farmers. I will continue to strive to that end.

EXTENSION OF REMARKS—FEDERAL TAXATION AND ITS RESULTS

Mr. GRISWOLD. Mr. Speaker and my colleagues, it is true that now, with the exception of a very few minor details, the Budget is balanced. The will of the President has been consummated. It is also true that in balancing the Budget we have taxed about everything that could be taxed, thereby putting more tax burdens on the already overburdened people. We have taxed the vast fortunes and those with large incomes and they have complained because they were not taxed less and others more. We have taxed the destitute farmer and the unemployed laborer to convince him that the man without the means must, in some mysterious way yet to be determined, find money which he does not possess for the tax collector.

It is also true that the President of the United States and the Secretary of the Treasury, chambers of commerce in cities little and big, bankers throughout the country, and practically every newspaper in the Nation strenuously cried that "the Budget must be balanced." The cry was that then prosperity would be here. But, as yet, we have received no word of an injury to any citizen who bumped into it while turning the corner. For 10 years under the administration of Mr. Mellon and Mr. Mills, with the approval of three Presidents, we have been creating this deficit. The country as a whole, at the instigation of the President, wanted this Budget balanced and this deficit cleared up within one year. Lobbyists of every strain and color insisted that to cure 10 years of promiscuous spending it was necessary to not only fix taxes for the current running expenses of the Government, but in addition thereto to fix taxes that would bring in enough money to take care of the $3,000,000,000 deficit created by the Republican administration within the last 10 years. The only way that a government can spend money is to have it. The only way that a government can procure money is by taxation. I believe that the people of the Nation generally were deceived by the propaganda of the President and the newspapers. I do not believe that it was necessary to balance the Budget in one year, and that the economic recovery of the country has been and will be seriously retarded by this balancing of the Budget in one year.

I am of the opinion that before this time next year the people of this Nation will realize that it was one of the most serious governmental mistakes ever made. This balancing of the Budget should have been spread over a period of two or more years, and not have increased by excessive taxation the destitution of an already overburdened people.

In addition to this balancing of the Budget to cure a 10-year deficit, we have been required to make up additional funds in the amount of one-half billion dollars for the Reconstruction Finance Corporation, and one-quarter billion dollars for the moratorium to Europe, both at the request of the President. Both of these necessitated more taxes and greater efforts to balance the Budget. Neither brought prosperity, and we were assured that both would do so.

AID TO THE BANKERS

The banking fraternity of this Nation has been insistent in its demands for greater expenditures where those expenditures would assist the banking fraternity, the money for which must be raised by taxation. At the same time the bankers were insisting that the Budget be cut. We can not decrease taxes and still run the Government by adding a billion and one-half extra expenses, no matter what particular industry or business the additional appropriations aid. Nor can prosperity be restored by taxing the people in the factories and on the land, the small homeowner and small merchant to make good the bonds of international bankers and bring back to par the overvalued stock of railroads.

It is neither fair nor just to the man who pays the taxes when the Pennsylvania Railroad can declare a dividend of $42,000,000 and within 60 days thereafter come to the Reconstruction Finance Corporation and borrow $27,000,000. It is neither fair nor just to the taxpayer who must provide the funds nor to the business in other fields.

At the suggestion of the administration we passed the bill appropriating $125,000,000 to aid the Federal land banks. We were told by the leaders that this would help the farmer with his mortgaged farm, but this $125,000,000 never reached the farmer and has been used purely and simply to raise the price of Federal land bank bonds and protect the bankers and holders of the bonds. This money, too, was raised by taxes; and this bill was to help restore prosperity. Provision was made in the Reconstruction Finance Corporation act to lend money to banks. Now we find that the building and loan associations can not be helped by that corporation.

AID TO BUILDING AND LOAN ASSOCIATIONS

We are asked to make an additional appropriation of one hundred and twenty-five millions to aid the building and loan associations. This has the approval of the President, and the bill will pass the House. This $125,000,000 must be raised from taxation. In my State it will not help the man who has mortgaged his home. It will help, if rightly administered, the man who has money on deposit with the building and loan associations. I have little faith in the bill, but I voted for it on the theory that some of the money might eventually trickle through to the little man.

The professional man with a small income, and small-town citizen placed his money in these building and loan associations. They suspended payment. In my State under the law the depositor is required to file notice to withdraw his funds. All over my State the building and loan associations have long lists of depositors who have filed notice. They must be paid off in order of their filing if the money is available. If the associations borrow from this fund those depositors who have made demand will be eligible for payment. They will get their money, I hope. But what relief is there in the bill for the poor unfortunate who is financing his home through the association? Out of work—without income to meet his payments of principal, interest, and taxes. He is losing his home with the savings of his lifetime in it. What relief is there for him? Where is his moratorium? It is the old story all over again of all our relief legislation. It is built to protect and aid the man with personal property. For the man with real estate there is no relief. To obtain aid he must hold bonds or stocks or certificates of indebtedness.

We should not appropriate $125,000,000 for the building and loan associations when the Reconstruction Finance Corporation has a billion and one-half dollars. The building and loan associations should be allowed to discount their paper and procure loans from the Reconstruction Finance Corporation just the same as railroads, banks, and insurance companies are allowed to do. But the administration is opposed to allowing the building and loan associations to borrow money from the Reconstruction Finance Corporation on the same basis as these other businesses and insists that a special act be passed to take care of the building and loan associations. We have given approximately $2,000,000,000 for the benefit of big business and Wall Street. We have not given one cent toward putting money into circulation on Main Street.

A year ago we were told that our present economic condition was due to a world-wide depression and that prosperity would return to us if we granted a moratorium to Europe. We granted that moratorium at a cost in taxes of $2.50 to every man, woman, and child in the United States. The bankers profited by that moratorium and the people lost.

Prosperity, although one year has elapsed, has not returned. Next the President insisted that only through the Reconstruction Finance Corporation and loans to big business could the panic be ended. The Reconstruction Finance Corporation act passed and we gave $2,000,000,000 to Wall Street and the international bankers, who had already fleeced this country with worthless bonds of foreign nations. Six months have elapsed and to-day 15,000 unemployed World War veterans are encamped over in Anacostia Park in a vain search for the promised work and prosperity.

THE PRESIDENT CAN REDUCE EXPENSES

The Chief Executive has made much of a reduction in governmental expenditures through consolidations and elimination of useless employees. Through the newspapers he has called on Congress for the elimination of these employees. This is but a smoke screen to cover up and hide from the people the facts of his failures. The President well knows that he now has the power and always has had the power to eliminate any positions in the executive departments. He now has and has always had the power to reduce governmental expenses by discharging any employee in the State Department, the Commerce Department, the War Department, or any other department not held by an elected officer.

The Supreme Court so held and if there is a useless employee in any of these departments then the fault lies with the President of the United States and no one else and the President of the United States has been derelict in his duty to the taxpayer in allowing them to remain. All of the legislation that the President suggested and approved as a cure for our present panic has proven to be a tonic for Wall Street and a dose of poison for the taxpayer. What the Nation needs above all things else to-day is a leader that will turn his eyes from the glitter of gold and let them rest for a while on the destitute and impoverished—a leader that will place the good of all the people above the demands of a few. A Chief Executive that will divorce his thoughts from Wall Street long enough to remember that there is a Main Street in America.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker pro tempore:

H. R. 1048. An act granting to the Metropolitan Water District of Southern California certain public and reserved lands of the United States in the counties of Los Angeles, Riverside, and San Bernardino, in the State of California.

The SPEAKER pro tempore announced his signature to enrolled bills of the Senate of the following titles:

S. 1153. An act to provide for the incorporation of credit unions within the District of Columbia; and

S. 3911. An act to authorize the Commissioners of the District of Columbia to close Quintana Place, between Seventh Street and Seventh Place NW.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 4738. An act to incorporate the Disabled American Veterans of the World War.

ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 22 minutes p. m.) the House adjourned until to-morrow, Friday, June 17, 1932, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GREEN: Joint Committee on the Disposition of Useless Executive papers. A report on the disposition of useless papers in the Department of Labor (Rept. No. 1638). Ordered to be printed.

Mr. WEAVER: Committee on the Judiciary. H. R. 10271. A bill to authorize the Secretary of Agriculture to adjust claims to so-called Olmstead lands in the State of North Carolina; with amendment (Rept. No. 1639). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAGON: Committee on Ways and Means. House Joint Resolution 435. A joint resolution to amend the revenue act of 1932; without amendment (Rept. No. 1641). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMSON: Committee on Indian Affairs. S. 2352. An act amending the act entitled "An act authorizing the Court of Claims to hear, determine, and render judgment in the civilization fund claim of the Osage Nation of Indians against the United States," approved February 6, 1921 (41 Stat. 1097); with amendment (Rept. No. 1645). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMNECK: Committee on the Post Office and Post Roads. H. R. 11270. A bill to amend section 2 of the act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes"; with amendment (Rept. No. 1646). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PETTENGILL: Committee on Military Affairs. H. R. 4209. A bill for the relief of George Fling; without amendment (Rept. No. 1636). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. S. 3543. An act for the relief of Robert Emil Taylor; without amendment (Rept. No. 1637). Referred to the Committee of the Whole House.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 11996. A bill for the relief of C. B. Dickinson; without amendment (Rept. No. 1640). Referred to the Committee of the Whole House.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 1042. A bill for the relief of Henry A. Levake; without amendment (Rept. No. 1642). Referred to the Committee of the Whole House.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 6475. A bill to correct the military record of Alexander Surrell; without amendment (Rept. No. 1643). Referred to the Committee of the Whole House.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. S. 402. An act for the relief of Nelson King; without amendment (Rept. No. 1644). Referred to the Committee of the Whole House.

Mr. WOLVERTON: Committee on Military Affairs. H. R. 9761. A bill for the relief of Edward Garlin; with amendment (Rept. No. 1647). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GLOVER: A bill (H. R. 12674) to provide for the relief of farmers by making loans on land now used for agricultural purposes, for the purposes of redeeming said lands from now existing mortgages, and for other purposes; to the Committee on Ways and Means.

By Mr. SIROVICH: A bill (H. R. 12675) to amend the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920; to the Committee on the Civil Service.

By Mr. BLACK: A bill (H. R. 12676) to provide further fire prevention in the District of Columbia; to the Committee on the District of Columbia.

By Mr. McCLINTIC of Oklahoma: A bill (H. R. 12677) providing for a minimum marketing price for certain agriculture products; to the Committee on Agriculture.

By Mrs. NORTON: A bill (H. R. 12678) to license and register master electricians, master fixture hangers, journeymen electricians, and journeymen fixture hangers engaged in the business of installing, repairing, or maintaining electric wiring, fixtures, apparatus, and appliances for light, heat, or power in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. THOMASON: A bill (H. R. 12679) authorizing C. E. Benton, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Acala, Tex.; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON (by request): A bill (H. R. 12680) to provide a code of insurance law for the District of Columbia, except as is now provided by acts approved March 3, 1901 (31 Stat. 1310, ch. 854), Subchapter XII of Chapter XVIII of the Code of Laws for the District of Columbia; June 30, 1902 (32 Stat. 534, ch. 1329, sec. 761); May 29, 1928 (45 Stat. 953, ch. 862); December 12, 1928 (45 Stat. 1021, ch. 24); April 12, 1930 (an act to authorize fraternal and benevolent corporations heretofore created by special act of Congress to divide and separate the insurance activities from the fraternal activities by an act of its supreme legislative body, subject to the approval of the superintendent of insurance of the District of Columbia); and March 4, 1922 (42 Stat. L. 401, et seq.); to the Committee on the District of Columbia.

By Mr. KELLY of Pennsylvania: A bill (H. R. 12681) to regulate interstate and foreign commerce in bituminous coal; provide for consolidations, mergers, and cooperative marketing; require the licensing of corporations producing and shipping coal in interstate commerce; and to create a bituminous coal commission; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PARKER of Georgia: A bill (H. R. 12682) to amend the adjusted compensation act; to the Committee on Ways and Means.

By Mr. STEVENSON: Resolution (H. Res. 268) authorizing the printing of the House Rules and Manual for the second session of the Seventy-second Congress; to the Committee on Printing.

By Mr. VINSON of Kentucky: Resolution (H. Res. 269) to provide for the appointment by the Speaker of a committee to investigate the overlapping and duplication of taxes, and for other purposes; to the Committee on Rules.

By Mr. RAGON: Joint resolution (H. J. Res. 435) to amend the revenue act of 1932; to the Committee on Ways and Means.

By Mr. SIROVICH: Joint resolution (H. J. Res. 436) to repeal the eighteenth amendment to the Constitution of the United States, and the national prohibition act; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOWMAN: A bill (H. R. 12683) granting an increase of pension to Mary Clark; to the Committee on Invalid Pensions.

By Mr. BRUNNER: A bill (H. R. 12684) for the relief of Capt. James L. Alverson; to the Committee on Claims.

By Mr. COLLINS: A bill (H. R. 12685) to refund to the Mississippi Fibre Co. income and profits taxes erroneously and illegally collected; to the Committee on Claims.

By Mr. CRAIL: A bill (H. R. 12686) granting a pension to Wiley E. Bolt; to the Committee on Pensions.

By Mr. FINLEY: A bill (H. R. 12687) granting a pension to Albert Davis; to the Committee on Pensions.

By Mr. GIBSON: A bill (H. R. 12688) granting a pension to William H. Danver; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12689) granting an increase of pension to Eunice G. Trombly; to the Committee on Invalid Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 12690) granting an increase of pension to Lydia E. Thompson; to the Committee on Invalid Pensions.

By Mr. MOORE of Kentucky: A bill (H. R. 12691) granting a pension to Margaret Ragland; to the Committee on Pensions.

By Mr. POLK: A bill (H. R. 12692) granting an increase of pension to Louisa C. Pangburn; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12693) for the relief of Jane H. Dickey; to the Committee on Military Affairs.

By Mr. PURNELL: A bill (H. R. 12694) granting an increase of pension to Ann M. Cook; to the Committee on Invalid Pensions.

By Mr. SCHNEIDER: A bill (H. R. 12695) granting an increase of pension to Sarah Hubbard; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 12696) granting an increase of pension to Charles V. Harris; to the Committee on Pensions.

By Mr. SUMNERS of Texas: A bill (H. R. 12697) to repeal the provisions of law granting pensions to Edith Carow Roosevelt, Lois I. Marshall, and Edith Bolling Wilson; to the Committee on Pensions.

By Mr. WEAVER: A bill (H. R. 12698) granting a pension to Florence C. Gilmore; to the Committee on Pensions.

By Mr. WOOD of Indiana: A bill (H. R. 12699) granting a pension to Gertrude Adams; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8339. By Mr. CHINDBLOM: Petition of Clayton Mack and 67 others, favoring redress of grievances, especially for relief from taxation for non-service-connected disabilities of veterans; to the Committee on World War Veterans' Legislation.

8340. By Mr. CRAIL: Petition of California Bankers Association, recommending the adoption of a manufacturers' sales tax, and opposing any form of governmental guaranty of bank deposits; to the Committee on Banking and Currency.

8341. Also, petition of Wilmington Post, No. 287, American Legion, Wilmington, Calif., requesting Congress to immediately pay face value of adjusted-compensation certificates to World War veterans; to the Committee on Ways and Means.

8342. Also, petition of All City Employees Association of Los Angeles, Calif., petitioning Congress to pass without delay a $5,000,000,000 public improvements bill; to the Committee on Ways and Means.

8343. Also, petition of unemployed councils of Los Angeles, Calif., demanding that the veterans be paid immediately their bonus in full; to the Committee on Ways and Means.

8344. Also, petition of Highland Park Post, No. 206, American Legion, Los Angeles, Calif., urging the immediate passage of legislation for the payment of the adjusted-service certificates, or, in lieu thereof, the $5,000,000,000 construction bond fund, or some legislation great enough in its scope to provide immediate and lasting relief from present economic conditions; to the Committee on Ways and Means.

8345. By Mr. GARBER: Petition of E. M. Baptist, of Springfield, Ill., urging support of the railroad pension bill, H. R. 9891, and Senate bill 4646; to the Committee on Interstate and Foreign Commerce.

8346. Also, petition of the Oklahoma division of the Izaak Walton League of America, approving the proposed plans of the United States Biological Survey for the establishment of the migratory-bird refuge south of Ardmore, Okla., the proposed Deep Fork refuge, or any others which may be considered suitable by the Biological Survey for the propagation and protection of migratory birds, and urging the immediate and complete survey and study of these projects with view to securing from Congress the necessary appropriations for development of the projects; to the Committee on Agriculture.

8347. Also, petition of the Chamber of Commerce of Pittsburgh, indorsing House bill 12201, proposing to amend section 4, paragraph 1, of the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

8348. Also, petition of the Chamber of Commerce of the United States of America regarding railroad transportation and competing forms of transportation; to the Committee on Interstate and Foreign Commerce.

8349. Also, petition of the District Association of Rural Letter Carriers of Kay, Noble, Grant, and Garfield Counties, Okla., expressing opposition to the taking of any of the rural-carrier equipment allowance, but expressing willingness to accept reasonable percentage salary reduction, proportionate to reduction of other postal employees' salaries; to the Committee on Ways and Means.

8350. By Mr. LINDSAY: Petition of the Merchants Association of New York favoring the reduction of Federal expenditures; to the Committee on Ways and Means.

8351. Also, petition of Binney & Smith Co., New York City, favoring the Rainey relief bill; to the Committee on Ways and Means.

8352. Also, petition of Salomon & Phillips, New York City, favoring the reduction of Federal expenditures and the repeal of prohibition; to the Committee on Ways and Means.

8353. Also, petition of Erickson Engineering Co. (Inc.), New York City, favoring the passage of House bill 9921; to the Committee on Expenditures in the Executive Departments.

8354. Also, petition of Ira Richards, 49 Wall Street, New York City, favoring the enactment of Senate bill 4726; to the Committee on Agriculture.

8355. By Mr. RUDD: Petition of Ira Richards, of New York City, favoring the preservation of wild fowl; to the Committee on Agriculture.

8356. Also, petition referring to Fort Pierce Harbor on the central east coast of Florida, as recommended by the United States engineers; to the Committee on Rivers and Harbors.

8357. Also, petition of Salomon & Phillips, New York City, favoring the repeal of prohibition so that the Government may derive the easily available large income from this industry, etc.; to the Committee on the Judiciary.

8358. By Mr. STEWART: Memorial of the Camp Luzon National Society Army of the Philippines, protesting against the reduction of veterans' pensions and compensation and the insertion of a "needs" or "pauper" clause in any veterans' legislation; to the Committee on World War Veterans' Legislation.

8359. By Mr. SUTPHIN: Petition of the National Society Army of the Philippines, opposing the reduction of any veterans' pension or compensation and the insertion of a "needs" or "pauper" clause; to the Committee on Ways and Means.

SENATE

FRIDAY, JUNE 17, 1932

(Legislative day of Wednesday, June 15, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kendrick	Schall
Austin	Davis	Keyes	Sheppard
Bankhead	Dill	King	Shipstead
Barbour	Fletcher	La Follette	Shortridge
Barkley	Frazier	Lewis	Smoot
Black	George	Logan	Steiwer
Blaine	Glass	McGill	Thomas, Idaho
Borah	Glenn	McNary	Thomas, Okla.
Bratton	Gore	Metcalf	Trammell
Brookhart	Hale	Moses	Tydings
Broussard	Harrison	Neely	Vandenberg
Bulkley	Hatfield	Norris	Walsh, Mass.
Capper	Hawes	Nye	Walsh, Mont.
Caraway	Hayden	Oddie	Watson
Cohen	Hebert	Patterson	Wheeler
Connally	Howell	Pittman	White
Coolidge	Johnson	Reed	
Copeland	Jones	Robinson, Ark.	
Costigan	Kean	Robinson, Ind.	

Mr. McNARY. I desire to announce that the following-named Senators are detained in a meeting of the Committee on Banking and Currency: The Senator from South Dakota [Mr. NORBECK], the Senator from Delaware [Mr. TOWNSEND], the Senator from Connecticut [Mr. WALCOTT], the Senator from Michigan [Mr. COUZENS], the Senator from Wyoming [Mr. CAREY], and the Senator from Maryland [Mr. GOLDSBOROUGH].

Mr. SHEPPARD. I desire to announce that the Senators from Tennessee [Mr. McKELLAR and Mr. HULL] and the Senator from South Dakota [Mr. BULOW] are detained on business of the Senate attending the funeral of the late Representative Eslick.

I also desire to announce that the Senator from Virginia [Mr. SWANSON], the Senator from Louisiana [Mr. LONG], and the Senators from North Carolina [Mr. MORRISON and Mr. BAILEY] are necessarily out of the city.

The PRESIDENT pro tempore. Seventy-three Senators having answered to their names, a quorum is present. The bill H. R. 7726 is on its second reading and open to amendment.

ADJUSTED-SERVICE CERTIFICATES

The Senate proceeded to consider the bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, passed by the House of Representatives on the 15th instant, as follows:

Be it enacted, etc., That Title V of the World War adjusted compensation act, as amended, is amended by adding at the end thereof three new sections to read as follows:

"PAYMENT OF CERTIFICATES BEFORE MATURITY

"SEC. 509. (a) The Administrator of Veterans' Affairs is authorized and directed to pay to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of the certificate and all rights thereunder (with or without the consent of the beneficiary thereof), the amount of the face value of the certificate as computed in accordance with section 501.

"(b) No payment shall be made under this section until the certificate is in the possession of the Veterans' Administration, nor until all obligations for which the certificate was held as security have been paid or otherwise discharged.

"(c) If at the time of application to the Administrator of Veterans' Affairs for payment under this section, the principal and interest on or in respect of any loan upon the certificate have not been paid in full by the veteran (whether or not the loan has matured), then, on request of the veteran, the Administrator shall (1) pay or otherwise discharge such unpaid principal and so much of such unpaid interest (accrued or to accrue) as is necessary to make the certificate available for payment under this section, and (2) deduct from the amount of the face value of the certificate the amount of such principal and so much of such interest, if any, as accrued prior to October 1, 1931.

"(d) Upon payment under this section, the certificate and all rights thereunder shall be canceled.

"(e) A veteran may receive the benefits of this section by application therefor, filed with the Administrator of Veterans' Affairs. Such application may be made and filed at any time before the maturity of the certificate, (1) personally by the veteran, or (2) in case physical or mental incapacity prevents the making or filing of a personal application, then by such representative of the veteran and in such manner as may be by regulations prescribed. An application made by a person other than a representative authorized by such regulations, or not filed on or before the maturity of the certificate, shall be held void.

"(f) If the veteran dies after the application is made and before it is filed it may be filed by any person. If the veteran dies after the application is made it shall be valid if the Administrator of Veterans' Affairs finds that it bears the bona fide signature of the applicant, discloses an intention to claim the benefit of this section on behalf of the veteran, and is filed before the maturity of the certificate, whether or not the veteran is alive at the time it is filed. If the death occurs after the application is made, but before the negotiation of the check in payment, payment shall be made to the estate of the veteran irrespective of any beneficiary designation, if the application is filed (1) before the death occurs, or (2) after the death occurs, but before the mailing of the check in payment to the beneficiary under section 501.

"(g) Where the records of the Veterans' Administration show that an application, disclosing an intention to claim the benefits of this section, has been filed before the maturity of the certificate, and the application can not be found, such application shall be presumed, in the absence of affirmative evidence to the contrary, to have been valid when originally filed.

"SEC. 510. If at the time this section takes effect a veteran entitled to receive an adjusted-service certificate has not made application therefor he shall be entitled, upon application made under section 302, to receive at his option either the certificate under section 501 or payment of the amount of the face value thereof under section 509.

"SEC. 511. The Administrator of Veterans' Affairs, in the exercise of his powers to make regulations for payment under section 509 shall to the fullest extent practicable provide a method by which veterans may present their applications and receive payment in close proximity to the places of their residence."

SEC. 2. Payment of the face value of the adjusted-service certificates under section 509 or 510 of the World War adjusted compensation act, as amended, shall be paid in Treasury notes.

The Secretary of the Treasury is hereby authorized and directed to issue United States notes to the extent required to make the payments herein authorized. Such notes shall be legal tender for public and private debts and printed in the same size, of the same denominations, and of the same form as Treasury notes, omitting the reference to any Federal reserve bank.

He shall place such notes in the Federal reserve banks, subject to the order of the Administrator of Veterans' Affairs, to be used for the purposes of this act.

He shall issue a like amount of United States bonds bearing 3½ per cent interest, payable semiannually, with coupons attached, and such bonds shall be due and payable in 20 years from the date of issue, subject to the right of redemption after 10 years.

These bonds shall be deposited in the Federal reserve banks, as the agents of the United States, in approximate proportion to their current assets at the date of the passage of this act, and the Federal Reserve Board, by resolution in writing, may direct the sale to the public of such portions of said bonds as it may from time to time desire.

Such currency received for such bonds shall be exchanged for the notes hereby authorized to be issued, and they shall be returned to the Secretary of the Treasury for cancellation.

SEC. 3. This act may be cited as the "Emergency adjusted compensation act, 1932."

The bill was reported adversely yesterday from the Committee on Finance by Mr. SMOOT, who submitted the following report:

[Senate Report No. 834, Seventy-second Congress, first session]

PAYMENT OF ADJUSTED-COMPENSATION CERTIFICATES

Mr. SMOOT, from the Committee on Finance, submitted the following report (to accompany H. R. 7726):

The Committee on Finance, to whom was referred the bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, having considered the same, report adversely thereon with the recommendation that the bill do not pass.

STATEMENT

The proposal embodied in this bill is that immediate payment be made to any veteran to whom an adjusted-service certificate has been issued of the amount of the face value of the certificate. This bill would necessitate an expenditure of $2,400,000,000. To effect the payment the Secretary of the Treasury is directed to issue United States currency notes, such notes to be legal tender for public and private debts. At the time of placing such notes in Federal reserve banks subject to the order of the Administrator of Veterans' Affairs to be used for the purposes of the act, the Secretary of the Treasury is directed to issue a like amount of United States bonds bearing 3½ per cent interest payable in 20

years. Such bonds are to be sold from time to time by direction of the Federal Reserve Board and the currency received therefor is to be used for the retirement of notes to be issued under the act.

The aggregate face amount of the outstanding adjusted-service certificates is about $3,515,000,000. This amount is, for the most part, however, not due until 1945, and the certificates have an aggregate present value of about $1,880,000,000 discounted on the basis of 4 per cent per annum. For the Government to pay now a sum which is not due until 1945 would in effect increase the amount of the original grant made by the Congress to the veterans by the difference between the face value of the certificates and their present value, or by about $1,635,000,000. It is of the essence of the plan of the adjusted-service certificates that they mature and be paid at the expiration of 20 years from the date of issue, or upon death should that occur earlier. Any acceleration of the time for payment has the same effect as increasing the amount of the original bonus grant.

Under the plan for the adjusted-service certificates as adopted in 1924, the face or maturity value of the certificates was fixed as follows:

For each veteran there was determined a basic amount equivalent to $1.25 per day for each day of service overseas and $1 per day for each day of service in this country in excess of the first 60 days. This amount was then increased by 25 per cent because of deferred payment. The total so arrived at was used as a net single premium to fix the amount of the adjusted-service certificate, maturing in 20 years, on the basis of the American experience table of mortality, with interest at 4 per cent compounded annually. The adjusted-service certificate is essentially a 20-year endowment insurance policy. The aggregate amount called for by the certificates at maturity was to be met by the Government through setting aside each year in the adjusted-service certificate fund amounts which, invested at 4 per cent, would equal the face value of the certificates at maturity.

Most generous provisions have been made by our Government for the care of dependents of those who gave their lives to their country and for the care of the wounded, disabled, and ill veterans and their dependents. On this point the adverse report on this bill from the Committee on Ways and Means of the House stated:

"The Government of the United States has already paid on account of veterans of the World War up to date $6,000,000,000, and according to the testimony of General Hines, if we continue at our present rate, with no authorizations increasing our present commitments, by 1945 we will probably expend for World War veterans $21,500,000,000 which will about equal the cost of our participation in the World War.

"We have spent for veterans of all other wars previous to the World War up to date in all the history of the country only $8,000,000,000.

"It can, therefore, not be seriously contended that the Government has not been liberal with veterans of the World War. On their account we are practically now in our commitments financing another war as expensive as was our participation in the World War."

Veterans' Administration disbursements as of April 30, 1932

	To June 30, 1931			Veterans' Administration	
	National homes	Bureau of Pensions	Veterans' Bureau	During April [1]	Fiscal year 1932
Veterans' Administration homes	$250,312,883.84				
Army and Navy pensions		$8,169,801,911.88	$234,176,282.66	$19,751,215.15	$194,956,501.17
Maintenance and expenses for pensions		151,212,728.16	1,744,732.30		
Military and naval compensation			1,891,950,451.08	26,868,450.49	262,515,605.64
Military and naval insurance (term)			1,374,004,790.35	11,630,528.89	105,690,148.14
Government life insurance [2]			143,675,359.21	2,408,740.64	23,183,213.45
Medical, hospital, and domiciliary services			420,011,705.25	78,280.09	[7] 7,640,051.65
State and Territorial homes					599,865.32
Administrative [4]			425,408,361.08	8,863,378.16	79,344,523.65
Hospital and domiciliary facilities and services, Veterans' Administration			52,328,514.27	1,041,335.20	10,257,895.52
Adjusted-service-certificate fund [5]			110,735,825.17	2,334,886.30	19,075,493.10
Adjusted-service and dependent pay			40,823,757.04	523,913.63	2,429,451.35
Vocational training			[6] 644,960,808.83		[7] 17,090.11
Allotments and allowances			582,926,255.95	2,240.34	8,679.06
Marine and seamen's insurance			35,077,918.69		
Miscellaneous			299,212.54	20.00	3,949.47
Total	250,312,883.84	8,321,014,640.04	5,958,123,974.42	73,502,988.89	705,688,278.41

[1] Gross figures used for April. Adjustment will be made on subsequent report.
[2] Does not include investments and loans.
[3] Disbursements out of appropriations for previous years; for the fiscal year 1932 included in "Administrative."
[4] Administrative includes medical and hospital services, 1932, salaries and expenses, etc.
[5] Represents payments on certificates matured by death of veterans. Also includes $485,017.45 to June 30, 1931, and $3,420,315.12 for fiscal year 1932, deducted from payment of matured certificates on account of loans previously made from adjusted-service-certificate fund (plus accrued interest from date of loans to death of veteran).
[6] Includes $9,313.29 revolving fund, loans outstanding June 30, 1931.
[7] Credit.

NOTE.—Amount disbursed from insurance premiums and allotments, $956,362,612.48.

Civil-service retirement and disability fund

	To June 30, 1931	During April	Fiscal year 1932
Annuities and refunds	$131,809,483.19	$2,352,632.84	$22,968,784.82

The Government is now expending for the benefit of all veterans about $1,000,000,000 a year. This amounts to nearly one-fourth of the total expenditures of the Government.

It is not contended by proponents of this measure that under present conditions the Government could or should provide funds from its revenues or from borrowings in the usual course to pay the $2,400,000,000 which would be required for the payment of the certificates. The deficit of the Government for the fiscal year 1932 will amount to more than $2,800,000,000 without regard to the provisions of this bill. Up to May 31 the gross public debt had increased to over $18,600,000,000, an amount more than $2,000,000,000 in excess of the public debt outstanding a year earlier. Included in the amount of the Government debt outstanding is nearly $4,000,000,000 of obligations maturing within a year.

To maintain the finances of the Government upon an unassailable basis Congress has recently enacted a revenue measure drastically increasing rates of taxation and imposing many new levies. Congress is now engaged in working out the economy legislation based upon the necessity of effecting all practical reductions in Government expenditures.

The proposal in the bill is that the Government should make the payment to the veterans in the form of United States Treasury notes to be created simply by the operation of the printing press. These notes would have no gold cover. It is proposed that concurrently with the issue of the notes there should be placed in the Federal reserve banks 3½ per cent 20-year Government bonds to be sold at the discretion of the Federal Reserve Board with a view to obtaining currency which could be used for ultimate retirement of the legal-tender notes.

The existence of United States bonds in the hands of the Federal reserve banks does not change the status of the notes. Such bonds would merely represent a different form of obligation of the Government to pay, not in itself adding anything to the obligation expressed by the currency notes themselves. These bonds would represent the mere possibility that at some future date the Government might sell its obligation and secure funds for the retirement of the legal-tender notes. That possibility would be present regardless of whether the bond issue was provided for in advance. The existence of an anticipatory supply of bonds to be marketed by the Federal reserve banks at their discretion would seriously complicate normal Government finances.

It is asserted by proponents of this measure that the Government has at its disposal gold stock amply sufficient to warrant the issue of these notes. The total stock of monetary gold in the country on May 31, 1932, was $4,149,000,000. Of this amount, however, the total amount of free gold in the Treasury not specifically allocated was but $20,000,000. The balance of the gold stock was partly in circulation, but was largely held either by the Government for the Federal reserve system or by the reserve system itself for definite commitments. The following table sets forth the form and distribution of the gold stock:

Monetary stock of gold, May 31, 1932

[Millions of dollars]

Held in the Treasury:	
Against gold certificates—	
Held by Federal reserve banks	671
In circulation	735
Reserve against United States notes and Treasury notes of 1890	156
Held for Federal reserve banks and agents	1,566

In the general fund of the Treasury:	
Allocated against specific gold liabilities of the Treasury	54
Free gold, not specifically allocated	20
Gold coin and bullion held by Federal reserve banks	512
Gold coin in circulation	435
Total	4,149

The amount of the free gold of the Federal reserve system itself as of the 31st day of May included in the above total was approximately $1,140,000,000. This amount of the free gold of the Federal reserve system, representing the capacity of the system to stand withdrawals of gold and to meet increased demands for currency and increase in member-bank reserve balances, does not belong to the Treasury and is not, therefore, available to the Treasury to be placed behind Treasury obligations.

The effect of issuing large volumes of legal-tender notes at this time would undoubtedly be to increase the drain upon gold. It would be the natural tendency of those who receive the legal-tender notes to replace them by established currency, particularly by gold. Under the act of March 14, 1900, the Treasury is required to maintain the parity of all forms of currency with the gold dollar. This means that regardless of its stock of gold the Government could be called upon to furnish gold in exchange for the entire amount of the legal-tender notes.

The effect of the tendency to require gold in place of the legal-tender notes would naturally be to send gold to a premium as compared with other forms of currency to cause or accelerate gold hoarding and to stimulate a flight from the dollar. During the recent months there has been a loss in the country's gold stock, through the exportation of gold, in excess of $500,000,000. It is believed that foreign balances in this country have been reduced to such point that further exportation is not probable, but any strain upon confidence in the dollar, any tendency to increase the demand for gold in this country would be likely, however, to increase the pressure upon the export of gold and to cause resumption and even acceleration in the gold drain.

The effect of the resort by this Government to legal-tender notes upon its financial affairs and also upon the business economy of the Nation would be disastrous. This is vividly shown by recent European experience. If it is once determined that funds to meet Government expenditures can be obtained by the mere issuance of Government currency notes, there will be an inevitable tendency to meet all Government obligations in that way. If this plan is good for the payment of the veterans, it is equally good for the payment of Government employees and other Government obligations. Resort to such a plan nullifies the will and effort to accomplish Government financing through normal and accredited methods.

The whole body of our people, and the veterans themselves, have far more to gain from the restoration of normal business conditions in this country through adherence to sound Government finance than from any experiment with the printing press as a means of Government finance.

There is no evidence that the veterans as a class are any more in need than other groups of our citizens. Rejection of this measure in no way indicates indifference to existing needs of the veterans and of other citizens. It indicates determination to adhere in the conduct of our Government to those principles which have contributed to the development and strength of our country, and which are essential to the achievement of recovery, through which our whole people, including the veterans, will benefit.

A suggested amendment submitted to the committee by Senator THOMAS does not seem to us to meet the vital objections to the bill. Under this amendment it would be provided that payments of the face value of certificates would be made only in cases where the applicant shall state that he is in need of the funds. The fact that the applicant has already secured a loan on his certificate would be taken as prima facie evidence of the need. The effect of this amendment would be merely to require an additional statement by the applicant. Indeed, that statement could be made a mere matter of form by any applicant who would first obtain a loan upon his certificate to which he is entitled as a matter of right. It seems probable that such a requirement would not to any material degree reduce the amount of the payment called for. The amendment in no way removes the dangerous features of the bill which are above set forth.

The amendment proposed by Senator CONNALLY would confine any payments which might be made to veterans at this time to the cash value of the adjusted-service certificates, this to be calculated on the basis of the amount of the original adjusted-service credit to the veteran, increased by 25 per cent, with interest at 4 per cent compounded annually added thereto, making no reduction for the cost of the insurance benefits previously enjoyed under the certificate. The amount of the net payment which would be called for under this plan is estimated at approximately $1,300,000,000. The amendment contemplates that the amount required for the payment should be met by the Government in the ordinary way and not through the issue of legal-tender notes. It is the belief of the committee that the condition of the Treasury at this time and the urgent necessity of applying to the Budget all available tax revenues and of terminating borrowing preclude favorable consideration of this amendment.

Mr. BROOKHART. Mr. President, on the 22d day of May, 1929, I introduced the first bill in the Senate and in the Congress for the cash payment of the soldiers' bonus. That bill was numbered S. 1222. Some time afterwards Congressman PATMAN, of Texas, came to me and asked to introduce the bill in the House. I was glad to have his cooperation. With some modification he did introduce the bill and has made a gallant fight for its passage and has finally succeeded in having it passed through the House by a substantial majority. It is now before the Senate for consideration upon its merits.

Mr. President, there is a philosophy surrounding the economic rights of the soldiers which I think has been disregarded throughout the history of our country. In the old days, when we had no national income to tax, there was perhaps some excuse for taking the soldier upon his patriotism alone and without any just economic compensation. But even the soldiers of the Revolutionary War, after the war was over, had to appear before Congress in a walking, living petition, as the soldiers are now appearing before the Senate to-day. Congress even moved its place of sitting from Philadelphia over to Princeton to avoid the soldiers, but they followed and they finally got what they asked.

So, Mr. President, the bonus army, or the Bonus Expeditionary Force, or whatever it may be called, has a precedent in early history for the course it is taking now. Besides that these men had just as well be camped here in Washington as anywhere. They have no jobs at home; they have nothing to eat at home. I see no reason why 100,000 or 200,000 or 500,000 of them should not assemble in the Capital if they so choose.

These men have assembled here as orderly American citizens. They are asking simply for what they deem and what I deem to be their just rights. I think there is not a soldier in the whole army but would rather be given a job than a direct payment of the bonus. If they had jobs, if they had work, they could earn a living and they would be glad to do it and to dispense with payment of the bonus for the present moment. But, Mr. President, the philosophy which has said that the soldier must serve on patriotism and without pay has also said throughout the history of our country that we should turn capital loose to profiteer by millions and hundreds of millions and in the late war by billions of dollars out of the blood money of the war. It is the carrying through of that philosophy to its logical conclusion which has finally turned these men out of their jobs to protect the excessive and ill-gotten earnings of big capital in our country.

Therefore, Mr. President, it was in contradiction of that philosophy that I first introduced this bill into the Congress, and I have said and now repeat that just so long as our country permits millions and billions to be made out of the blood money of war, I shall vote for every pension and every bonus and every form of compensation for the soldiers of the Army for which I have an opportunity to vote; and after all these things shall have been done the soldiers will still not be rewarded anything like in comparison to the rewards that have been taken by capital in war profits in the various wars of our country, and particularly in the World War.

Mr. President, the original bill as I offered it provided for an issue of Treasury bonds to be known as adjusted-compensation bonds. The bill as it is now before us provides for an issuance of bonds and Treasury notes. It would please me better, Mr. President, if the bond feature were entirely removed from the bill, and this bonus or adjusted-compensation were to be paid solely by the issuance of Treasury notes. There are several reasons why I make that statement. The economic policy of giving to capital the net earnings of our country and disregarding men has at last plunged us into this great depression. Our national income in 1929, in the year of boom and prosperity, was about $90,000,000,000. That would be about $3,750 for each average family. In 1930 our national income was about $70,000,000,000, and in 1931, even in that year of deep depression, the national income of our country was over $60,000,000,000. Sixty billion dollars means $2,500 for each average family in the United States. That, Mr. President, is enough of a national income, had it been distributed, to have prevented a depression in our country and to have obviated the necessity of soldiers looking for jobs. But how was it distributed?

The same policy that gave capital enormous war profits and gave soldiers a dollar a day has resulted in the discharge of workingmen in this time of peace and in the hoarding of capital in the coffers of the big economic combinations. I will be more specific.

The American Telephone & Telegraph Co. for last year had the biggest earnings in all its history, but it discharged thousands of its men. Two or three weeks ago the president of Maryland University, formerly president of the agricultural college of my own State, asked me to go to a vesper service at the University of Maryland, stating that Rabbi Israel, of Baltimore, would speak upon economic questions. He said Rabbi Israel was worth hearing. I went. He was worth hearing. Rabbi Israel told this, among other things: He said that the Consolidated Gas Co., of Baltimore, last year set aside a million dollars for depreciation of its property over and above actual depreciation, and it set aside another million dollars for surplus; that it paid a 14 per cent dividend upon its capital stock, and then discharged a thousand of its men. One of the men who had been an employee of that company for 18 long years at a barely living wage within two months after his discharge was unable to pay his gas bill and the company shut off the gas. That, Mr. President, is the attitude of big business toward these demands.

I also regret to state that it seems to be the attitude of many Members of the Senate, and it seems to be somewhat the attitude of the great Republican Party itself. In the convention recently held by that party there was no resolution adopted mentioning the bonus proposition at all, but I read this:

> The people themselves, by their own courage, their own patient and resolute effort in the readjustments of their own affairs, can and will work out the cure. It is our task as a party, by leadership and a wise determination of policy, to assist that recovery.

I think, Mr. President, this is the first time the great Republican Party has entirely thrown up its hands; that this is the first time it has officially admitted in its platform that it can not cure the depression, and has thrown back upon the people themselves the task of working it out by the arrangement of their own private affairs. That, Mr. President, is certainly a deplorable situation for a great party now in power in the United States. And how are the people to work this problem out for themselves? Tell me what these soldiers assembled here in Washington can do to solve this problem for themselves. Where else can they go to find employment? What can they do that will relieve this situation and restore prosperity?

Mr. President, I think we were put into this condition largely by acts of the Government of the United States. At the close of the war the Government itself collected a tax of some $11,000,000,000 on profits and loaned that amount to foreign countries, and that $11,000,000,000 has now become a bonus to foreign peoples because most of it will not be repaid. We have already granted one moratorium, and it is evident that another and yet another will have to be granted. So our Government, Mr. President, has not hesitated to enter into the field of paying bonuses, even to foreign peoples.

I also remember that the Congress appropriated some $24,000,000 out of the Treasury of the United States for the relief of the famine-stricken people of Russia, and I remember how the present President of the United States administered that fund for the relief of those starving people.

Then, in 1920, after the war was over, we passed a railroad law—the transportation act—to guarantee war-time profits to the railroads for six months after they were turned back into private ownership. The railroads padded their accounts enormously in order to make a deficit in that guaranty; they padded them nearly a billion and a half dollars, and that, of course, made a deficit; that would make a defiicit in almost anything. Then we wrote checks on the Treasury of the United States for $529,000,000 to pay that bonus to the railroads of the United States, and that on the basis of the war profits that had been guaranteed to them during the period of Government operation.

Furthermore, Mr. President, in addition to that, in that law we provided that the railroads might earn more than 6 per cent, if they would return half the amount above 6 per cent to the United States Treasury. Under that provision of the law—commonly called the recapture clause—the Treasury has earned $361,000,000, but it has not been paid into the Treasury; it is still held by the railroads; it is still held as a further bonus to the railroads out of the United States Treasury; and already a bill has been reported by a committee of the House of Representatives to repeal that recapture clause and turn this $361,000,000 further bonus over to the railroads.

Mr. President, are the railroads entitled to all this against the claims of the dollar-a-day soldiers of the United States? I have some recent information upon that subject which I desire to put into the RECORD. The railroads, and other big financial institutions for that matter, have their expert financial writers to write up financial and economic conditions as they want them published to the people of the United States. Those stories are written without any regard whatever to the truth; they are written having solely in mind the policy of the railroad or the big financial institution that employs the writer. When I told the Senate some little time ago of this circumstance the Senator from Ohio [Mr. FESS] rose and said that he knew an instance where one of these writers wrote a letter to his boss and stated, "This is written according to your policy, but I inclose another letter which tells you the truth about the situation," and that inclosed letter was vastly different from the policy of the big boss.

So, Mr. President, these financial institutions have their reporters who submit other reports different from those that are published in the newspapers, and those other reports are in the form of confidential letters. Occasionally I get hold of one of those letters. I have one here dated January 25, 1932. It is a review of economic conditions for big business in 1931, the second year of the depression. Now, note what it says:

> The most challenging economic statistics of the depression are that, in spite of the fact that production volume and wage payments have gone down together to barely more than half the predepression volume, the grand total of interest and dividend payments—

Much stock was transferred into bonds and interest was paid and collected instead of dividends. Hence, the letter says:

> The grand total of interest and dividend payments has been maintained higher than for any year prior to 1929.

That was in 1931, the second year of the depression. Then the writer says:

> Even the dividend payments of the railroads this year have exceeded those for 1928 and for any previous year in railroad history.

Yet, Mr. President, these wise financial writers filled our papers with stories of the poverty of the railroads, demanded a 15 per cent rate advance last year, and secured a part of it, in the face of the fact that they had had greater dividends in 1931 than in any year of railroad history save 1929, and in spite of the further fact, which the evidence in that record shows, that they had collected a surplus of four and a half billion dollars in excessive rates charged to the people of the United States.

Mr. President, that is not all the bonus that the railroad law gave to the railroads, either. It gave them a valuation of $18,900,000,000 in 1920 as the basis of levying rates upon the people of the United States; and at the identical moment that that value was fixed by law and by its administration, the market value of these railroads, as shown by the quotations of their stocks and bonds on the stock exchange where they listed them themselves and where they sold them to you or to anybody who would buy railroad stocks and bonds, was about $11,750,000,000. So, Mr. President, another bonus of this vast sum of more than $7,000,000,000 was decreed to the railroads by an act of the Congress of the United States.

Under the rules of valuation laid down at that time, that being the peak of high inflation and high values, that value was continued down to date, and all increased capital has been added to it. Now, however, we find in the Senate committee a report striking out of the appropriation for the

Interstate Commerce Commission $2,000,000,000 for valuation expenses. That will enable the railroads to avoid bringing the valuation up to date and reducing it down to the present level of prices as against the high prices of 1920; and that will enable them to maintain this high value through this depression, unless it is overthrown by the Senate itself. It will also enable them to retain the $361,000,000 of recapture bonus to which I have already alluded.

Mr. President, I am not to-day going to attempt to review all of the special privileges which the Congress has by law given to all of the various financial institutions of our country; but I might mention one or two more at least.

We enact tariff laws that enable protected industries to fix the price of their products at the factory and raise the American price level above the general world price level. It has been estimated that that bonus amounts to four or five billions of dollars; and these soldiers who drew that dollar a day pay during the war must pay their share of that bonus to the big industries of our country in order to maintain this price level. The soldiers, perhaps, do not object to paying their share of that tariff protection. If that provided jobs and furnished them employment, they would, perhaps, be glad to contribute their share. But as soon as depression comes along, as soon as times get bad, these same big institutions, 2 of which I have described in detail, and on 173 of which we have reports, discharge these men and cease to furnish them the jobs which the protective system intends that they should have.

So the Government of the United States has done much for everybody but the common people of the United States.

When this session of Congress convened, the first bill that appeared, bill No. 1, in the Senate of the United States, was for an appropriation of $500,000,000 at once out of the Treasury, and a liability of $1,500,000,000 more upon the Treasury of the United States in bonds—two thousand million dollars, almost as much as this bonus to the soldiers themselves—and what was to be done with this vast sum? It was to be loaned, first, to these railroads that had the biggest dividends last year of any year of their history except one. Then it was to be loaned to big banks and to insurance companies.

Mr. President, that bill had almost the unanimous support of the Senate. I think only three of us voted against it. Then, after we finally got a couple of hundred millions inserted in it for the relief of closed banks, which would send some little relief down to the depositors among the common people, even we let that bill pass without further opposition. That is a bonus in the way of loans to the big financial institutions of the country; and it is proposed, I believe, to increase that bonus by another billion and a half of dollars before this session closes. Yet here are 750,000 and perhaps 1,000,000 of the men who enlisted under the flag of their country, who went out and served at a dollar a day in payment, one-third of their earnings in private life, now turned out of jobs, now without any place to live or anything to eat, and the Congress of the United States is still hesitating about giving them immediate and adequate relief!

I want to congratulate the House of Representatives on its action in this matter. I hope the Senate will take like action; but the word that comes to me is all different. These secret polls that are reported say that there are from 56 to 60 votes against any bonus measure in the United States Senate, and it is destined to go down to defeat and not even go up to the President, because they want to protect him from a veto.

Mr. President, that is the exact situation. I therefore insist that the Government of the United States must be humanized. The Government of the United States can not continue as an institution to protect the earnings of capital. The Government of the United States can not continue as an institution that will neglect the very men who defend its life in case of need. Therefore, I hope the Senate will vote this bonus.

I should prefer, as I have said, that it be done by Treasury notes entirely. I want to discuss the merits of that proposition for a moment.

There has been a lot of talk about balancing the Budget. This theory of balancing the Budget has been a nightmare to everybody in the Congress since the session began. Why all of this uneasiness about balancing the Budget? In time of war we did not balance the Budget with taxation. We balanced it with bond issues in those times; and one of the greatest financial men of the world, Henry Ford, says we were a big bunch of fools for using bonds to balance the Budget then, that we ought to have balanced it then with legal-tender Treasury notes.

What is there to maintain those bonds? What is there to keep them up to par? Nothing but the taxing power of the United States Government. That is all that there is behind them. If they had been legal-tender Treasury notes, without interest, the same taxing power would have been behind them for their ultimate redemption that there was for their ultimate payment in the form of bonds; and it would not have required as much taxing power to back the Treasury notes as it did the bonds, because the Treasury notes would have carried no interest.

We are paying now to the bondholders of the country over $600,000,000 in interest each year—an extra burden upon the taxing power of the country over and above those bonds.

Therefore I think it is perfectly sound that in time of war and in time of emergency we should balance the Budget with Treasury-note issues. There is no logical comparison with Civil War times or with any other times in the history of any other country, when the country itself is near dissolution and destruction. We issued and have now outstanding $346,000,000, I believe, of these legal-tender Treasury notes that have come down to us from Civil War times; and they are good money, just as good as gold itself, to-day. This country now, with its $60,000,000,000 of national income in a year of depression, with its $90,000,000,000 of national income in a year of prosperity, could sustain $5,000,000,000 or $10,000,000,000 of Treasury notes easier than the Government so nearly destroyed by Civil War could sustain that $346,000,000 at the end of the Civil War period.

No; there is money in it for the big financial crowd if it is bonds, and interest on bonds. If they can control these bonds, there are more war profits to be taken in peace time out of the Government of the United States; and the Liberty bonds we issued during the war and then sold to the soldiers—practically forcing them to buy their little share of bonds out of this $1 a day of compensation—and sold to the common people over the country, were afterwards, by the most vicious manipulation in the history of the world, depreciated and forced down as low as 80 cents on the dollar. Then, after they were bid in at that low price, they were again manipulated and brought back to par, and billions of profits were taken out of the manipulation even of Government bonds themselves.

Mr. President, the common sense of the situation demands that this country look into this proposition from the foundation up. I do not believe, nor does anybody believe, in unlimited Treasury-note issues. There is a limit, of course, beyond which we can not go; but at the present time commodity prices are so low that the farmers of the country can not live on the prices they get, and yet here are our men by the millions starving because they have nothing to eat.

An issue of Treasury notes and the payment of this bonus would raise those commodity prices. I do not think the whole amount would raise them half enough; but that issue would do the farmers of the country more good than it would the soldiers themselves. On the other hand, if the payment of this bonus were made, it would create a great industrial demand throughout the United States. It would start many of the wheels of industry turning, and that would give to those who are now unemployed the jobs which they need so sorely and start us on a sound foundation for prosperity. Our $2,000,000,000 of loans to railroads and to banks and to insurance companies has only postponed the evil day. How are those banks going to pay their notes when they come due, with hogs at $2.55 a hundred and corn at 21 cents a bushel? They will not be able to do it, and

their indebtedness and their burdens will only be increased. If we pay these soldiers, if we start at the bottom of this thing, and put this money in where it will start industries and make orders in different lines of industry, we will then be beginning at the foundation of the depression and really doing something to remedy the situation.

If we raise these commodity prices at the same time by this issue of notes, we will start agriculture again toward the prosperity which has been absent since the deflation of 1920.

Therefore, Mr. President, I say to you that this bonus bill is not only in the interest of the soldiers themselves, it is in the interest of this agricultural part of our country, a third of all our people; it is in the interest of this seven or eight million who are unemployed in the United States; it is sound business policy, and therefore it would be indirectly in the interest of business itself. It is the only patriotic course this country can take under the flag which these men defended.

Mr. ROBINSON of Indiana. Mr. President, I favor this legislation. I favor it because I think it is fundamentally right. It is either right or wrong. If it is right to be thoroughly grateful to those who have defended the country in its time of peril, now that they are needy and ragged, and are asking for clothing and food from a grateful Government, then the bill should pass. If it is wrong for a nation to take care of those who have defended it in time of peril, to deal generously with them, and considerately, then the bill should fail.

I do not like the term "bonus" as connected with this measure. It is not a bonus; it is a debt due the men who served in the last war, a debt which has been acknowledged to be a debt by this Government itself. Therefore, there is no occasion, it seems to me, to continue to refer to this "bonus" bill as if the soldiers of America were seeking to hold up the Treasury of the United States for something that was not right, or something they expected in addition to that to which they are justly entitled.

Mr. President, war is a futile thing, and yet nations engage in it. War generally is supposed to settle questions; but war settles no questions, as a rule. The last war, for instance, which was a war to end all war, has left the world in far worse shape than it was at the outbreak of that great conflict. But nations will engage in war, and I assume that as long as human nature is as it is war will continue to be indulged in.

That being true, I want this country ever to be prepared to defend itself in any emergency that might arise, with an Army, Navy, and Marine Corps equal to any on the face of the globe, and with the country keeping abreast of the times in scientific development and invention all along the line.

First of all, however, and foremost, I am anxious that our children who come after us may understand definitely that this country is grateful to those who are willing to defend it with their lives.

I go farther, Mr. President; in my judgment a nation that will not deal considerately and generously and kindly with those who have borne the battle, those who have defended it in time of peril, does not deserve to be defended if trouble comes. I am anxious for my country to keep the faith with these lads who have defended it in the years gone by, so that the children coming on, when the country is imperiled again, as it will be imperiled again, may be thoroughly willing, even anxious, to go out in its defense.

If nations want war and must have war, Mr. President, they must pay for it, and they must pay dearly. The unfortunate thing about war is that those who make war do not pay. The last war, for instance, was made in this Chamber and in the House at the other end of the Capitol. Ninety-six men here and 435 men over there made the war. They made possible the fateful declaration, and what a terrible thing they did.

I do not criticize it; I do not censure either their action or their motive at that time. There was the best reason in the world, I suppose, for declaring war, although we had been led to believe we were not to be engaged in it, and a presidential campaign had been won on the slogan that the candidate of one of the great parties had kept us out of war. Notwithstanding that fact, before that successful candidate was inaugurated in the Presidency the following March the 4th, in February of that same year, war had been urged by that same candidate, who was then the President and Chief Executive of the United States. So war was declared by 96 men here and 435 men at the other end of the Capitol, and those men, 531 all told, sent more than 4,000,000 American soldiers into the conflict.

Those soldiers paid. The 531 here did not pay, nor can they ever pay. It is the 4,000,000 they sent into battle who paid, and they will continue to pay, and pay, and pay, and pay, many of them so long as they live, and many thousands have already paid with their lives in answer to that fateful declaration.

Is there anyone here who can not be grateful to these lads? I saw them march away. They did not make the war. They were not responsible for the war. It was their duty to preserve this Nation, to give substance to this building in which we stand, to make possible the perpetuity of this Government of ours with their lives, if need be, and they were cheered as they went out to battle.

All along the route I saw them, in various cities through which they passed. I had the honor to be among them. Flags were out, business men along the sidewalks, capitalists everywhere, banners waving.

"Ah, what heroic action is yours," they said. "The great deeds you are about to do! What an honor it is. We will save your jobs, and when you return to this enormously grateful Republic we will welcome you with open arms. Your jobs will be waiting for you here, aye, and with promotions."

So they marched off to war, with its death and destruction. I saw this little army march along Pennsylvania Avenue the other night, ragged, after 16 years had passed, many of them without enough to eat. Some thousands of them here, representing other hundreds of thousands, have come on here to ask this grateful Republic to keep them from starving. They were herded together and practically told they were unwanted here. Who has a better right than they to be in this city, which, had it not been for them, would not exist to-day as the Capital of the greatest Republic on the face of the globe? Who better than they have a right to come to this Capital? Who better than they?

Is that the glory, the honor, the promotion, which they were promised 15 years ago, when, with an excess of fervor and patriotic devotion, they marched out yonder to where this body and the body at the other end of the Capitol had consigned them?

Then there are Members of Congress, according to the press, who slip around in some slimy fashion, so that their names will not be used, and who are so utterly lost to decency as to have the temerity and audacity to suggest that the chief of police of this city should be replaced; that General Glassford, himself a veteran, who has been doing his best to feed these boys, to protect them from the weather, and see that they do not die of disease—that for so doing that man should be discharged from his position, that an efficient officer should lose his place.

God save the mark, Mr. President, what are we coming to when things like these can happen 15 years after these same lads went off to war, with the cheers of a grateful people ringing in their ears?

Fifteen years! It seems as if it were but yesterday. We were a happy people then. We were contented. We were in the midst of peace. We had been kept out of war. It is true the conflict raged on all sides. Other nations were engaged, but not we, thank God.

Parents of children in this country congratulated themselves and the land of their fathers that they were not involved in this bloodshed as were other nations. Peace and plenty there were. The host of 4,000,000 and more had not been called into action thus far. Life was sweet to them. They lived here. They had places to work. Many of them were in college and high school. They enjoyed life. Suddenly it was all changed. They were plunged into the vortex of horror and catastrophe as only war can bring about horror and catastrophe. I repeat for emphasis that

it was by action of the Chief Executive, the Senate of the United States, and the House of Representatives at the other end of the Capitol, 531 men, that those boys and young men were sent into war.

Mr. TRAMMELL. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Florida?

Mr. ROBINSON of Indiana. I yield.

Mr. TRAMMELL. The Senator has placed considerable emphasis upon the fact that a President was reelected on the ground that he had kept us out of war.

Mr. ROBINSON of Indiana. That is true.

Mr. TRAMMELL. And that then shortly after his next term began we entered the war.

Mr. ROBINSON of Indiana. True.

Mr. TRAMMELL. Had there not been events which arose and occurred between the time of his reelection and the declaration of war that emphasized the necessity for the country to enter the war?

Mr. ROBINSON of Indiana. I know of none. I do not care to be diverted into a political discussion; but I will say to the Senator in answer to his question that none arose between the election in November and February, when the declaration became a reality.

Mr. TRAMMELL. The situation became more desperate. The Senator said he is not going to enter into a political discussion. Why, then, did he make reference to it? It has nothing to do with the merits of this proposition.

Mr. ROBINSON of Indiana. I made reference to it for this reason, and this alone, that those lads themselves had nothing to do with the making of the war. They were dragged into it. They were forced into it. They had every reason to believe, as indeed the world had every reason to believe, there would be no war. Placards and billboards stared them in the face all over the United States, with the picture of the then President of the United States, with pictures of mothers with their children in their arms, with the slogan, the legend, attached thereto, "He kept us out of war! He kept us out of war!"

That was kept up until November of 1916. Relying on those placards, those billboards, those statements from orators on the platform all over the country, mothers and fathers went to the polls and pledged their faith in those statements and that man with their votes. That candidate was elected and three months afterwards—in February, before that very candidate, the successful candidate, successful largely because of the placards and the billboards and those statements to which I have referred, was inaugurated on March 4, the country was at war and those 4,000,000 men were being marshalled together.

That is what I said. It was from the White House and the Capitol here that those 4,000,000 men were sent to war; and now they are back here in rags, marching through the streets, not wanted, some people and even Congressmen practically intimating that they ought to leave the Capital—this Capital which they preserved and glorified.

Mr. TRAMMELL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Florida?

Mr. ROBINSON of Indiana. I yield, though that is as much as I care to say about politics.

Mr. TRAMMELL. I would like to inquire if the Senator does not think that the merits of the claim of the ex-service men of this country are sufficient within themselves upon which to base a support of the pending bill without the necessity of retreating to all character of abuse of those in authority who had anything to do with the declaration of war?

Mr. ROBINSON of Indiana. O Mr. President, I know, but the point I wanted to make, and to make clear, the point which I hope will sink into the consciousness of everybody here, of everybody in the United States, and even into the consciousness of the Senator from Florida himself, is that those who make war do not pay for war. They who pay for war are those who bare their breasts to the enemy and fight, those who die, those whose widows and orphans throughout the land are now appealing to us, and those who are maimed and wounded. They are the ones who pay for war, not those in authority.

But those in authority can pay the living something. Those in authority can keep the living from starving to death. Those in authority can see that the living have decent clothing to wear. Those in authority can protect the widows and orphans of those who bore the brunt of battle. Those in authority can see to it that these returned veterans either have jobs or money with which to buy food which they now lack. That is the point I wanted to make.

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Florida?

Mr. ROBINSON of Indiana. I much prefer not to be diverted by the Senator.

Mr. TRAMMELL. The Senator has been in the Senate for a number of years. Has he ever proposed any other means than that which exists under the Federal Constitution for the declaration of war?

Mr. ROBINSON of Indiana. Mr. President, I do not care to go into that question at all. I am dealing with historical facts which the Senator will not gainsay or deny.

Mr. President, we were happy then. Sixteen years have passed. During the past 10 years we have seen make their appearance in this fair land of ours, silently and solemnly, some 63 hospitals, to be found in every State of the Union. Those 63 institutions which have appeared since 1919, with 150,000 beds, all occupied, and with long waiting lists, have hospitalized more than 1,500,000 of these veterans, practically one-third of those who answered the call in 1917. One million five hundred thousand! Think of it! So frightful is war to-day, so terrific, with tremendous engines of mass destruction, with gas and chemicals on all sides, that in those 10 fateful years more than 1,500,000 cases have been hospitalized in those 63 institutions.

We are informed by experts that the peak of disability shall not have been reached until 1945. That means, if it means anything, that in the next 13 years other thousands and hundreds of thousands of these lads who now think they are sound, who feel strong and healthy, will have entered those grim portals—so fearful, so terrific, is war to-day. That is the price we pay for war. But when nations go to war they must expect to pay the price forever and anon, over and over again. One of the early statements I made was that unfortunately those who make war do not pay for war.

That does not half tell the story, Mr. President. According to conservative figures, it cost this country in treasure alone $100,000,000,000. Not only that, but we left 60,000 dead in France. All over this country others have passed on to the great beyond, lads who answered the call. It is too late for the Congress to give them any bonus. They are gone. It is too late for Congress even to begin to pay them anything in dollars and cents for the heroic sacrifice they made. It was the supreme sacrifice. They are gone. Only their widows and orphans remain. Their comrades in various veterans' organizations are petitioning us to see that they are taken care of. There has been a bill pending in the Senate for more than a month which has never been permitted to see the light of day which only undertakes to do some small measure of justice to widows and orphans of those who gave their lives.

Mr. President, as soon as the war was over the railroads came to Congress and said that their incomes had suffered during the war; that they required hundreds of millions of dollars in bonuses, in readjusted earnings, to make them square with the world. That was mentioned a moment ago by the Senator from Iowa [Mr. BROOKHART]. Congress enacted legislation immediately to pay that bonus to the railroads, hundreds of millions of dollars in cash. There was no suggestion that they wait until 1945. It was cash.

Then the civilian employees of the Government came in and suggested that they had refrained from taking larger earnings which the war time afforded and they ought to be reimbursed and have their earnings readjusted to some

degree. Congress immediately said that was right. I have no quarrel with this action, Mr. President. If I had been here I think I should have voted as a majority of my colleagues here and over in the other body voted. But the point is that they were paid cash. They were not asked to wait until 1945.

Contractors who had built cantonments all over the land came in and said, "Listen! You closed the war too soon for us. You quit fighting. These boys over there stopped this job of ours. They went over and did their work too well. They ended the war." I say with everlasting pride that they did end it shortly after they got there. That was the job they had to do, and they did it well. But the contractors of the country were making tremendous profits out of their sacrifice. I do not blame them particularly for having the contracts—some one had to do the work—but the point is that they were here in safety; they were never over there entrenched in mud, going without enough to eat, stopping bullets for $30 a month, for $1 a day. They were here in safety. They said, in effect, "The job was done too quickly and too efficiently over there. It is ended now and here we are. We have these contracts and it is going to cost us some money. We need a bonus. We need adjusted compensation." What did Congress do? Congress immediately paid it. They were not asked to wait until 1945. They were paid cash on the spot.

About that time bitter experiences were tasted by some of these lads who had gone over there, our great Army of 4,000,000 men—2,000,000 men over there and 2,000,000 men over here—and I give equal credit and equal honor to all of them. The boys over here were anxious to go over there, and had their presence been needed over there they would have been there. They served where they were told to serve and deserve great honor and credit for it. These men had all returned and many found their jobs which had been promised them were gone. The promises which had been made to them did not materialize. In fact, they found themselves in needy economic circumstances, badly off, attempting to rehabilitate themselves; and many of them have been badly off ever since. Many of them have never been rehabilitated. God have compassion on thousands and hundreds of thousands of them, for they never can be rehabilitated, Mr. President, in this world; it is too late. But, strangely enough, they looked around for the glory that was promised them, and even that was conspicuous by its absence. The man with a wooden leg or with no leg at all seeking money to buy a leg for one which was shot off on Flanders field, a man sightless, earless, noseless, and the friends and the family of the man who was mentally dark and blind wondered about the glory part of it—"where is the glory?"

It is rather common for those who have never seen war and never been in it to say of the veterans, "Why, the country does not owe them a cent; it is perfectly all right; what an honor and privilege it is to serve one's country!" I wonder how many there are among those who make war—those who make war and do not pay for it—who would like to go and accept some of its glory at $30 a month—a dollar a day—with little hope of continued existence in this world?

The lads who have come here are proud men. I said on this floor day before yesterday the lads in this so-called bonus army are not here because they want to be here; they are here because this is the Capital of the Nation, and here sit those in charge, for the moment, at any rate, of the destiny of the Nation. They make their appeal to them in person, that we may see their rags, that we may see their suffering, that we may to some extent realize something of their misery. That is the only reason they are here.

So these lads, proud, and their families—proud Americans all—finally—tardily, it seems to me, for I have always felt this readjustment should have come as soon as the war was over—in 1924 asked for the passage of a bill, erroneously called the bonus bill. And in the end Congress said, "That is right; you are entitled to it, you are entitled to some compensation, to some readjustment, and this is the way we are going to readjust your compensation." Listen to this—this is the job Congress did in 1924. "We have looked around to see what the lowest-paid labor received during the war, and we find that to be about $60 a month. You received a dollar a day, and $1 a day added to it, making $2 a day—or $1.25 added to it, if you saw service overseas—will just about bring your compensation up to what the lowest-paid laborer received during the war. But," they added—listen—"because of the fact that you have rendered this patriotic service we are going to ask you to wait until 1945; then if you are still living, we will pay you." [Laughter in the galleries.]

The VICE PRESIDENT rapped with his gavel.

Mr. ROBINSON of Indiana. "It is true," said the Congress, "we paid the railroads cash; we did not ask them to wait until 1945; it is true," said Congress, "that we readjusted the compensation of civilian employees and paid them cash; we did not ask them to wait until 1945. It is true we readjusted the earnings of the contractors of the country because the war ended too soon and they needed the money. We paid them cash; we did not ask them to wait until 1945. But, as to you boys, now that we are readjusting your compensation, at any rate in theory and in principle, we say that the dollar a day you received with a dollar added to it will just bring your pay up to what was paid the lowest-paid laborers during the war; that ought to be satisfactory to you for the present and we will pay you in 1945."

I say that debt should have been paid at once. It was a debt, Mr. President; it was not a bonus. It is not due in 1945. It was due the day the armistice was signed; indeed, it was due, if due at all, as the service was being rendered.

I hesitate to mention that to which I am about to refer. Perhaps the Senator from Florida can get some comfort from it. I understand the present Secretary of the Treasury made the statement the other day—I hope he did not make it; I hope he has been misquoted, but I have been informed that he made the statement that these soldiers are asking for a debt that is not due until 1945 to be paid with dishonest money. I hope he never made that statement. Never was any statement falser than that. The debt was due the day the armistice was signed, if it was due at all; and the soldiers do not want it paid in dishonest money. They want it paid in honest money, the coin of the realm, with the majesty and the honor of the United States Government behind it. That is what they want and nothing less than that.

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Florida?

Mr. ROBINSON of Indiana. I yield.

Mr. TRAMMELL. The Senator refers to me because I resented his criticism of the then President of the United States at the time of the declaration of war, and his severe criticism of the Members of Congress at that time. Now he asks me a question with regard to a member of his own party, the Secretary of the Treasury. I will say that I am not his keeper; I hold no brief for him, and if he said anything of that kind I do not agree with him.

Mr. ROBINSON of Indiana. Mr. President, I hope the Secretary of the Treasury has too much sense of common decency to have made any such statement as he has been quoted as having made. I read in the newspapers that the same authority was purported to have said when he was asked as to what would be done about the bonus, that it might be paid with the foreign debts when those debts should be collected. I hope he did not make that statement either, Mr. President; neither statement is worthy of him.

We passed a law in 1924 acknowledging the debt but postponing until 1945 its payment. The then Chief Executive of the United States vetoed that law; and Congress, by that time evidently seeing that there was tremendous ground for the payment of this obligation, had to pass it over his veto. Since then, Mr. President, things have gone on from bad to worse, until many thousands of the veterans of the World War have marched here to Washington asking justice of the Congress which recently sent them to war. I repeat that again and again. The Congress has lost nothing

through the war, except as the whole world has lost, as the whole world always loses when war comes. The veterans are asking Congress now at this belated moment to pay this debt.

I understand many of the powers in Wall Street are opposed to it; big business in many places is opposed to it; they say that the Budget must be balanced. Why, Mr. President, it seems to me to be elementary that, with a debt of more than $2,000,000,000, due and unpaid, a debt that was due on November 11, 1918, hanging over the head of the Government, the Budget can not be balanced; with that arrearage there can be no balancing until the debt is paid; and the best way to balance the Budget is to pay the debt owed and get even and square with the board, and at the same time do justice.

Mr. President, war is a terrible thing. When two nations go to war it is, on a gigantic scale, just the same as two men fighting a duel with pistols pointed at each other's heart. One may die; both may die. A nation fights through its young men, not so much through its capital, for, Mr. President, capital always takes care of itself; a million dollars can always protect itself. That leads me to suggest, though, that capital might well be conscripted in time of war, and thus make its contribution to the general cause, and certainly the war profits of the profiteers should all be conscripted.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Nebraska?

Mr. ROBINSON of Indiana. I yield.

Mr. NORRIS. I can not help interrupting the Senator's elequent address to make a suggestion in line with what he has just said. The greatest contribution that could possibly be made to world peace would be to do just what the Senator has said, namely, in time of war to make capital stand its share. Then there would be no more war.

Mr. ROBINSON of Indiana. Try to do it, and you will find out yonder the lobbyists in force representing big business. Do Members of the Congress suggest that they go home, that they are not entitled to be here, that they are not allowed to remain in the Nation's capital?

Mr. NORRIS. We had such people here when the declaration was made that put us into the World War.

Mr. ROBINSON of Indiana. Beyond any question of a doubt that is so. They scented big money.

Mr. President, I was just observing that when two nations go to war it is just the same as two men fighting a duel; one may die; we have seen them die. But the young men must save not only the honor of their country and the glory and majesty of its flag but the young men must defend the women and children of the country or the country perishes; it goes the way of all flesh. Mr. President, the best way to assure the preservation of a nation is for that nation to be grateful and considerate to those who have defended it in time of peril.

The great Russian Empire at the beginning of the World War ranked second proudly among all the nations of the earth. It is to-day a memory; dead, turned to dust, never again to return to its pristine glory. Other governments may come and go, but that government is dead. The great Austro-Hungarian Empire is dead; the great German Empire is dead; the great Turkish Empire is dead; Montenegro is dead, wiped off the map. Our children of to-day do not know, at any rate from the geographies, that such countries ever existed. Those governments are dead, all due to war; all dead; we saw these great nations die.

The earth is filled with turmoil and misery, and this condition is the direct aftermath of the World War.

But America lives. Mr. President, I want this great country of ours never to die; I want it to go on. I want the children coming on to have faith in this country; that they may be glad to volunteer to go out and serve it in time of desperate need; that it may live on and on and on and never die.

Mr. President, the average age of these veterans is 38. They have not yet been rehabilitated. I say let the United States Government give them jobs, which they would like to have, or else give them money with which to buy food, to which they are entitled. They are the saviors of the land and the flag, who made it possible for the Government to endure. By so doing, by passing this bill, by doing this tardy justice to the defenders of America, we will have been true to our traditions; we shall have taken a great step forward and onward and upward to the fulfillment of our glorious destiny; and all our people will be happy in the knowledge that this Republic is grateful.

Mr. HAWES. Mr. President, the Senator from Indiana is right in one respect. The adjusted compensation was a graveyard settlement. The settlement ought never to have been made in the manner in which it was made.

I was a Member of the House at the time, and proposed a cash settlement as the best kind of settlement, because the men needed the money then. They had recently returned from the war. They were out of employment; and it would have been a graceful act for the Nation to have finally settled the matter in one enactment of the Congress. I introduced a bill for a cash settlement, and spoke for it. So to that extent I believe the patriotic Senator from Indiana is right.

But my mind goes back to the period of the war, to the men who enlisted and the men who volunteered. It was a fight by the whole Nation. I remember my own family, the women in it knitting socks, collecting money, serving as nurses; and we must think of those women now. We must think of those who bore many diverse burdens during the war.

Again we have reached in our history a period of great distress, a period of trial, a period that is straining the nerves and the courage of the Nation. During the war we mobilized industry. We lent money to the world. We voluntarily accepted a great burden of taxation; and now once again the Nation is in distress. Everybody must make sacrifices at this time. Everyone must carry his portion of the load of uncertainty and lack of occupation. It does not seem to me that the time has yet arrived when, because men served in the Army, we should forget the women back home; and we should not forget the other elements that contributed during the war.

I think of the family as a unit. I think my experience was about that of every other man—that is to say, that every male in the family volunteered, either in my home State of Missouri or back in my native State of Kentucky. They did their share, and the women all did their share.

Now, when we are cutting down the salaries of all of our Federal employees, when we are cutting down hospitalization, when we are cutting off supplies for welfare boards, when long lines of men are out of employment in the cities, when the President of the United States and the Senate and the Congress and the governors of States are trying to bring about a proper balance, it seems to me the soldier boys should wait a while. Let them have the same spirit and the same courage that they had when they went into the war. Let us wait until the clouds of distress roll by. Let us think not of one class of our people but of all classes of our people.

We have sympathy for these men. They have been orderly, they have been kindly, they have been peaceful in coming here and asking for the immediate payment of their insurance; but we do not know what distress granting their request would bring to the rest of the country, and we must consider all of the country and not part of the country, all of our people not part of them.

I certainly agree with the Senator from Indiana that the original settlement was a poor settlement. It was what I called it on the floor of Congress, a graveyard settlement. It was not judiciously done; but it has been done, and to-day I think the Senate in voting upon this bill must think not only of one class of our citizens but of all classes of our citizens.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. HAWES. I yield.

Mr. ROBINSON of Indiana. They come from every home in the land. There is not a single home in America that was not touched by the war or that did not have some one close to the members of that family in the war; so it is not a

question of a special class. They come from every single part of the country.

Mr. HAWES. I tried to inform the Senator how it affected my own home. It left my country place without a man on it, and of course it hit every home. But the main thing to-day is to get over this economic depression and to do it bravely, unitedly. I should like to have every soldier take that thought back home and think, as he did in the days of the war, of America again in distress, and with patience wait a while.

Mr. THOMAS of Oklahoma. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ind.
Austin	Couzens	Kean	Schall
Bankhead	Dale	Kendrick	Sheppard
Barbour	Davis	Keyes	Shipstead
Barkley	Dill	King	Shortridge
Black	Fletcher	La Follette	Smoot
Blaine	Frazier	Lewis	Steiwer
Borah	George	Logan	Thomas, Idaho
Bratton	Glass	McGill	Thomas, Okla.
Brookhart	Glenn	McNary	Townsend
Broussard	Goldsborough	Metcalf	Trammell
Bulkley	Gore	Moses	Tydings
Byrnes	Hale	Norbeck	Vandenberg
Capper	Harrison	Norris	Wagner
Caraway	Hatfield	Nye	Walcott
Carey	Hawes	Oddie	Walsh, Mass.
Cohen	Hayden	Patterson	Walsh, Mont.
Connally	Hebert	Pittman	Watson
Coolidge	Howell	Reed	Wheeler
Copeland	Johnson	Robinson, Ark.	White

The VICE PRESIDENT. Eighty Senators having answered to their names, there is a quorum present.

PETITIONS AND MEMORIALS

Mr. ASHURST presented a letter in the nature of a memorial from the Nogales (Ariz.) Chamber of Commerce, remonstrating against the passage of legislation to increase the tariff duties on commodities entering the United States from countries having depreciated currencies, which was referred to the Committee on Finance.

He also presented a telegram from Dan J. Lyons, commander of Morgan McDermott Post, the American Legion, Tucson, Ariz., stating that that post went on record "instructing delegates to our next State convention to favor immediate payment of the bonus," etc., which was ordered to lie on the table.

He also presented a telegram in the nature of a petition from Frank A. Thackery, Oatman, Ariz., praying for the inclusion of a $50,000 item for an experimental station at Fort Mohave in the public improvement or unemployment relief measures, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by members of Waterproof Garment Workers' Union, Local No. 20, International League of Garment Workers' Union, New York City, N. Y., protesting against the passage of the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

He also presented a petition of sundry citizens of Cazenovia, N. Y., praying for the ending of national prohibition and the levying of taxes on the liquor traffic, which was referred to the Committee on the Judiciary.

He also presented a memorial of sundry citizens of Brooklyn and vicinity, in the State of New York, remonstrating against the passage of the so-called Patman bill, providing for the immediate payment to veterans of the face value of their adjusted-service certificates, which was ordered to lie on the table.

EXTERMINATION OF GRASSHOPPERS

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD several telegrams which have to do with an appropriation which was passed by the Senate on four different occasions, and is now before a conference committee of the House and the Senate. These telegrams refer to an appropriation inserted by the Senate in the agricultural appropriation bill to be used to fight the grasshopper menace in the Northwest. For the information of the conferees, I ask to have the telegrams printed.

There being no objection, the telegrams were ordered to lie on the table and to be printed in the RECORD, as follows:

HON. ARTHUR M. HYDE,
Secretary of Agriculture,
Morrison Hotel, Chicago, Ill.:

Letters and telegrams coming from Northwest telling of tremendous hatching of grasshoppers. Your letter of June 10 to Congressman JAMES P. BUCHANAN influenced the House of Representatives in killing appropriation intended to be used to stop impending devastation of crops of Northwest. Bureau of Entomology informed me to-day that if funds can be made available this week it will still not be too late for effective use. If you will withdraw letter to Mr. BUCHANAN and back the Department of Entomology with another letter favoring an appropriation another effort will be made to obtain funds for this work.

HENRIK SHIPSTEAD.

CHICAGO, ILL.

Senator HENRIK SHIPSTEAD:

Present information does not justify change in department's attitude regarding grasshoppers as expressed letter to Buchanan.

ARTHUR M. HYDE,
Secretary Department of Agriculture.

MINNEAPOLIS, MINN., *June 16, 1932.*

Senator HENRIK SHIPSTEAD,
United States Senate, Washington, D. C.:

Supplementing telegram, 14th, sent Secretary Hyde, Speaker GARNER, and Congressman ANDRESEN, we have further investigated grasshopper situation. Can report that Minnesota can and will take care of situation in Minnesota without Federal aid. We are equally certain that funds are needed immediately for North and South Dakota and Montana. Even a week's delay would probably necessitate much larger amount. If $500,000 could be immediately available for these three States, we believe situation can be satisfactorily handled. Legal situation in these States makes immediate appropriations impossible, and financial condition of counties involved is such that funds could not be raised for immediate use anyway. Arrangements will be made to advance money if we can have Government's assurance that we will be reimbursed. Please address E. W. Decker, Northwestern National Bank, Minneapolis.

A. R. Rogers, chairman Minneapolis Industrial Committee; B. B. Sheffield, president Minneapolis Civic & Commerce Association; L. E. Wakefield, president First National Bank; E. L. Carpenter, president Shevlin, Carpenter & Clarke Co.; E. W. Decker, president Northwestern National Bank; W. A. Durst, president Minnesota Loan & Trust Co.; F. T. Heffelfinger, president F. H. Peavey & Co.; George D. Dayton, president the Dayton Co.; C. T. Jaffray, president Soo Line Railroad; Thomas J. Wallace, president Farmers & Mechanics Savings Bank; Carl W. Jones, publisher the Minneapolis Journal; F. E. Murphy, publisher the Minneapolis Tribune; John Thompson, publisher the Minneapolis Star; J. H. MacMillan, president Cargill Elevator Co.

MINNEAPOLIS, MINN., *June 16, 1932.*

Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington:

We are emphatically convinced beyond any question of doubt that immediate action for poison bait to combat grasshopper plague is necessary. There is time to overcome the great danger confronting us at this moment. Reports of this hopper menace are so convincing that delay might further endanger the finances of the whole country. Business will suffer if something is not accomplished at once. Feel that this is a national problem.

MINNEAPOLIS BUSINESS MEN'S ASSOCIATION.

Hon. ARTHUR M. HYDE,
Secretary of Agriculture, Morrison Hotel, Chicago, Ill.:

Respectfully suggest while in Middle West you personally survey grasshopper situation. Result will justify change your department's attitude in premises. Have information reliable sources situation critical in Minnesota, North and South Dakota, Nebraska, and Montana particularly. Fear disastrous results if appropriation fails.

HENRIK SHIPSTEAD.

PROHIBITION OF SOVIET IMPORTS

Mr. ODDIE. Mr. President, in behalf of a large number of patriotic, civic, and business organizations I had the honor of presenting a petition to the Hon. Ogden L. Mills, Secretary of the Treasury, on March 15, 1932, for the enforcement of section 307 of the tariff act of 1930 against Soviet imports.

At the time this petition was presented there were approximately 100 names of organizations attached. Since then other organizations have expressed their desire to support this petition and this movement for the prohibition of Soviet imports. I ask permission that the petition as signed by all

of the organizations to date, together with the brief reply of Secretary Mills of March 23, 1932, be printed in the RECORD and referred to the Committee on Finance.

There being no objection, the matter indicated was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

PETITION FOR THE ENFORCEMENT OF SECTION 307 OF THE TARIFF ACT OF 1930, AGAINST SOVIET PRODUCTS

MARCH 15, 1932.

Hon. OGDEN L. MILLS,
Secretary of the Treasury, Treasury Department,
Washington, D. C.

MR. SECRETARY: We desire to submit for your consideration certain facts and observations relating to the importation into the United States of articles produced by convict or forced labor in the Soviet Union, together with extracts from the constitution, laws and decrees in force in that country, and other evidence of the practices of the Soviet régime, all of which have a direct bearing on the enforcement of section 37 of the tariff act of 1930.

The department has been advised by representatives of labor and agriculture, manufacturers, and producers of raw materials, individually and collectively, that imports produced under the conditions of virtual slavery which exist in the Soviet Union are a serious menace to many branches of industry and agriculture in the United States. The Treasury Department is also aware that for years past patriotic societies, separately and together, have painstakingly investigated and established by unimpeachable evidence the true nature of the economic system which prevails within the boundaries of the U. S. S. R. It is the belief of all these organizations that American political and economic institutions are imperiled as a result of the commercial war which is being waged by the dictatorship in Moscow upon all civilized society.

In the light of these facts, and particularly in light of the position taken by the United States concerning the recognition of the soviet régime, we can not believe that the Treasury Department will dispute the fact that section 307 of the tariff act of 1930 was enacted to protect American industry from the competition of forced labor as that term applies to conditions of labor in Soviet Russia. The intent of the statute is clear upon this point.

The existence of forced labor throughout Russia is a matter of general and common knowledge. Communism or state socialism as it exists in Russia involves unified economic effort and makes complete and rigid control over all economic activity essential. This is not a matter of dispute. It is a fundamental element and well-known principle of the soviet system.

We may expect to find evidence of this policy in the constitution and laws of Soviet Russia. Article 9 of the constitution declares that labor is a duty of all citizens. Article 61 of the criminal code makes refusal to perform compulsory services or to carry out work of national importance a criminal offense. Article 11 of chapter 3 of the labor code provides that where there is a deficiency of labor for the execution of important state tasks all citizens may be called to labor duty by a special resolution of the Council of Peoples Commissars. This is the basic law of the Soviet Union and its constituent republics. No one will dispute the fact that the 5-year plan of the U. S. S. R. is the "important state task" provided by the laws.

Abundant evidence of the active and effective enforcement of these laws relating to labor is already in the files of the Treasury Department. You also have in your possession a mass of decrees and other pronouncements taken from official Russian sources, a number of which are attached hereto as illustrative exhibits, which definitely establish that "forced labor" in the commonly accepted sense of that term prevails throughout Russia. Therefore there is no need to take time here and now to reexamine this mass of detailed evidence.

It is our belief that the evidence already in the possession of the department establishes that "forced labor," in the commonly accepted sense of that term, is a fundamental part of the soviet system. Any evidence secured hereafter could do no more than corroborate the evidence which already is in the possession of the department. It is improbable that the Treasury Department will be able to secure any facts relating to specific shipments of soviet products. It may, therefore, be reasonably concluded that the question of whether or not section 307 is an effective bar against the products of "forced labor" as it exists in Russia rests on facts already before the department and must be decided upon the basis of these facts.

We are not asking that the Treasury Department declare its views as to the desirability or undesirability of excluding soviet products under section 307. We are asking whether, under section 307, the intent of Congress to exclude the products of "forced labor" will be effectively enforced against the products of that country. We assert, in that connection, that all the facts are now before the department and that a prompt decision as to the action which the department intends to take should be rendered. If you believe the law is defective, it is our purpose to urge the enactment of effective legislation. We are hopeful that the decision of the Treasury Department will make this unnecessary.

This is a matter of deep and vital interest to the patriotic societies interested in the future welfare of the United States, as well as to American labor and American industry. If you, as the executive officer of the Government charged with the enforcement of the tariff act, are of the opinion that you do not have the means of enforcing section 307 against soviet products, we ask a definite statement to that effect so that we can then present the matter to Congress for the necessary legislative action for the protection of American labor and industry from this ruinous and unfair competition and for the preservation of our economic, political, and social institutions.

(Original signers of petition presented to Secretary Mills on March 15, 1932.)

American Alliance (Inc.), Walter L. Reynolds, secretary.

American Coalition of Patriotic Societies, John B. Trevor, chairman of the board.

American Farm Bureau, Chester H. Gray, Washington representative.

American Legion, John Thomas Taylor, legislative representative.

American Legion Auxiliary, Mrs. Frederick C. Williams, national president.

American Machine & Metals (Inc.), V. C. Stephens, treasurer.

American Manganese Producers' Association, J. Carson Adkerson, president.

American Manganese Development Corporation, Anthony J. Molesphini, secretary.

American Security League, Amos A. Fries, president.

American Vigilant Intelligence Federation, H. A. Jung, manager-director.

American War Mothers, Mrs. L. H. Stone, national president.

American Women's Legion, Mrs. Dorothy C. Bettelheim, president.

Amherst Mining Co., George H. Crosby, jr., treasurer.

Anglo-Saxon Federation of America, John Walter Stephens, chairman.

Anthracite Cooperative Association, Joseph F. Noonan, president.

Anthracite Institute, Brice P. Disque, executive director.

Arizona Asbestos Association, Lewis H. Brown, president.

Bear Canyon Asbestos Co., A. S. Blagden, president.

Berst-Foster-Dixfield Co., Ned G. Begle, president.

Brown Co., W. R. Brown, assistant treasurer.

Chamber of Commerce of the State of New York, J. Barstow Smull, president.

Crown, Zellerbach Corporation, M. R. Higgins, president.

Dames of the Loyal Legion, National Society, Mrs. Rhoda C. Y. Schelly, national president.

Daughters of the American Revolution, National Society, Edith I. Hobart, national president general.

Daughters of the Revolution, National Society, Mrs. Eugene J. Grant, president.

Daughters of the Revolution, of New Jersey, Charlotte C. Aycrigg, State regent.

Daughters of Union Veterans of Civil War, Harriet J. Goetz, national president.

Disabled American Veterans, Thomas Kirby, national legislative chairman; Vivian D. Corbly, national adjutant.

Domestic Manganese & Development Co., H. A. Pumpelly, vice president.

Evergreen Mines Co., D. C. Pettyjohn, assistant to general manager.

Fraternal Order of Eagles, J. C. Canty, grand worthy president.

Hy-Grade Manganese Co. (Inc.), Charles H. Massie, manager.

Hy-Grade Manganese Production & Sales Corporation, N. H. Mannakee, president.

Independent Petroleum Association of America, Wirt Franklin, president.

Industrial Defense Association (Inc.), Edward H. Hunter, executive secretary.

Joint Conference on the Russian Situation, George F. Zimmer, assistant to president.

Johnson City Central Labor Union, John B. Holcombe, president.

Junior Order of the American Mechanics, John H. Noyes, legislative representative.

Junior American Vigilant Intelligence Federation, Rachael E. Holmes, president.

Kentucky Cardinal Coal Corporation, J. C. Stras, president.

Leonia Women's Republican Club, Mary P. Shelton, regent.

Long Leaf Yellow Pine (Inc.), O. N. Cloud, secretary-manager.

Manganese Mines Co. of America, L. B. Hungerford, secretary.

Merchant Tailors' Society of the City of New York, John J. T. MacNamara, secretary.

Military Order of the World War, John Ross Delafield, commander in chief.

Minnesota Sintering Co., Stanley B. Trayer, superintendent.

Montana Prince Mining Co., Clinton J. Hanson, assistant treasurer.

National Confectioners' Association, Walter C. Hughes, secretary.

National Defense Committee of American Legion, Amos A. Fries, member.

National Exchange Club, Alfred A. Jenkins, national president; Herold M. Harter, national secretary.

National Immigration Legislative Committee, Demerest Lloyd, chairman.

National Grange, Fred Brenckman, Washington representative.

National Lumber Manufacturers' Association, C. W. Bahr, economist.

National Patriotic Council, Mrs. Noble Newport Potts, president.

National Patriotic League (Inc.), H. Ralph Burton, vice president and general counsel.

National Patriotic Association of Chicago, Rachael E. Holmes, executive secretary.

National Security League (Inc.), R. L. Bullard, president.

National Society Sons and Daughters of the Pilgrims, A. C. Reeves, governor general.

National Society United States Daughters of 1812, Mary Logan Tucker, chairman national defense committee.

National Sojourners (committee of 13), F. W. Sopford, C. A. C., president.

Naval and Military Order Spanish-American War, Robert Lee Longstreet, commander in chief.

New Hampshire Timberland Owners Association, W. R. Brown, president.

New York, Ontario & Western Railway Co., J. H. Nuelle, president.

North Range Iron Co., D. C. Pettyjohn, assistant to general manager.

Order of Independent Americans, A. S. Losh, State councilor, Pennsylvania.

Patriotic Builders of America, Mrs. William Cummings Story, president.

Patriotic Order Sons of America, Herman A. Miller, secretary.

Penn Anthracite Mining Co., Charles Dorrance, president: "Speaking for 1,000,000 citizens of the State of Pennsylvania whose names have already been affixed to petitions to the President of the United States for the exclusion under section 307 of Russian anthracite, we wish their signatures as being considered signed to similar petition dated March 15, 1932, to Secretary of Treasury."

Reserve Officers' Training Corps Association, Col. Orvel Johnson, executive secretary.

Ridgewood Unit Republican Women, Katharine H. Stratton, vice president.

Silver Prince Mining Co., Inglis M. Uppercu, vice president.

Society of Colonial Wars, Norman S. Dike, governor.

Society of New England Women, New York City Colony, Mrs. L. Grant Baldwin, chairman.

Sons of the American Revolution, Josiah A. Van Orsdel, president general.

Southern New England Lumber Manufacturers' Association, Elisha R. Bitgood, president.

Southern Pine Association, C. C. Sheppard, president.

Southern Vigilant Intelligence Association, George B. Helmer, president.

Southwestern Virginia (Inc.) (a regional chamber of commerce), H. K. Bowen, executive secretary.

Trenton Potteries Co., John A. Campbell, president.

Trout Mining Co., V. C. Stephens, treasurer.

Union League of Michigan, Walter C. Cole, vice president.

United Daughters of the Confederacy, Mrs. James Harvie Dew (New York).

United States Air Force Association, Col. J. Edward Cassidy, director general.

U. & S. Mining & Development Co., Leslie L. Savage, president.

Veterans of Foreign Wars of the United States, Darold D. DeCoe, commander in chief; L. S. Ray, chairman legislation committee.

Veterans of Foreign Wars, Ladies' Auxiliary, Dora E. Raffensperger, national president.

Virginia Federation of Women's Clubs, American citizenship committee, Helen Norris Cummings, State chairman.

Westchester Security League, Mrs. Henry Perez, president's representative.

West Coast Lumbermen's Association, W. B. Greeley, secretary-manager.

West Coast Manganese Corporation, Ernest A. Wiltsee, vice president.

White Band (Inc.), J. W. Scott-Sanders, brigadier general, department of mobilization.

Whitmarsh Mining Co., J. D. Enright, secretary.

Women of Army and Navy Legion of Valor, Mrs. Charlotte Rock, national president.

Women Descendants Ancient and Honorable Artillery, Mrs. Julia A. Jewett, president.

Women's Patriotic League of America, Mrs. Joseph L. McCarthy, president; Mrs. F. E. Grant, chairman committee on subversive activities.

(Signers of petition presented to Secretary Mills subsequent to March 15, 1932.)

Allied Patriotic Societies (Inc.), Alexander L. Ward, secretary.

American Legion, Department of Ohio, W. A. Burlingam, vice commander.

American War Mothers, Missouri State Chapter, Mrs. H. J. Knapp, president.

American War Mothers, Galveston (Tex.) Chapter.

A. N. V. I. L. movement, J. W. Scott-Sanders, director general.

Arizona Peace Officers Association, J. E. Wilkie, secretary-treasurer.

Better America Federation, of California, Margaret A. Kerr, secretary.

Chamber of Commerce, Hattiesburg, Miss., H. O. Hoffman, president.

Chamber of Commerce of the Tonawandas, North Tonawanda, N. Y., Henry Adema, secretary.

Catholic Woman's Club, Natick, Mass.

Daughters of the American Revolution, Tamalpais Chapter, San Francisco, Calif., Mrs. Philip J. Lawler, regent.

Daughters of the American Revolution, Indiana State Society, Mrs. Horace C. Murphy, national defense chairman.

Daughters of the American Revolution, Texas State Society, Mrs. Walter Gerald Weaver, chairman national defense committee.

Daughters of the Confederacy, Galveston, Tex.

Du Page County Bar Association, Du Page County, Ill., Win G. Knoch, secretary.

Four Minute Men of the World War, Rev. Edward P. Leick.

Greater New York Gospel Mission, Walter D. Britt, director.

Industrial Association of Perth Amboy, N. J., O. R. Hatfield, secretary.

Italian World War Veterans, of Galveston, Tex.

Junior Order United American Mechanics, Middle Village Council, New York, Frederick Gruber, secretary.

Kiwanis Club, Council Bluffs, Iowa, Everett N. Wright, secretary.

Massachusetts State Guard Veterans, Thomas H. Bassett, commander.

National Association for Civic Publicity, Harry R. Lee, managing director.

National Hardwood Lumber Association, L. S. Beale, secretary-treasurer.

National League of Americans of Russian Origin (Inc.), J. J. Lissitzyn, secretary.

National Republic Magazine, Walter S. Steele, general manager.

National Society of the Colonial Descendants of America, Mrs. Charles Henri-Fisher, president general.

National Star Spangled Banner Association (Inc.), Walter I. Joyce, president.

New Hampshire Lumbermen's Association, Arthur G. Bowler, president

Order of Independent Americans, Hazelton (Pa.) Council, Justus C. Schatz, secretary.

Pacific American Steamship Association, W. J. Petersen, secretary.

Patriotic Order Sons of America, New Jersey, Edgar H. Wilson, chairman State legislative committee.

Pearl City Plywood Co. (Inc.), G. L. Willson, secretary.

Reserve Officers' Association of the United States, Col. Charles H. Rutherford, judge advocate.

Russian-American Anti-Communist League, Maj. Gen. M. N. Yanenko, president.

Russian Patriots Fighting Communists, D. Rodianoff.

Shipowners' Association of the Pacific Coast, Capt. W. J. Petersen, secretary.

Society of the Third Division, Capt. Wiley H. Marble, president.

Sons of the American Revolution, committee on correspondence and safety, Arthur M. McCrillis, chairman.

Sons of the American Revolution, Virginia Society, N. Charter Burruss, director committee on correspondence and safety.

Sons of the American Revolution, West Virginia Society, Franklin L. Burdette, secretary.

United States Civil Legion, Rev. Harry L. Bowlby, national chaplain.

Veterans of Foreign Wars, Walter Irving Joyce, director national Americanization committee.

Veterans of Foreign Wars, Department of New York, George William Duggan, patriotic instructor Americanization committee.

Westerly (R. I.) Women's Republican Club, Mrs. Charles H. Broomfield.

Woman's Relief Corps (national society), auxiliary to the Grand Army of the Republic, Miss Evelyn S. Manley, chairman Americanization committee.

Woman's Relief Corps, No. 10, Flushing, N. Y., Hennie Free Mead, secretary.

United American-Ukrainian Organizations, Walter Gallan, president.

Young Men's Progressive League of Galveston, Tex.

THE SECRETARY OF THE TREASURY,
Washington, March 23, 1932.

MY DEAR SENATOR ODDIE: In view of the statement made by me at the hearing with reference to section 307 of the tariff act of 1930, in so far as it affects importations from Russia, it was not thought that a further reply was required to the petition filed by you and your associates. I understand, however, that you desire a further reply.

Section 307 forbids the importation of all goods, wares, articles, and merchandise mined, produced, or manufactured, wholly or in part, in any foreign country by convict labor or/and forced labor or/and indentured labor under penal sanctions.

"Forced labor" is defined as follows:

"All work or service which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily."

For the purpose of administering this section of the law the Treasury Department has adopted regulations, a copy of which is inclosed. It will be noted that these regulations in effect place the burden of proof on the importer to show that the goods offered for entry were not produced by forced labor, as defined by the statute. However, in the few cases which have already risen it is apparent that the importer has no difficulty in sustaining the burden placed on him and in rebutting any presumption in the absence of evidence to the contrary. And, in view of the fact that the Treasury Department has no means of investigating conditions of production in Soviet Russia, evidence rebutting the presumption created by the affidavits of the shippers and importers can not well be produced. It should further be noted that in carrying out this or any other law the Treasury Department can not act without the necessary evidence. Its decisions are reviewable by the courts. The customs courts have almost uniformly accepted affidavits of importers and shippers, and in the absence of evidence rebutting the presumption created by these affidavits the position taken by the Treasury is not supported by the court.

To date there have been 12 shipments offered for entry as to which the provisions of section 307 might have applied. In every one of these cases apparently authentic affidavits were offered by the importers in accordance with the regulations of the Treasury Department. In every one of these cases there was no evidence available to rebut the presumption created by the affidavits, and accordingly the Treasury Department was bound to admit the goods.

In the petition presented by you on March 15 the position is taken that "the existence of forced labor throughout Russia is a matter of general and common knowledge," and that "it is our belief that the evidence already in the possession of the department establishes that forced labor, in the commonly accepted sense of that term, is a fundamental part of the soviet system." Or, in other words, it is held in the petition that all labor in Russia is forced labor, and that section 307 should be so interpreted as to include all goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in Soviet Russia.

As I stated at the meeting on March 15, if in writing section 307 the Congress intended that its definition of "forced labor" should be broad enough to include all labor in the Union of Soviet Republics, then I submit that the Congress should say so in so many words. There is not in this department the legal evidence necessary to establish the fact that all labor in Soviet Russia is forced labor, as defined in the present law, and if all labor is not forced labor, then the question must inevitably arise when an individual cargo is offered for entry whether that individual cargo was or was not produced by forced labor; and when that question arises we are confronted with the situation above described.

Very truly yours,

OGDEN L. MILLS,
Secretary of the Treasury.

Hon. TASKER L. ODDIE,
United States Senate.

GRASSHOPPER PLAGUE IN THE NORTHWEST

Mr. SCHALL. Mr. President, I ask unanimous consent to insert in the RECORD letters and wires from prominent people in my State in reference to the grasshopper menace and ask that they may lie on the table. Also a clipping from the Minneapolis Tribune.

The situation is extreme and demands immediate action. The prospects are for the best crop of years estimated at a billion. If this small relief does not come now, it means wide destruction not only of the farmers but the business of the entire Northwest. I can not urge too strongly the need of immediate action. No greater service of the Government can be rendered than an appropriation now to relieve the pending devastation. Poison bran will do the job, and surely our Government can not stand by and see this scourge and raise not a finger to deter it. Minnesota has appropriated $100,000 and needs $150,000 more. North Dakota needs $400,000, and South Dakota needs $500,000.

There being no objection, the matters referred to were ordered to lie on the table and to be printed in the RECORD, as follows:

GRACEVILLE, MINN., *June 16, 1932.*

Senator THOMAS SCHALL,
National Capitol:

Commercial Club, village of Graceville, urges you to make every effort for passage of bill for poison grasshopper bait.

J. F. FAHEY, *President.*

MINNEAPOLIS, MINN., *June 16, 1932.*

The Hon. THOMAS D. SCHALL,
United States Senator:

While I am strongly in favor Government retrenchment, believe you should use every effort favoring legislation necessary to furnishing adequate relief for grasshopper prevention in Northwest. Situation rapidly growing worse.

JOHN H. STICKNEY.

MINNEAPOLIS, MINN., *June 16, 1932.*

Hon. THOMAS D. SCHALL,
United States Senator:

Representing 2,000 retail hardware merchants, we urge you to work for financial aid to fight grasshoppers in the Northwest.

MINNESOTA AND SOUTH DAKOTA RETAIL HARDWARE ASSOCIATIONS.

SAUK CENTER, MINN., *June 16, 1932.*

Senator THOMAS D. SCHALL,
Washington:

The impending disaster to our agricultural interests from the grasshopper invasion is now so plainly apparent that our organization is keenly aroused to the necessity of our National Government coming immediately to the rescue of our farmers, and for that reason we appeal to you to lend every effort on your part that this shall be brought about.

CARL S. FISCHER,
President Sauk Center Community Club.

MINNEAPOLIS, MINN., *June 16, 1932.*

Senator THOMAS D. SCHALL,
Senate Office Building, Washington:

We are emphatically convinced beyond any question of doubt that immediate action for poison bait to combat grasshopper plague is necessary. There is time to overcome the great danger confronting us at this time. Reports of this hopper menace are so convincing that delay might further endanger the finances of the whole country. Business will suffer if something is not accomplished at once. Feel that this is a national problem.

MINNESOTA TRUCK OWNERS' ASSOCIATION.

MINNEAPOLIS, MINN., *June 16, 1932.*

Senator THOMAS D. SCHALL,
Senate Office Building, Washington:

We are emphatically convinced beyond any question of doubt that immediate action for poison bait to combat grasshopper plague is necessary. There is time to overcome the great danger confronting us at this time. Reports of this hopper menace are so convincing that delay might further endanger the finances of the whole country. Business will suffer if something is not accomplished at once. Feel that this is a national problem.

MINNEAPOLIS BUSINESS MEN'S ASSOCIATION.

ST. PAUL, MINN., *June 15, 1932.*

Hon. Senator THOMAS D. SCHALL,
Washington, D. C.

DEAR SIR: Don't you think it far more economical to appropriate funds now for poisoning the grasshoppers in the Northwest than to make appropriations next fall for taking care of thousands of farmers at a far greater cost, to say nothing of the suffering?

I personally urge that immediate action be taken to save the Northwest.

Yours very truly,

C. C. GRAY,
President Superior Separator Co.

MINNEAPOLIS, MINN., *June 15, 1932.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D. C.

MY DEAR TOM: We in Minnesota are fearful of what is going to happen in the western part of our State, North and South Dakota, and Montana between now and the 15th of July with the grasshopper pest. Unless action is begun at once we will lose the harvesting on one of the best crops we have had in a number of years, and if such a catastrophe happens I do not know what the farmers of this country and the people living in the Twin Cities will do.

We all beg of you to get action on this appropriation for extermination at once.

Very truly yours, SPRADLIN MOTHPROOF CORP.,
By S. C. CONFER.

MINNEAPOLIS, MINN., *June 15, 1932.*

Hon. THOMAS D. SCHALL,
Senator, State of Minnesota, Washington, D. C.

DEAR SENATOR SCHALL: We can insure the prosperity of the Northwest this fall at a low rate of $1 per thousand.

The impending grasshopper scourge threatens to imperil our billion-dollar crop, the first we have had in years. If immediate action is not taken, thousands of farmers will be left without sufficient food for themselves and livestock. We shall have prospects of bare fields, gaunt cattle, and a pall of gloom over the land. Deserted farms, vacated stores, closed banks will be in evidence, and thousands of men and women will give way to despair.

Last year the Red Cross fed 40,000 farmers in the two Dakotas. One-half of the farmers in North Dakota were compelled to borrow from the Government this spring to buy their seed. If we do not meet this emergency, there shall be no harvest; there will be more appeals to the Red Cross; more relief funds requested from the Government, with complete stagnation throughout the Northwest.

Congress has been misinformed regarding this emergency, and there is still time to remedy this disastrous mistake. Poison bait is instantly available to be spread where needed, and we have until the middle of July to fight this impending plague.

Are you willing to act immediately and appropriate $1,500,000 to save our crop? The result of your action will mean either prosperity or despair.

Yours truly,

A. G. DELANY.

P. S.—This is the Government's opportunity to make the people of this district self-sustaining or force them to accept a dole. Surely the latter course is obnoxious to every self-respecting citizen.

MINNEAPOLIS, MINN., *June 15, 1932.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D. C.

DEAR SIR: As you, of course, know we in the Northwest are faced with a calamity and we urgently request your assistance.

We now have the prospects of a bountiful crop—if the grasshoppers do not get it first.

The help we are requesting from you is that you work for an adequate financial appropriation from Congress to defray the cost of sufficient poison bait to check the spread of these grasshoppers.

A comparatively small expenditure at this time will return big dividends to the Northwest if we can arrest this disaster.

We wish to assure you we shall certainly appreciate any effort you put forth toward helping this cause along.

Yours very truly,

THE ST. ANTHONY & DAKOTA ELEVATOR CO.,
H. E. MILLER, *Secretary.*

KONDON MANUFACTURING CO.,
Minneapolis, Minn., June 15, 1932.

Senator THOMAS D. SCHALL,
United States Senate, Washington, D. C.

DEAR SENATOR: We want you to act quick in helping to do something about the grasshopper menace up here in the Northwest. You need not answer this letter, but act on the subject of getting an appropriation through for a small amount of money to save our billion-dollar crop up here in the Northwest which we need badly.

Sincerely yours, T. N. KENYON.

MINNEAPOLIS, MINN., *June 15, 1932.*

Hon. THOMAS D. SCHALL,
United States Senator, Washington, D. C.

HONORABLE SIR: Having an intimate knowledge of conditions in the Northwest we are greatly concerned with your attitude toward an appropriation for poison bait to combat the grasshopper plague.

Grasshoppers by the millions are crawling out of the sod in the States of North Dakota, South Dakota, Minnesota, and Montana. We have a billion-dollar crop in sight, the first real crop we have had in years, and unless Congress takes immediate steps to appropriate funds for this purpose our crop will be ruined, more farmers will be bankrupt, additional banks closed, and men and women—the backbone of our Government—will give up in despair.

As the Northwest crop is of vital importance to our country in general, we sincerely urge you to use your best efforts in protecting this crop.

Assuring you that your cooperation will be greatly appreciated, we are

Yours very respectfully,

LAMPERT LUMBER CO.,
Per H. C. MERMAN.

[From the Minneapolis (Minn.) Tribune]

The above picture tells, more graphically than words, the dire peril that threatens the billion dollar crop of the Northwest.

The grasshopper, numbered by billions, with an insatiable appetite, is crawling out of the sod of North Dakota, South Dakota, Minnesota, and Montana.

He is still wingless. He can only move a few feet in a day. Soon he will develop his jumping legs, and his limit of movement will increase. Later he will grow wings and a voracious appetite.

Once he has wings he can mount thousands of feet into the air. He can fly with the winds hundreds of miles in all directions. He can come down in thick clouds on fields and strip them clean of vegetation in a few hours.

He can devour our billion-dollar crop, the first we have had in years. He can leave thousands of farmers without enough for food for themselves and their livestock. Last year the Red Cross fed 40,000 farmers in the two Dakotas. One-half the farmers in North Dakota had to borrow from the Government money this spring to buy their seed.

This year the condition of the crops is excellent—either for the grasshoppers or the farmers. If we let the grasshoppers alone there will be no harvest, there will be more appeals to the Red Cross, more money asked from the Government, and stagnation throughout the Northwest.

A million and a half dollars will save our crop. A misinformed Congress neglected to make the necessary appropriation with which to buy poison bait. Congress can still remedy this disastrous mistake. Congress will do so if the Northwest will only speak its mind. Once Congress makes the appropriation, poison bait is instantly available to be spread where needed. We have until the middle of July to fight the grasshopper.

We can insure the prosperity of the Northwest this fall at the low rate of $1 a thousand.

If we do not take this precaution we have every prospect of bare fields, gaunt cattle, and a pall of gloom over the land. Deserted farms, vacant stores, closed banks will greet the eye in every direction. And thousands of men and women, the backbone of our Government and the foundation of our institutions, will give way to despair.

Congress must be made to see the picture as it is. The time to act for every individual, high or low, in the Northwest is now.

Wire your Congressman to get busy.

The picture above tells the story.

REPORTS OF COMMITTEES

Mr. REED, from the Committee on Military Affairs, to which was referred the joint resolution (S. J. Res. 178) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Julio Rodriguez Arrea, a citizen of Costa Rica, reported it without amendment and submitted a report (No. 838) thereon.

He also, from the same committee, to which was referred the joint resolution (H. J. Res. 138) for the relief of the State of Idaho, reported it with amendments and submitted a report (No. 839) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 4898) amending an act entitled "An act authorizing the State of West Virginia by and through the State Bridge Commission of West Virginia, or the successors of said commission, to acquire, purchase, construct, improve, maintain, and operate bridges across the streams and rivers within said State and/or across boundary-line streams or rivers of said State" approved March 3, 1931, reported it without amendment and submitted a report (No. 840) thereon.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, June 17, 1932, that committee presented to the President of the United States the following enrolled bills:

S. 1153. An act to provide for the incorporation of credit unions within the District of Columbia; and

S. 3911. An act to authorize the Commissioners of the District of Columbia to close Quintana Place, between Seventh Street and Seventh Place NW.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mrs. CARAWAY:

A bill (S. 4899) for the relief of W. M. Cravens; to the Committee on Claims.

By Mr. ROBINSON of Indiana:

A bill (S. 4900) to authorize the presentation of a congressional medal of honor to Charles Cowart, and the posthumous presentation of such a medal to Robert H. Edsall and Nigel Hinton; to the Committee on Naval Affairs.

By Mr. FLETCHER:

A bill (S. 4901) granting a pension to Charles E. Ridenour; to the Committee on Pensions.

By Mr. STEIWER:

A bill (S. 4902) authorizing the President to present medals in the name of Congress to certain survivors of the sinking of the steamship *Tuscania;* to the Committee on Military Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 4903) for the relief of certain Indians of the Apache Tribe; to the Committee on Indian Affairs.

By Mr. SHEPPARD:

A bill (S. 4904) authorizing the Secretary of War to award the distinguished-flying cross to Robert M. Anderson and Woodville J. Rogers; to the Committee on Military Affairs.

By Mr. REED:

A joint resolution (S. J. Res. 179) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point Tisheng Yen, a citizen of China; to the Committee on Military Affairs.

By Mr. BROUSSARD:

A joint resolution (S. J. Res. 180) extending thanks in appreciation of services rendered by Hayden W. Wren as superintendent of the docks of the port of New Orleans; to the Committee on Commerce.

PUBLIC-WORKS PROGRAM—AMENDMENT

Mr. BROUSSARD submitted an amendment intended to be proposed by him to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program, and providing a method of financing such program, which was ordered to lie on the table and to be printed.

"SHORT SELLING" ON STOCK EXCHANGES—LIMIT OF EXPENDITURES

Mr. NORBECK submitted the following resolution (S. Res. 239), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That Senate Resolution No. 84, Seventy-second Congress, agreed to March 4, 1932, hereby is continued in full force and

effect until the expiration of the Seventy-second Congress, and the limit of expenditures to be made under authority of such resolution is hereby increased by $50,000.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed the following bill and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 8681. An act to develop American air transport services overseas, to encourage the construction in the United States by American capital of American airships for use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship;

H. J. Res. 418. Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress; and

H. J. Res. 435. Joint resolution to amend the revenue act of 1932.

ENROLLED BILLS SIGNED

The message also announced that the Speaker pro tempore had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1153. An act to provide for the incorporation of credit unions within the District of Columbia;

S. 3911. An act to authorize the Commissioners of the District of Columbia to close Quintana Place, between Seventh Street and Seventh Place NW.; and

H. R. 10048. An act granting to the Metropolitan Water District of Southern California certain public and reserved lands of the United States in the counties of Los Angeles, Riverside, and San Bernardino, in the State of California.

REPORT OF THE FEDERAL RESERVE BOARD

The PRESIDENT pro tempore laid before the Senate a letter from the Governor of the Federal Reserve Board, transmitting a copy of the eighteenth annual report of the board covering operations for the year 1931, and stating, "Certain exhibits and schedules to complete the report are now in preparation and will be printed later," which, with the accompanying report, was referred to the Committee on Banking and Currency.

INDEPENDENT BIMETALLISM OR BOLSHEVISM?

Mr. WHEELER. Mr. President, I ask leave to have published in the RECORD an article by Hon. Jonathan Bourne, jr., former United States Senator from Oregon, entitled "Independent Bimetallism or Bolshevism?"

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INDEPENDENT BIMETALLISM OR BOLSHEVISM?

The Wheeler bill (S. 2487) providing for the free coinage of silver, as well as gold, at the ratio of 16 to 1, from the economic standpoint is the most important bill that has been introduced in Congress during the present century.

The United States can, should, and will, without the necessitated consent or cooperation of any other nation, remonetize silver on the basis of 16 to 1.

The Wheeler bill (S. 2487) introduced January 4, providing for the free coinage of silver, as well as gold, at the ratio of 16 to 1, is for comprehensiveness, lucidity, and brevity a masterpiece in legislative construction.

From an economic standpoint it is the most important bill that has been introduced in Congress during the present century.

Its enactment into law will do more to extricate the United States and the rest of the world from our present economic and financial chaos than all other suggestions combined. Any plan or bill thus far emanating from our present Executive, members of his Cabinet, Members of Congress, political economists, and so-called captains of big industry are mere makeshifts as compared with the Wheeler bill, S. 2487.

Senator WHEELER's arguments in favor of the enactment of his bill set forth in his speech delivered January 25 in the United States Senate are unanswerable, and his predictions as to the benefits resultant from the enactment of his bill as affecting all classes of our society are most conservative and can not possibly be disproved intelligently by any person.

Nobody thus far has had the temerity to accept Senator WHEELER's challenge, made at the conclusion of his speech, or attempt to disprove the predictions he so clearly sets forth as to the benefits that would result from the enactment of his bill to all classes of our society.

I respectfully urge every reader of this statement to immediately request their Senators and Representatives in Congress to send them a copy of Senator WHEELER's bill, S. 2487, and his speech delivered in the United States Senate on the 25th of January this year. After receipt and careful study of both, the recipient should be impressed, both from the patriotic as well as the selfish viewpoint, that the happiness, contentment, and prosperity of all classes of our society would be restored and cumulatively increased through the enactment of this proposed legislation.

In the study of this question it is well to remember the following fundamental principles:

First. There is no such thing as intrinsic value as is now conceded by all political economists of note. Neither gold, silver, nor any other commodity possesses an intrinsic value.

Second. Legal tender is that currency, circulating medium, or description of money which by law a debtor may offer and a creditor must receive in payment of debts. In fact, it is the life or essence of money and without it good money could not exist.

Third. The volume of money directly affects the market price of all commodities.

Unnatural expansion in volume inevitably results in inflation in market prices with a tendency to speculation.

Unnatural contraction in volume inevitably results in the deflation of market values with resultant financial and economic chaos followed by unhappiness, suffering, and general discontent.

Stability in prices insuring a minimum price that covers a profitable return to labor and capital associated in the joint effort of production is most desirable for the happiness, contentment, occupation, and fair compensation of all classes of our society.

Stability of exchange for the civilized world must be beneficial not only to our own country but to all civilized nations of the world in their intrarelativity.

HISTORICAL FACTS

Accredited records show that since the discovery of America in 1492, down to and including the year 1929, covering a period of over 436 years, there were produced a total for the whole world of 1,041,232,774 fine ounces of gold and 14,729,598,697 fine ounces of silver. In other words, there was a little over thirteen times as many fine ounces of silver produced as there were fine ounces of gold.

Applying our present coinage value (continued under the proposed Wheeler bill) of $20.67 per ounce for fine gold, the total world's production of gold for this over 436-year period has a monetary value of $21,525,005,673, and the total world's production of silver during this period of over 436 years has, under the coining value of our present standard silver dollars $1.29 29/100 per ounce for fine silver (unchanged under the enactment of the Wheeler bill), a value of $19,044,329,616.

In the United States the free coinage of both silver and gold as provided for by the act of 1792 was continued unaltered to 1873, although the ratio between gold and silver coins was changed from 15 to 1 as fixed by the act of 1792 to 16 to 1 by the act of 1834 and to 15.988 to 1 by the act of 1837.

Further note that from and including the years 1801 to 1850 the average gold-silver price ratio was 15.7, while the average silver-gold production ratio for the entire world was 28.0. In other words, although the world's production showed that twenty-eight times as many fine ounces of silver as of fine ounces of gold were produced during that period from 1801 to 1850, yet the relative interchangeability the world over of these two metals was 15.7 ounces of fine silver to 1 ounce of fine gold.

Also note that from the period of 1851 to 1875, both inclusive, the average gold-silver price ratio was 15.5 while the silver-gold production ratio was 6.7. That is to say, during this period although there was only 6.7 times as many fine ounces of silver produced as there were fine ounces of gold yet the relative interchangeability between these two metals throughout the world averaged 15.5 ounces of silver with 1 ounce of gold.

The fact that Great Britain adopted gold monometallism in 1816; France in the 1850's; Germany in 1871, in conjunction with the above-stated average in gold and silver price ratio, together with the world's gold-silver production ratios from 1801 to 1875, prove conclusively the ability of the United States by independent action under the enactment of the Wheeler bill, S. 2487, to maintain the parity of 16 to 1 as provided for in said bill.

These above facts also absolutely disprove any claim that the United States under the enactment of the Wheeler bill would become the dumping ground for the world's silver or that silver—the cheaper metal—would drive out gold—the dearer metal (in the frequent attempted misapplication of the Gresham law) for the reason that neither metal would be cheaper or dearer because of the unlimited demand (compared with nature's limited supply) created for both metals resultant from the free and unlimited coinage of same by the United States Mint at the fixed values for each metal as provided for under the Wheeler bill.

The claim of some of the gold monometallists that China, India, and other nations that for many centuries have only known silver as their financial yardstick, would dump their silver on the market of the United States under the enactment of the Wheeler bill is too absurd and asinine to justify even consideration. Imagine these nations, representing far more than half the population of the civilized world—voluntarily divesting themselves of their only known financial yardstick in their domestic or foreign commerce, thereby necessitating cessation of all domestic business among themselves or foreign business with other nations of the world.

Under what is known as the remonetization of silver on the basis of 16 to 1 the Government does not purchase the silver or the gold. It simply receives the bullion at the mint. After

that it is brought to the proper standard of fineness for coins, and if the bullion requires to be refined the Government makes a charge equal to the cost of bringing the metal to standard fineness, that is nine-tenths fine. Then the Government puts its stamp on each piece and turns the coins over to the depositor, and that is all there is to it.

Or the Government may, if it has the coin on hand, at once deliver the coin to the depositor for the bullion; but the Government in no proper sense buys the bullion or does it become the owner of it. The bullion and the coin made from the bullion belong to the depositor.

Separate provision, however, has been made on account of the greater convenience of a paper circulation, for the issue of notes, dollar for dollar, for the coin or bullion which in that case the Government holds in trust for whoever holds the notes or certificates.

In our United States coinage 23.22 grains of fine gold constitute a dollar, namely, $20.67 per fine ounce for gold and 371.25 grains of fine silver constitute a dollar, or $1.29 per ounce for fine silver.

The Wheeler bill adopts the same coinage value by providing under section 3 "The dollar consisting of 25.8 grains of gold nine-tenths fine, or of 412.5 grains of silver nine-tenths fine, shall be the standard unit of value, etc."

For many, many centuries silver and gold have been the only primary money metals of the entire civilized world.

There is no known compilation giving the amount of gold and silver in the world at the present time. On January 1, 1930, the total monetary stock of the principal countries of the world on the basis of $20.67 per ounce of fine gold was $11,072,370,000 and the total silver stock in banks and treasuries at the same time on the basis of $1.29 29/100 per ounce for silver was $4,099,914,000.

The present bullion value of silver in the world's market is approximately 30 cents per ounce. Under the enactment of the Wheeler bill cotemporaneously throughout the civilized world silver would have a minimum value of $1.29 29/100 per ounce and interchangeable with gold throughout the civilized world on the basis of a minimum value of $20.67 per ounce. This would cotemporaneously quadruple the purchasing power of all the silver-standard nations—well over 60 per cent of the civilized world—establish a rigid financial yardstick for international exchange and provide, in my opinion, an unlimited market at a fixed minimum price for all our surplus of raw material and manufactured products of all kinds which would absorb the products of the automobile, electrical, and all other factories for a period of 20 years if run at full capacity, but far greater and more desirable than this, would insure a profitable price to the agriculturists, representing practically 30 per cent of our population, for their products within two years and quadruple the present land values making same desirable collateral instead of undesirable as same have been the past decade or more.

All must concede that our new wealth is produced entirely from the ground and the waters, and unless cost of production and a fair profit are assured we will have no new wealth and ultimately be deprived of the food and sustenance necessary for life itself.

INTERNATIONAL BIMETALLISM

For over 50 years now we have been thrilled or shocked, dependent upon the individual's viewpoint, with rumors of international conferences or international agreements for the remonetization of silver.

Undoubtedly there are many honest advocates of international bimetallism believing that the United States by independent action can not effect a rigid ratio of interchangeability between the two metals.

Historical facts justify the assertion that there are many gold monometallists bitterly opposed to bimetallism not only whether established by international agreement or independent action on the part of the United States, who hypocritically pose as international bimetallists thereby creating a barrage to prevent possible action by the United States alone.

MINE OWNERS APPARENT OPPOSITION TO THE WHEELER BILL, S. 2487

Since Senator WHEELER introduced his bill (S. 2487) on January 4 last and made his very able speech demonstrating the reasons for and benefits that would accrue through its enactment there has been an inexplicable failure on the part of the mine owners themselves to advocate its passage.

Had the individuals controlling the large mining interests of our country immediately rallied to the support of the Wheeler bill (S. 2487) as soon as it was introduced undoubtedly same would ere this have been enacted into law.

Certainly it was reasonably to be expected that both from patriotic and selfish interests this bill should have received such support.

The failure of such a support can only be explained by the following reasons:

First. Possibly because of the large indebtedness to powerful financial interests opposed to bimetallism in any form on the part of some of the large mining companies.

Second. Some of the mining interests while personally favoring the fundamental principles embodied in the Wheeler bill have not believed its enactment possible at this time, and hence, actuated by expediency and the desire for class legislation, as represented in a number of bills thus far introduced in Congress to treat silver, one of their by-products, as a favored commodity, hoping thereby to temporarily, at least, enhance the value of that metal.

A few mine owners and operators express a desire to avoid any odium which may remain from the 1896 W. J. Bryan 16 to 1 campaign, claiming that it would be unfortunate to revive any of the old associations connected with that situation.

This attitude seems to me most untenable. Bryan's nomination in 1896 was due wholly to his speech in the Democratic National Convention advocating the remonetization of silver at 16 to 1. All those now living who participated in that campaign, I think, will agree that 30 days before the election it was generally assumed that Bryan would be elected. I personally know that Mark Hanna himself thought this. I also am reliably informed that $37,000,000 was expended through the national committee under Hanna's leadership to defeat Bryan in the general election.

If at that time the same economic and financial chaos had existed as does to-day unquestionably Bryan would have been elected in 1896 instead of McKinley.

Bryan's subsequent defeats were due primarily to his ceasing to make the remonetization of silver at 16 to 1 the keystone to the foundation of his campaigns and advocating other issues, some of which the voters evidently thought unsound and undesirable.

The fundamental principles embraced under the Wheeler bill (S. 2487) were in no manner originated by Mr. Bryan. For many years before his nomination in 1896 many prominent Republicans had advocated the remonetization of silver by independent action of the United States at the ratio of 16 to 1, such as Speaker Blaine, Senators Teller, Wolcott, Jones, Stewart, Congressman McKinley, and many others.

In the United States to-day there are probably now living over a million of the old Bryan Democrats, silver Republicans, and Populists who were politically active in the 1896 campaign. These are all vitalizing agencies well scattered over the country who would not have to be educated as to the desirability and necessity of the enactment of the Wheeler bill.

With due appreciation of the ability, ingenuity, and much valuable information contained in the various bills which have been introduced and plans which have been suggested to the country by Senators PITTMAN and DILL and Messrs. Brownell, Leon, and Channing I assert that they are all fundamentally unsound and do not at all reach the crux of the question in stabilizing exchange between the silver standard and gold standard nations. They contemplate class legislation presumably in favor of the mine owners. Take, for instance, the Brownell plan. If adopted, it would unquestionably for some time to come increase the bullion value of silver in the United States, Mexico, Canada, and Australia, the four countries whose cooperation is contemplated under such plan if adopted. This plan would also increase in other countries the bullion value of silver to the extent that the supplies of the four countries covered under same were taken out of the world's market but under the Brownell and these other plans gold only is treated as a primary metal while silver is discriminated against as a temporarily favored commodity. Gold would remain at $20.67 per ounce as measured by itself but still steadily, though not as rapidly as at present, increase in value in its exchangeability for all other commodities.

Gold would have an unlimited demand, compared with nature's limited supply, created for it in its monetary use at a fixed price, while silver would have a limited demand created for it in its partial monetary use at a fluctuating price dependent upon the world's bullion value of silver.

For over 55 years I have been somewhat of a student of this question and a consistent advocate of the United States by independent action remonetizing silver at the ratio of 16 to 1 as contemplated under the Wheeler bill, S. 2487. In my humble opinion, the Pittman, Dill, Brownell, Leon, and Channing plans do not deal with the fundamentals of this question but are evidently formulated and suggested with the desire of temporarily increasing the bullion value of silver, one of the by-products of the mining interests, in this country rather than establishing the stabilization of exchange and securing a permanent financial yardstick applicable to our domestic as well as to the whole civilized world's international commerce.

Many months and possibly years of educational work would have to be expended to crystallize public opinion around the Pittman, Dill, Brownell, Leon, Channing, or other plans that are now before the country and further years of delay would be necessary before possible beneficial results could accrue to the mine owners in the permanent enhancement of the bullion value of silver principally a by-product and then no permanent stability of exchange would result as between silver standard and gold standard nations.

Neither agriculture nor any other class of our society would be permanently benefited and neither would the mine owners themselves be benefited except by a temporarily increased demand for their silver bullion, principally a by-product.

16 TO 1 RATIO

In the United States at the end of the calendar year 1929 we had silver stock in banks and treasuries of $855,498,000 estimated on our coinage value of $1.29 29/100 per ounce for fine silver.

If there were any change in ratio, then the total world's production of both gold and silver during the past 436 years would justify the adoption of a ratio of 14 to 1 but such an action, while making the bullion value of silver practically $1.47 per ounce for fine silver as compared with $20.67 per ounce for fine gold, would hardly justify the expense and annoyance incident to recoining our stock of silver dollars and subsidiary coin now in existence in the United States.

FUNDAMENTALS OF BIMETALLISM

The fact that the greater portion of the civilized world is on the silver standard and a very small portion of the civilized world now supposedly on the gold standard:

The fact that for many, many centuries silver and gold have been the only financial yardsticks of the civilized world:

The fact that the gold yardstick has been steadily increasing in its exchangeable value for all commodities and the silver yardstick has been decreasing in its exchangeable value for all commodities are the underlying reasons necessitating the earliest possible enactment of the Wheeler bill, in order to establish throughout the civilized world a common yardstick whether made of gold or silver in their exchangeability at a fixed price for each one with the result the world over of one financial yardstick, whether of gold or silver, to measure domestic commerce and international commerce and establish fixed international exchange.

Within one year after the enactment of the Wheeler bill, without any modification or amendment, into law Great Britain, France, Germany, and other European nations would be forced nolens volens to adopt the bimetallic standard or lose their world's trade with the silver-standard nations.

Thus no international conference or agreement, with their resultant delays, would be required.

It is estimated that our present National, State, municipal, county, corporate, and individual indebtedness in the United States is over $150,000,000,000, most of same being payable in gold. We are informed that we have in the United States less than $4,000,000,000 in gold.

Less than $4,000,000,000 of gold as the keystone of the arch on which an indebtedness of over $150,000,000,000 must rest inevitably, must ultimately result in financial disaster, unless this keystone be increased in relative size and stability which can only be accomplished by the earliest possible remonetization of silver on the basis of 16 to 1 by the United States without waiting for the consent, assent, or cooperation of any other nation on earth.

How can this best be accomplished?

Let Congress pass the Wheeler bill this session, and if vetoed by the President pass it over his veto.

Should this Congress fail to do this, then make the enactment of the Wheeler bill (S. 2487) a major issue in every congressional district in our country. Let every agricultural, labor, and commercial organization in the United States bring up this subject for intelligent discussion and issue a mandate by resolution to their Senators and Members of Congress instructing them to vote for this bill.

Request the nominees for the Presidency and Vice Presidency of both the Republican and Democratic Parties to declare their attitude on this question and pledge their honor if elected to sign the Wheeler bill if enacted by Congress and support in November the nominees giving such a pledge.

Should any of the public servants elected to the Presidency or Congress fail to obey the mandates of their constituents, then defeat them at the next opportunity for reelection.

Numerous plans have been suggested for increasing the volume of our currency.

Some advocate large bond issues with tax-exempt features and a rate of interest sufficiently attractive to insure their purchase.

Some advocate large governmental issues of currency bearing no interest; and in a study of this phase of the volume of money it is well to remember the experience of the German mark and the Russian ruble.

According to John Hix, a letter mailed from Berlin to London in 1923 bore postage costing 80,000,000,000 marks, once equal to $19,000,000,000.

Unlimited use of the governmental printing press must inevitably result ultimately in financial disaster to our country.

Unquestionably expansion in the volume of our currency would temporarily result in increased prices, but not necessarily values, for all commodities of which we produced no surplus for export, but would not correspondingly increase the world prices for commodities produced in other countries. No stability of international exchange would be assured. The cost of production would be increased in our own country, but the price of production in the rest of the world would in no manner be enhanced.

The enactment of the Wheeler bill only can bring about stability in international exchange, a resultant certainty of the establishment of prices and values for our agricultural products covering cost of production with a fair profit to the producer and minimize the ability of a few through control of banking or governmental operations to regulate the volume of currency or financial yardstick necessary for domestic and international commerce.

For many, many centuries the only primary moneys in the world have been silver and gold.

History shows for thousands of years that the money changers have tried to control the financial yardstick tokens of barter and exchange for both domestic and international commerce with the expectation that by so doing they could control world prices.

During the last century the Rothschild family dominated the finances of Europe, thus indirectly dominating the finances of the rest of the world.

Many think that with their ownership and control of the then known large gold mines in the world that in 1816 they forced Great Britain off the bimetallic and to the gold standard with the expectation of ultimately regulating and controlling the financial yardstick by making only one, namely, the gold yardstick, instead of two, namely, the silver and gold yardstick—the same influence forcing France to the gold standard in the 1850's, Germany in 1871, and the United States in 1873.

Theoretically it might be temporarily possible for 20 or 30 individuals, if they controlled the United States Federal Reserve Board, the Bank of England, the Bank of France, and the Bank of Germany, to enter into a conspiracy to regulate the volume of the world's currency, thereby resultantly controlling the prices of the world's commodities, so vitally affecting the happiness, contentment, occupation, and prosperity of the world's population.

If successful in effecting such a control, by expanding the world's currency they could inflate prices of all world's commodities and then distribute as fictitious values the securities which they had accumulated. After such accomplishment they could then decrease the volume of money, thus resultantly deflating or diminishing the prices of all world's commodities, with resultant greatly diminished prices in securities and then buy back at bargain sales the securities that they had distributed previously at inflated prices.

If such a conspiracy existed and continued unchecked this expansion of the volume of money with increased prices and distribution of securities held by the few followed by a period of decreased volume of money with resultant decreased prices of all the world's commodities with reaccumulation of securities at bargain prices would ultimately result in all the people outside of the few conspirators becoming practically vassals and peons, with the inevitable result that the people themselves would rise up in their wrath and take from the conspirators their wealth and probably their lives.

Is it possible that during the past century and a quarter these influences have tried to force gold monometallism upon the world and prevent the remonetization of silver at the ratio of 16 to 1 with its resultant doubling of the world's primary money, because their efforts to control the volume of currency must be minimized under bimetallism for the reason that nature herself has limited the supply of both metals and their scarcity and the expense incident to their production into bullion thus absolutely preventing an overproduction of either metal or a regulation by man as to the volume of production as long as both are used for money at a fixed standard of valuation?

At the conclusion of his speech of last January 25, Senator WHEELER issues the following challenge:

"I assert—and challenge intelligent criticism, not mere denial—of the following statements:

"First. The enactment of my bill into law would immediately thereafter nearly double the volume of the world's primary money, with the resultant increased conservative credit basis of twenty times the amount of primary money thus added to the world's stock.

"Second. Within one year after the enactment of this bill the world's price of wheat, cotton, and all agricultural products would be more than trebled.

"Third. The purchasing power of over 50 per cent of the entire world's population now using silver as their sole yardstick of exchange and business transactions would contemporaneously be quadrupled; that is, the value of the silver stock would increase from 30 cents to $1.30, resulting in the creation of a market which would more than absorb all the surplus of our raw materials and manufactured products.

"Within two years all our present agricultural land values throughout the United States would be more than quadrupled, thereby transforming the present frozen assets of the country banks in agricultural communities into liquid assets.

"The unemployed-labor problem would be rapidly solved.

"Both labor and capital would be benefited.

"Contentment, happiness, and lucrative occupation would be substituted for discontentment and despair, with their inevitable resultant tragedies to follow.

"It would relieve starvation in the midst of plenty.

"This legislation would do more than all suggestions heretofore combined toward reviving, encouraging, vitalizing, and resuscitating business in this country and throughout the world.

"The market prices of securities, especially the common stocks of all corporations enjoying honest, efficient managements and being properly financed, where listed on some of the great stock exchanges of this country, would almost contemporaneously show increased activity and market value.

"Mr. President, when we realize and when most of us know that there is a shortage of gold and what there is is maldistributed; when we realize that there is the one basic fact that is causing this depression, why is it that we do not have the courage to meet the issue squarely? Are we afraid of these international bankers in New York, who have done more than any one else to bring about the present condition of this country? Is that the reason why we are afraid to tackle the real problem that confronts the Nation?

"When we know what is wrong with the country and what we can do to remedy it, are we going to sit idly by and do nothing merely because the remedy we could apply is opposed by a little handful of bankers who at the present time, through regulating the quantity of money, can regulate the price of commodities?"

Thus far I have seen no acceptance of the challenge or attempted refutation of his statement, and I am convinced that his predictions as to the benefits resultant from the enactment of his bill as affecting all classes of our society are most conservative and can not possibly be disproved or intelligently discredited by any person.

When Senator WHEELER introduced his bill S. 2487 in the Senate he requested it be referred to the Finance Committee. On January 11 same was referred to the Treasury Department with the request for a report from that department on said bill.

During my six years' service in the Senate followed by nearly two years more as chairman of two joint congressional committees I was cumulatively impressed with the improbability of a Member of Congress securing a favorable report from any of the departments of the administrative branch of our Government unless such bill increased the powers either in authority or appropriations of one or more of the governmental departments.

Believing that many of our present Members of Congress hold similar views based upon similar experiences, it seems appropriate to quote herein the department's reply of January 30, signed by A. W. Mellon, Secretary of the Treasury, in its letter to Hon. REED SMOOT, chairman of the Committee on Finance in the United States Senate.

"In response to your request of January 11, 1932, for a report from this department of bill S. 2487, 'To establish a bimetallic system, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes,' the following is submitted:

"Bill S. 2487 proposes that both gold and silver shall be legal tender in payment of debts in this country and shall constitute the country's monetary standard, at a relative valuation of 16 to 1; that is, that 16 ounces of pure silver shall be legally equivalent in value to one ounce of gold, and that both gold and silver shall be freely coined in the United States Mint at this ratio.

"In the markets of the world silver is quoted in terms of gold at a ratio of more than 60 ounces of silver to 1 ounce of gold. The passage of the bill in question would give the status of a standard monetary unit to a dollar consisting of silver in the amount of only sixteen times the weight of gold, which now constitutes the standard dollar; this would place a value upon silver which is nearly four times as great as its present value in the open market in relation to gold. If such legislation were to be enacted silver would be offered to the Government in large quantities for coinage at the proposed artificially high price for silver. Gold would immediately be withdrawn from our currency, and bank reserves for hoarding and for export, and silver soon would become the country's sole effective standard of value. It seems hardly necessary to present arguments against the substitution of a silver for our present gold standard.

"The Treasury strongly recommends against favorable consideration of bill S. 2487."

Presumably this letter was signed perfunctorily by Mr. Mellon after directing some subordinate in the Treasury Department to prepare an adverse report to the Wheeler bill, S. 2487.

Let us analyze this letter.

Paragraph 1 simply repeats the caption to the Wheeler bill.

Paragraph 2 is a condensation of the context of the bill.

Paragraph 3 is supposedly the crux of Mr. Mellon's objection to the enactment of this bill. He says, "In the markets of the world silver is quoted, in terms of gold, at a ratio of more than 60 ounces of silver to 1 ounce of gold." How gratified Members of Congress must be for this information so readily obtainable from any newspaper containing stock reports. In the next sentence he says, "The passage of the bill in question would give the status of a standard monetary unit to a dollar consisting of silver in the amount of only sixteen times the weight of gold, which now constitutes the standard dollar; this would place a value upon silver which is nearly four times as great as its present value in the open market in relation to gold." This is exactly what the Wheeler bill, if enacted, proposes to accomplish. The concluding three sentences of Mr. Mellon's third paragraph and his objections as contained therein can not be justified by historical facts, logic, reason, or ordinary intelligence.

He says, "If such legislation were to be enacted, silver would be offered to the Government in large quantities for coinage at the proposed artificially high price for silver." From what source would these large quantities of silver come? Would the silver-standard nations, now representing over three-quarters of the population of the civilized world, voluntarily divest themselves of their only known financial yardstick (silver) in their domestic or foreign commerce, thereby necessitating cessation of all domestic business among themselves or foreign commerce with other nations of the world? Certainly not.

Mr. Mellon says, "Gold would immediately be withdrawn from our currency and bank reserves for hoarding and for export, and silver soon would become the country's sole effective standard of value." History absolutely refutes this mere personal opinion of Mr. Mellon, for during the period from 1792 to 1873 no such experience resulted in this country, although the United States during that period enjoyed the free coinage of both silver and gold, as provided for under the Wheeler bill, S. 2487.

Mr. Mellon concludes paragraph 3 as follows: "It seems hardly necessary to present arguments against the substitution of a silver for our present gold standard."

In the first place, the Wheeler bill does not contemplate nor provide for a silver standard, but for a bimetallic standard of both gold and silver at a fixed minimum value for each metal, namely, $20.67 per ounce of fine gold and $1.29 29/100 for an ounce of fine silver.

In the second place, Mr. Mellon neither has nor can he present intelligent arguments against the soundness of the Wheeler bill or the desirability of its earliest possible enactment into law.

Probably the real objection of the Treasury Department to this bill is a realization of the fact that nature's supply of both metals can not be regulated by man as well as centralized power in a few individuals may regulate the operations of the printing press as to the supply of the Nation's currency.

The volume of primary money which only controls values necessitates the cooperation of both nature and mankind. While the volume of other money does temporarily affect prices, it does not necessarily affect actual value, and can, as is now the case, be controlled by a few individuals through our present centralized power in our Federal Reserve Board.

If those Members of Congress possibly influenced by pride of authorship, personal jealousies, or advice of certain international bankers will now rally to the support of the Wheeler bill, S. 2487, it can readily be enacted this session of Congress and resultantly emancipate our people from the present era of selfishness, cowardice, and stupidity from which we are now suffering.

JONATHAN BOURNE, Jr.

WASHINGTON, D. C., *June 15, 1932.*

TRIBUTE TO VICE PRESIDENT CURTIS

Mr. BLAINE obtained the floor.

Mr. LEWIS. Mr. President, will the Senator from Wisconsin, before he enters upon a discussion of the pending bill, give me a second?

Mr. BLAINE. I yield.

Mr. LEWIS. I wish to acknowledge my indebtedness to the eminent Senator from Wisconsin, who is about to address the Senate on a very great measure.

I pause at this second to take advantage of this opportunity to express felicitations to the President of the Senate, serving as the Vice President of the United States, upon his being renamed as a nominee of one of the great political parties of the country, and to say that I feel I express the voice and the feeling of all the Senate that, whatever political view may be existing now or shall be expressed in the matters of a political campaign, the utter fairness, the desire for complete justice, the constant courtesy, and the considered civility which have always been extended to the Members of the Senate by the head parliamentary officer, the present Vice President of the United States, and now again the nominee, deserve grateful acknowledgment. This particular certificate I am sure the Senate delights to give in its felicitations to this officer upon the honor received at the hands of his great political party.

The VICE PRESIDENT. The present occupant of the chair thanks the Senator for his kind words.

ADJUSTED-SERVICE CERTIFICATES

The Senate resumed the consideration of the bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates.

Mr. BLAINE. Mr. President, prefacing my remarks upon the bill now before the Senate, I desire to state that I am no new convert to the proposition of paying the soldiers' adjusted compensation in cash immediately. My position has been from the beginning that the obligation recognized by the Government of the United States through Congress ought to have been paid promptly. The fact that past Congresses have not seen fit to direct the payment of that obligation is no argument now why this Congress should not direct the payment of the obligation.

There is no one who denies the obligation. The Congress of the United States has determined that there is an obligation upon the Government of the United States, not only by a majority vote of both Houses of Congress but also by a vote of two-thirds of each House of the Congress when the original law was enacted in 1924.

Therefore, Mr. President, I need not discuss the validity of that obligation. The Government of the United States has confessed judgment. It is now estopped from denying that obligation. The only question now before the Congress is whether or not we will pay now or wait until 1945.

I desire to consider, calmly and dispassionately, the provisions of the bill which passed the House of Representatives, with respect to its effect upon the monetary system of the United States, upon the credit of the United States, and from the standpoint of the security of the United States.

The main plea that has been made to deny the payment of the adjusted compensation has been that it would threaten the financial standing and the credit of the United States. If such a plea had any basis whatever, it is now too late to set up such a plea. If that plea has any basis whatever, the Congress of the United States has been dere-

lict in its obligation and duty toward the financial structure of our Government for the last 12 or 14 years.

If the Congress has made mistakes, if the Congress has made authorizations and appropriations which have threatened the financial integrity of the United States, that plea should not now be entered to deny the obligation into which the Government entered with the 4,000,000 men who served in the late war.

I desire to point out, as I said, calmly and dispassionately, the financial situation of the United States respecting its currency and its circulating medium. The daily statement of the United States Treasury, the last one I have been able to obtain, is dated June 13, 1932. That statement discloses the reserve that is back of our currency issue, and, as I will be able to demonstrate, this proposal to issue $2,400,000,000 of notes of the Government of the United States backed by an equal amount of bonds to guarantee the payment of those notes will in no way affect the credit or financial stability of the United States.

This is no new proposition. I find that there were outstanding on June 13 silver certificates, dollar bills, and $5 silver certificates, to the amount of $488,222,175. I find that there is deposited silver coin as a reserve against those silver certificates amounting to $501,073,417, which, on the date of this financial statement, were worth less than 28 cents on the dollar. In other words, there are in round numbers $350,000,000 of silver certificates without reserve. There is not even a guaranty back of them by way of bonds of the Government of the United States, such as is proposed in this bill. I repeat, there is $350,000,000 without a single ounce of intrinsic value in coin to sustain that enormous sum.

In addition to that, the United States Treasury statement discloses that there is $737,908,553 in national-bank notes outstanding on June 13, 1932, back of which is not a single ounce of gold and all of which rests exclusively upon Government bonds bearing a low rate of interest. There is nearly $740,000,000 in circulation of a currency of an identical character as is proposed by this bill. It is issued by the national banks. Under this bill the notes would be issued by the Government of the United States. That is the only difference. Both of them are guaranteed by the bonds of the United States.

In addition to these amounts the same statement of the Treasury Department discloses that there were $346,681,016 of United States notes and $1,222,550 of Treasury notes of the 1890 issue outstanding—almost $350,000,000 of the United States notes and Treasury notes, back of which there was a gold reserve of only $156,000,000 in round numbers, or another $200,000,000 of circulating medium that we have to-day. Nothing but the honor and integrity and financial power of the Government is back of that $200,000,000.

These three items aggregate in round numbers $1,300,000,000 of circulating medium, currency, and silver coin, without any security other than the promise of the Government of the United States either by law or under bonds which have been issued.

If the $2,400,000,000 proposed to be issued by this bill is dishonest money, then the $1,300,000,000 that are circulating to-day are dishonest. Yet despite the fact that there is $1,300,000,000 in circulation to-day of a currency without any reserve in gold or otherwise back of it, the financial stability of the Government and its credit have not been put in jeopardy.

But those are not the only sums, Mr. President. Those represent only a portion of the amount of currency that is in circulation or in anticipation of circulation against which there is not a single dollar or a single ounce of gold reserve. We have the Reconstruction Finance Corporation. Congress has empowered that corporation to issue $1,500,000,000 in bonds guaranteed by the Government of the United States. Every dollar of bonds that may be issued under that act will be an obligation of the United States of identically the same character as would be the $2,400,000,000 proposed by this bill.

Mr. President, if there is, or if there has been, any danger that might affect the credit or the financial stability of the United States, why did those who now oppose this bill vote to obligate the Government of the United States for $1,500,000,000 of the same character of obligation as is proposed in this bill. Ah, Mr. President, when that bill was before the Congress the Congress was thinking in terms of property and not of human beings. When the Congress of the United States voted to obligate the United States for $1,500,000,000 for the Reconstruction Finance Corporation, it was voting then to extend the credit of the Government for the benefit of whom? For the benefit of railroads, banks, and insurance companies. When the Congress was passing that bill we heard no voice here warning the Congress that we would endanger the financial integrity and credit of the United States. There was no voice here warning the Congress that we would debase our currency if we passed such a bill.

And yet, Mr. President, I challenge any Senator to point out the difference between the obligation of the United States under the Reconstruction Finance Corporation act and the obligation of the United States under the bill now before the Senate. There is no difference. There is no distinction except in name. Ah, there is one difference! The funds of the Reconstruction Finance Corporation were designed for the railroads and the banks and the insurance companies and for the House of Morgan, while the obligation of the Government of the United States under this bill is designed for the relief of human misery. That is the difference. It is a vast distinction when we come to the human element.

The advocates of the Reconstruction Finance Corporation act told us that we are loaning that money to the banks and to the railroads. Loaning it? Yes; technically we are loaning it for a period of five years. We have loaned millions of dollars to the railroads, a large portion of which has gone to J. Pierpont Morgan & Co. for the purpose of retiring obligations which Mr. Morgan's company held against the railroads. Other millions of the Reconstruction Finance Corporation have gone to banks.

Let us look at the railroads for just a moment. What assurance has the Government of the United States that that money will ever be repaid? Daily and weekly the carloadings are becoming less and less. More men upon the railroads are being thrown out of employment. As we see it to-day, there is no hope that the railroads can ever make a return sufficient to discharge their indebtedness.

Now let us see about the banks. The loans which have been made to the banks of the country are loans made upon security, it is true, but what security? The security came from the banks, obligations that they held against debtors of the banks. Those obligations owing the banks and which are now deposited with the Reconstruction Finance Corporation as security for the Government loans, came, or the money to furnish the original loans came, from the depositors in those banks. The securities that are required of course are ample to protect the Government of the United States—at least I assume they are ample; but what is going to happen to the banks when they are unable to pay the loans which they have obtained from the Reconstruction Finance Corporation? Surely the banks will not be able to pay those loans out of profits. That must be obvious to everyone. Then those loans can be paid only out of money of the depositors in the banks.

When the day comes for a settlement of those bank loans one need not be a prophet clearly to appreciate that those banks will find themselves in a condition far more serious than on the day they obtained the loan, with the result that the most valuable assets of the banks will be in the hands of the Reconstruction Finance Corporation. That corporation will have a preference; the obligations owing that corporation by the banks must be first paid. So, Mr. President, out of the return of this money to the Reconstruction Finance Corporation will come another period of bank failures and bankruptcies.

What is going to happen when that time comes? Mr. President, you know and I know what will then happen. You know and I know that the Government of the United States, through this Government corporation, will not at-

tempt to collect those loans. You know and I know, just as well as we know we are here this afternoon, that when the time comes to collect the debts against the railroad companies the Congress will not throw those railroads into bankruptcy and throw the banks into insolvency. That means either a cancellation of all those loans or a long period of moratorium. Of course, the funds supplied by the Reconstruction Finance Corporation are only loans, but is there anyone here in the Senate who believes that there is going to be an upturn in our affairs within the period when these loans must be paid? If there be such persons, then, Mr. President, I think they are clinging to a mere phantom—a phantom of hope—and our experience will be one of despair.

Mr. President, however that may be, the obligations of the Reconstruction Finance Corporation of $1,500,000,000 are obligations of the Government of the United States, identically the same as will be the obligation of the United States under this bill. There is no difference in character so far as the financial standing and credit of the Government are concerned.

But that is not all. The House of Representatives passed what is known as the Goldsborough bill, which provides for the issuance of additional currency through the Federal reserve system. The Committee on Banking and Currency of the Senate in reporting that bill to the Senate incorporated in it an amendment by the Senator from Virginia [Mr. GLASS] which provides for the issuance of at least $1,000,000,000 of national-bank notes without any credit other than the obligation of the United States, exactly the same security and the same obligation as is contained in this bill—bonds of the United States.

Now let us analyze some of these financial proposals just a little further. Under the Glass-Steagall bill, passed by the Congress in 1932, there is provision for an almost unlimited issue of circulating medium, 60 per cent of which is of identically the same character as is proposed in this bill. There is 40 per cent of gold, of course, as a reserve back of the circulating medium authorized under the Glass-Steagall bill, but 60 per cent of that medium, the greater part of it, has for its soundness and its stability only the soundness and stability that go with the Government of the United States—none other. That is identically the same standing and soundness, it is identically the same character of credit, identically the same character of obligation, identically the same protection as in the case of the issuance of the $2,400,000,000 under this bill.

Let me say here, Mr. President, that the bonds or obligations of the United States that are to be issued under this bill are to be deposited with the Federal reserve system and by that system sold as it may become necessary to sustain the market value of the obligations of the Government and prevent undue inflation. It is true that the same end could be accomplished by another means. The Government of the United States could issue $2,400,000,000 in bonds, sell those bonds, obtain the cash, and pay the soldiers' adjusted compensation. That is one way. It is proposed in this bill, however, that the other method shall be observed; but no matter which method may be employed the result is identically the same.

Mr. President, I have pointed out that there is $1,300,000,000 of the circulating medium, the security for which is none other than the obligations, the bonds of the United States or an obligation under the law, and of that $1,300,000,000 there is over half a billion dollars for which there is no obligation on the part of the Government except the obligation that obtains through its honor and its integrity as written into the law. There are no bonds issued as a reserve or a guaranty for the payment of the $550,000,000, as I pointed out earlier in my remarks.

Now, let me analyze this just a little further. Mr. Goldenweiser, director of research statistics of the Federal Reserve Board, testified before the committee in the House as follows:

> I have some figures here that will interest you. It shows that of the five and a half billion dollars of currency outstanding, there is about $750,000,000 in the banks, and about $1,250,000,000 probably still in hoards accumulated in the past 18 months and about $500,000,000 also in hoards but not created in this panic; just ordinary hoards, people having a little nest egg tucked away. There are about three hundred millions that are abroad, of which one hundred millions are in Cuba and two hundred millions in other countries, and about $100,000,000 has been destroyed. So that the total amount of money that does not do any actual business is $2,900,000,000 and the active money is about $2,500,000,000.

Of that active money, of that two and a half billion dollars, $1,300,000,000 has no security, no gold reserve back of it, no coin, nothing of intrinsic value, nothing other than the obligations of the United States in the form of bonds or by operation of law.

So, Mr. President, when we analyze the real condition of the circulating medium of the country we at once appreciate that we are here creating a circulating medium backed by an obligation, namely, Government bonds, that is of the same character as the obligation back of the outstanding $1,300,000,000 to which I have referred.

Moreover, Mr. President, under this bill it is provided that the Treasurer of the United States shall issue these bonds at a rate of interest of 3½ per cent, which rate will sustain the value of the bonds on a parity with existing Federal bonds.

Mr. President, after the issuing of the United States notes these bonds of an equal amount are to be deposited with the Federal reserve banks as the agents of the United States in approximate proportion to their current issue at the date of the passage of this bill, and then the Federal Reserve Board is directed to dispose of those bonds, or a portion of them, as from time to time it may be desirable or necessary. In other words, instead of disposing of the bonds and throwing $2,400,000,000 of Government securities upon the markets all at one time, it is proposed that these bonds may be sold from time to time, and thus preserve and stabilize a healthy market for United States bonds.

That means a monetary system far more stable than are the silver certificates, than are the United States notes that are now outstanding, commonly known as greenbacks, or at least as stable, with the exception of the $152,000,000 in gold reserves; as stable as are our national-bank notes; in fact, of a similar character and stability as is now the greater portion of our active circulating medium of exchange.

So much with respect to the method designed for raising the cash with which to pay the soldiers' adjusted-compensation certificates.

Now, I desire to turn my attention to the righteousness of the proposal.

As I said at the opening, the Government has settled the policy that there should be paid adjusted compensation. I do not contend that the Government afforded a compensation for soldiers that was on a parity with compensation paid to civilians during the war. I think that the Government, when it passed the soldiers' adjusted compensation act, drove a hard bargain against the soldiers of the country. The bill originated in the House of Representatives. It went to the floor of the House under a rule which prevented the submission of any amendments. The great financial organizations, the powerful vested interests of this country, who then controlled the Congress, saw to it that the Congress should take that bill or no bill; that the House should vote that bill without the crossing of a "t" or the dotting of an "i." It was under those circumstances that the bill passed the House of Representatives; and, of course, that gave these powerful, sordid, selfish interests of the country the opportunity to drive a hard bargain against the men who served their country in the World War.

Mr. President, equality and justice often becomes comparative; and at the risk of repeating much that has been said by other Senators who have preceded me in this debate, I shall not forego the opportunity to point out, by way of comparison, the injustices and the inequalities in which the Government has been engaged respecting the treatment of the men who fought the war and the men who profited out of the war.

Mr. President, had the Government of the United States demanded payment of our foreign debts, had America demanded payment from foreign governments in an amount equal to the obligations the Government of the United States

assumed respecting the World War, this adjusted compensation could have been paid fivefold out of the money owing to America by foreign nations.

The junior Senator from Nebraska [Mr. HOWELL], than whom there is none more familiar with the status of foreign debts and who has made a close analytical study of foreign debts, on May 27, 1932, summarized the debt settlements. I will quote but a portion of his remarks made in the Senate. He said, referring to the foreign governments:

> Their debts, exceeding $12,000,000,000—or, to be exact, $12,090,667,000—were canceled, the debtor nations agreeing merely to help us out in paying interest on the money we had borrowed to loan them. Yes; and all they are to pay, taken together, is the equivalent of less than 2⅝ per cent interest annually for 62 years on this $12,000,000,000. Then they are through. We must pay the $12,000,000,000 without help, and also the difference between this 2⅝ per cent interest and the interest we are paying on the money we borrowed to loan them.

The cancellation of over $12,000,000,000 owed by the foreign governments to the United States!

Is there any justice, is there any equality recognized in our Nation when we give away to foreign nations $12,000,000,000 and then deny this meager, measly amount of $2,400,000,000 to our soldiers?

And that is not all. Let us carry this comparison a little further. We will then have some conception of the manner in which we treat human beings here at home and the generous treatment we give to foreign nations and to special interests in our own country.

Before leaving this question of foreign debts, do not forget that our cancellation of those debts owed America was not only for the benefit of European countries, but also for the benefit of international bankers residing here in America. Those same foreign governments or their industries had borrowed billions of dollars, made private loans here in America, loans furnished by the international bankers; and if those international bankers could procure a cancellation of the amount owed to the American Government by foreign nations, then, of course, that would enhance their opportunity to receive payment from foreign governments on their private obligations.

As the able Senator from Indiana [Mr. ROBINSON] said, we settled the war contracts. We paid in cash. We did not wait 15 or 20 years, or 27 years, in fact, as is proposed by the adjusted compensation law.

The settlement with the war contractors was made as the war came to a close, or within a short time after. So the great Government of the United States, our generous Congress, appropriated some $3,000,000,000 for the benefit of war profiteers, $3,000,000,000, a sum in excess of the amount proposed to be paid to the soldiers under this bill.

Mr. President, let me emphasize that when the Congress paid on those war contracts property was involved. Do not forget now that human life is involved.

Then the same generous Government, acting through a generous Congress, very shortly after the close of the World War, either by gifts or by loans, advanced to the railroads of this country $2,000,000,000, a sum almost equal to the amount proposed by this bill.

That is not all. Property not being satisfied, property demanding more payments, property, represented by the railroads of this country, is now knocking at the doors of Congress to have returned to them $360,000,000 under the recapture provision of the Esch-Cummins law, and, if I mistake not, if that bill can be brought before the Congress, those powerful interests will have no need of sending here an army of men to plead with the Congress to be generous with the railroads. There will be found lobbyists just outside the door, not in hundreds, not in thousands, but clever, scheming, dangerous men, a menacing influence to a free government will occupy only a seat or two in the waiting room of the Congress, and there command a supine and spineless Congress to bend its knees and lift its voice and vote millions for the benefit of the railroads.

Not long since there was a bill before the Senate proposing an appropriation of $125,000,000, of money that belonged to the people of the United States, to be turned over to the banks of this country. That is not a large amount, but the banks of this country, the large banks, the 1 per cent of the banks which control almost 99 per cent of the banking assets, are demanding that the Government pay into an organization for their benefit $125,000,000, and I understand with the recommendation and approval of the Secretary of the Treasury of the United States.

Mr. President, I have briefly outlined some of the proposals in the past, some of the accomplishments in the past, some of the appropriations in the past, which have taken millions upon millions of dollars, the aggregate of which would have paid the soldiers' adjusted compensation many times. When those appropriations were put through there was no Committee on Finance warning the Senate or the Congress or the country that those proposals would threaten the financial structure of the Government and menace the credit of the Government. Oh, no; property interests were then involved. We were then worshiping at the golden shrine. But it is a different picture now.

When it is proposed to relieve human agony, human misery, human distress, ah, the specter is raised, and it is said that if we issue bonds we are going to menace the financial integrity of our country. But, Mr. President, I put this proposition as contained in this bill upon some other ground than relief. The Government owes an obligation, recognized and confirmed by law. When the Government recognized that obligation, it drove a hard bargain against the soldiers.

The time has now come, however, when there is agony, when there is distress, when there is hunger abroad in the land, when there is unemployment, and when, it was admitted by opponents of this bill in the House, 30 per cent of the former service men are without work. They have joined the great army of unemployed.

The question in this instance, Mr. President, as I said, is not a question of relief fundamentally. Of course if this bill is passed, out of this bill will come relief, but, as I maintained here this afternoon, now is the time when the American Government should discharge the obligation into which it entered in 1924. It should discharge that obligation, because now is the time when the veterans of the World War need and will receive the greatest benefit.

Mr. President, the performance of the obligation of the Government has been too long deferred. Recognition of that obligation was deferred six years too long. Then, in the discharge of the obligation, another 21 years was proposed. Twenty-seven years after these men laid down their arms we propose to pay the obligation if we vote against this bill.

Let me emphasize we forgave the foreign debts and forgave those debts promptly. We settled on the war contracts with the war profiteers promptly. We settled with the railroads promptly. Yet it is proposed by the opponents of the bill to defer payment of the obligation until 27 years after the obligation was incurred. The obligation was incurred even before the men were mustered out of service. The obligation was incurred the moment the men were inducted into the service of the United States.

Mr. President, I have endeavored to outline the situation primarily from the standpoint of the fiscal affairs of our Government. I do not know whether there is any Member of the Senate who is willing to rise in this Chamber and justify a vote to kill the bill. But if there be such a Senator, then I challenge him to point out in what respect and to what degree I have been in error in outlining the fiscal condition of the Government in relation to its currency, its monetary system, and its bonded obligation. I do not want to engage in any passionate plea. That would not serve the purpose that I want to accomplish as I look upon the situation.

I have chosen rather to give the matter a cool, calculating analysis so that those who may oppose the bill will not be able to raise the cry that we are menacing and threatening the stability of our financial and credit system in this country. Mere declarations, mere vaporings, that the provisions of the bill threaten our financial structure are not an answer. I have marshaled the facts respecting our fiscal condition. I challenge now anyone to controvert successfully those facts.

However, Mr. President, in closing I desire to emphasize what the Senator from Indiana [Mr. ROBINSON] said and what was said by the senior Senator from Nebraska [Mr. NORRIS] in relation to war. I shall make this emphatic observation, that war will not cease until those who make profit out of war are compelled to pay the cost of war, even in agony and sacrifice, as has been done by those who fought the war.

I make the further observation, Mr. President, that we can not do our full duty until by law, by the orderly processes of the Constitution, we compel those who profit out of war to surrender those profits that are made out of the blood and the sacrifice and the lives of the young men who are sent to war.

Mr. President, let me say that the money these men will receive if this bill is passed will not be hoarded. There may be among the soldiers, and no doubt there are, men who are in such financial circumstances that they do not need the immediate payment of the adjusted compensation. But we can not subject these service men to the humiliation of declaring themselves as paupers before they receive the money. They have all performed services of relative character in the same war, and we must accept the entire group as a whole. We are not here to settle that question now. That policy has been fixed by the Congress. The Congress has said that all men who served in the World War for more than 60 days shall be entitled to the compensation fixed by the original act. Congress has fixed the policy and Congress has settled the obligation as to its terms, and we are here only to carry out that obligation by making the payment immediately instead of deferring it until 1945.

Mr. President, I can not close until I shall have read a brief excerpt from a statement by General Glassford, who is Superintendent of Police for the District of Columbia, in which he referred to the veterans who have come to Washington to present in person their pleas in behalf of themselves and their comrades. General Glassford said:

> They have demonstrated their loyalty to the flag. They were heroes cheered in 1919. To-day they are without employment, without means of support, homeless, and outcasts. They can not find work. Surely they are entitled to an opportunity to acquire a decent livelihood.

Thus spoke the head of the Metropolitan police department of the Capital City of the Nation. These men are here lawfully, as I suggested on the floor not many days ago when I was attempting to obtain from Congress an appropriation that the Government might furnish proper housing facilities, proper sanitation, proper hospitalization, and necessary food for these men. I said they were not coming to Washington in a mass demonstration for the purpose of coercing Congress; that they were here as citizens of this great Government of ours, gentlemanly, courteous in their attitude and conduct, pursuing a lawful course, for it must be conceded, as Congress has declared, that what a person may lawfully do singly men may lawfully do in concert. So these men are here in their own right and in behalf of themselves and their comrades everywhere.

Great sacrifices they have made; they have been subjected to great privations; billeted in the mud and the damp, with inadequate housing, inadequate food, inadequate sanitation, inadequate hospitalization; in fact, many of the necessities have been denied to them which the Government could have granted to them had the Secretary of War recognized our obligation to humanity. With plenty of tents, available from the stores of the Army of the United States, and field kitchens, blankets, and all the necessary equipment that attends an army, yet this Government declined, through the Secretary of War, to furnish some of the bare necessities that these men might live here in some degree of comfort. However, notwithstanding all these neglects, notwithstanding that Congress has deferred their just compensation, notwithstanding that the Government has settled with the war profiteers, has settled with the railroads, has settled with every selfish interest, notwithstanding all the neglects and all the injustices, these men have conducted themselves peacefully, quietly, gentlemanly, and courageously. When they go home they are entitled to carry to their respective communities the message that they not only honored themselves but they honored World War veterans everywhere.

Mr. President, I have, in a very inadequate way, outlined the evidences of the ingratitude of this Government toward the veterans; I have endeavored to outline but briefly its generosity toward foreign governments and foreign peoples and its refusal to perform properly its obligations to our soldiers.

I recall when these boys went to war how the bands played and the colors were unfurled as they were marched to depots to be entrained. I recall how eloquent gentlemen mounted the platforms, bade the boys good-by, and told them what a grand and glorious opportunity was afforded them to make this sacrifice for their country, even the sacrifice of their lives. As I said the other day, however, some of those eloquent gentlemen had their fingers crossed when they told the boys that when they came back jobs would be procured for them, that compensation would be procured for them, that everything would be done for them, that nothing would be neglected.

Oh, yes, Mr. President. These boys, men to-day, are the Tommy Atkinses of Kipling fame. When they come to Washington to make their plea and to present their petition asking the Government of the United States to discharge its obligations in these times of stress and poverty and unemployment, the Government, if the Senate rejects this bill, will say to these Tommy Atkinses:

> Its Tommy this, and Tommy that,
> But, Tommy, stay outside.

It was quite different in the days of the war; then it was:

> "Mr. Atkins" when the troopship's on the tide.

The VICE PRESIDENT. The question is on the third reading of the bill.

Mr. THOMAS of Oklahoma. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kean	Robinson, Ark.
Austin	Dale	Kendrick	Robinson, Ind.
Bankhead	Davis	Keyes	Schall
Barbour	Fletcher	King	Sheppard
Black	Frazier	La Follette	Shortridge
Blaine	George	Lewis	Smoot
Brookhart	Glass	McGill	Steiwer
Bulkley	Glenn	McNary	Thomas, Okla.
Byrnes	Goldsborough	Metcalf	Trammell
Capper	Gore	Moses	Tydings
Caraway	Harrison	Norris	Vandenberg
Cohen	Hatfield	Nye	Walsh, Mont.
Connally	Hayden	Oddie	Watson
Coolidge	Hebert	Patterson	White
Costigan	Johnson	Reed	

Mr. McNARY. I desire to announce that the Senator from Washington [Mr. JONES], the Senator from Maine [Mr. HALE], the Senator from Louisiana [Mr. BROUSSARD], and the Senator from New Mexico [Mr. BRATTON] are detained in the Committee on Appropriations.

The VICE PRESIDENT. Fifty-nine Senators having answered to their names, a quorum is present.

INVESTIGATION OF CAMPAIGN EXPENDITURES

Mr. NYE. Mr. President, I rise to address myself very, very briefly to a matter quite removed from the issue which is pending before the Senate at this time. Perhaps I owe the Senate an apology for taking even as little time as I shall.

I am not one who expects that in public life one can avoid criticism. I expect a great deal of it, and for the most part quite ignore it. However, there are occasions when criticism becomes so vicious that one can not avoid giving it attention.

A newspaper, published not in my own State but in a neighboring State—the Minneapolis Journal, of Minneapolis, Minn.—has been giving vent to many editorials of late respecting the expenditures made by the campaign-fund investigating committee, of which I was chairman two years ago. I should quite ignore these editorials were it not for the very, very vicious nature of them, and the reflection which has been cast upon one Member of the Senate besides myself, a colleague of mine on that committee. The only possible way that I have of reaching those who may read these editorials is by the method I now pursue.

The particular editorial to which I refer is one alleging and insinuating that my colleague upon the committee, Senator DALE, of Vermont, and myself may have had an understanding relative to the division of spoils or payments which were made to Senator DALE by reason of an expense incurred by him in a trip from his home to a meeting of the committee in Montana and back again. The RECORD is resorted to in this editorial to show that Senator DALE was paid twice for the same trip, in each case the amount being in excess of $400. So, Mr. President, I ask unanimous consent to have printed in the RECORD at this point the details of the voucher appearing on page 3439 of the CONGRESSIONAL RECORD of January 29, 1931, and a second voucher appearing on the same date at page 3441, and a third voucher appearing at page 3454 of the same issue of the RECORD.

The VICE PRESIDENT. Without objection, that order will be made.

The matter referred to is as follows:

Date paid	No. of voucher	To whom paid and for what object	Amount	Total
1930	63	*Fiscal year 1930*		
Sept. 13		Estell C. Healy:		
		1930		
		Sept. 19. For reimbursement of expenses incurred as assistant secretary of the select committee investigating campaign contributions and expenditures of senatorial candidates under resolution of Apr. 10, 1930, from Aug. 4 to Sept. 12, as follows:		
		Paid Baltimore & Ohio Railroad Co. for transportation and Pullman charges for Senator Nye and assistants from Washington, D. C., to Chicago, to Salisbury, N. C., to Louisville, Ky., to Elizabeth, N. J., to Glacier Park, Mont., for period from Aug. 9 to Sept. 3	$522.15	
		Sept. 19. For reimbursement of expenses incurred as assistant secretary of the select committee investigating campaign contributions and expenditures of senatorial candidates under resolution of Apr. 10, 1930, from Aug. 4 to Sept. 12, as follows:		
		Paid to Senator Dale, expenses of attending meeting	420.00	
Oct. 9	95	Gerald P. Nye, chairman:		
		1930		
		Oct. 9. For reimbursement for expenses incurred from Aug. 2, to Sept. 30, 1930, as chairman of the special committee investigating campaign contributions and expenditures of senatorial candidates under resolution of Apr. 10, 1930, as follows:		
		Transportation for self, members of committee, and investigators, including Pullman charges, meals en route, and porterage—		
		Aug. 22-24, Fargo to Glacier Park, Mont.	112.84	
1931				
Jan. 6	330	Porter H. Dale:		
		1930		
		For reimbursement of expenses incurred in attendance at hearings held by special committee investigating contributions and expenditures of senatorial candidates, under resolution of Apr. 10, 1930, from Aug. 14 to Nov. 23, as follows—		
		Transportation, including Pullman charges—		
		Washington, D. C., to Glacier Park, Mont., and return to Island Pond, Vt. $408.24		
		Island Pond, Vt., to Chicago (2 trips, Sept. 18 and Nov. 10) 201.56		
		Chicago to Island Pond, Vt., via Battle Creek and Washington, D. C 148.24		
		$758.04		
		Hotel accommodations at Chicago 22.00		
		Subsistence en route and at Chicago and Lincoln 72.70		
		Telephone service at Chicago .30		
		Taxi fares and porterage 32.85		
			885.89	
		Less voucher paid on Sept. 19	420.00	
			465.89	
		Less voucher paid on Dec. 13	105.00	
				$360.89

Mr. NYE. Also I ask to have printed in the RECORD a telegram which I have this day addressed to the Minneapolis Journal and to the Grand Forks (N. Dak.) Herald, which saw fit to copy the Minneapolis paper's editorial.

The VICE PRESIDENT. Without objection, it is so ordered.

The telegram is as follows:

JUNE 17, 1932.

EDITOR GRAND FORKS HERALD,
Grand Forks, N. Dak.:

The following telegram was just dispatched to the Minneapolis Journal. Since it concerns your paper also I desire to make it available to you, with a request like that I have made of the Journal, for a correction and revealing of the facts. The telegram follows: "In a recent editorial published in the Minneapolis Journal and copied under date of June 13 in the Grand Forks (N. Dak.) Herald you have presented alleged abuses by myself of the funds made available by the Senate for investigation by the Select Committee on Senatorial Campaign Expenditures, of which I was chairman. You recite voucher No. 63, showing payment to the 'Baltimore & Ohio Railroad Co. for transportation and Pullman charges for Senator NYE and assistants from Washington D. C., to Chicago; to Salisbury, N. C.; to Louisville, Ky.; to Elizabeth, N. J.; to Glacier Park, Mont., for period from August 9 to September 3,' said voucher calling for payment of $512.15. You then recite voucher No. 95, as follows: 'Transportation for self, members of committee, and investigators, including Pullman charges, meals en route, and porterage, August 22 to 24, Fargo to Glacier Park, Mont., $112.84.' Your ostensible purpose in presenting these two excerpts from vouchers has been to at least insinuate that I had been reimbursed twice for the same item. If your Washington correspondent would have taken the time to inquire into these vouchers and availed himself of substantiating information, which would have been made available to him upon inquiry, he would have found that voucher No. 63 was made to cover the expenses of three different agents of the committee in the prosecution of committee work, and the only part which was for the expense of myself was for a ticket from Washington to Chicago.

"In the same editorial you again refer to voucher No. 63, in which is shown a payment to Senator DALE, of Vermont, to cover expenses of attending meeting, payment being in the amount of $420. Then you refer to voucher No. 330, made out to Senator PORTER H. DALE, of Vermont, under date of January 6, 1931, carrying this item for reimbursement of expenses, 'Transportation, including Pullman charges, Washington, D. C., to Glacier Park, Mont., and return to Island Pond, Vt., $409.24.' You then declare that this seems 'on its face to be a double payment of Senator DALE'S fare to Glacier Park, with no way of telling who got the extra $400.' Your insinuation is that if Senator DALE himself did not receive this double payment that some one else, possibly myself, received it through a system of juggling accounts. I should hardly expect any fair play from a newspaper that serves the interests of selfishness and greed as thoroughly as does the Minneapolis Journal, but for the sake of the record and in fairness to Senator DALE and myself, I respectfully request that you present to your readers the truth revealed by the vouchers which you quote in part. In the same voucher No. 330 from which you quote you will find in the item concerning Senator DALE'S account the following language, which clearly reveals that the amount of $420 was deducted 'less voucher paid on September 19, $420.' This should clearly reveal to the most dense mind that Senator DALE was not paid more than once for the specific journey with which your editorial deals. In reviewing the statement of expenditures by the committee, as contained in the CONGRESSIONAL RECORD, from which you have quoted in your editorial, I am at a loss to see how your editorial of recent date to which I have referred could have been the result of any error or oversight. Instead it appears very clearly to have been an editorial by one undertaking a task with most malicious intent. May I request your immediate attention to the affording of a correction of the impression which your editorial has left with respect to Senator DALE and myself by publication of the facts in as prominent a position as the false charges appeared in your columns?"

GERALD P. NYE.

ADJUSTED-SERVICE CERTIFICATES

The Senate resumed the consideration of the bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates.

The VICE PRESIDENT. The bill is before the Senate, and open to amendment. If there be no amendment to

be proposed, the question is, Shall the bill be read a third time?

The bill was read the third time.

The VICE PRESIDENT. The bill having been read three times, the question is on its passage.

Mr. ASHURST. I call for the yeas and nays.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent that the yeas and nays may be considered as ordered.

Mr. SMOOT. Mr. President, will the Senator yield before that is done?

Mr. THOMAS of Oklahoma. I yield.

Mr. SMOOT. I asked General Hines to transmit to me a statement of the pertinent data in regard to the proposed amendment of the World War adjusted-compensation act. I have just received those data, and now ask that they be inserted in the RECORD at this point. I shall not take the time to have them read.

The VICE PRESIDENT. Without objection, it will be so ordered.

The matter referred to is as follows:

The act of May 19, 1924, provided for veterans with a lesser rank than major in the Army and lieutenant commander in the Navy being credited with additional compensation on the basis of $1 per day for service in the United States and $1.25 per day for service overseas in excess of 60 days, with the limitation that the adjusted-service credit of a veteran who performed no overseas service could not exceed $500, and that the credit of a veteran with overseas service could not exceed $625.

Credits of less than $50 were made payable immediately in cash and credits due deceased veterans who had not made application for an adjusted-service certificate were payable to their dependents in 10 equal quarterly installments.

Veterans making application for the benefits conferred by the statute who established entitlement to a credit in excess of $50, had added to the adjusted-service credit because of deferred payment an additional 25 per cent, and this gross credit was applied as a net single premium on the basis of the American experience table of mortality with interest at the rate of 4 per cent, compounded annually, to fix the amount of the adjusted-service certificate provided for in the act, which is essentially in nature a 20-year endowment insurance policy.

The adjusted-service certificate fund was created for the purpose of providing for the payment of the certificates upon maturity. The amount to be contributed by the United States Government was provided to be calculated, based on an annual level premium according to the American experience table of mortality, with interest at 4 per cent, compounded annually.

It was also provided that after the expiration of two years from the date of issue the adjusted-service certificates would have a loan value to be computed on the basis of 90 per cent of the reserve value based on an annual level net premium over 20 years, calculated in accordance with the American experience table of mortality, with interest at 4 per cent, compounded annually. The act provided that the certificates would be, after the 2-year period elapsed, good as collateral security for a loan from any bank or trust company incorporated under the laws of any State, Territory, or possession of the United States. The law was subsequently amended on the 3d day of March, 1927, whereby the United States Government life-insurance fund was made available for use for the purpose of making loans on adjusted-service certificates, and under date of February 27, 1931, further amendment was passed increasing the loan value of the certificates to 50 per cent of the maturity value and making the adjusted-service-certificate fund available from which loans could be made.

As an illustration, a veteran with 178 days' service in the United States in excess of 60 days and 176 days' service overseas, would be entitled under the act of May 19, 1924, to a service credit of $398, which would entitle the veteran to an adjusted-service certificate of $1,000 in the average case. On the basis of the certificate being issued January 1, 1925, it would have, if the earned portion of the 25 per cent additional credit is allowed, a present value of $542. If the whole of the 25 per cent is credited, the present value would amount to $623. If the veteran borrowed the full 50 per cent on March 1, 1931, on June 30 there would be a lien against the certificate of $530.34.

The maturity value of the certificates outstanding as of May 1, 1932, amounts to $3,514,713,333. The amount of the adjusted-service credit used in fixing the maturity value of the certificates is $1,407,551,398, and the additional credit granted because of deferred payment amounts to $351,887,851. The present value of the certificates on the basis of allowing the earned portion of the additional credit is $1,879,331,854; and the present value, if credit is given for the full 25 per cent without regard to its being earned by the passage of time, is $2,160,151,557.

The number of certificates pledged with the Veterans' Administration for loans is 2,567,367, and it is estimated that 150,000 certificates are held as collateral security by banks. The loans outstanding aggregate $1,415,220,091.79, distributed as follows:

Adjusted-service-certificate fund	$991,166,776.78
United States Government life-insurance fund	364,053,315.01
In the hands of banks	60,000,000.00

There has been appropriated to date to the adjusted-service-certificate fund from the Treasury by the Congress $1,096,000,000. The present value of the fund is $1,110,886,457.78.

H. R. 7726 provides for the immediate payment of the maturity value of the certificates, which would require funds to the extent of $2,403,326,875.22 being provided.

The amendment suggested by Senator THOMAS of Oklahoma would limit the payments to be made under H. R. 7726 to those veterans who are in need. However, as need is to be presumed as established for those veterans who have already borrowed on their certificates and as a prima facie case is to be concluded on the basis of a statement from the veterans who have not borrowed, it is not considered that the amendment advocated is sufficiently restrictive as to materially decrease the amount of funds required to give the bill effect.

The plan recommended by Senator CONNALLY, of Texas, is to fix a present value on the adjusted-service certificates by using the adjusted-service credit plus the additional 25 per cent, and thereon granting interest at the rate of 4 per cent, compounded annually, the value of the insurance already enjoyed by holders of unmatured certificates to be disregarded.

The total adjusted-service credit amounts to $1,407,551,398 and the amount of the 25 per cent additional credit totals $351,887,851, or an aggregate of $1,759,439,249. The amount of compound interest would be $591,051,594, and the present value of outstanding certificates based upon this method of calculation would be $2,350,490,843, and as the value of the adjusted-service-certificate fund is $1,110,886,458, the additional amount which it would be necessary to raise is $1,239,604,385.

Veterans' Administration—Disbursements as of April 30, 1932

	To June 30, 1931			Veterans' Administration	
	National homes	Bureau of Pensions	Veterans' Bureau	During April [1]	Fiscal year 1932
Veterans' Administration homes	$250,312,883.84				
Army and Navy pensions		$8,169,801,911.88	$234,176,282.66	$19,751,215.15	$194,956,501.17
Maintenance and expenses for pensions		151,212,728.16	1,744,732.30		
Military and naval compensation			1,891,950,451.08	26,868,450.49	262,515,605.64
Military and naval insurance (term)			1,374,004,790.35	11,630,528.89	105,690,148.14
Government life insurance [2]			143,675,359.21	2,408,740.64	23,183,213.45
Medical, hospital, and domiciliary services			420,011,705.25	78,280.09	[3] 7,640,051.65
State and Territorial homes					599,865.32
Administrative [4]			425,408,361.08	8,863,378.16	79,344,523.65
Hospital and domiciliary facilities and services, Veterans' Administration			52,328,514.27	1,041,335.20	10,257,895.52
Adjusted-service-certificate fund [5]			110,735,825.17	2,334,886.30	19,075,493.10
Adjusted-service and dependent pay			40,823,757.04	523,913.63	2,429,451.35
Vocational training			[6] 644,960,808.83		[7] 17,099.11
Allotments and allowances			582,926,255.95	2,240.34	8,679.06
Marine and seamen's insurance			35,077,918.69		
Miscellaneous			299,212.54	20.00	3,949.47
Total	250,312,883.84	8,321,014,640.04	5,958,123,974.42	73,502,988.89	705,688,278.41

[1] Gross figures used for April. Adjustment will be made on subsequent report.
[2] Does not include investments and loans.
[3] Disbursements out of appropriations for previous years; for the fiscal year 1932 included in "Administrative."
[4] Administrative includes medical and hospital services, 1932, salaries and expenses, etc.
[5] Represents payments on certificates matured by death of veterans. Also includes $485,047.45 to June 30, 1931, and $3,420,315.12 for fiscal year 1932, deducted from payment of matured certificates on account of loans previously made from adjusted-service-certificate fund (plus accrued interest from date of loans to death of veteran).
[6] Includes $9,313.29 revolving fund, loans outstanding June 30, 1931.
[7] Credit.

NOTE.—Amount disbursed from insurance premiums and allotments, $956,362,612.48.

Civil Service Retirement and Disability Fund

	To June 30, 1931	During April	Fiscal year 1932
Annuities and refunds	$131,809,483.19	$2,352,632.84	$22,968,784.82

The VICE PRESIDENT. Is there objection to the request of the Senator from Oklahoma that the yeas and nays be ordered? The Chair hears none, and the yeas and nays are ordered.

Mr. THOMAS of Oklahoma. Mr. President, inasmuch as I have occupied considerable time upon the floor upon this bill, if there is any Senator who desires to be heard, either for or in opposition to it, I shall gladly waive my right to the floor at this time in his favor.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. I expect to consume a little time, but I am perfectly willing that the Senator from Oklahoma should go ahead, and I will speak later.

Mr. THOMAS of Oklahoma. Mr. President, I will not use any extended time in the further advocacy of this bill.

The bill has been pending before the Congress since its convening in December. The bill has been thoroughly considered in the other branch of the Congress. Hearings were held before the appropriate committee for some three or four weeks.

After the hearings were concluded the Ways and Means Committee, having jurisdiction of the bill, made an adverse report upon the bill.

The parliamentary situation was such that the proponents of the measure could not bring the bill to a vote. The friends of the measure were forced to resort to the filing of a resolution in the Rules Committee of the House of Representatives asking for a rule under which this unfavorable report could be considered before the House. The Rules Committee refused to report that resolution favorably; whereupon, under the rules of the House, a petition bearing the signatures of 145 Members of the House was at the proper time presented to the House, and under the rule the resolution had to be brought forth from the Rules Committee. The rule was finally adopted, bringing the measure before the House for a vote.

After consideration in the House a vote was taken and the bill received 211 votes for, and 176 votes against; whereupon the bill, under the parliamentary practice, was messaged to this body.

The bill came here but two days ago; and I wish to express my personal appreciation of the activities of the Finance Committee in receiving this bill, giving it a speedy consideration, and reporting it back within 24 hours, although with an adverse recommendation.

So, Mr. President, the bill now is before the Senate with an adverse report—a report that the bill do not pass—and I am violating no confidences when I say that the vote against the bill in the Committee on Finance was 12 against and 2 for.

Mr. President, I am not under any delusion as to the fate of this measure before this body. I know the influence at work against this measure. It is very largely propaganda, but it is propaganda to serve a special interest, and that interest is those who have their wealth in fixed investments, who want the buying power of the dollar kept at its present elevated value.

The Department of Labor has advised that the dollar at the present time will buy $2.03 worth of farm commodities; that taking the wholesale list, the present value of the dollar will buy $1.53 worth of commodities. Hence, those who have wealth in the form of fixed investments, those who have bonds, those who have mortgages, those who have notes, and those who have vast bank deposits, want this value kept at that high figure, so that their dollars will buy more than 100 cents of values.

Mr. President, this bill is before this Senate and the Congress upon a petition signed by more than two and one-half million American citizens. The petition is on file in the archives of the Congress. Because of the delay in the other House, because these petitioners failed to get speedy action upon this bill, these petitioners, many of them, something like two months ago, started toward Washington. They have been coming ever since; and to-day more than 20,000 veterans, American citizens, and signers of this petition, are here. The galleries of the Senate are now packed with these citizens. The Capitol is now surrounded by these veterans, and just across the way yonder to the east at this moment are thousands of those citizens, looking this way, anxious to know the fate to be decreed to them in the next few hours.

Mr. President, I have this day seen telegrams from every point of the compass, giving reports of delegations now on the way here; and from the information I have, many thousands more veterans and citizens are now on the road to Washington.

Mr. President, this fight has just begun. It will not be settled here to-day. It makes no difference what vote is cast here; the smaller the vote the more citizens may come. If this bill is defeated here today, these citizens will not immediately leave Washington, for they have no place to go.

Mr. President, at this point let me place in the RECORD some figures. These figures are of date January 1 of this year. At that time the Director of Veterans' Affairs had issued certificates to 3,658,527 veterans. Those certificates totaled the sum of $3,636,075,538. The number of veterans who had made applications for loans and who had received loans on the first of this year were 2,454,741. The amount loaned to those veterans was $1,233,859,223. The amount still due on the first of January—that is, the amount between the amount loaned and the amount of the certificates—was $2,402,216,315.

In order to pay the balance due on those certificates, in round numbers, it will take the approximate sum of $2,400,000,000; and that is what this bill calls for, the raising in some manner of $2,400,000,000 and placing that money in the hands of the Director of Veterans' Affairs, with the order and the direction to proceed to distribute such sum among the 3,658,527 veterans who hold these certificates, and in proportion to the amount due each veteran.

Mr. President, I shall take no time in trying to convince the Senate that the veterans want this money. That is admitted. I shall take no time in trying to convince the Senate that the veterans need the money. That is likewise admitted.

What reason can be assigned for delaying the payment of the amount due? Those who object to this proposal say that the amount is not now due and will not be due until 1945. Who decreed that the amount would not be due until 1945? The Congress of the United States issued that decree. The veterans had nothing to say about it. For months and for years they had made their claim to the Congress, asking for the amount they claimed to be due, and they did that only when they saw that the railroads had made claims for adjustments and had seen the Congress make the adjustments promptly. They did it only when they saw that the contractors had made claims for adjustments and had seen the Congress make the adjustments promptly. They did it only when they saw everyone else having claims come to the Congress asking for adjustments and securing their adjustments promptly. Then it was that the veterans came to the Congress and likewise asked for an adjustment.

The Congress, after years of consideration, finally agreed that in order to be magnanimous it would give the veterans the sum of a dollar a day for the time they spent in American camps and a dollar and a quarter a day for the time they spent across the seas. On such a basis the adjustment was computed and such sum, with seven years' interest omitted and a small amount added, was placed in the form of a certificate due in 1945. The certificate is nonnegotiable and is nontransferable, and these men, receiving the certificates, must live somehow until 1945, when they may get

the amount the Congress has decreed should come to them.

Mr. President, it is contended by some that this is a bonus to the soldiers of the Nation. For the sake of the argument, let us admit that it is. But is this the only bonus Congress has granted? During the war we loaned Italy a very large sum of money, running into billions of dollars, and when we adjusted with that nation we gave Italy a bonus to the extent of 75 per cent of the money loaned, such 75 per cent amounting to billions and being the money of the American people. Thus the Congress has given Italy a bonus in the form of a reduction of the amount that nation owed the United States of America.

During the war we loaned France about $4,000,000,000, and after the war in the adjustment with France we reduced the amount approximately 50 per cent; so Congress has heretofore granted a bonus to France in the sum of approximately $2,000,000,000.

During the war we loaned Great Britain vast sums of money, and after the war we adjusted with that great Empire on the basis of 75 cents on the dollar.

Mr. SMOOT. Eighty-three per cent.

Mr. THOMAS of Oklahoma. I am corrected by the Senator from Utah. He says it was 83 per cent. We still gave Great Britain a rebate of 17 per cent on about $4,000,000,000; and Congress in ratifying that adjustment has already, years ago, before I reached Congress, given the nations making up the British Empire a bonus in the sum of 17 per cent, and such bonus runs into multiplied millions.

Then when Congress convened last December, foreign nations knowing how generous the United States is with her bonuses came to Congress and asked for further financial favors. The bonus they then asked was in the form of a postponement of the interest due on the debts owing us; and the Congress, maintaining its reputation for generosity, recalling the precedents established in the making of bonuses, granted a further bonus to the foreign nations in the total sum of $250,000,000.

Bonuses? Yes, Mr. President, the precedent is set. Everyone has had a bonus save the men who most deserved a bonus, and those men, held off for 14 years, now with a judgment against the United States, are here seeking to collect such judgment against this, the strongest, the richest, and the most powerful nation on the earth.

When the vote comes, now very soon, if my poll is correct, there will be a two-thirds vote, and probably more, registered against the payment of a judgment against this Government, a judgment which the Congress has already confessed and now refuses to pay.

Mr. President, it has been said by some that this is a dole, and that the Congress is now being asked by the veterans of the Nation for a dole. Let me, for the sake of the argument, admit that it is a dole. Already in this session Congress has granted doles to the big business concerns of the Nation. Only a few days ago the distinguished majority leader in the other branch of the Congress gave out an interview in which he said that the bills passed by the Congress were nothing more nor less than doles to railroads, doles to banks, doles to trust companies, and doles to life-insurance companies of the Nation. Of course, he referred to the loans being granted by the Reconstruction Finance Corporation.

A bonus? A dole? I care not what you call this adjustment with the veterans—whatever it is, we made it legal, we placed the stamp of our approval upon it, and the only question now is, When will the Congress pay this just, honorable, and patriotic debt?

Mr. President, it takes no time to convince the Congress that these veterans need this money. The House of Representatives, the other branch of the Congress, has admitted that they need it, because they passed the bill and sent it to us. But this day the same branch of the Congress which passed the bonus bill has sent to this body for our consideration House Joint Resolution 418. What does that joint resolution provide? It provides in section 1 for the making available to the Red Cross of 40,000,000 bushels of wheat now owned by the Government in order to enable that organization to keep on feeding the hungry people of this Nation.

The second thing this resolution does is to propose to make available 500,000 bales of cotton to clothe the naked citizens of the country.

Mr. President, the other branch of the Congress has already done its part in providing relief for the people of the country.

The other branch of the Congress passed the Goldsborough bill and the measure is before the Senate. The purpose of that bill was to direct the Federal Reserve Board to make money more plentiful, and thereby make it cheaper. The bill came to the Senate, and what happened in this body? It has been emasculated and has little if any chance of passage.

The other branch of the Congress passed the Garner bill, providing money for the employment of men on public works, and that bill came here, and since it arrived I have not heard it mentioned, except in private, in the smoking rooms, and in the corridors. The leaders of the Senate are against the Garner bill, they are against the Goldsborough bill, and they are against the bonus bill. Mr. President, what chance does a poor bill have when the leaders on both sides of the aisle are against it?

The issue presented by the bonus bill is simply this: When will the Senate of the United States pay this sacred and patriotic debt? That is the question. We will be asked to vote upon that question shortly. Those who vote "yea" will say we will pay it now. Those who vote "nay" will say we will pay it sometime, perhaps in 1945. That is the issue presented to the Senate. Already the Senate is on record in making adjustments and in voting bonuses and doles. My fellow Senators, are you proud of the record that has been made? That record stands in just a few words:

Billions for big business, but not a sou for soldiers!

The unemployed have had little consideration at this end of the Capitol. The farmers of the Nation, our largest single group, embracing 30,000,000 of American citizens, had about two days' consideration. After almost no consideration, with most of the seats in the Senate vacant, all at once the so-called friends of the farmers came in from the cloakroom and sent the bill back to the committee, and there it sleeps serenely. The veterans have been asking for this legislation for months. They are here demanding that we pass the bill. When the vote comes now very shortly the chances are it will not pass unless some miracle happens—and miracles do not happen in the Senate of the United States. They happen some place else perchance, but miracles are an unknown thing in this body. What happens here happens by design.

Mr. President, if the unemployed are to have no consideration at the hands of the Senate, if the farmers are to have no consideration here, if the veterans are to have no consideration here, and if we turn them down to-day, such defeat is nothing more nor less than a sentence of those veterans to go forth to beg or starve or steal. There is nothing else left for them to do. There are no jobs. There is no work. They can beg. They are forced to do that now.

Yet, Mr. President, we live in a land of plenty. We have so much wheat that wheat is selling for only 26 cents a bushel in my State. We have so much food of every kind and character that the harvesting of the products can not be paid for by the total amount the farmers receive at the market place. We have so many hogs and so much livestock for meat that hogs are selling for less than 3 cents a pound to the farmers of the Nation. With food, with wheat, with corn, with cotton, with everything the Nation needs, the face of America is literally alive with wiggling men trying to fill their empty stomachs and to find a place to lay their weary heads.

Mr. President, the Senate mistakes the temper and the intelligence of these veterans. Why, Mr. President, in the

jungles where the bananas and the coconuts are plentiful do the monkeys starve? As long as there are bananas and coconuts in the jungle even the lowly monkey has his food. Are not the citizens of America as intelligent as the monkeys of Africa? If they can get no work, if they can not collect their honest debts, if they can not collect their judgments, what are we telling these soldiers to do? We send them hence to choose their course. There is but one course open to them. These men will not starve.

Mr. President, I want to explain briefly the bill that is now pending before the Senate. The bill provides for the immediate payment of the balance due to the holders of adjusted-service certificates. There are more than 3,000,000 of them. The bill provides a plan for raising the money with which to make the payments. The plan is such that it will not take a single dollar from the taxpayers of America. The plan is such that it will not take a single dollar from the Public Treasury of the Government. What is the plan?

The plan is that the Government through its proper authorities will be directed to issue bonds to the extent of the amount necessary to make the payments, more than $2,000,000,000, and to deliver the bonds to the Federal reserve banks of the Nation. That is No. 1.

No. 2. The proper officials are directed by the bill to have printed Treasury notes in the total sum necessary to make the payments, approximately $2,400,000,000, and to deposit the Treasury notes in the same Federal reserve banks.

These are the two processes that place the money in the Federal reserve banks of the Nation. We have the money already. The Treasury has bales and bales of money printed yonder at the western end of Pennsylvania Avenue. This money has already been printed. It has been baled and it is now in the drying room, aging prior to going into circulation. It is claimed that new money is not good in its wearing qualities. It has to be printed and placed in a special drying room and seasoned and aged so it will wear well. Down at the Treasury we have billions of this money now printed, awaiting an opportunity to be placed in circulation. If the money is placed in the Federal reserve banks, it will be subject to the order of the Director of Veterans' Affairs to make these payments.

Someone says that is a strange kind of money. Just print money and put it out in the Federal reserve banks and then pay it out? Why, Mr. President, that is not a strange kind of money. We to-day have in circulation two identical kinds of money—Treasury notes of 1890 and the United States notes issued in the sixties. Away back yonder in the sixties, when we had trouble between the North and the South, the northern side ran out of gold, ran out of silver, ran out of specie. They could not borrow any money any place. Nobody would loan money to the Government, so the Congress in the sixties enacted a law providing for the issuance of hundreds of thousands of dollars of United States notes. In that early day they did not go to the expense of printing bonds to secure the notes placed in circulation. The Government, your Government, my Government, printed United States notes and began to pay them out to soldiers, paying them out in making settlement for the things the Government must have to wage that conflict.

Those notes, known as greenbacks, not supported by bonds have served the purpose so well that they are still in circulation to-day. There are $350,000,000 of those notes still out among the people of America to-day. There are no bonds back of those notes. They are simply the promise of this Nation to pay and they are so satisfactory even without bonds back of them that they circulate to-day as money, they circulate to-day on a parity with Federal reserve notes, with gold certificates, with silver money, and with gold money. There is no better money in America to-day than those United States notes. They are so good that the Treasury Department does not want to cancel them. That is the same kind of money that we propose to use in making the payments to these veterans.

In 1890, only 40 years ago, we issued some Treasury notes. They were not backed by bonds. They were simply the promise of the Nation to pay. Paper money issued in 1890, known as Treasury notes, has been found so successful and so satisfactory that we still have those notes in circulation.

Thus we have two precedents for the identical kind of money proposed to be issued and used to pay these veterans—the Treasury notes of 1890 and the greenbacks issued under act of Congress in the sixties. But the notes proposed to be issued under the pending bill are to be backed by bonds of the United States of America. Are those bonds good as security for this money? Is there any Senator who will say that such money is fiat money? Is there any Senator who will assert that the bonds of the United States are not good security for the issuance of a circulating medium to the extent of $2,400,000,000?

Mr. President, we have much of our money based only upon bonds. Every dollar in circulation of national-bank currency is based upon nothing but 2 per cent consols and a 5 per cent redemption fund. The 5 per cent redemption fund is not necessarily gold. The 5 per cent redemption fund can be silver, it can be gold, it can be gold certificates, it can be silver certificates, it can be greenbacks, it can be Treasury notes, it can be Federal reserve notes, it can be Federal reserve bank notes, or it can be national-bank currency.

If you happen to have in your pocket a national-bank note, let me tell you that the only thing back of that note is a 2 per cent consol; and that means a 2 per cent bond that some bank has purchased and sent to the Treasury and deposited, and had issued against it the note you have in your pocket. The only security back of that note are these 2 per cent bonds plus a 5 per cent redemption fund in any sort or kind of lawful money.

Mr. President, what is behind the Federal reserve note that you have in your pocket, if you are so lucky as to have a Federal reserve note in your pocket? There is nothing back of that Federal reserve note except 40 cents worth of gold and 60 cents worth of commodities—60 cents worth of wheat, perchance; 60 cents worth of cotton, perchance; 60 cents worth of hogs, perchance; 60 cents worth of merchandise, perchance; that is all that is behind your Federal reserve note—40 cents in gold and 60 cents in commercial paper. Yet we are told that these new Treasury notes, backed by the promise to pay of 120,000,000 people, based upon the property of a Nation that two years ago was worth $500,000,000,000, would be worthless.

There is a simple plan provided for the payment of this bonus, namely, the issuing of bonds and placing them in Federal reserve banks, printing the paper, the United States notes, and placing them in the same banks, and then when the Federal reserve banks deliver some of these new notes to Director General Hines the banks will have in their vaults the bonds of this Republic to secure those banks, for they will know that at some future time the United States will collect taxes and redeem the bonds and thus cancel the outstanding currency. That is the simple plan, Mr. President, provided in this bill for the payment of this bonus. It does not take a single dollar from the Treasury of the United States; it will place in circulation two and a half billion dollars of new money; but, Mr. President, to that form of financing strong opposition exists.

It is contended in some quarters that the Federal Reserve System is now placing money in circulation. Is there any Senator upon this floor who believes that to be so? Is there a single Senator upon the floor to-day who believes that there is more money in circulation now than there was 30 days ago or 60 days ago or six months ago? I will place in the RECORD at this point the facts—and they are facts that can not be disputed. I read from Form No. 1028, Treasury Department, of date December 31, 1931, which was the last day of last year, which would mean the first day of this calendar year so far as this record is concerned.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Massachusetts?

Mr. THOMAS of Oklahoma. I yield.

Mr. WALSH of Massachusetts. The Treasury Department, as the Senator knows, has stated that the trouble with the country is not the shortage of currency, but the contraction of credit. I should like to have the Senator's view upon that allegation, which is made by the Treasury Department in opposition to the bill.

Mr. THOMAS of Oklahoma. I am delighted to have that question asked and will endeavor to answer it. Mr. President, there is just as much difference——

Mr. WALSH of Massachusetts. May I add that the Treasury Department says that the passage of this bill would increase the contraction?

Mr. THOMAS of Oklahoma. Yes, Mr. President; and yesterday the Assistant Secretary of the Treasury told the committee that there was more money in circulation now than there was a short time ago, but when confronted with the facts he had to admit that he either did not know or presumed what he had stated to be so. There is as much ignorance in the Treasury Department about money, if it be possible, as there is here in the United States Senate. [Laughter in the galleries.]

The VICE PRESIDENT. Let there be no demonstration in the galleries.

Mr. THOMAS of Oklahoma. Mr. President, there is just as much difference between the amount of money in circulation and the amount of money on deposit in the banks of the Nation as between day and night. Six months ago all the banks in this Republic had on deposit $50,000,000,000 in money, so they claimed; yet there has not been a night in 10 years when these same banks have had in their vaults the sum of $1,000,000,000 in gold, silver, and paper, the kind of money with which one can go across the street and buy his lunch at this hour of the day. Many people think that when the banks have $50,000,000,000 on deposit it means that the banks have $50,000,000,000 of gold, silver, and paper in their vaults. I yield for anyone to challenge my statement.

Mr. President, the banks did have on deposit $50,000,000,000 of deposit money, or credit money. Let me tell my good friend from Massachusetts the kind of money they had on deposit. In former times when business was good and people could borrow money, a farmer would go to a bank and say, "Mr. Banker, I want $1,000," and the banker would say, "Yes, Mr. Jones; I am glad to accommodate you; sign this note." And the farmer would sign the note, and immediately the banker gave Mr. Jones credit on his pass book for a deposit of $1,000 in the bank. Had the farmer paid a single penny into the bank? Not a single penny, and yet when night came and the tabulation was made the deposits of that bank had jumped up $1,000. That is the kind of money that makes up the $50,000,000,000 of deposits, of credit money in the banks of the Nation. The banks were full of that kind of money once, but during the last few months they have lost more than ten billions of it, and now the banks are so impoverished that the Comptroller of the Currency is afraid to ask the banks to make a statement of their present condition. Yet we are told upon this floor that the banks are full of money and we do not need more money. Credit money, deposit money is the kind of money that is in the banks. It is credit money; it is deposit money; it was created by the constituents of the Senator from Massachusetts and of mine in the State of Oklahoma.

The banks still have those notes; the farmers still owe their notes; the bankers can not collect because the farmers can not pay. Why can not the farmers pay? They have not the money. Why do they not get the money? How can the farmers get money except in two ways? The first is to borrow money, and they can borrow no money now; and the second is to sell their products, but they can sell no more, because no one has money with which to buy; and yet we are told that the country is being drenched with money.

Mr. President, the value of the notes in the note-cases of the banks of America is problematical. When prosperity returns values will return to the products of the farm, and mine, and factory. Then the notes may be paid and banks may return to normalcy.

It did not take me long to discover, Mr. President, when I came to the Senate that financial legislation does not originate in this body; it is not passed upon in this body. When the financial interests of New York City want a bill passed they have the experts in their banks get together and prepare the bill and they send it down to Washington. The most recent experience is that it goes to the White House, the White House issues invitations to a breakfast; at the breakfast the bill is unfolded, on the same day the bill is rushed to the Capitol, introduced in the House and Senate, and then we are kept here in the night time to pass the measure. So, if the metropolitan bankers are against any financial bill, the same chain works. They are against this bill, and the vote about to be taken will disclose the extent of the influence of the denizens of the caves of Wall Street.

Mr. President, is there any further question the Senator from Massachusetts desires to ask? If so, I shall be glad to answer it, if I can.

Mr. WALSH of Massachusetts. The Senator has, in part, answered my question; but I should like to have the Senator amplify, if he will, or explain, if he will, the assertion made by the Treasury that this measure, if enacted into law, will further contract credits in the United States; that the trouble with the United States to-day is the contraction of credit, and that there will be no revival of business until there is a loosening up of credit.

Mr. THOMAS of Oklahoma. I should like the distinguished Senator from Massachusetts to have the same conception in his mind that I have in mine. I may not make myself clear, but the $50,000,000,000 on deposit in the banks of America are based upon the notes of the people of America. Those notes are secured by farm commodities, by the stocks and merchandise of factories; by industrial plants. To-day factories are not prosperous, they are making no money; the railroads are not prosperous, they are making no money; farmers are not prosperous, they are not making money. So the security backing this $50,000,000,000 of deposits has vanished; it has gone; and until the bankers can see some way whereby value can be brought back into the securities they hold they will make no further loans.

Mr. President, I can not blame the bankers. I have made the statement frequently upon this floor that I can not blame the bankers of America for not making loans. The money in their banks is not their money; it belongs to their depositors. The capital stock is theirs, the surplus is theirs, their private deposits are theirs; but the mass of their deposits belongs to the farmers and tradesmen and business men who patronize those banks. The bankers are merely the trustees for those deposits; and so long as the farmers have no producing power, the farmer's security will be of no value; and so long as the industrial institutions are not prosperous and making money, they will likewise have no value.

The security now back of these deposits has withered, and until this security can be brought back the money that they have on deposit is of questionable stability. I can not blame them for not putting out more money.

The Treasury Department says: "We must have a return of prosperity, a return of confidence." Well, Mr. President, how are we going to get confidence among the people with 30,000,000 farmers—the largest single group of our people—to-day selling their cotton at 4½ cents a pound, wheat at 26 cents a bushel, hogs at 2.85 cents a pound? They can not pay their taxes. They can not even pay the interest on the notes that they have outstanding. If something could be done in line with the desires or the dream of the Treasury, fine! But what plan has the Treasury for bringing back an element of value upon which confidence may again be restored?

Banks can not loan money; they never will loan money until the commodities of the country regain some value and until the people of the country have something they can give as security, and the only way that can be done is to place additional money in circulation.

We tried to put money in circulation through the Reconstruction Finance Corporation. That was not money. It was just credit. They issued loans to the extent of $700,000,000, and there has not been a single dollar placed in circulation—just bookkeeping credit.

What plan has the administration? What plan have the leaders on the majority side of the aisle? And what plan have we over here on my side for placing money in circulation?

The Garner bill might do it, but that is pigeonholed. The Goldsborough bill would have done it, but that has been killed; and all that is left now is the bonus bill.

I am for the bonus bill to help the soldiers, and yet I am for the bonus bill to help the other people of America; and it will help the other millions of our people more than it will help these poor boys in the Senate galleries.

I used an illustration on yesterday. I will do it again to-day.

Suppose, for example, in the State of my good friend from Arizona, in one of those fine irrigated valleys, a farmer there has an irrigated tract, just for illustration I will say of 100 acres. He would be rich indeed if he had an irrigated tract of 100 acres in Arizona or anywhere else. I use those figures only for illustration.

A farmer in Arizona has a farm of 100 acres, a productive farm; and, in order to make my illustration complete, I am going to use crops that are not produced in Arizona, but they are produced on the farm. This good land in Arizona, belonging to a good, old, honest American farmer, last year produced an abundant supply of wheat. He could not sell his wheat. He put the wheat in his granary, a thousand bushels of it. This irrigated land produced cotton in Arizona, and last year he raised 25 bales of cotton. He could not sell the cotton. He had it ginned, he had it compressed, and placed in his warehouse; and there is that good old farmer to-day, with the land as good as it ever was, with a thousand bushels of wheat in his granary and 25 bales of cotton in his warehouse.

He had a son when the war broke out—a patriotic son who volunteered and went to war and served honorably and came back; and a few years ago the Congress voted him a certificate of $1,000. Times got hard out in Arizona. The veteran son of this good old honest farmer had to have some money. He borrowed $500 on his certificate. That money has been used. There is still due him $500; that is all.

Now, here is the picture: The farmer has his land. He has a thousand bushels of wheat, 25 bales of cotton, and he has a son with a $500 certificate. If we pass this bill, immediately the son gets this $500. What does the farmer get?

Perhaps you could not answer that question. Economists tell us, New York bankers tell us, that if this bill passes, it will bring down the buying power of the dollar so low that it will raise commodity prices out of all reason. If this should happen, and I hope commodity prices do go up, then wheat will increase in price and likewise cotton will increase in price.

If this bill will do what economists claim it will do, it will make money cheaper; and as money comes down, commodity prices will go up.

Let us see if it will have that effect. They claim it will. New York bankers claim it will. The enemies of this bill claim it will. The distinguished Senator from Pennsylvania [Mr. REED] says that we must not debase our money. If money does not come down, commodity prices will go up. What will happen to the farmer in Arizona?

In place of being able to get 26 cents a bushel for his wheat to-day, he might get $2 a bushel for that wheat. He can get only 26 cents to-day. If he could get $2 for it, he would make a profit of $1.75 on 1,000 bushels of wheat, which would make him $1,750 profit on his wheat alone.

To-day he can sell his cotton for only 5 cents a pound. That is $25 a bale. Twenty-five bales of cotton at $25 per bale means $625—the worth of his cotton crop to-day. If cotton goes up to 10 cents a pound, he would get double. He would get double under the terms of this bill if it does what economists claim it will do. His cotton to-day is worth $625. If cotton should be raised to 10 cents a pound the Arizona farmer would get $1,250 for his cotton. If it went to 20 cents a pound he would get $2,500 for his cotton. He would make $1,750 on his wheat, and at 20 cents per pound for his cotton he would get $2,500, so that the increase brought about by this bill would mean a profit of $1,875 on his cotton, and remember he is not the veteran. He is only the father of the veteran. His son gets $500, the amount we owe him; but by paying the veterans, if this bill does what its enemies claim it will do, it will raise commodity prices and give the farmers of America an increase in prices for their wheat and their corn and their cattle and their hogs.

If they could get those prices, Mr. President, in a few days they could pay their taxes. In a few days they could pay their interest. In a few days perhaps some of them could pay their debts. They could buy some new clothes. They could buy some shoes. If those things should happen, the stores of the country would begin to have some business. If the stores had some business, they would make demands upon the wholesale houses for more supplies. That would make business for the wholesalers; and when the wholesalers were low in supplies they would begin to make demands upon the factories, and the factories would have to go out and get men and buy raw material and buy coal and buy oil and buy gas with which to operate their factories.

Mr. President, I have said many times upon this floor that I am for this bill because it will help the soldier. But where it helps the soldier 10 per cent, it will help the population of America 90 per cent.

Mr. WHEELER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Montana?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. Along the lines that the Senator is speaking at the present time, I want to suggest to him that I myself had a conversation with one of the leading industrialists of this country, a man who is looked upon by the conservatives of this country as one of the greatest financiers of the country. He made the statement to me that there was not anything so very bad about this bill; that it would do exactly what the Senator says it would do; that it would inflate our currency, and that it was necessary for the purpose of bringing up commodity prices. He stated that the only bad feature about the bill was that other groups might come down and demand exactly the same thing that we are doing for this particular group.

I want to say to the Senator that I am going to vote for the bill, and I am going to vote for it because of the fact that the one thing that is necessary to be done in this country to bring about prosperity is to bring up the commodity price levels of the farm commodities and other things that have to be sold upon the world market.

Mr. THOMAS of Oklahoma. I appreciate the statement just made by the distinguished Senator from Montana.

Gentlemen of the Senate, the issue before this body at this hour is between two groups, one group who think we have too much money in circulation and another group who think we have too little money in circulation. When you vote, place yourselves upon the respective sides of that question. You who think we have too much money in circulation vote against this bill. You who think we have too little money in circulation I ask you to vote for this measure.

Mr. President, a vote for this bill will, in my judgment, discharge an honorable, an admitted, a patriotic debt that this country owes to three and a half million of its brave defenders. If this bill should pass, it will place more money in circulation. On the 1st of last January, as I started to

tell you a moment ago, there was in circulation the sum of $5,641,000,000. On yesterday at 4 o'clock there was in circulation $5,467,000,000. In other words, on yesterday at 4 o'clock there was $174,000,000 less in circulation than there was on the first day of this calendar year, and yet through the public press the people have been advised that the Federal Reserve Board was placing money in circulation through the open-market operations of buying Government bonds.

Mr. President, during the past three months the Federal Reserve Board has bought $900,000,000 worth of Government bonds, and paid for those bonds with Federal reserve money; yet, in spite of that record, in spite of putting $900,000,000 in circulation, to-day we have $174,000,000 less of money in existence, outside of the Treasury, than we had when we started the open-market operations.

What has happened? The Federal reserve banks have bought these bonds. They have bought them from the banks; and the banks, of course, have sold them to the Federal reserve system. The moment the banks selling the bonds receive the money, they send it back to the Federal reserve system to pay their loans; and to-day the policy of the Federal reserve system, through its open-market operations, has enabled the banks of the country to pay their obligations to the Federal reserve system. Less money is in circulation to-day than six months ago; and the old economic rule comes back to work. When wheat is scarce, wheat is high. When cotton is scarce, cotton is high. When wheat is plentiful, wheat is low. When cotton is plentiful, cotton is low. Now we have wheat plentiful, and selling for 26 cents to the farmer. Now we have cotton plentiful, selling for 4½ cents a pound to the farmer. The economic rule works with money just the same as with commodities. When money is plentiful, money is cheap; when money is scarce, money is high, and since the first of the year, the Federal Reserve Board, the agency of this Congress, has contracted the currency $174,000,000. Yet wise Senators are wondering why each week commodity prices and wholesale prices keep on going down and down and down.

Mr. President, if this bill should pass, it would place more money in circulation, it would reduce the value of money. The dollar would not buy as much, and that is the reason why influential forces, those who control this Nation, are against the bill. It would cheapen the dollar. I hope it will, and that is one reason I am for the bill. It will cheapen the dollar. Yet I am not in favor of the dollar going as low as the mark did in Germany. It will not go that low.

During the war we had six and a half billion dollars in circulation. Now we have only five and a half billion in circulation. When the war was over we had a billion dollars more money in circulation than we have at this good hour, and that billion dollars of money in circulation more than we have now was responsible for wheat selling for $2.50 a bushel and cotton for 40 cents a pound, and other things in proportion. But the folks who govern this Republic did not want cotton to sell for 40 cents a pound; they did not want wheat to sell for $2.50 a bushel. Then they invoked the economic rule by making money scarce, and during the first 15 months after the famous McCormick resolution passed this body in May, 1920, the Federal reserve system withdrew and canceled approximately $100,000,000 a month until some $1,500,000,000 was destroyed, and when money became scarce, money became dear; and the higher went the dollar, the lower went the price of cotton, the price of corn, the price of wheat, and the price of livestock, and the price of the goods and commodities produced in the State of my good friend from California.

The policy which is now in vogue, if not stopped, will force these prices lower. Wheat could sell for 10 cents a bushel and cotton could sell for 2 cents a pound. The vote on this bill will be a vote in favor of making money scarce or in favor of making money plentiful. If you want to make money scarce, vote against the bill. Thus the Senate will say to the Federal Reserve Board, "Your policy of making money scarcer is hereby approved."

Mr. President, if this bill should pass, in addition to paying the debt due the millions of our veterans, in addition to making money more plentiful, in addition to reducing the value of the dollar, it will reduce taxes. I make the positive declaration that if this bill passes it will reduce the taxes of the people of the Nation.

To-day it takes a flock of trucks for a farmer to haul enough wheat to the county seat to pay his taxes. Pass this bill and raise the price of wheat, and one truck filled with wheat could be taken to the county seat and the wheat sold for enough money to pay the taxes on an average farm of the country.

I make the positive statement that if this bill passes it will reduce taxes and the interest of the country. If it reduces taxes it will reduce interest and will reduce debts.

If this bill passes, and if it will have the effect I claim it will have, it will raise commodity prices. It will raise the price of sugar; and instead of a sugar grower in Utah, the State of the distinguished chairman of the Finance Committee, having to have a train to haul enough sugar to market to pay the taxes on his farm, he can take a medium-sized truck, perchance, and haul enough sugar to the market to liquidate his taxes.

This bill will pay the debt due the soldier, it will reduce the taxes of the Nation, it will reduce the interest of the Nation, and it will reduce the debt of the Nation.

Mr. President, we have been fighting in this body for months over salary reductions. If this bill should pass, if the dollar should be brought down in buying power, that would have the effect of cutting the salaries of every employee of the United States. Perchance I should not stress that point. I will let my statement stand in the RECORD, however. It is a fact that if this bill should pass it will not cut the number of dollars the employees receive, they will still get their $10,000 per annum, or their $5,000 per annum, or whatever the salary is, but the dollars will not buy as much. It will have the force and effect of decreasing the salary of every man and woman in the Republic.

Mr. President, we passed a bill a few days ago raising rates of taxation upon the taxpayers of the United States. I made the statement then, and I make it again, that the mere raising of tax rates will not necessarily raise revenues. At the present time the income-tax payers have no incomes, and hence under the law they are not obligated to pay any income taxes. We could have raised the rates under the income brackets of that bill a thousand per cent, and if the people have no incomes, it would not raise a single dollar.

Mr. President, in that bill we raised the rates upon corporations, but under the law unless corporations make net profits, they pay no taxes, and to-day not only are corporations making no net profits, but many of them have no gross profits, because they are closed and not operating. Raising rates of taxation upon corporations will not necessarily raise additional revenues.

Where are we to get the revenue to run this Republic? We find ourselves with a $4,000,000,000 Government with less than a $2,000,000,000 income. This bill proposes to put some money in circulation and get it out among the people. If that is done, there will at least be that $2,400,000,000 which the people might spend. Eventually some of that would get into some of the taxable brackets and get into the United States Treasury in the form of taxes. But if something is not done, I wonder where the people of the United States are to get the money to pay the expenses to run this, the most expensive Nation on the globe? I am for this bill because it will assist the people in securing funds with which to pay their taxes.

Mr. President, if this bill should pass, it would do the identical things I claim it will do, because economists say it will, because those who oppose it say it will. When I introduced a bill on this identical question I placed in the RECORD a statement, and some opponent of the measure with more time, perhaps, than ability saw the bill, and he proposed to write a book about the bill and challenging the

statements I had made. I placed some of his statements in the RECORD.

This writer admitted that the bill would do the things I said it would do, would cheapen money, and because it would cheapen money, because it would place more money in circulation, because it would help the farmer and the producer, because it would hurt the men who have fixed investments, he said the bill should not pass.

To-day when the roll is called, if you want to help those who have their wealth in fixed investments, kill this bill. On the other hand, if you want to help the veterans, the farmers, the owners of factories, the miners, and if you want to help the 120,000,000 people of America, I implore you to vote for the bill.

Mr. President, a moment ago I made a statement to the effect that bills were recently passed by the Congress, and especially by the Senate, in the nature of relief, in the nature of doles, and for the benefit of the big business concerns of this country. That statement can not be challenged.

Just a few days ago the Pennsylvania Railroad received a loan of $17,500,000 from the Reconstruction Finance Corporation. Other railroads have received appreciable amounts. It is the purpose of the Reconstruction Finance Corporation to make loans, to grant relief, to grant bonuses, to grant doles to the biggest concerns in the Nation.

Mr. President, there is a Latin phrase which, if I remember it correctly, runs something like this, "Pro bono publico." The interpretation of this phrase may become an issue in this campaign. What do those words mean? We are going to say in a few moments what they mean. If you kill this bill, you interpret that Latin phrase to mean, "Bonus for big Republicans." If you pass this bill, you interpret it, "Bonus for the people of America."

Mr. SHORTRIDGE. "Bonus for big Democrats," too, you might just as well say.

Mr. THOMAS of Oklahoma. I do not challenge that statement.

Mr. SHORTRIDGE. Why does the Senator say "big Republicans"?

Mr. THOMAS of Oklahoma. Because it is so nearly universally true, let me say. I am not the sponsor for the class just now alluded to by my distinguished friend from California. I regret that that class has such power and such influence over those on my side who wear the garb of Democracy.

Mr. President, I shall vote for this bill, but before I take my seat I desire to place in the RECORD a short statement found in the RECORD already, but I desire to have it placed in the RECORD at this point in connection with my remarks.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

BENEFITS CLAIMED THROUGH BILL

The enactment of the proposed measure will, I claim, bring about the following results:

First. It will adjust a long drawn-out controversy with the ex-service men by paying them in full the amount of an obligation now by law admitted and acknowledged.

Second. It will increase the actual cash in practical circulation to an amount almost double that in circulation to-day.

Third. It will distribute such additional circulation uniformly to all parts of the country.

Fourth. It will reinvest directly and immediately more than three and one-half million men and their families with buying power.

Fifth. It will help directly a class of our citizenship not yet reached by any relief measures passed or proposed.

Sixth. In addition to helping the veterans it will help the farmer by providing funds in the hands of million with which to purchase the farmers' produce.

Seventh. In the same way the farmers will be benefited, the small stores, the large stores, wholesalers, factories, truck lines, railways, and banks will be benefited.

Eighth. To the identical extent that small business is benefited the big business concerns will profit in added business and consequent dividends.

Ninth. The bill, if enacted, will serve notice to the people that money, instead of getting scarcer and thereby dearer, will become more plentiful, and to such extent as it becomes more plentiful it will become cheaper.

Tenth. Such notice that money is to become more plentiful and thereby cheaper will have the immediate effect of thawing out the money frozen in hidden places, as well as the money in the safety deposit boxes and the credit and money in the bank vaults of the country.

Eleventh. Such notice will serve to cause merchants to place orders to replenish their empty shelves and such orders will react on wholesalers, factories, the producers of raw materials, and on each and every class of wage earners.

Twelfth. As money comes down in buying power, commodity prices of all kinds will rise, and this is the identical end that all, save the favored few, are now demanding should be accomplished.

The bill, if enacted into law and if it will do what I have outlined, will bring about the following concrete definite results:

(a) Will advance prices of commodities.
(b) Will decrease the value of all debts.
(c) Will decrease the value of all interest.
(d) Will decrease the value of all taxes.
(e) Will decrease the value of all salaries.
(f) Will help the debtor class.
(g) Will prevent further bankruptcies and bank failures.
(h) Will put money in circulation and make it possible for the people to pay their taxes in support of local, State, and the Federal Government.
(i) In addition to the foregoing it will, I claim, help immediately and directly the great masses of our people in that it will raise prices, stimulate business, add value to property, add value to the collateral now pledged for loans, and thereby enable borrowers to repay the loans, and will bring a definite and speedy end to the worst depression in history.

Such results, I claim, will come from the enactment of this measure.

Mr. THOMAS of Oklahoma. Mr. President, following that statement, I desire to place in the RECORD a statement showing the amount of benefit which the several States will receive if this bill passes.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Amounts due veterans on certificates, by States

Alabama	$29,876,840
Arizona	7,411,302
Arkansas	25,373,058
California	136,500,005
Colorado	21,514,464
Connecticut	29,902,203
Delaware	3,918,525
District of Columbia	18,198,685
Florida	24,469,835
Georgia	35,151,645
Idaho	8,248,500
Illinois	157,543,750
Indiana	59,254,650
Iowa	46,574,480
Kansas	34,934,250
Kentucky	38,064,000
Louisiana	31,168,150
Maine	13,446,550
Maryland	31,140,525
Massachusetts	82,376,144
Michigan	85,407,400
Minnesota	53,105,250
Mississippi	21,456,974
Missouri	67,608,904
Montana	11,424,128
Nebraska	24,227,271
Nevada	1,988,889
New Hampshire	8,084,753
New Jersey	77,317,513
New Mexico	6,257,550
New York	245,948,177
North Carolina	38,794,117
North Dakota	9,738,745
Ohio	117,878,406
Oklahoma	39,815,376
Oregon	22,978,122
Pennsylvania	172,888,542
Rhode Island	13,731,012
South Carolina	21,349,617
South Dakota	13,074,391
Tennessee	36,318,844
Texas	95,655,800
Utah	8,930,767
Vermont	5,604,408
Virginia	41,006,200
Washington	37,874,647
West Virginia	25,976,846
Wisconsin	52,438,873
Wyoming	7,144,348

Mr. THOMAS of Oklahoma. Mr. President, in order that those who may be interested in this may have the amounts

presently in mind, I will read, in round figures, what the States would receive:

Alabama $29,000,000.
Arizona $7,000,000.
Arkansas $25,000,000.
California $136,000,000.

I wonder if the good people of the sunny State of California could use $136,000,000 at this particular time.

Colorado, $21,000,000.
Connecticut $29,000,000.
Delaware $3,000,000.
District of Columbia $18,000,000.
Florida $24,000,000.
Georgia $35,000,000.
Idaho $8,000,000.
Illinois $157,000,000.

I wonder if that would fall like a pall upon that financially embarrassed and dejected city bordering upon Lake Michigan.

Indiana, my native State, gets $59,000,000. I have more than a thousand relatives in that State. I know their condition. This money would be most welcome to the community wherein my relatives live.

Iowa $46,000,000.
Kansas $34,000,000.
Kentucky $38,000,000.
Louisiana $31,000,000.
Maine $13,000,000.
Maryland $31,000,000.
Massachusetts $82,000,000.

Mr. President, this sounds like calling the roll in a Republican National Convention. [Laughter.]

Michigan $85,000,000.
Minnesota $53,000,000.
Mississippi $21,000,000.
Missouri $67,000,000.
Montana $11,000,000.
Nebraska $24,000,000.
Nevada $1,000,000.
New Hampshire $8,000,000.
New Jersey $77,000,000.
New Mexico $66,000,000.
New York, $245,000,000.

I wonder if that would help the banks on that short and crooked street starting at the river and ending at the cemetery?

Mr. President, if something like this bill does not pass, those gigantic financial and banking structures in Wall Street may not long be used for their present purposes. If some change does not take place, they, like the farms, mines, and factories, will close and become the abode of bats and owls. Only a few years ago in Russia they had some of the finest bank buildings in the world. They were not as tall, but were elegantly constructed of the finest marble, bronze, and glass. I saw them only recently. From those fine bank buildings of Moscow and Leningrad the bronze was gone, the glass was broken, and the rooms were empty. Where once were banks with connections throughout the world we now see Russian peasants peddling their potatoes, their cabbage, and their wares. I would not suggest that this might happen to Wall Street. But Wall Street lives upon this Republic. Wall Street does not exist upon that little narrow, crooked street. Wall Street does not live upon the city of New York. Wall Street does not live upon the State of New York. Wall Street gets its prosperity, when it enjoys prosperity, from the wide stretches of plains and prairies reaching from the North to South and from East to West. When the people are prosperous Wall Street is prosperous. When the Nation is impoverished Wall Street is impoverished, and when calamity comes Wall Street does not escape.

North Carolina $38,000,000.
North Dakota $9,000,000.
Ohio $117,000,000.

Oklahoma—I am proud that we will get $39,000,000. That is not a meager sum. We have 100,000 veterans in my State. Three hundred of them are here, many in the galleries, now. They need the money. They want the money. Their buddies back home need the money. Their buddies back home want the money.

Mr. President, Oregon gets $22,000,000.

Pennsylvania gets $172,000,000; and the great City of Brotherly Love, which casts its shadow almost over the capital, has not enough money to pay its teachers, its policemen, its firemen, and its public officials. I wonder if Pennsylvania is opposed to having brought to that State this vast sum of money of which Philadelphia would gets its proportional share?

Rhode Island $13,000,000.
South Carolina $21,000,000.
South Dakota $13,000,000.
Tennessee $36,000,000.

Texas—the State of Texas, as large as all New England, a State hundreds of miles north and south and likewise hundreds of miles east and west, an empire that could be divided to make many States the size of some we already have in this Republic—gets $95,000,000.

Utah would only get the measly sum of $8,000,000. I do not blame the good Senator from Utah [Mr. SMOOT], the chairman of the Finance Committee, for being opposed to the bill when, under the terms of the bill, New York is to get the sum of $245,000,000, Illinois $157,000,000, Pennsylvania $172,000,000, and poor little Utah will get only the measly sum of $8,000,000. I do not blame the distinguished Senator for opposing the legislation. But I do blame other Senators whose States will receive multiplied millions under the terms of the bill and whose constituencies in their States will be called upon to pay only a few meager millions.

To the South and the West this is a business proposition. New York made it so. Pennsylvania has made it so. Illinois perchance has made it so. They claim they will pay more in taxes to pay the bonus than they will get from it. But they must pay it after while anyway. They want to postpone the evil day as far as they can toward 1945. But these poor States out in the South and the West, whose sons need this money, who want to collect this judgment, are getting more for their States than they are paying in taxes. I wonder how the Senators from those States are going to explain to their folks back home their poor business judgment? Some Senators make bold to say that they oppose this bill because the burden falls unjustly upon their States.

Vermont will receive $5,000,000.

Virginia, the mother of Presidents, gets $41,000,000 of this money.

Washington $37,000,000.
West Virginia $25,000,000.
Wisconsin $52,000,000.
Wyoming $7,000,000.

Mr. President, I shall vote for this bill. At the same time I will keep a close tabulation of the votes and before the result is announced, if my forecast is correct that the bill is to be defeated, I will change my vote from yea to nay. I shall do it for but one purpose, and that is in order that I may enter a motion to reconsider the vote by which the bill fails of passage. Immediately after the vote is announced I will enter a motion to reconsider the bill, in the hope that we may yet secure enough votes to pass the bill.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state the inquiry.

Mr. LEWIS. May an amendment to the bill be submitted now to be laid on the table and abide its proper time for a vote?

The PRESIDENT pro tempore. That may be done only by unanimous consent, the bill having been read three times and the pending question being, Shall the bill pass? The yeas and nays have been ordered on that question.

Mr. LEWIS. I gather that by unanimous consent only may an amendment be tendered to the bill.

The PRESIDENT pro tempore. If unanimous consent is granted to reconsider the vote whereby the bill was ordered to be read a third time, then the bill would go back to the second reading and the Senator could offer his amendment.

Mr. LEWIS. I would not trouble the Senate so far.

Mr. NORRIS. Mr. President, in my public service of 30 years in Congress I have never failed to vote in favor of any bill coming before Congress that in any way favored or helped the ex-soldiers of any of our wars. I hope that my vote to-day may not be construed as a deviation from that course.

No man living, Mr. President, has a greater hatred for war than have I, and yet I believe I tell the truth when I say that no living man is in favor of going farther for the benefit of an ex-soldier than am I. I have listened to the eloquent addresses that have been made to-day in favor of the bill. With a very great majority of what has been said in its favor I most heartily concur. I heard the Senator from Indiana [Mr. ROBINSON], himself being a veteran of the World War, in his eloquent address condemn war in terms that are never surpassed and seldom equaled. I believe if we could listen to the voices of every one of the 17,000 veterans who are encamped around the Capital, the condemnation of war given by the Senator from Indiana would receive unanimous approval.

Mr. President, I am one of the oldest men in this Chamber. I realize that not many years in the usual span of life are yet spared to me. I realize, too, that in my long public service I have made many mistakes, that I have often been compelled to vote upon important measures when I was insufficiently informed to cast an intelligent vote. I realize, too, that my judgment has undoubtedly been wrong many times. Condemnation has been visited upon me by party men, and during the war by men whose patriotism was at least 200 per cent, that I had been unworthy of the place of honor which my people have seen fit to give me. I realize when I follow the dictates of my conscience and go contrary, as I have many times, to the alleged leaders of my party many honest party men condemn me in the severest terms.

Mr. President, I have in my hand the roll call of the Senate taken on our declaration of war against Germany. I find there the names, six in number, of Senators whom the older Members of the Senate will remember well. I am one of the six who cast a negative vote upon that occasion. The other five have gone to their reward, and, as I said a while ago, it can not be many years until I must follow those five comrades who voted with me on that occasion. There were never six men condemned in more severe terms than were we. I do not want to be understood, Mr. President, as casting any reflection upon the other Members of the Senate who voted the other way on that occasion. I believe they were moved, as I claim I was moved, by the conscientious conviction that in their vote they were performing a patriotic duty. But it was a day of wild excitement; there had been a powerful propaganda spread abroad. Millions of money had been spent to drive us into that great carnage. Thousands of newspapers had been influenced; all sorts of reports and stories were circulated, afterwards even at Government expense, to deceive the people of the country, as the people of every other country were deceived, as to what the contest really meant and who was to blame for it all.

In my own mind, at least, I obtained personal vindication, to a great extent, from listening to the words of one of those soldiers to-day in this Chamber. We now know, as the Senator from Indiana [Mr. ROBINSON] said a while ago, that, while we were taught to believe that this was a war for democracy, that it was a war to end war, we were deceived. It did not end war, and as the Senator from Indiana has said, and I can say it because I think I run no risk in repeating the words of a veteran of that war—other countries of the world and our own country have been worse off—thousands of times worse off—on account of that war.

I sat here as a Member of this body, Mr. President, while that war was on and listened to the speeches made by representatives of our allies across the sea. With others of my brethren here, I wiped away the tears that rolled down from my eyes on those occasions, and when I heard them tell of the noble purposes they had in view, how they were going to free the world from autocracy, how they were going to make the world at last respond to the sentiments and the heartbeats of the common people, I wondered, Mr. President, especially on one occasion when we were listening to the eloquent addresses of representatives of three of our allies, if I had been wrong when I voted against the declaration of war. I learned afterwards, however, Mr. President, that when we listened to the honeyed words of those representatives of our allies across the sea, pretending brotherhood of man and love of humanity, their pockets were bulging out at that very moment with secret treaties, concealed from us, by which they had agreed at the end of the war to divide up the world amongst themselves.

Mr. President, I have seen the things occur that eloquent Senators have described to-day. I believed at the time my vote was cast that war was wrong; I believed then we ought not to take that awful step; but I wondered if I felt that way because of early teachings when I was a child at my mother's knee, a widowed mother, who told me of the War between the States and how my brother, my only brother, had, even against her prayerful entreaties, gone to the front and there gave up his life in defense of the Government's cause. I wondered if that had not unconsciously perhaps moved me too far in my hatred of war; but when I see veterans now of the World War telling of the terrible carnage, when I read the history of the hell through which they had to go, I believe I did right. So whatever mistakes I may have made, Mr. President, I believe there is one act, if I am the only one in the world to say it, of which I may be proud, and that is my vote against the declaration of war.

Mr. President, the six Senators who voted against that declaration suffered a torture and a torment the world has never understood; the tale has never been told how they were hounded, how their footsteps were followed, how they were shadowed, how all manner of things were attempted to bring about their downfall and their ruin. I see one or two names on the list now before me, Mr. President, of men whose death, I know of my own personal knowledge, was hastened by the torments and the unjust criticism to which they were subjected on account of that vote.

I know of my own personal knowledge something about it. I have had my office searched; I have had my life since I left the cradle traced; my home in my absence has been hounded by the secret sleuths, sometimes by those of the Government of the United States, trying to find out something about my life that might be used to break me down.

It has its comic side, too, Mr. President. During the war, as I have said, many of these men came to my home; and one day in my absence one who came to my house, as many had done before, asked my wife all kinds of questions about my life and my history. On that one occasion my wife was asked whether it was not true that I had descended from German parentage; and, truthful and honest as she was, she had to tell the truth, and so she said to this sleuth: "Yes; his stepfather was a Pennsylvania Dutchman." [Laughter.]

Mr. President, we have heard here to-day about the way we compensated big business; it is all true, and it has been told in more beautiful language than I can command. We have heard how we paid and paid at once the railroads; that is true. I think some have mentioned, coming down to later days, the moratorium; that is true. Mention has been made how we opened up the Treasury of the United States when we established the Reconstruction Finance Corporation. It is all true; we did it all; and the things I have just mentioned we did under the leadership and the command of the President of the United States. We approved the moratorium, and did it by wire, when we were not assembled, in answer to the messages that came from the White House. We forgave $250,000,000 when we were in sad need of it, and when the debtor governments had the money ready with which to pay, and one of them, I understand, had already paid and had the sum refunded. That is all true. We provided for a direct appropriation of $500,000,000 for the Reconstruction Finance Corporation, made directly from the Treasury. We provided for the issuance of bonds of that corporation to the amount of

$1,500,000,000, guaranteed both as to principal and interest by the Government of the United States, so that they are the direct obligations of our Government. That is all true. That was all done for bigger business—corporations, railroads, banks.

Some of it did some good, I think. A man would be crazy indeed, if you would give him $500,000,000 in cash and securities for $1,500,000,000 more, if he could not do some good with it. But the depression keeps on. We have chased around all the corners in the country and have not yet overtaken prosperity. We have lavishly given the money and the credit of our Government to carry on these things; and now we are confronted with several thousand ex-soldiers asking that their compensation certificates be paid.

I am not disputing the justice of it. I was one of those who were in favor of paying it all at the time we issued the certificates. I would pay it all now if I thought we could do it without danger to our Government itself. The only defense I have personally, I want to say, is that I voted against and talked against and worked against every one of these things. I did not believe they were going to bring prosperity. I thought we were commencing at the wrong end. Instead of commencing with big business, I thought we ought to commence with the laboring class and the farmers of America, and let prosperity climb up, rather than to take the chance of having a few crumbs brushed off the mahogany-top tables while we would grovel on the floor and pick them up.

But that is done. It is over. That much of our credit is gone. Our Government is in that much worse fix than it was to begin with. And so, while I think it is proper, and I am not complaining of those who use it now as an argument in favor of this bill, I still believe that we can not make things right by piling another wrong upon the many wrongs which we must admit we have already committed.

As I understand, Mr. President, only about one-third of the unemployment can be traced to the veterans of the war. I am not claiming those figures are right, but that assertion has been made. I have not heard it contradicted. At least, we all know that unemployment is not confined to soldiers; and what I think would benefit these soldiers more than anything else would be to let them keep their certificates and give them jobs.

Jobs, Mr. President, is what the country needs for its unemployed. If there were no unemployed outside of the ranks of the veterans of the World War, I would not hesitate to vote for this bill; but that will not meet the question. It will still be staring us in the face; and I believe, as firmly as I believe anything, that if we pass this bill it will be an impossibility to pass an unemployment bill at this session of Congress. This will be used as an argument against it. This will be used effectively as an argument against it.

I think we could provide for unemployment in a way that would take care of all the veterans and everybody else; and in this crisis there is no difference between a veteran and a young man or a young woman who has come to maturity since the war. Our sympathies, perhaps, would be greater, because, if we are patriotic, regardless of the cause of the war, we certainly would have a sympathy for the man who bared his breast to the enemies of his country that we would not have for the ordinary citizen. I concede that; but when it comes to suffering, when it comes to taking care of those who are starving, when it comes to clothing the naked and warming those who are shivering with cold, there can be no distinction. The little child whose parents may have even been on the enemy's side of the world controversy must be cared for the same as the child of our own citizens if the child is here. We can not turn our eyes away from human suffering. In a country bursting with an oversupply of food we have millions of people suffering for the necessaries of life. In my opinion, the only thing that is going to alleviate this condition is an unemployment measure on a country-wide scale with billions behind it; and that means the soldiers who are here now asking for the passage of this bill will get jobs the same as everybody else.

I see no way to escape that conclusion. Much as I dislike to see my country issue bonds in time of peace, Mr. President, I think we will have to come to the conclusion that our country's life is in more danger to-day than it was either before or during the great World War. A great crisis confronts us now, and the crux of it all is this: Let men who want to work have work, so that they can buy the food the farmer produces; so that the men who are selling clothing and food will be able to hire clerks and pay them wages; so that the factories that will make the tools and the other machinery necessary to carry on a great unemployment campaign will all have their wheels started, and business will commence again, and in its thousands and thousands of ramifications, employment and prosperity will come up everywhere.

It is not a desirable condition, I admit, even to carry out that program; but if anybody has a better one, I should like to follow him. If anybody has any other plan that will give jobs to the unemployed, I should like to help him get it. While I have said before on the floor of the Senate that I thought it was a mistake for these soldiers to come to Washington and camp around the Capitol, although I said then that it was a free country and they had a perfect right to do it if they wanted to, I am reaching the conclusion now that the coming of this vast army is going to accomplish a world of good.

In the first place it has convinced the country, it has convinced Congress, it convinced everybody that these men are the highest type of citizenship; that these men, orderly and sober and industrious, are only asking for a right to live under the flag for which they fought. The way to let them live is to give them jobs. Let them keep the evidence of indebtedness that the Government of the United States owes them, to be paid in the future. Give them an opportunity to work. Give them an opportunity to earn something upon which to live and to support their families. That is what they need. That is what 99 per cent of them would rather have than anything else. Give them an opportunity—and, while you are giving it to them, give it to all their brethren in this country, whether soldiers or not—to work, to earn a living instead of becoming subjects of charity; to have jobs, to earn their own living, to earn their own money, and thus start the wheels of prosperity to turning.

If this will not work, if this will not do, then I do not know what will. If something of this kind will not work out, then our civilization is doomed. I see no escape from it, and I do not want to put anything in the way of bringing about that condition. I do not want to do an injustice to these soldiers; but I do not want even to do justice to them if by doing justice to them I do injustice to somebody else. They are like our other citizens who are unemployed. They want work, and we ought to see to it that they get work.

I claim no superior wisdom; but when I came back here last December, I introduced a bill providing for the issuance of $3,000,000,000 in bonds—perhaps that was not enough; perhaps that ought to be increased—to be used in public works. I do not like to do a thing of that kind. It is a sad commentary upon our Government when we are required to do it in time of peace; but I would rather give jobs to people, even though it is through the issuing of governmental bonds, than to feed millions in charity against their wish, if they could have their real will. I would rather issue bonds and give jobs than to issue bonds and use the money for charity; and that is what we will have to do. We have gone through one winter without taking the Federal Government into the picture, and it has strained the nerves and the capacity and the patriotism of all the charitably inclined people throughout the United States to carry on during that winter. They can not do it another winter. If we had started last December and enacted the necessary laws, we would have been able when spring came to put millions of men to work, and the scene we have to-day would not be here.

So, Mr. President, right or wrong, it seems to me that at least for the present we should not pass this legislation. I am not unmindful of what the Senator from Oklahoma said, and I want to say to him that if this bill is defeated and Congress does not do something for the unemployed, and

if the President of the United States prevents it becoming a law when we do pass a bill looking to that end, then, as a last resort, I would give my approval to a measure of this kind.

At the present time I believe it would be a stone in the pathway of that kind of a program, and I am measuring my words, because I know that the same influences which have been mentioned by the Senator from Indiana, the Senator from Wisconsin, the Senator from Iowa, and the Senator from Oklahoma are opposed to the plan I am talking about. I realize that at the present time the Treasury of the United States is opposed to it. But these men have come over a great way since last December. Then the President of the United States was against the Federal Government doing anything of a constructive nature to help unemployment. Conditions have been growing worse. The resources which he called upon have been exhausted, and the Federal Government alone stands between destruction of our Government itself and some method by which the unemployed can be given an opportunity to earn an honest living.

Mr. SHIPSTEAD. Mr. President, I think it is well known that if you are going to fertilize a tree, you ought to fertilize at the root of the tree and not the top. If you put fertilizer on the top of a tree, you kill the tree. If you fertilize the root of the tree, the whole tree will grow and benefit. I make that statement because I fear that in so much of the relief legislation we have passed we have been fertilizing the top of the tree instead of the root.

I am going to vote for this bill, and I have no excuse for voting for it. I have some reasons. I am not going to vote for this bill because these veterans sit here in the galleries. No more orderly group of petitioners have appeared in Washington since I came here. It has been said in the newspapers that Senators have said they would refuse to vote for this bill so long as the veterans were here. I can not believe that such a statement has been made. For a Senator to make such a statement would be as improper as it would be for a judge to say he could not render a proper decision because interested parties sat in his court. If any Senator has made such a statement, I want to remind him that in years of service in the Senate I have heard no Senator say that he would refuse to vote for a banking measure because bankers sat in the galleries or for a tariff measure because manufacturers happened to sit in the galleries, or for any other measure because some beneficiaries might occupy seat in the galleries.

Mr. President, I want to assure you that I am not going to vote for this bill because of its popularity. I realize full well how unpopular it will be to vote for this bill. Vote against this bill, and the yelping crowd of propagandists will call you statesman.

I want to say a few words in opposition to the arguments which have been made against the bill. The main argument has been, for instance, that those who are in favor of it are inflationists and would destroy the credit of the Government and destroy business, and because I believe that is not so is my excuse for imposing upon the Senate for a very short time.

In the first place, I beg you to remember and bear in mind who it is who says this is inflation, and then look upon the record and see how well they are qualified to warn and to advise the Government of the United States on the question of inflation. The people who call this an inflationary measure inflated the credit system of this country from 1924 to 1929, until it blew up like an overinflated automobile tire or an overinflated balloon. They furnish the same financial leadership advising the Government of the United States to-day, and I claim they are not qualified, and by their fruits we have a right to judge them. I claim their own record has disqualified them as advisers of the Government of the United States on matters of this kind. Their continued advice, if followed, will wreck the country.

I am accused of being an inflationist. I have never been an inflationist, and I am not an inflationist now. When the orgy of inflation was started by the banks of the United States in 1924, in my humble way I tried to point out the dangerous road on which they were embarking and the serious consequences which would result. Not for the purpose of saying "I told you so" but to prove by my record that I have been opposed to inflation at a time when it was necessary to be opposed to inflation, I want to quote from the RECORD of the Senate under date of January 21, 1925. After addressing the Senate for more than an hour and a half on the policy which had then been inaugurated by those in control of the credit system of this country, I concluded with these words:

> It seems scarcely necessary to comment upon such a condition. The facts speak louder than any denunciations that can be framed. The facts are from ex cathedra sources—from New York leading financial authorities and from Federal reserve reports. They tell their own story to the country at large, the story of a Wall Street stock market "jamboree" financed by the United States Treasury. The check upon Wall Street control, the purpose for which the Federal reserve was originally created, has been destroyed, and the Government agency turned into a force to perpetuate and magnify the evil. The result is called prosperity of the American people and sound finance.

I quoted on that day from the Annalist, and Mr. Parker Willis, who said:

> H. Parker Willis, a former official of the Federal Reserve Board, in a special article published in the Annalist charges that the Federal Reserve Board has pushed into the market $1,100,000,000 by purchase of securities, and that besides this "open-market work" the Federal reserve banks, "under instructions of the Treasury," have forced into circulation as much of the gold coin in their possession as the market could absorb.
>
> * * * * * * *
>
> Even now we know not what hour the bubble may burst and the 1924 stock inflation, like others before it, produce disaster to the many and endanger panic. The country will survive. It is the greatest and most enduring that man has happily created. But let us not trifle with the corner stone of its foundation—the faith of 100,000,000 people.
>
> * * * * * * *
>
> We have had in the last few weeks an inflation of approximately $6,000,000,000 of paper profits, and the public is led to believe that it is all based upon a sound economic condition of the industries of the country. An unprejudiced survey of the earning power and production capacity of the industries of the country will convince anyone that what is going on now is not based upon any sound economic principle; that it is merely a repetition of what has taken place in the country many times before, an artificial stock speculation, the fleecing of the lamb, and after that comes the deluge of deflation with ruined business concerns and individuals all over the country.

So much for 1925. In 1924, when those in control of the credit inaugurated a policy of underwriting the debts of Europe, and financing the Governments of Europe, through the inflation of credit through Federal reserve banks, when the Federal Reserve Board made a rule by which they could deal in European trade acceptances—and, by the way, that was where about $800,000,000 of our banking funds were tied up last summer when we had the crisis which forced the so-called moratorium—at that time I said:

> Our international bankers are involving us more and more deeply in the chaos of Europe. Under a recent ruling by the Federal Reserve Board our Federal reserve banks will accept European trade acceptances for discount. This means the credit reservoir which is the property of the people of the United States is going to be tapped and a constant stream of banking credit is going to be poured out over Europe for the purpose of bolstering up the tottering financial houses of Europe. They are going to give European bankers credit and money that they denied to the American business and American farmers in 1920, 1921, and 1922.
>
> The Dawes plan is a gold brick loaded with dynamite. It provides for a loan of $200,000,000 to Germany so Germany can pay France, who owes us $4,000,000,000 which she refuses to pay. It is said that this money is to be loaned to the various countries of Europe in order to establish peace in Europe, in order that we shall have an end of war in Europe.

Remember this was in 1924:

> If this extension of credit is for peaceful purposes, why is it not provided in the contract that Europe shall disarm before she gets this money? Why is it not stipulated in the contract that the countries of Europe shall not spend money for armament and war? The President is quoted as saying that he intends to urge the American people to buy these securities in order that we may establish world peace. Some one is deceiving the people.
>
> It is said the reason for this new financial policy is the desire of the bankers to stimulate exports financed by American credits. We have had some painful experiences along these lines, but we seem to have forgotten the terrible price we paid for financing European purchases in America.

The Federal reserve system was set up to finance this Nation. By the action of the Federal Reserve Board it is now to be extended throughout the world. The property of the American people is to be used to finance merchants, bankers, and others in all the bankrupt nations of the world.

The banking credit of the British Empire, which has been the main source of supply for credit with which to bolster the tottering financial structure of Europe, is evidently exhausted, and the American resources are to be thrown into the breach in an attempt to stave off the impending financial crash there.

I see great danger in this move. It means that we shall have to carry additional burdens in Europe, and it may mean that we shall ultimately have to pay its debts. We are to pay for the imperialistic plans of unscrupulous politicians who have made the Versailles treaty an instrument of war.

REACTION PREDICTED

American bankers are gambling with trust funds belonging to others. They did it before and lost, and the American people are now paying the price. The deflation of 1920 was directly related to that said experiment.

The first result of this new scheme will be artificial stimulation of exporters and business. It may start an artificial business boom that will carry us until the election. It is also evident that the holding out of unlimited American credits to European nations is to be a club to force the acceptance by Europe of the Dawes plan and to compel the American producer to carry more of the European debt than he is already carrying.

When the first effect of this unwise policy wears off there will be a reaction that will strike a serious blow at our financial stability and our industrial prosperity. It may even be that we will become inextricably mixed up in the tangled web of European politics and finances.

So much for 1924. I warned against undue inflation at that time. I warn against undue inflation now. I want Senators to bear in mind, however, that overinflation of the credit system will wreak as much damage to the industries and to the finances of the country as an undue inflation of currency. A proper inflation of an automobile tire will make it function and last and carry one's car. A normal supply of credit, a normal supply of currency will have the same effect on the commerce and business and trade of the country. It is dangerous to overinflate both the credit system and the currency system, but those who are at all times ready and willing to overinflate the credit system hold up their hands in horror at the suggestion of a normal increase or expansion of the currency system.

On the one hand, the bankers control the inflation and deflation of the market. They hold the strings with which they can choke off the very life breath of the business of the country. They have the power to inflate and deflate, to make prices high or prices low. They have tried to inflate the credit system and credit currency for the last year and a half and failed to do it because the credit system is paralyzed due to overinflation and the resulting descending price level.

Now, to show that this will not be an undue inflation of the currency, let me point out from the report of the Secretary of the Treasury of the United States what it will mean so far as the currency is concerned. In 1920 there was a per capita circulation of currency or money in this country of $53.21.

If anyone wants to check up this statement, I will refer him to page 550 of the Treasury's report of the United States. It will be found in that report dated June 30, 1931. The per capita circulation in 1920 was $53.21. In June, 1930, the per capita circulation was $36.71. That means a contraction in the circulating medium of $16.50 per capita per 124,000,000 people. The addition of the proposed $2,000,000,000 in currency would barely restore the per capita contraction that has taken place since 1920.

On page 458 of the same report of the Secretary of the Treasury we find that the Federal reserve notes outstanding on June 30, 1920, were $3,405,877,000. On June 30, 1930, there were outstanding $1,746,501,000 of notes. During the 10 years there have been retired $1,659,376,000 of Federal reserve notes. In the meantime the population had increased from 1920 to 1930 by 17,000,000, showing that the proposed additional currency of $2,000,000,000 would barely meet the per capita contraction in Federal reserve notes during that time.

On page 548 of the same report it will be found that on June 30, 1920, there was a gold coverage of $35.12 for all money outstanding. On June 30, 1930, there was a gold coverage for all money of $54.59. In 10 years the gold coverage had increased $19.47 of gold in excess of what it was 10 years ago, an increase of 35 per cent, or equivalent to an increase of over 50 per cent of what it was in 1920.

The stock of gold in 1920 was $2,865,482,000. In 1931 it was $4,955,921,000. In 10 years the gold supply of coin and bullion holdings increased $2,090,439,000. The proposed currency issue would merely balance the increase in the reserve of gold, the purpose of which is to supply the increasing currency needs of the American people.

On page 510 of the same report it will be found that in 1920, on June 30, the public debt was $24,061,095,362. On June 30, 1930, the interest-bearing debts were $15,921,892,350. During the 10 years we have retired $9,139,203,012. The increased gold reserve was $2,000,000,000, and the decrease in interest-bearing debts was $9,000,000,000 in that period of time. The per capita debt in 1920 on June 30 was $228.32. On June 30, 1930, 10 years later, the per capita debt was $131.38, a 10-year reduction of $96.94 per head for 124,000,000 people. This alone should justify an increased currency per capita of at least one-fifth of the $96 debt per capita reduction.

In June, 1920, the per capita circulation for the United States was $57.35, so from June 30, 1920, to June 30, 1930, there was a decrease in per capita circulation of $20 for 124,000,000 people. That amounts to more than what would be the average increase in per capita circulation under this bill. There would still be as large a coverage of gold as there was for all money in 1920.

The venerable Senator from Nebraska [Mr. NORRIS], whom we all love and respect, said he wants to give the veterans jobs and wants to give other people jobs. I would like to know where they are going to get the jobs. The policies that have been pursued by those in the leadership of industry and of finance and of government have been such that they have destroyed all possibility of increasing employment. Unemployment is increasing, the price level is going down, and every activity of the Government within the United States is gradually declining.

There were those who had hoped that when a bankers' corporation of $100,000,000 was organized it would support or stimulate the price of bonds. I ask them to observe that for the amount of bonds purchased the deposits in the banks of the United States declined, showing that bonds were being bought at the expense of the deposits in the banks. If anyone can restore prosperity in that way, I wish him good luck. He will need it.

It has been mentioned here that we voted out of the Treasury great sums of money for various enterprises. I do not question the good faith of those who voted for those measures. I voted against practically all of them. I voted against the cancellation of the debts to the foreign governments, which are costing this Government $500,000,000 a year in sinking fund and interest, and I voted against the moratorium and other measures because I thought those measures were unnecessary, economically unsound, and placed undue burdens upon the taxpayers of the United States. I could see no reason why the taxpayers of the United States should carry the burdens of the world. We have enough burdens of our own to carry.

I do not claim, nor do I believe, that the passage of this measure, if it should be signed by the President, will be a permanent cure of our economic troubles. If we pass this measure and pursue the policies that have brought about the depression, the remedy will be only temporary. It will give us a breathing spell to take stock of the causes of the depression and find the causes that brought it about and change the policies that brought it about.

I firmly believe that the bonus bill that was passed a year ago saved the situation to a large extent and that conditions now would have been far worse if we had not passed it, because the $1,000,000,000 that were borrowed on those certificates certainly must have paid at least $5,000,000,000 indebtedness.

The time must certainly now have come when it must be realized that prosperity can not be restored by reinflating the credit system. It can not now be done in that way, because confidence in the banking system has vanished, and credit is based entirely upon confidence. I believe that this is not an undue inflationary measure. There will be ample gold coverage, as is shown by the report of the Treasury; and it will do more to stimulate activity in business, not permanently but certainly far more effectively than can be accomplished by the vain endeavor to pump credit into a commercial system that can not now use the credit.

Mr. President, I want again to assure the Senate and those who sit in the gallery that I am not voting for this bill out of friendship or sympathy for the veterans. Sympathy will not do them any good; and in the Senate of the United States when I come to make a decision I can afford to have no friends—I can not afford to let friendship bias my judgment or my decision. I make this decision in cold blood, on an economic basis, on a foundation of belief that it is economically sound and will not be unduly inflationary, rather that it will be economically of benefit to the entire country; and if the veterans receive incidentally some benefit, that shall make me happy. I want to assure the Senate and the veterans that I am not voting for this measure because of the popularity of the measure with the veterans. Certainly no soldier is ever popular after the war is over.

For it's Tommy this an' Tommy that, an' "Chuck 'im out, the brute!"
But it's "Savior of 'is country" when the guns begin to shoot.

Then it's Tommy this an' Tommy that, an' Tommy, fall behind.
But it's "Please to walk in front, sir," when there's trouble in the line.

Then it's Tommy this an' Tommy that, an' Tommy, "'ow's yer soul?"
But it's "Thin red line of 'eroes" when the drum begins to roll.

It's Tommy this an' Tommy that, an' anything you please,
An' Tommy ain't a bloomin' fool—you bet that Tommy sees!

Mr. LA FOLLETTE. Mr. President, I desire to make plain my position lest the vote which I am about to cast on this measure may be misinterpreted. As I view it, there are theoretically two courses open to be pursued in a major economic depression. One is to follow what may be termed deflation—of permitting the depression to run its course, which naturally is espoused during an economic readjustment of this kind by the creditor group since they stand to gain during all the course of such deflation, save only in the contingency that the economic structure itself shall be disrupted and destroyed.

The other course which may be followed, Mr. President, is one in which action by the Government as well as by those who are in positions of economic power is taken to check, to stem the tide of depression and deflation, and to turn the economic trend when the catharsis of the readjustment shall have taken place.

The reason, Mr. President, that I feel it incumbent upon me to make my position clear is because, in my judgment, the issue in regard to this measure has been confused; and while I acknowledge full well that many of the votes cast in the negative upon this roll call will be votes cast by those who sincerely espouse the course of deflation, I do not wish the fact that I may be forced to vote as those deflationists vote to be understood as indicating that I agree with their economic philosophy, either in times of depression or in times of prosperity.

Mr. President, when this depression began I tried as a Member of this body to point out that it was a major economic readjustment, cataclysmic in its potentialities, and that it would be greater in its effect than ever before experienced in this or any other country in the history of the civilized world.

During the course of this depression the Government—and I use that term because I wish not at this time to inject political considerations into this discussion—espoused the theory of deflation, of letting the depression run its course. I think I am justified in using the term "Government" because while the administration outlined and defined its policy it received the support on the side of the aisle occupied by the party that is normally and theoretically intended to function as an opposition under our 2-party system of government.

Like the Senator from Minnesota [Mr. SHIPSTEAD], I tried during the period of inflation to point out its dangers and sought to persuade this body to take action in an effort to check it. At a time when brokers' loans, taken from the Federal reserve system contrary to the spirit if not the letter of the Federal reserve law, had reached the staggering total in January, 1928, of more than $5,000,000,000, I introduced a resolution in this body, and finally secured a report on it from the conservative Banking and Currency Committee of the Senate, calling on the Federal Reserve Board to exercise its power under the law by manipulation of the rediscount rates to shrink down that enormous concentration of credit being used for speculative, not for productive, purposes; thus hoping to avert the catastrophe which inevitably would follow failure to act in the crisis. The resolution was blocked, Mr. President, on the floor of the Senate by Members of both parties, and I was never able to bring it to a conclusion.

The concentration of credit for speculative purposes went on, and finally, after a general recession in business, there came the stock-market crash in 1929. The first act on the part of anyone in a position of responsibility in this Government was a statement by the President of the United States that conditions were fundamentally sound. It failed to check in its inception the deflationary process. Then Congress met in December and, after a hurried bipartisan conference at the White House, there was presented to the Senate a resolution characterized as a remedy for the situation prevailing. I wonder if Senators remember what it was. It was a joint resolution proposing to take $160,000,000 out of the Treasury of the United States and to refund it to the big income-tax payers and to the big corporations. When we challenged that proposal on the floor of the Senate we were answered by spokesmen on both sides of the aisle who were supporting it, with the statement that this was a psychological depression and that the refunding of this $160,000,000 would change the psychology and that soon the depression would be over.

For many long, weary months, which finally ran into years, Mr. President, those in positions of power and responsibility in the Government proceeded on the theory that the depression was due to psychological causes. They at first ignored it; they adopted the tactics of the ostrich; they stuck their heads in the sands; and, because they could not see what every other person could see who took the time or the pains to study the economic data available, they thought the depression was not going to last. Having failed, Mr. President, they minimized or attempted to minimize the seriousness of the depression.

The President of the United States on the 8th of March, 1930, issued his justly famous statement in which he said that after the most thorough investigation, with all the departments at his command, he had come to the conclusion that unemployment would be so drastically reduced within 60 days that it would not longer be a serious problem; and when waited on a few months later by a delegation composed of bankers and others who came to urge upon him a consideration of this problem and its menace, he informed them that they had come six weeks too late; that the situation was already well in hand. Convinced in this situation that the responsibility for leadership rested with Congress, I began in the third session of the Seventy-first Congress my efforts to direct the attention of this body to the serious problem of unemployment and its relief, which was one of the major problems of the depression.

On the 9th of January, 1931, I had this to say:

Mr. President, the Congress, like Nero, is fiddling while Rome burns.

The leadership in Congress, if any exists, should devote itself to the development of a program which will adequately meet this situation. First of all, obviously, we should see that food and clothing are provided for the drought sufferers. To throw the entire burden upon the Red Cross and to permit conditions to develop such as have been pictured here by the Senators from Arkansas is criminal negligence on the part of Congress.

Second, I think that the evidence which I have submitted to the Senate to-day and upon two previous occasions when I have spoken shows overwhelmingly that prompt action should be taken upon some measure to give direct relief to the unemployed and their dependents. The bill introduced by the junior Senator from Massachusetts [Mr. WALSH] which provides for a 50-50 appropriation by the Federal Government to relieve the cities of the excess burden which they have had to meet in providing relief for the unemployed should be enacted, or we should pass a measure which would enable the Red Cross to meet the situation.

Third, Mr. President, our public-works program for the next fiscal year should be expanded. Let us not be caught again next winter in the situation in which we now find ourselves. Let us provide for a sufficiently large public-building program so that during the next winter appropriations for public works and the plans and specifications and contracts will be ready so that the Federal Government may step in to relieve adequately the situation.

Fourth, Mr. President, some attempt should be made on the part of Congress to afford the means for the mobilization of the intelligence of industry and finance in order that it may be brought to bear upon the problem of solving the question of distribution, as it has been brought to bear during the last 10 years upon the problem of increasing the productivity of our present industrial organization. Unless we do that, Mr. President, economic conditions may be infinitely worse 12 months from now than to-day. We can not solve this problem through mergers. The recently announced plan for consolidation of the eastern railroads, as has been shown by the president of the Baltimore & Ohio Railroad Co., will create economies largely at the expense of the employees. Consolidations or mergers of the kind proposed will add to the number of unemployed rather than reduce it. To follow such leadership will bring about a permanent unemployment problem which will be, if permitted to run its course, greater than that which has afflicted Great Britain during the years since the World War.

The administration having failed to meet this crisis, Congress should devote its energies during the coming weeks to the enactment of a relief program and to the passage of constructive measures for the prevention of unemployment in the future. The time has come for the Congress to assert its leadership.

Mr. President, despite all efforts that were made, it was impossible to secure action upon legislation at that session of Congress. When the present session met I introduced a bill to provide for a five and one-half billion dollar public-works program. I introduced a bill to provide for the creation of a national economic council; and, as is well known to Senators in this Chamber, I joined with the Senator from Colorado [Mr. COSTIGAN] in making the fight last January for adequate unemployment-relief legislation. I am not frightened by the cry of inflation raised against this bill. It is the type of inflation provided I am not ready to accept. I have been trying for months to enact the five and one-half billion prosperity bond bill for public works, which would bring a controlled inflation.

Mr. President, why are these men here pressing for the enactment of this legislation? Largely due to the economic distress that prevails in every section of this country to-day. If there were employment for the men who are here, and for their comrades at home, who are demanding the passage of this legislation, there would not be any such demand for its passage. Therefore, by and large, the demand for the passage of this bill comes because there is widespread distress in the United States; and while from the beginning of this depression I have fought as valiantly as I knew how to bring the attention of Congress to the major character of this depression, and to urge upon its consideration the enactment of a program gigantic enough in size to check the downward trend of this spiral; while I have fought consistently for the proposition that the problem of unemployment relief in this country was a joint responsibility of the Federal Government as well as the counties, cities, and States, I can not bring myself to vote to extend relief solely to a group, who, no matter how deserving, are but the counterpart of millions of others in the United States who are likewise in distress through no fault of their own, and who are just as hungry, just as destitute, as are the men who are present in the galleries and in the city of Washington at this hour.

I think any person who has given serious consideration to the problem of unemployment relief will admit that the payment of relief in lump sums is not a sound or economical distribution of that type of relief. These men have had experience with that type of allotment, because many of them have already taken advantage of the privilege extended at the last session of Congress to secure a 50 per cent loan upon the certificates; and despite the fact that many, if not most, of those who are present here have borrowed 50 per cent of the value of these certificates, they are to-day, only a year after we enacted that legislation, in as destitute circumstances as are millions of other citizens who did not have the credit resources with which to obtain a loan.

Furthermore, Mr. President, there are 827,000 of these certificates outstanding to-day upon which not a dollar has been borrowed. I think it is safe to assume that the great majority of those 827,000 who have not borrowed upon their certificates are not in need of funds at this time; and I, for one, can not vote to make a lump-sum payment to 827,000 persons in this country who I think it is fair to assume do not need this relief when there are millions of citizens in the United States who are in the direst necessity.

Mr. President, I hate to say it, but as the result of the study which I have made of this depression I am convinced that it is one which will be of long duration. The problem that confronts us at this hour will grow increasingly worse by geometric progression. Staggering as was the problem of unemployment relief during the past winter and as it is at this very hour, it will be a much more staggering burden next winter, and, I fear, in the winter to follow it.

While I have not joined in what seemed to me an exaggerated overemphasis of the necessity for balancing the Budget and for maintaining the credit integrity of the Govment, because I never thought it was in danger, I do say that in a long period of depression there is an X amount of credit which the Government can obtain and make available for the protection of itself and its citizens. I do not know how much that amount is, and neither does any other living man in or out of this Chamber; but, convinced as I am that this depression will go on, and that most enormous demands will be made upon this Government not only for direct relief but for public works to provide employment, and conversant as I am with the problem of unemployment relief, I can not vote to mortgage $2,400,000,000 of that X amount which may be raised during the next 5 or 10 years to meet the exigencies of the situation.

Therefore, Mr. President, like the Senator from Nebraska [Mr. NORRIS], I feel that I am here confronted with a choice between relief to unemployed in the United States and their dependents, regardless of whether they served in the war or not, and the enactment of a gigantic public-works program on the one hand, and on the other hand the passage of this bill to give relief to the ex-service men.

Mr. President, I believe that the Senators who oppose this bill, if there be any, because they have discounted the significance of the social manifestation of the presence of this Bonus Expeditionary Force in Washington, are doing themselves and the country a disservice. In my judgment, this Bonus Expeditionary Force is merely a dramatic and a significant indication of the widespread distress under which citizens all over the United States are to-day suffering. I have talked to many of these men. They are a cross section of the backbone of the citizenship of this Republic. They are men who have normally been employed, who under normal conditions owned their own homes, or at least had title to them, and were buying them on the installment plan. Most of them have families—at least, those that I have seen. They are respected citizens of the communities from which they come. They have joined in this personal appeal only because all of their other resources have been exhausted, and they have turned to Washington to appeal for the passage of this legislation because they are in the direst necessity and it is their last hope.

I want to pay tribute to these men and the manner in which they have conducted themselves while in Washington, and I want also to say that I believe that they were but exercising the right of petition which is guaranteed in the Constitution of the United States.

As I stated the other evening in private conversation with an individual who made a slurring remark about these men, I have been interviewed by many of them, and I think they compare most favorably in their conduct and spirit with many of the individuals who interviewed me when the tax bill was under consideration and who desired to be relieved of the additional taxes to be imposed.

Mr. President, I shall continue to fight for Federal unemployment relief legislation, and for the enactment of a public-works program of gigantic proportions to care for all the unemployed, including the ex-service men. It is a matter of infinite regret to me that I am forced, for the reasons which I have stated, to deny at this time and in its present form the appeal for relief which has been made by the ex-service men who have come to Washington to ask for the passage of this legislation.

Mr. COSTIGAN. Mr. President, following the moving address of the great Senator from Nebraska [Mr. NORRIS] and the persuasive remarks of the able Senator from Wisconsin [Mr. LA FOLLETTE], with both of whom I am in substantial accord, it would appear to be idle further to address the Senate on this subject. Nevertheless, as the representative of a sovereign State, with definite national responsibilities, some explanation will be given of the reasons for my vote.

From the most painstaking and patient examination possible, and without commitments with respect to any future consideration of the same subject, I have reluctantly concluded that public duty compels me to vote against the bonus proposal at this time and in the form in which it is now presented.

Chief among the reasons for the decision are these:

First. From the outset of the present session of Congress disinterested men and women have recognized—and I have accepted as my foremost public responsibility at this session of Congress—the overwhelming necessity for relief legislation not narrowed to any selected group or groups but general in its nature and fairly distributed according to population and individual need. It is becoming clearer that we have now, and all too long have had, not merely 3,000,000 veterans but approximately 12,000,000, including veterans unemployed, and more or less in want. Surely in such an unparalleled peace crisis the Nation ought not to play favorites. Any national relief program—and Congress, as just urged by the Senator from Wisconsin, owes a duty to the country to adopt a real one before it adjourns—should be concerned with the country's entire problem.

Second. The present bill for veterans' relief, if adopted, will be used to arouse frantic, overburdened taxpayers to smother the hopes of the larger number of deserving other millions for whom in time of peril the Nation's full safeguarding powers should be equally and wisely mobilized.

Third. Those who control our national banking and credit structure predict and in instances threaten and, unfortunately, hold the strategic position to precipitate even worse financial disasters than those of the past three years if the legislation now pressed is adopted. Faced by the likelihood of such a catastrophe, should we not build back toward fugitive prosperity by means of carefully expanded credit through general relief and national public-works construction programs rather than subject the country to the danger of further credit shocks, whether deliberately or otherwise precipitated? The men now crowding this city and Chamber, beyond their immediate needs, want and should have work above all else; and the force of the argument for a sound public-works program is increased when it is remembered how the earlier bonus payment passed without the business stimulation promised by its advocates.

Difficult as our decision may be, it is profoundly hoped that to-day's legislative crisis may prove a vital turning point in a new forward movement aided by our country's best experts to build America without delay on sounder national and international foundations. After extending inevitable temporary relief Congress should at once advance through necessary public works and well-planned farm and other industrial organization and development under government toward reborn and better-rooted prosperity. Let us hope that this test of self-governing ability to which America is now inescapably summoned will be shouldered with nobler selflessness and deeper humanity-loving wisdom than our leadership has yet exhibited.

Mr. GEORGE. Mr. President, I desire to make only a brief statement. I have reached the conclusion that at the present time I should vote against the pending bill to pay to the veterans of the World War their adjusted-service certificates in its present form.

I desire to say that in reaching this conclusion I have not been frightened at all by the suggestion of an inflation either of currency or credit. Indeed, I would welcome a properly controlled expansion of the currency, and especially of the credit. I have reached the conclusion because I have come to the fixed opinion that before this session of Congress is adjourned a building program or construction program large enough to give employment to a large percentage of the unemployed people in the United States should be undertaken.

I have not hastily reached the conclusion to vote against the bill at this time in its present form, because I have supported uniformly, over a period of nearly 10 years, legislation for the veterans. I believe it would be a fatal policy to adopt at this time a program of partial relief for the unemployed of the United States, and because I have arrived at the conclusion that a large program should be undertaken, and before adjournment, and because I believe that piecemeal efforts to relieve the general unemployment in the United States, including unemployment of veterans and nonveterans alike, would retard rather than promote a general program of relief and employment, I have concluded that I should vote against the pending bill in its present form and at this time.

Mr. SHEPPARD. Mr. President, on the question of the effect of this measure on the credit situation, I desire to present to the Senate a statement contained in a letter to me from Walter F. McCaleb, president of the American Home Builders, of Cleveland, Ohio, an acknowledged financial authority. That statement is as follows:

> This veterans' bonus bill will help vastly in turning into the channels of trade some liquid credits, and to some extent start the currents flowing again. We must have additional credits. The dollar must be reset, otherwise it will not be economic chaos but utter economic collapse.

I desire to call the attention of the Senate to another statement included in a letter to me from Mr. Robert M. Harriss, of New York City, a prominent student of financial affairs, which is as follows:

> In my opinion and the opinion of many banker and economist friends that I value, payment of the balance of the adjusted-compensation certificates would not only be a godsend to the needy veterans, but, more important, through currency expansion, it would quickly stop this devastating deflation and prove of immeasurable benefit to our entire country.

Mr. President, I desire briefly to contrast the treatment accorded the railroads with the treatment so far accorded the veterans.

When it became necessary to draft the railroads for the more effective performance of our part in the World War, they were guaranteed a compensation equal to their average annual operating income for the preceding three fiscal years. Where they had been earning no income, or where for any reason that basis was shown to be impracticable or unfair, adjusted compensation was assured them.

In addition the agreements under which the railroads were shifted to Government control provided for maintenance, repairs, renewals, depreciation, and for such adjustments of operating income and Government contribution as would secure the return of the railroads at the end of the war to their owners in substantially as good repair and with substantially as complete equipment as was the case at the beginning of such control.

Under Government control the wages of railway workers were substantially increased. Manufacturing concerns which

had been called upon to supply war materials were voted hundreds of millions of dollars by way of adjusted compensation to preserve them against losses incurred by virtue of war operations.

How different the situation with the human beings who were called upon to suffer and to die for the flag. They were drafted at $1 a day plus Army rations of clothing and food, when those who stayed at home were receiving for ordinary labor from three to five times the equivalent of that pay and allowance. Furthermore, our soldiers sustained heavy personal losses in many instances, endured separation from loved ones as well as the disruption of business or of education, perished by tens of thousands in a foreign land, were wounded and disease stricken by tens of thousands, were condemned to disablement and loss by hundreds of thousands, faced loss of employment, privation, and want on their return to civil life by millions, and those who survive and still waiting, after a lapse of 14 years, for the performance in full of the moral obligation resting on this Government to accord them a readjustment and correction of the economic and financial inequalities under which they were summoned to the service of their country.

Mr. President, these are some of the reasons which move me to support the present bill.

Mr. HATFIELD. Mr. President, the most important question, and the one asked most frequently and never satisfactorily answered as yet in the discussions on this legislation to pay the full-face value of the adjusted-service certificates at present is, Where shall the Treasury of the United States obtain the money with which to make this payment?

Regarding the discussion that the issue of Treasury notes in 1890 had no basic metal behind it or in which they could be redeemed, I wish to say that I am informed by the office of the Treasurer of the United States that this issue of notes in 1890 was for the purchase of silver bullion under the act of July 14, 1890.

The act also provided for the coinage of the silver purchased into standard silver dollars.

Up to 1893, when the act was repealed, $156,000,000 in notes were issued, and this issue was always backed up by the silver bullion purchased or by the silver dollars coined from it, which were held in the Treasury as a reserve to redeem the notes at any time. Only a small amount remained in circulation, $1,263,150 on April 30, 1930.

Money is not made, and Congress can not create a gold dollar any more than it can create a new constellation in the heavens. Gold must be discovered as other basic metals are by the geologist, and taken from the crevices of the rocks or washed from the gravel in the valleys. It is not made and can not be created any more than can coal or iron or any of the basic metals.

The reason for the adoption of the basic metal gold for our monetary standard is due to its value and because of its value in exchange for commerce and trade, it does not have to be redeemed. Gold is the redeemer; it never depreciates, and it can not be depreciated for the reason that its value is based upon its cost of production, and its utility.

It has been and is now claimed that money is the creature of law. The method advocated by some in Congress to pay the soldiers' bonus is an example. Should the bonus bill that is now before us pass and become an actuality, we would by law create an obligation. This obligation would be a certificate in the way of a piece of paper, backed by no security other than the promise to pay. Like any other note, there would be no value behind it. This is the only kind of money that possibly could be the creature of law. It would be fiat money, not based upon our basic standard of money, which is gold coin.

It is just as impossible to make money by law as it is to make wheat or corn or potatoes by law. Were it possible for Congress to make money by law, why would it be necessary to collect tax. I am sure if it were possible for Congress to make money, each and every Congressman would be ambitious to make each and every voter, who sent him to Congress, a multimillionaire, and this he would do were it possible for Congress to make money by legislation.

Greenbacks and all other paper money are certificates of indebtedness. They are mediums of exchange or circulation, made so by law to facilitate trade and commerce. These paper certificates are negotiable, by the individual possessing them, for the payment of debts. They evidence the fact that they are redeemable by the Government of the United States in gold and silver. In other words, they have something behind them in the way of a redeemer in basic metals whose intrinsic worth and value can not be destroyed. Especially is this true of gold coin, where each and every dollar represents 23.22 grains of pure gold.

The Government does not make money. The Government is a taxgatherer. Every citizen under the flag pays tribute to it in the numerous ramifying methods of taxation, directly and indirectly in payment of tariff and in income taxes.

Congress has fixed our monetary standard on a basis that does not fluctuate, and as long as it remains so there can not possibly be a depreciated or fiat dollar under the American flag.

We even hear the statement made that we can make money out of some other kind of material. Assuredly this can be done, but one must put a dollar's worth of material in the proposed dollar, whether it be silver, paper, iron or copper, or what not. We can not make a negotiable dollar without having the value in it or without having the certificate that represents the dollar guarantee that the value is somewhere deposited for its redemption.

The only and best security that such redemptions exist when promise-to-pay money is circulated is the Treasurer of the United States, who holds these securities. If the Treasurer of the United States is authorized to issue certificates to pay the soldiers' bonus, and if they are put into circulation without a medium for redemption, it would unquestionably mean inflation, and inflation will result in cheap money. It will mean depreciated money, and money which the Congress of the United States should not want to pay to those who fought bravely for their country. It is not the sound way to redeem the bonus certificates that were issued as an additional payment, on which the Government has loaned 50 per cent of the value, and which the Government promised to redeem 20 years from date of issue in sound money.

We may ask, What is the value of the silver dollar? How can it be redeemed? A silver dollar contains 371.25 grains of silver. Silver to-day is selling on the market for 27 cents an ounce. The intrinsic value of the silver in a silver dollar to-day is 21 cents.

The reason why the value of the silver dollar is maintained over the market price of the same amount of silver is due to the guaranty of the Government to redeem the silver dollar on a parity with the gold dollar. There are stored in the vaults of the Treasury 494,000,000 silver dollars to redeem on demand the silver certificates in circulation. There are 34,000,000 silver dollars in circulation.

Mr. COSTIGAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from West Virginia yield to the Senator from Colorado?

Mr. HATFIELD. I yield.

Mr. COSTIGAN. Robert Ingersoll once said that a good paper dollar is one which is able to declare "I know that my redeemer liveth."

Mr. HATFIELD. I thank the Senator from Colorado for his contribution.

This same question may be asked relative to the different series of greenbacks. Greenbacks were first issued in 1862. Congress provided for their redemption in 1879. They are redeemable in gold or silver at any time they are presented to the Treasurer of the United States. The highest amount outstanding at any time was $449,338,902 on January 30, 1864. This amount was gradually reduced until the act of May 31, 1878, which required the notes to be reissued when redeemed. Since that time the amount outstanding has remained $346,681,016. They are now known as United States notes and are protected by a gold reserve of approximately

$156,000,000 held in the Treasury. The reserve notes that are issued by the Federal reserve system have behind them 40 per cent in gold. The remainder is represented in gilt-edge securities which facilitates their circulation in commerce and trade as well as assures their redemption.

Gold is our standard and the intrinsic value and worth is based on its cost of production. Its value is not increased by coining. The gold dollar can be defaced and yet it will have the same value that it had before defacement.

It is ofttimes argued that our money is being made valuable by being used as legal tender. Gold is not given value by being made legal tender, but it was due to its value that it became legal tender. It is coined with its value stamped thereon as a matter of accommodation so it will not be necessary for it to be tested by a chemist or weighed in the scales.

The issue of certificates of indebtedness under the Patman bill or the Thomas bill may produce in this country a medium of circulation that at the present hour has no method of redemption. Only one thing could result and that would be cheap money which would find its way at 10 and 15 cents more or less on the dollar, in many instances, to those who are in a position to store it away until the time of its redemption, when taxpayers would assume the burden or until this Government would follow in the wake of those governments who have tried the issue of fiat money.

To issue bonds by the Federal Government and place them with the Federal reserve system would mean nothing in the way of additional money. The only way to redeem the certificates that are authorized to be issued by these bills would be to sell the bonds in the market primarily, and take the proceeds to redeem the certificates, thereby adding whatever is necessary in the way of a bond issue to our national debt.

If we pass these measures, we provide that the issue be a legal tender. They shall be received in full payment of debts, both private and public; yet there is no gold or silver bullion or other securities to assure the redemption of the certificates as is the case with the issue of other paper money. What must be the result? Unquestionably, cheap money, with the circulated medium depreciated to whatever trade or business cares to make it before they will accept it as a medium of exchange.

This was the case after the Civil War when the greenbacks were issued and in 1876 to 1878 were selling for 34 cents on the dollar. Should these certificates depreciate in value 25 or 50 per cent of their face value, yet in keeping with these statutes, practically everyone could pay his obligations by means of this cheap money. In case he owed $5,000 to his banker, he could pay it with $2,500. If Congress adopted a law on the theory that a bushel of wheat should weigh 30 pounds instead of 60 pounds, and a neighbor would borrow from his farmer friend 2,000 bushels of wheat, the borrower of this wheat could, under the law, pay his friend in full discharge of his obligation to him, 1,000 bushels of wheat, by taking advantage of this new method of determining values. The same principle, Mr. President, would apply should the notes authorized under the bill now before the Senate be issued, due to the fact that there would be no basic metal behind them. So there is no reason why these certificates should not meet with the same fate that the greenbacks met with after the close of the war between the States.

I am convinced that Congress would not want to pay the veteran in fiat money which is not backed by gold or silver and thus can not be redeemed.

In my opinion, there are only two ways in which the soldiers' bonus could be paid. The first is by a bond issue. The bonds so issued would necessarily have to be sold in the market; the money thus obtained would have to be used to redeem the service certificates and the taxpayer in the future would be required to redeem the bonds at maturity, just as the bonds amounting to $21,432,000,000 which evidenced the obligation of the Government of the United States in the prosecution of the World War are gradually being redeemed.

I am informed that the Government has acknowledged that bonds for the purpose of redeeming these service certificates can not be sold at an advantage by the Federal Government at the present time, and even could they be sold, their redemption and interest payments would work an additional hardship to the American taxpayer who is already overburdened by the passage of the recent tax bill which will exact a toll of $1,136,000,000.

The other method for the redemption of these certificates, Congress has already invoked by creating a sinking fund to take care of both the principal and interest over a period of years.

I had no hesitancy in voting in the Seventy-first Congress to authorize the Treasurer of the United States to loan 50 per cent of the value of these service certificates; I shall have no hesitancy in voting at some time during my term in Congress for the full payment of the service certificates, when the taxpayer can afford to assume this extra obligation; but I am unwilling to vote for a futile gesture, for, should the bill become a law, it would mean cheap money, and we would suffer the experience which we had following the war-time prosperity of our contest for independence, and again during the period of inflation following the Civil War, culminating with the "black Friday" of 1869. This is the least that could happen to the financial fabric of our Government. It would be harmful to everyone and would be more destructive than the ravages of a great war or of a pestilence.

Mr. President, I have voted whole-heartedly for every piece of constructive veterans' legislation that has come before this body for consideration since I have been a Member of it. I did so because I was convinced that such legislation was just and equitable. I served the veterans before I came here, both in the Army and in private life, and I have never hesitated to give in a professional way in case of illness when they had no money to pay for hospitalization. I stand here to-day their friend and shall continue to be their friend. I am in full accord with legislation which will protect them and their families in the hour of want or in afflictions due to disability contracted while in the service of their country.

I am for the payment of the service certificates as soon as it is fair to the taxpayer to ask him to assume the burden. They should have been paid when the obligation was recognized by Congress. I take it, however, that those who visioned the legislation that resulted in the authorization of the soldiers' service certificates, or bonus, had in mind a reserve in the way of insurance for the veteran by the creation of a service certificate which would mature at a time when he would have reached the declining period of life, and which would, in case of his passing before that time, provide something for those dependent upon him. Such a conclusion impresses me as being full of wisdom, as protection is afforded such as the head of the average American family tries to provide for those to whom he is responsible in the way of insurance, should misfortune overtake him.

Comparatively speaking, the Congress has been most considerate of the American veteran. We are told that more has been done in the way of remedial legislation than has been done by all the other nations combined which took part in the World War.

Mr. President, a depression exists of such proportions as to affect us all. The conditions existing in the world to-day are the natural consequence of the awful ravages of the World War. Will it be helpful either to the soldier who served his country or to the workingman who stayed at home and kept the home fires burning, and who is now also out of employment, to place upon the taxpayer an additional burden by the adoption of this legislation?

If this measure shall be passed will we not seal the fate of the Government and force it off the gold standard and cause it to become one of the cheap-money nations?

These are momentous problems for our consideration; and when we once embark upon such a course, who knows the ending or the final audit of results?

Had Congress commandeered business during the war period, then the picture that presents itself to-day would possibly not be seen. There would be a different story to tell. Eighteen billion dollars of American money invested in foreign securities in all probability would not have been squandered. These billions of dollars in private loans to Europeans and the eleven billions in loans by our Government to the governments of Europe will serve as an experience long to be remembered. Let us hope that future generations may profit by our experience in philanthropy and service in a war beyond the seas, which has proved so costly to the American people.

Had industry been commandeered as was man power of our country at the beginning of the war the American soldier would not now be looking for the payment of his service certificate because of the economic situation which confronts him and his home.

The die has been cast, Mr. President; we can not pass retroactive legislation to cover the mistakes, if any were made, to cure present ills.

I am not willing to vote, Mr. President, to add to the burdens of our Government. I am not ready to cast a vote that will mean $2,400,000,000 of tax burdens to the American people. I am not ready to vote for fiat money to pay the American soldier for the service he rendered in a foreign war on foreign soil. He deserves to be paid in sound and honest money when his service certificates shall be redeemed.

Mr. SHORTRIDGE. Mr. President, "Greater love hath no man than this, that a man lay down his life for his friends." If without irreverence I may paraphrase these sublime words that fell from the divine lips of the Son of God, I venture to say that greater love hath no man than this, that a man lay down his life for his country.

No poor words of mine can express the love, the gratitude, in the heart of America for her patriotic sons and daughters, soldiers, sailors, who offered or who gave their lives that their country might live. The War of the Revolution, the War of 1812, the unhappy War between the States—and I pause to say, with gratitude, that Mason and Dixon's line has been taken up and wrapped around the hearts of the American people, so that to-day east and west, north and south, we are, indeed, one people, with one love, with one purpose, all loyal brothers and sisters beneath the undefeated flag of the Republic—the war of 1898 with Spain, the late great World War, each and every of these wars called into the service of the country patriotic men and women, and America has endeavored to show its appreciation, its gratitude, its love, which is the greatest thing in the world, for those who offered or who gave their lives in the service of their country.

America to-day feels deeply for those who sleep and for those who wake who served their country in the late World War. No tribute can be too earnest, no words can be too eloquent to express America's appreciation for those who sleep, and no words, no eulogy, can express the appreciation, the gratitude, the love of America for those that survive, who gallantly served our country during the late Great War. We have endeavored to be just and generous toward those who survive and toward the widow and the orphan of those who sleep. We have spent millions, billions, indeed, toward hospitalization in aid of the sick, the wounded, the widow, the orphan, and we stand ready now to do all that is possible for those who need assistance.

Unhappily to me and to others, regretfully the Government is not in a position financially, economically, to make it possible for us to do all that we would gladly do. Millions were called into the public service; many went abroad; many stood ready willing to go if called. Since the war was ended—to repeat myself but to detain the Senate for only a moment longer—we have spent millions of dollars in the way I have briefly suggested. Among other things done in recognition of patriotic service rendered, we issued certain so-called compensation certificates, delivered, accepted, payable at a certain future date.

The privilege of borrowing on these certificates was limited by the first law to 25 per cent of their then value. Later I gladly voted to increase that borrowing privilege to 50 per cent. I am advised that of the total number of certificates issued and delivered, approximately two-thirds of the holders have exercised the privilege of borrowing, and that approximately one-third of the holders of those certificates have not exercised that privilege.

These outstanding certificates are the legal obligations of our Government; and I am assuming—I know—that the boy of California, holder of one of these certificates, who went to the front, willing to die for his country, is just as patriotic to-day as he was then. I know that he appreciates the difficulties the Nation now has to meet its outstanding present obligations.

I realize those obligations; and, for reasons which have been elaborated here, some of which appear in the report of the Committee on Finance, I have regretfully come to the conclusion that I can not vote for this bill in its present form.

I do not rise for the purpose of seeking favor or of averting disfavor; I rise to say that under present conditions of our country—which we are striving to serve—under present conditions we can not with safety, without peril, immediately raise or pay the amount called for in this bill. That amount is near or approaching two and one-half billions of dollars.

We have a great country territorially, made up of many peoples. I love to believe that we are absolutely homogenous and all loyal. I have seen nothing in recent days, nor do I now see anything, that savors of disloyalty to the Nation—nothing whatever. Men have a right to petition; men have a right to appeal; men have a right to argue their cause; and they have a perfect right in person to present themselves in behalf of their cause.

I see nothing of a disloyal character in any manifestations in favor of the passage of this measure; but we are confronted with the necessity of carrying on the Government, meeting its obligations, caring for the sick, caring for the wounded, caring for the widow, the orphan, resultant of the wars that are gone. Nor am I a pessimist or an alarmist. I regret hearing words uttered in this Chamber suggestive that this Republic is in danger. This Republic is not in danger. There is not a man in Washington, or elsewhere, asking for relief who is not a loyal citizen. I have perfect faith and confidence in the stability and the future of this Republic. I repeat, Mr. President, I regretted listening to words suggestive that some great danger threatened us, or some great danger hung over us, and that this mighty Republic—this Republic of Washington and of Lincoln, this "Government of the people, by the people, and for the people"—I regretted that anyone should doubt its stability, or think that there is any danger of the dissolution or the overthrow of this Republic, made up of 48 patriotic States and standing unafraid beneath the undefeated Stars and Stripes.

We have been struggling, I repeat, with the difficult problem of meeting outstanding obligations and the cost of the Government, amounting at this time to some $4,000,000,000 annually. The revenues of the Government, in round figures, are but $2,000,000,000. To the end that we might balance the books, maintain the credit of the Republic, and carry out the obligations we have assumed, we have been looking toward the reduction of the cost of government upon the one hand and looking upon the other for sources of increased revenue, all to the end that we might balance the books, or—to use the phrase so often employed—balance the Budget. What that phrase means is simply that we will balance the books so that the income, the revenues of our Government, may discharge the fixed and continuing obligations of the Government; and we have struggled, and are struggling, to bring about that balancing of the books.

So, for the reasons which have been here amplified, some of which appear in the report of the Finance Committee, I reluctantly, and—need I repeat—regretfully have come to

the conclusion that I can not, and I venture to say with the utmost respect for those who may differ from me, we can not now take upon ourselves the great and immediate obligations which would come to us from the passage of this particular measure in its present form.

All measures that have come before this body which have had to do with soldier relief, hospitalization, increasing the privilege of borrowing on these certificates, I have cheerfully supported. I hesitate to say this, because it may seem in the nature of self-praise or self-glorification; but I wish to add that all relief measures calling for additional expenditures which the Government can with safety meet and discharge, I stand ready to support by voice and by vote.

Mr. WHEELER. Mr. President, I appreciate the fact that the hour is getting late. Everybody in this Chamber is anxious to have a vote. I shall not take very long in what I have to say.

I am not going to find fault with anybody in this Chamber who takes a view opposite to that which I entertain with reference to this matter. I must confess, however, that I never expected the time to come when I would hear somebody rise in the United States Senate and say that the Government of the United States could not make money, or that gold never depreciated.

Gold, if you please, like everything else, appreciates or depreciates in value with relation to other commodities. If commodities are cheap, gold appreciates in value. If commodities are dear, gold depreciates in value. The trouble with the Government of the United States to-day—and not only in the United States but in the world at large—is the fact that there is not enough gold in the world to transact the Government's business or the commerce of the world. For that reason gold is extremely dear; and the important thing that we have to do in the United States of America at this time is to depreciate the present value of the dollar with relation to commodity prices.

In other words, the most important thing that is before the American people is how to raise the level of commodity prices so that the farmers and the debtors of all kinds can pay off their indebtedness with the same kind of dollars that they borrowed when they incurred the indebtedness in 1926, 1927, 1928, or 1929.

Mr. President, ever since this session of Congress opened I have maintained consistently that it was the duty of the Congress, under the Constitution of the United States, to try to stabilize the dollar in the United States. If that is not the purpose and the duty of the Congress under the Constitution, then we might as well adjourn sine die.

We were told, and I repeat what I said a few days ago, that when we passed the Reconstruction Finance Corporation bill that immediately that would stop the deflation that was going on; that that would put money into circulation; that that would help the credit of the country; but it did not stop the deflation and did not help the credit of the country.

Then we were told, when we passed the Glass-Steagall bill, that that would immediately put more money into circulation, and that it would start the smoke coming out of the factories and would increase the prices of commodities.

I heard just to-day one of the distinguished Senators say, "If you cheapen your money, you are going to reduce wages." Of course, to some extent that is true; but what is the best thing to do? Is it better to let 10,000,000 people walk the streets of this country, or is it better to raise the commodity prices, and thereby put those 10,000,000 people back to work?

A short time ago I talked with the president of one of the largest industrial companies in the United States of America. He was likewise an executive director of one of the greatest banks in the United States. He said to me, "Unless you can raise the commodity price level of commodities in this country, instead of having 8,000,000 people out of employment, you will have 18,000,000 people out of employment by next winter."

Mr. President, we have not in the Congress of the United States done one solitary thing of any moment to put these men back to work.

I am not going to tell of my love for the veterans, because I want to say that I do not love these veterans one iota more than I love the rest of the working men of this country who are walking the streets to-night. They are not entitled, in my judgment, to very much more sympathy than the rest of the men who are walking the streets. I am not appealing to the prejudices of these people. I am not going to appeal to you on the ground that when you sent them off to war, bands were playing and flags were waving, and everybody was telling them what to do. I do not think that is the proper argument to make in this body at this time.

I have sat here and waited and waited and waited to see some kind of legislation proposed which would put men to work in this country, and nothing has been done.

When the great Republican Party met out in the city of Chicago, I said that at last, when that great body of prominent individuals met out there, they would certainly come forward with some plan, with some program, to put men to work, and to bring about the return of prosperity in this country. But we look in vain in their platform to find anything of a constructive nature. Let me read what they say about it. They recognize, for the first time, perhaps, what the real situation is in the country; and if I were going to criticize the President of the United States, I would do it on the ground that his course hitherto has been because there was a lack of foresight on his part, that he never visualized what the real situation in this country was in 1929, in 1930, in 1931, or in 1932. But when the Republican Party met out in Chicago, they did not say that at this time prosperity was just around the corner, they did not say that we would have a return of prosperity in 60 days' time, nor did they offer any solution for the economic chaos in which we find ourselves to-day. They did say, however:

> The supremely important problem that challenges our citizens and Government alike is to break the back of the depression, to restore the economic life of the Nation, and to bring encouragement and relief to the thousands of American families that are sorely afflicted.

Mr. President, that is the first time the representatives of the President of the United States have really gone on record as recognizing the economic condition of this country.

Listen to their plan for recovery:

> The people themselves, by their own courage, their own patient and resolute effort in the readjustment of their own affairs can and will work out the cure.

Mr. President, that is the statement of a defeatist, that is the statement of one who has no remedy, and who has no constructive ideas, but simply says that the people of this country must go on and on, that we must continue with this period of deflation, and that they have no program in mind, and no program which they dare to offer to the American people to help them out of this era of depression and chaos.

I say that is a sad commentary on the so-called statesmen who met out in the Chicago convention to offer to the people of the country nothing but a defeatist program, and to say to the people, "Go home, be patient, and suffer."

I agree with those who said upon the floor of the Senate that we ought to provide work rather than give money to these ex-soldiers. If I could see a ray of hope in this Congress that some means would be found to put more money into circulation other than by the method here proposed, I would not vote for the pending bill. If some proposal should be offered by those who have spoken, and I felt sure that we could pass such legislation and give employment to the men on the streets to-night, and to the veterans, I would not vote for this legislation. But nothing has been offered, and every program that has been suggested for the purpose of putting men to work, public construction, bond issues for that purpose, has been denounced by the identical crowd who are denouncing the pending bill, with few exceptions.

Mr. President, is there anybody here who thinks for one moment that we are going to be able to pass the bill appropriating $2,000,000,000 for public works and have it signed by the President of the United States? If we do pass a $2,000,000,000 appropriation bill for public works, how many

of this 8,000,000 or 10,000,000 people who are out of employment do Senators think would be afforded jobs?

Is there anybody in the Senate who is so simple-minded that he believes that the President of the United States would sign a $5,000,000,000 appropriation bill to put men to work? Not at all. Of course he would not. He is going to say, "If you pass a $2,000,000,000 appropriation bill for the purpose of erecting public buildings, you are going to drain the Treasury of the United States; you are going to place a further burden upon the taxpayers; you are going to drive the country off the gold standard." That is what he is going to say, and he is going to veto the bill. There is nobody on this side of the Chamber, or on the other side, in my humble judgment, but who knows and realizes that that is what the President would do and that that is what he woud say.

I have sat here waiting month after month and week after week and day after day in vain for the great engineer at the other end of Pennsylvania Avenue to come forward with some proposal for taking care not only of these ex-soldiers, not only of these veterans, but of the other thousands and millions of men and women of this country who are anxious and willing and want to work, but nothing has been done, and nothing will be done.

Mr. President, I am amazed to hear my good friend the Senator from West Virginia [Mr. HATFIELD] say upon the floor of the Senate that if this bill passes and this money is issued in accordance with the proposals in this bill the soldiers' certificates will depreciate 50 per cent. I did not suppose there was anybody in this body who had the temerity to stand up and say that anything of that kind could occur if $2,000,000,000 of currency should be issued.

I did not suppose that anybody would say that if $2,000,000,000 more money were put into circulation, it would ruin the Government of the United States of America. According to some financiers, and according to some financial papers, if this bill passes, it will drive us off the gold standard. Suppose it did. Assuming, for the sake of the argument, that it would drive us off the gold standard. Just remember that 90 per cent of the countries of the world to-day are off the gold standard. Mr. Brisbane said the other day, with reference to England, that when England went off the gold standard gold began to pour into Great Britain and her commerce and her business and her industry began to pick up and have continued to pick up and are in much better shape than before she went off the gold standard.

The Senator from West Virginia said a few moments ago that the value of gold is based upon the cost of production, and he spoke of the intrinsic value. Gold is worth what it is because of the fact that we passed a law saying that so many ounces of gold are worth so much money in the United States of America. That is the reason. We could say that so much silver is worth so much money, and it would be worth that much money, in my humble judgment, just the same as we could say it of gold.

This bill will do one thing. I do not agree that it will inflate or begin to inflate what those who are opposed to it think it will inflate. I do not think it will begin to cheapen the dollar as much as they predict or as much as one-half of what some have predicted with reference to the bill. But it will put something like $2,000,000,000 in circulation. It will put men to work. It is the only piece of legislation upon which the Senate can vote which has passed the other branch of Congress and which will put as many men to work. It will put them to work because when they get this money they will spend it. They may spend some of it for automobiles, but they will spend most of it for groceries and for the necessities of life. But whatever they spend it for they are going to spend it so that it will go into the channels of commerce and it will give employment to other men who are walking the streets to-night. When we are talking about relieving all classes of people of the Nation, I say this will not only give relief to the veterans but it will likewise give relief to others. If we believe the proponents of the bill, it will give a tremendous lot of relief to the rest of the unemployed in the country, to the farmers in the country, and to every class of our citizenship. No one can deny that.

Mr. President, I dare say there is not a real economist or forward-looking financier who has studied the situation at all who will not say that the one essential thing necessary to do is to get the prices of commodities up if we want to bring back prosperity. There is not a thinking, forward-looking economist in the country but will say that the way to bring back prosperity is by getting money into circulation. I appreciate that there are a few selfish self-centered individuals who are thinking only of the dollars they have invested or of the dollars that they have loaned out. They do not want to see any kind of inflation. They want to suck the last drop of blood out of the American people. They are so selfish and so self-centered that they are willing to take the chance of our whole financial, economic, and moral structure breaking down in chaos in order that they perhaps might make a few more dollars.

This is the one opportunity, Mr. President, that we have for putting money into circulation. It is the one opportunity we have to start the wheels of industry, the one opportunity for raising the prices of the commodities. Senators can stand on the floor of the Senate and say they are not going to vote for the bill because of their love for the veterans and their widows and their orphans. They can say they are not going to vote for the bill because of the fact that they think it is their patriotic duty not to do so. But if they have patriotism in their hearts at all, then the thing they ought to do is to put the debtor class of this country into a position where they can pay off the indebtedness which they have incurred. If we do not do that, and if the present situation continues, then the indebtedness will have to be wiped out, because no farmer can pay off his indebtedness to-day, no farmer can pay the interest upon his indebtedness, and no farmer can pay the taxes with commodity price levels as they are to-day.

I do not care which horn of the dilemma may be taken. Senators can not contradict the proposition that the bill will put $2,000,000,000 in circulation, and that by putting $2,000,000,000 in circulation we will put men to work, we will bring up the price of commodities, and we will help the general economic situation, in my humble judgment, more than by any other means that has been presented to the Congress thus far, unless Senators may want to adopt a system of just issuing more currency. I do not like the idea of turning the printing presses loose. I have pleaded upon the floor of the Senate that the Congress of the United States should adopt bimetallism, but we can not get such a measure through this session of Congress. I did it because of the fact that I want to cheapen the dollar, to put it back, to put it in the same place where it was in 1927. I warned that if that was not done we would be resorting to the printing presses.

This morning, in talking with a man whom I believe to be and who is generally considered to be a great financier and a great industrialist, he said, "There is nothing so very bad about the bonus bill. It is not half as bad as a great many people believe." He said, "It will have a tendency to inflate, but that is what the country needs. It will have a tendency to bring up commodity prices. The only bad thing about it is that other groups of people and other individuals may come down and say 'turn the printing presses loose for us.'" That is the only excuse that can be given for not voting for the bill. But I assume that those who vote for the bill would have the courage to stand up and vote against turning the printing presses loose in general.

I shall vote for the bill, Mr. President, not because these men have come to Congress. I know men have said to me that they are not going to vote for it because they want to show their courage, they want to show their statesmanship, by saying that they defy the ex-soldier. It does not take much courage to do that. It does not take much statesmanship to do that. It does not take much bravery to do that. That is a simple thing to do. But it does take some courage

to vote for legislation in this body which is opposed by the great financiers of the country. It does take some courage upon the part of Members of the House and of the Senate to defy the group of individuals who control the money and the credit of the country. There is not a thinking man upon the floor of the Senate who does not in his heart know that it takes courage to defy those who guide the economic and generally the political destinies of this great country of ours.

The other night, when I sought to reduce the appropriation in the Army bill, it was stated by the present occupant of the chair, the President pro tempore [Mr. MOSES], that what I wanted to do was to take money from the Army, from those to whom it belonged, and give it to those to whom it does not belong. Perhaps those who are serving in the Army now are more entitled to money and to a decent living than those who went across the sea and bared their breasts in order to save our country. It may be that a man can claim to be brave when he stands on the floor of the Senate and points to the occupants of the galleries and says he is not going to pay them any money. When I hear this statement made I am reminded of the story of the mouse who was being chased by the cat. The mouse ran down into the cellar and found some liquor spilled upon the floor and began to lap it up. In a moment it turned and ran back upstairs and said, "I want to see that cat."

Mr. President, I am not doing this because of the fact that I want to incur the favor of the ex-soldiers, because, as I said, I do not think those who are suffering to-night are entitled to any more credit than the rest of the men and women of the country who are out of employment and walking the streets. I am doing it because paying them the money will not only help them but will help all the rest of the unemployed of the United States of America to-day. I am voting for the bill because no hope is being held out in this session of the Congress of the United States, and no constructive measure has been adopted or will be adopted to take care of the unemployed. I am voting for it because when the great Republican Party met in Chicago it said to the great mass of working people of the country, as it said to the farmers of the country and as it said to the little business men of the country, "You can leave all hope behind. You can go back to your little farms, you can go back to your dugouts along the roadside, you can tramp up and down the highways and byways, if you please, and have patience and work out your own problems. You can leave all hope behind."

Mr. GORE. Mr. President, I ask unanimous consent to have printed in the RECORD a copy of a letter written by me on April 23, 1932, with reference to the bonus legislation, and a copy of a telegram sent by me on June 17, 1932, with reference to the same subject.

There being no objection, the letter and telegram were ordered to be printed in the RECORD, as follows:

APRIL 23, 1932.

Judge R. C. GARLAND,
Wilburton, Okla.

MY DEAR JUDGE: I am pleased to acknowledge your favor inclosing an article from the Oklahoma Legionnaire entitled "Is Senator GORE for Veterans?" You may feel sure that your letter was received in the kindly spirit which inspired it. I am sure that you will receive this answer in the same kindly spirit.

I am grateful to you and my other ex-service friends for your faithful and effective support in the recent campaign. I could name a number of such friends who, like yourself, supported me "without the shadow of turning," and whom I would walk to Oklahoma to serve. This support is appreciated the more because it was voluntary.

I have received several letters inquiring whether I would support the widows and orphans' pension bill and the bill to pay the balance of the adjusted compensation. I have uniformly answered that when those measures passed the House, when the Senate hearings are held and all the facts and phases of the subject have been presented, I would give the matter the most thorough and earnest consideration. I have always added that I would naturally be pleased to find myself in a situation to support the ex-service men's legislative program. Being a judge, you can appreciate my position. If a lawyer should file a case in your court to-day and should ask how you intended to decide the case when it is argued next month, he could hardly regard it as a proof of prejudice if you should reserve your decision until after the law and the facts had been presented. It was a proverb in ancient Greece that "a judge who decided a case right without hearing both sides was an unjust judge." Of course, no man with any mental integrity would decide a question until he had considered it.

As you know, all this bonus legislation was passed while I was out of the Senate, and I am just now familiarizing myself with it. I need hardly repeat that I would be pleased to find myself in a position to support the legislative program of the ex-service men. Like other public men, I desire to have their good will and support. No sane man in public life would willingly, much less willfully, alienate or offend so large and respectable a body of his fellow citizens.

As you suggest, I have suffered a good deal at the hands of some of the ex-service men; but the fact that some of the legionnaires have waged war against me certainly would not justify me in waging war against all the legionnaires. I have no disposition to commit suicide like the Chinese nor commit hara-kiri like the Japanese merely to spite or even to avenge myself upon a few enemies. You may feel sure that any public man who opposes any demand of the ex-service man will do so as a matter of conviction and not as a matter of expediency. It will at least prove his sincerity, though it may impeach his prudence.

I suppose that any good politician would promise in advance to support all legionnaire measures. If I had been a good politician, I would never have lost my seat in the Senate. I voted for the Kenyon amendment to double the soldiers' pay; I voted for every dollar that was needed or asked to wage and win the war. I not only voted to appropriate the money, I voted to raise the money. When it came to economizing between money and blood I preferred to spend money and save blood. I hasten to add here that I have never been able to appraise the service and the devotion of a soldier in terms of dollars and cents; such devotion is beyond money and beyond price. I have always felt that it was an insult to a true soldier to assume that his support could be secured by an appeal to mere monetary or mercenary considerations. For the soldiers who faced death on the field of battle I have an unmeasured admiration.

It is true that I was opposed to the war and voted against the draft, but I have never quarreled with those who favored them. It was the most tragic decision that any of us were ever called upon to make.

I opposed the war, among other reasons, because I could foresee its disastrous consequences. I could foresee our present frightful distress. I knew it would enslave our people with debts and taxes. I said at the time that it would "lay burdens upon the bended backs of our people too grievous to be borne." I sought in vain to avert it.

The war has ruined the world. All economists now agree that our present plight is due to the war. It cost the warring nations $337,000,000,000. It has already cost us fifty billions; it will cost us one hundred billions more. Oklahoma's shares will be three billions—twice the present value of all the property in the State. Of course Oklahoma must pay her share. Her people, her other Senator, and all her Representatives favored the war. Those who favored and those who did not favor the war must pay those who fought the war.

All our governments—local, State, and National—are now costing us $46,000,000 a day. Oklahoma's share is nearly one million a day. Our war debt is now costing us $3,000,000 a day. Our pension roll is now costing us $3,000,000 a day. Every time the sun rises and sets the taxpayers of this country cash in $2,000,000 to pay pensions to the *World War veterans* alone. That equals the total cost of the Federal Government prior to the war. But our boys fought and bled and died in France; they paid the blood price, the people must now pay the money price. They are paying. More than 880,000 World War veterans are now on the pension roll. More than 382,000 of these had no service disability whatever. Even so, the taxpayer may yet have to appeal to the veterans rather than the politicians for mercy. You will share my regret that it becomes necessary now to tax our overburdened taxpayers to balance the Budget.

The article in the Legionnaire which you inclosed wound up with these two sentences: "However, we demand of both Republicans and Democrats alike that the disabled veterans' legislation should be given their consideration. Write Mr. Gore and see what his answer to you will be." It is not necessary for anyone to write me concerning my attitude toward legislation for our disabled soldiers. I made my attitude plain during the campaign. No man has a deeper sympathy for the disabled soldiers than I have; no man is more determined to see that this Government treats them with justice reinforced with generosity. The man who was disabled in the service of his country; the man who stopped a bullet; that received a wound; that suffered an injury; that lost his health; the man whose earning capacity was impaired on account of his military service has a claim upon his country and his countrymen that I would be the last to repudiate. I know how to sympathize with the disabled. Those who run life's race with a handicap challenge my sympathy. Not only that, I would protect the widows and orphans of the men whose earning capacity was thus impaired. This is a debt which the people must pay. We can not help the dead, but we can help those who are broken in body, broken in health, and who must live their lives as mutilated images of their Maker.

But the widows and orphans' pension bill about which you ask goes much further than that. Several legionnaires have written urging me to support it. They may or may not know that it pensions the millionairess as well as the washerwoman. That bill pensions the widow of a millionaire who never saw France as well as the widow of the soldier who is still sleeping in France. That

bill would compel our farmers in Oklahoma to pay taxes with 5-cent cotton and 3-cent cattle to pension heiresses who dwell in marble halls and are arrayed like Solomon in his glory. Should we vote to tax the impoverished farmers of Latimer County in order to pension "the favorites of fate in fortune's lap caressed"? Would you have me vote to tax want to pension wealth; to tax squalor to pension splendor; to tax misery to pension magnificence? But the bill will pass if the soldiers insist, although it was 25 years after the Civil War and 20 years after the Spanish war before the widows' pension legislation was enacted. This bill will add $70,000,000 a year to our pension roll.

As to the paying of the balance of the adjusted certificates now. If we could consult our wishes alone, that would be an undivided pleasure. If we should consult our political interest alone, there could be but one answer to that distressing question. If the money was available, if the money was in sight, all other considerations would yield to gratitude and the claims would be paid now, notwithstanding they are not due until 1945. There is one strong argument in favor of immediate payment. It would secure a wide distribution of the money and would provide many who are need with immediate purchasing power. One reason for voting against the La Follette-Costigan bill to give away $750,000,000 was the fact that its passage would have rendered doubly difficult if not utterly impossible any proposal for the early payment of the bonus. I felt that if we were to borrow that amount it would be better to use it to pay claims than to give alms, however urgent the need.

How can the money be raised; that is the practical, that is the perplexing problem. The boys demand payment now; payment in full; payment in cash. That would take two and a half billion dollars—two and a half billion dollars out of an empty Treasury. The Treasury is worse than empty; we are now wrestling with a deficit of more than two and a half billion dollars. Our Federal Government is now costing us $13,000,000 a day, and we are running behind $7,000,000 a day. The deficit and bonus taken together would require the raising of $5,000,000,000.

How can we raise that amount and balance the Budget? There's the rub. The Budget must be balanced. I know that true soldiers will insist that the Budget be balanced. If it is not, the distressing evils of the present hour may be looked back upon in the future and remembered as the good old days. If the Budget is not balanced the present price of commodities, already below the cost of production, may be hammered down still lower; that would aggravate the distress not only of our farmers but of all other citizens and our soldiers as well. That is the prospect which distresses me most. If we can balance the Budget and raise the money without unbalancing the Budget I shall rejoice to pay this claim. If we can, then so far as I am concerned the ayes have it. We issued bonds to wage the war, and I should be willing to issue bonds to pay this claim growing out of the war. I am not yet certain that this can be done.

I have delayed answering your letter from day to day in order to take soundings among the Senators upon this subject. I know that you and other soldiers will be interested to learn their point of view, and to provide me with arguments in response to theirs.

To my surprise I find that with some Senators the main argument is the fact the Legion convention at Detroit declared against the present payment of the adjusted certificates, and General Pershing, as well as President Hoover, commander-in-chief of the Army, are both opposed to their present payment. Personally I make no point of that.

Some Senators make the point that section 201 of the World War adjusted compensation act provides that: "The amount of adjusted-service credit shall be computed by allowing the following sums for each day of active service in excess of 60 days * * * as shown by the service or other record of the veteran: $1.25 for each day of oversea service, and $1 for each day of home service; but the amount of the credit of a veteran who performed no oversea service shall not exceed $500, and the amount of the credit of a veteran who performed any oversea service shall not exceed $625." And that 25 per cent was added in all cases to the amount of such credits. They contend that those who took advantage of the act passed last year received advances in excess of the total credit and allowance fixed by the law itself and that for the Government now to pay the remaining half would be the payment of interest to accrue between now and 1945 on the advances which have already been made under the act of last year. They say that it is as if the holder of a 20-year life insurance policy maturing in 1945 should bring suit demanding payment of the face value now. Personally, I make no point of this. Given the money I would willingly pay the claim as if it were due now. These Senators seem to attach no weight to the fact that all the members of a given post vote unanimously in favor of paying themselves the bonus now. They say that is voting to take the money out of the pocket of the taxpayers to put it in their own pockets to pay an obligation that is not due for 13 years, when the Government is falling behind with its obligations to the amount of $7,000,000 a day. They say it is like submitting a lawsuit to a jury of 12 men all of whom have a common and direct monetary interest in the verdict. I make no point of that.

The one point that does concern me is this: If we can balance the Budget and raise the money without unbalancing the Budget I shall rejoice to pay this claim. Can the money be raised? The House had, and the Senate is now having, extreme trouble in raising one and a quarter billion dollars in an effort to meet one-half of the deficit by taxation. Every proposal to increase taxes or to reduce expenditures is stubbornly resisted. The plan is to meet the other half of the deficit by issuing bonds. No one has even suggested that we issue paper money to balance the Budget.

To pay the adjusted certificates now will require two and a half billions in cash. Of course, that much cash can not be raised by any form of taxation; that is out of the question.

Can we raise two and a half billion dollars by the sale of bonds and at the same time balance the Budget? If we can, then so far as I am concerned the ayes have it. We issued bonds to wage the war, and I should be willing to issue bonds to pay this claim growing out of the war. I am not yet certain that this can be done. For that reason it has been impossible up to this time for me to return a definite answer as to the payment of the bonus now. As you see, a final, a responsible answer to that question is contingent upon a future event which is as yet in the womb of time.

The suggestion has been made in the House that the bonus be paid not with bonds but with Treasury notes. What is a bond? It is the Government's "promise to pay" in the future. What is a Treasury note? It is the Government's "promise to pay" on demand. Suppose we issue two and a half billion of Treasury notes; both capital and gold would take flight from this country. How would people obtain gold to ship out of the country? They would gather up these Treasury notes by the millions and hundreds of millions, present them to the Treasury Department, and demand immediate payment in gold; the Treasury would have to pay them on demand or else confess insolvency and bankruptcy. The Treasury notes being reissued could be presented again and again for payment in gold; the Government would have to sell bonds to get the gold to pay these Treasury notes in gold. This is exactly what happened in the early nineties. That was the endless chain, the vicious circle which precipitated the panic of 1893 and aggravated the evils of that protracted depression. Such an issue of paper money would drive gold out of the country whether it drove us off the gold standard or not, and every dollar of gold driven out would shrink the basis of potential credit at least $10; that would mean deflation instead of inflation.

Neither a government nor an individual can continue to pay debts with debts—to pay promises to pay with promises to pay. In the long run debts must be paid with taxes and with taxes alone. Such an issue of Treasury notes would intensify the evils of this hour. Germany's disastrous experience with the mark is a red signal that should warn us against a like disaster. England went off the gold standard that reduced the value of the pound one-fourth. That lightened her debts, but her debts are not payable in gold. Our Government bonds, corporation bonds, and many farm mortgages are payable in gold.

If we should go off the gold standard and gold should go to a premium of 25 per cent, as in England, it would simply add 25 per cent to the burden of our gold obligations already unbearable. We can not afford in these distressed times to repeat an experiment which has so many failures and so much of disaster to its credit or discredit. It may be less important that such a result would reduce the value of every savings account, every life-insurance policy, and every share of building and loan stock in the country. It should be borne in mind that if the issue of paper money should result in the inflation of prices, this would be largely limited to retail prices and the prices of articles enjoying a protective tariff. The price of farm products which sell in an unprotected world market would not be correspondingly increased. The farmers' purchasing power might be diminished and his burdens more galling. I shall not quarrel with those who believe in fiat money any more than I would quarrel with those who believe in the fairies. I do not believe in either one; and while under certain circumstances I might vote to issue bonds to pay the bonus, I could not under any circumstances vote to issue paper money for that purpose. The gold standard itself is variable enough and has evils enough of its own to answer for. I am sure you would be the last to ask that I pursue a course which would deepen our present distress and defer our ultimate recovery.

We are passing through one of the most serious crises in our country's history. The destiny of the institutions for which you and your comrades fought may be trembling in the balance. Neither you nor I can afford to augment the danger or add to the misery of our distressed countrymen. I have been trying to find ways and means to change the conditions and to counteract the causes which have brought our calamities upon us. The night is dark, the fog is dense, the lights are dim, the future is still in doubt.

You may feel sure that I will welcome any light from any quarter that will help us to guide the ship of state into a port of safety. I know that you and your comrades who were under fire in France would have been the last to dictate to General Pershing and his staff what course they should pursue when the battle was raging. I am sure you will agree with me that the passengers and crew of a ship in distress ought to allow some little discretion to those who are charged with the tragic responsibility of steering the ship through the storm. As you know, a Senator is a servant of all the people and is not quite free to vacate his responsibility.

The situation in which we find our country and our countrymen to-day is as if you or I should find our residence in flames and our family entrapped in the blazing building. It might be possible for the firemen with courage and energy to extinguish the flames and rescue our family, but no burning building was ever saved when the firemen fled from the fire.

I am one of those who believe that everybody knows more than anybody, and I hope that you and the ex-service men in general will not only feel free but will feel bound to favor me from time to time with any suggestions which might help to solve our problems—to revive the prosperity and to insure the destiny of our country and our countrymen, including citizens and soldiers alike. I shall try to keep an open mind in order to avail myself of the benefits of such suggestions.

With assurances of the highest personal esteem and best wishes, I am,

Your very truly,

T. P. GORE.

[Telegram]

WASHINGTON, D. C., *June 17, 1932.*

Mr. HOMER B. PECK,

Vice Commander, Veterans of Foreign Wars, Enid, Okla.:

This will acknowledge telegram requesting me to reverse position and vote for the immediate payment in full of the adjusted-compensation certificates by issuance of new currency. I am anxious to do everything that I can to please and serve our soldier boys, but, as you know, it would take $2,400,000,000 in cash to pay the full face value of the adjusted certificates. I voted yesterday and will vote to-day to pay the full cash value or the full surrender value of the adjusted certificates. That would take about $750,000,000, but the boys should have a right to ask that, and the Government has no controlling reason to refuse such a request even though the certificates are not due under their own terms until 1945; but it would take $1,600,000,000 more to pay the face value of the certificates now. That amount represents interest and other payments which are to accrue during the next 13 years and will not mature until 1945. Is it not the same as if the holder of life insurance who took out a 20-year pay policy maturing in 1945 should demand payment in full now instead of at maturity? Our people can not pay their debts and taxes that are already due, that are past due. We stand face to face with this question should we compel our taxpayers now to pay $2,400,000,000 that will not mature and that will not accrue until 1945. If you were in the Senate, I wonder if you would vote to make your countrymen, to make your distressed friends and neighbors, pay two and a half billions now that are not due till 1945? It should be remembered that our Government has already paid the World War veterans in allowances, compensation, insurance, and otherwise more than $5,500,000,000. The Government is already caring for our disabled veterans. Three hundred and twenty-seven thousand veterans are now on the pay roll whose disabilities resulted from their military service. Three hundred and eighty-two thousand veterans are now on the pay roll whose disabilities have no connection with their military service.

To pay the adjusted-service certificates in full now would go in part to the disabled soldiers who are already taken care of and in part to those who are not disabled, but if we had the money, or if we could raise the money without deepening our distress, I would consent to disregard both the letter and the spirit of the adjustment between the soldiers and the Government and vote to pay them now, even though they are not due until 1945. Last year we had a deficit in the National Treasury of $903,000,000; last year we paid our soldiers one billion one hundred million. This year we have a deficit of more than two and a half billions. We have met that with borrowed money. We have been facing a deficit next year of two and a half billions. We have been taxing everything and everybody to meet that deficit and balance the Budget; we have taxed everything from farmers' gasoline to the candy of little children. We can not raise the money to pay the bonus by any sort of taxation. The Treasury experts and financial authorities practically all agree that to pay the bonus with paper money would aggravate and would protract the evils of this unspeakable depression. I wish to shorten, not to protract, this panic. You can not imagine how much distress it gives me to return this sort of answer. I believe that if the leaders of the different veterans' organizations had gotten together with their friends a practical program could have been worked out that would not have ended in total defeat. This bill has never had a chance to escape or survive the President's veto. Of course everybody knows that and has known it all the time. As much as I dislike to issue bonds and increase debts, I would vote to issue bonds and pay the boys whenever that can be done without unbalancing the Budget and without multiplying and aggravating the evils of this depression. I am afraid that to issue either bonds or paper money at this time to pay a claim that is not due for 13 years would injure every class of our citizens, including the soldiers themselves, as well as our farmers and laborers. I am sure that no soldier who fought to defend his country in time of war would vote to injure his country in time of peace.

THOMAS P. GORE,
United States Senator.

Mr. WALSH of Massachusetts. Mr. President, I would like to inquire of the Senator from Utah [Mr. SMOOT], in order that the record of the proceedings may be complete, whether or not he has offered for printing in the RECORD the adverse report of the Finance Committee upon the pending measure?

Mr. SMOOT. It has been printed as a Senate document.

Mr. WALSH of Massachusetts. I would like to have it printed in the RECORD in order that it may be made a part of the proceedings of this day.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(For report of committee see page 13222.)

Mr. WALSH of Massachusetts. Mr. President, the senior Senator from New York [Mr. COPELAND], the junior Senator from New York [Mr. WAGNER], my colleague the junior Senator from Massachusetts [Mr. COOLIDGE], and myself have signed a statement which we gave to the press yesterday, setting forth our views in opposition to this legislation. I ask that the statement may be printed in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The statement is as follows:

We have supported and will continue to support all measures for the compensation and relief of disabled soldiers. We always urged and voted for a cash payment or bonus instead of the adjusted-compensation certificates. We believed this to be the fairest way of meeting the inadequacy of the Government's compensation to its soldiers during the World War.

The proposition as it is presented to us, however, is not to pay the veterans the cash surrender value that may be due. We favor that. It is a proposal to pay the veterans $2,400,000,000, including 12 years' interest not yet due for certificates not payable until 1945. It is also a request that the taxpayers of the country advance the interest on these certificates that may be earned during the next 12 years. This represents an absolute gift of $1,635,000,000, which is the exact amount over and above the present value of the certificates.

If the country were prosperous and free from the danger of an economic breakdown, we could defend this vast expenditure in view of the distressed condition of many veterans. But, unfortunately, the veterans are not the only unemployed sufferers; millions of other Americans are in the same sad plight. But even this situation would ordinarily justify preference to the veterans.

However, a much more important obstacle prevents our approval—an obstacle that can not be waved aside without most serious consequences to the whole country. The condition of the Public Treasury and the serious menace to the credit of our Nation make it impossible to act favorably on this measure without bringing financial ruin to the country. To take this action now would, in our opinion, produce financial chaos.

Our opportunities to study this problem give us an understanding of what may happen to individual credit, to bank accounts no matter how small, to home mortgages, to insurance companies, and other savings institutions. It means prolonging and intensifying unemployment and an increase in suffering for those who pray for the reopening of shop and factory and a restoration of building and trade. We sincerely believe the relief of the veterans would be offset a hundred times by the increase in hunger and suffering throughout the land.

The Federal Treasury is the last hope of a distressed people. Upon this we must depend if all else fails. It may prove our only hope to save the people from starvation. If the Nation's credit is further contracted, as is certain to be the effect of this proposal, the depression may continue indefinitely, with even the danger of our institutions, financial and political, being irreparably impaired.

That we shall need an unimpaired Treasury next winter no one can question. We propose that when the call comes for that last-ditch aid the Federal Treasury shall not fail the hungry, the suffering, and the destitute.

Against all the dictates of our personal desire, and after long and most serious consideration, we have concluded we would be unfaithful to our public trust and our obligation to all the people if we were to support the pending bonus measure.

DAVID I. WALSH, *Massachusetts.*
ROYAL S. COPELAND, *New York.*
ROBERT F. WAGNER, *New York.*
MARCUS A. COOLIDGE, *Massachusetts.*

Mr. BLACK. Mr. President, I send to the desk and ask to have read a petition sent to me, signed by an overwhelming majority of the business people of Birmingham, Ala., in connection with the passage of this bill. I do not care to make any remarks or detain the Senate at this late hour, because I think we can vote very shortly upon the bill. But I do desire to have the statement read, and read in such a way that the Senate can see the petition itself. I do not desire to have all the signatures read. I simply desire to have it read in such a way that it may be seen by Members of the Senate. I should like to have the clerk turn so that the petition may be seen.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

BIRMINGHAM, ALA., *May 23, 1932.*

Hon. HUGO L. BLACK,
The Senate, Washington, D. C.:

The undersigned business firms of Birmingham herewith recommend that immediate full cash payment of veterans' adjusted-service certificates be authorized by Congress and firmly believe that this money put in circulation at this time will benefit the entire Nation and be a powerful stimulant in lifting our country out of the throes of the present economic crisis.

Mr. DILL. Mr. President, for several years the Congress has had before it the problem of paying the bonus; in fact, it has become, as the Bible says about the poor, something that is always with us. When the issue first was presented to the Congress some years ago I came to the conclusion that the Government owed the ex-service men a certain amount of money that had not been paid them during the World War, that that money should be paid, and I have voted for every proposal that has been made to pay the bonus in full. The President vetoed the bill, and the Congress overrode that veto.

The hard times of the last three years, however, have brought a most insistent demand from the ex-service men, from their friends, and from those who believe in the justice of their claim, that Congress should pay this money at once. So in the last Congress we voted not to pay them, but to loan them 50 per cent of the face of their certificates on a basis of interest charges which, if continued, will eat up the balance of the bonus for all these boys. We now have before us the proposal to cancel the interest and to pay the balance of the face of these bonus certificates at once to these men.

I may be wrong in my conclusions regarding the effect of this proposed legislation, if it should be passed; naturally Senators differ, just as economists and authorities on the monetary systems of the world differ; but I can not bring myself to believe that we can print $2,400,000,000 of paper money with nothing behind it and pass it out among our people without wrecking the monetary system of the country.

I recognize that there is to-day a certain amount of paper money that has no security behind it other than the promise of the Government to pay, but that amount is limited; and in view of the securities which are held to sustain that money and the gold reserve, I believe there is to-day more than 100 cents on the dollar behind every piece of money that exists in the United States.

There are about $5,000,000,000 outstanding, we are told. Now it is proposed to issue two and one-half billion dollars more without any security whatever and to pass it out to the veterans. I can not bring myself to believe that such money, if issued, would be anything but fiat money, and that its issuance would bring upon the country an inflation that would make it impossible for anybody to know from one day to another the value of the money of the United States.

I for one refuse to be led into voting for what I think is a proposal which will result in destroying the monetary system of this country under the guise of paying a bonus. Every one of us from childhood has had burned into our brains the old saying, "It is not worth a continental." What do the words mean? Knowledge of the worthlessness of the continental paper money has come down from Revolutionary days, until we say of anything which is of doubtful value that "It is not worth a continental."

Following the Civil War period there were those who said that if we issued greenbacks with the guaranty of the Government behind them money in that form would be sound, but again their predictions were wrong, and the greenbacks were not worth 100 cents on the dollar; they varied up and down in value according to the thought and faith of the people.

So, Mr. President, much as I am in favor of paying the veterans of the World War what I think they are entitled to have, much as I believe it is the duty of this Government to pay that debt and pay it now, I can not and I will not stultify myself by voting for the issuance of two and a half billion dollars of fiat money which, in my judgment, will be a fraud upon the veterans, because the money they receive will depreciate in their own fingers before they can spend it, even if they should spend it within a week of the time they get it and it should be issued right away. It will be a wrong to the American people, who, having so little money as they now have, after the issuance of this great amount of paper money will not know the value of our money.

So, for one, much as I desire to see this bonus paid—and I believe it should be paid—I can not vote for this legislation, and thereby do what I think would be an irreparable wrong to the American people.

If there is any one thing that the Congress ought to do in these days, it seems to me, it is to maintain the soundness of American money. I know there have been periods in our history when there was a tremendous amount of currency outstanding with nothing behind it but the guaranty of the Government; but I remind the Senate that those were periods when the people had faith in the financial institutions of the country, when they had faith in the business institutions of the country, when they had faith in the Government of the country. That, however, is not the condition to-day; the American people have lost faith in the great financial institutions of this country; they have lost faith in the banks; they have lost faith in industrial bonds and securities; they have almost lost faith in the Government itself; and in a time like this I can not bring myself so to stultify myself as to vote to put upon the American people two and a half billion dollars of cheap paper money.

But, Mr. President, simply because I am unwilling to do that is no reason why I should not be willing to propose a plan and stand behind a plan to give the veterans what they are entitled to have in money that is sound, in money that will be worth 100 cents on the dollar; and I want to offer for the consideration of the Senate an amendment that will make it possible to pay the surrender value of these certificates at the present time at 2 per cent discount, and pay it in cash, by selling bonds to the people of the country, putting the money thus obtained in the Treasury and paying it to these men. That is an honest proposition; that is a decent proposition; that is a proposition that Senators can vote for and look the veterans in the face and look their fellow citizens in the face and know that they have kept their oaths of office by supporting the Constitution of the United States and that they have tried to serve the interests of the people of the United States.

Mr. President, this bill has reached a parliamentary status in the Senate which is known as the third reading. I want to offer an amendment, but I am told that the amendment is out of order. The fact of the matter is that no amendments have been offered to this bill. The reason for it is that the Senate was engaged in a general discussion of the bill; Senators were not on the floor, and had no idea that we were coming to a vote. The Vice President, or whoever was in the chair at the time, said the question was on the third reading of the bill; the bill was read the third time, and the yeas and nays were ordered on its passage. Consequently we were shut off from offering amendments, and I submit that under these conditions I ought to have the right, by unanimous consent, to offer an amendment whereby those of us who want to vote for an honest bonus measure may have a chance to do so.

The PRESIDENT pro tempore. May the Chair say to the Senator from Washington that that right exists under the rules? Amendments may now be offered by unanimous consent.

Mr. DILL. I understand that, and I am going to ask such unanimous consent in just a moment, but I want to make the situation clear. I am willing, if unanimous consent shall be granted, along with it to ask for a limitation on debate not to exceed five minutes on the part of any Senator. I want to appeal to Senators to be fair in this matter. It is a common custom in the Senate when a bill of great importance, such as this, is before us that Senators do not stay here all the time. The Senator in charge of the bill generally stays here all the time, and there are oftentimes parliamentary steps taken without Senators being aware of them, just as occurred in this case. I do not think I am asking anything unreasonable or anything unjust

when I ask unanimous consent to offer an amendment, the debate on it to be limited to five minutes by any Senator; and I now make that request for unanimous consent.

The PRESIDENT pro tempore. Is there objection?

Mr. BLAINE. Mr. President, withholding objection for the time being, I want to call the attention of the Senator from Washington that it is very evident he has overlooked the fact that the Treasury notes which are to be issued under this bill are redeemable the same as are any other Government notes that are outstanding, and there are several types of notes outstanding.

As a matter of fact, to-day there is $1,300,000,000, as I pointed out in the debate this afternoon, without any reserve whatever, without an ounce of gold back of it, all of which maintains its stability only because there are United States Government bonds which serve as the obligation and the promise of the Government of the United States, or by operation of law, are they stabilized.

The bill now before us provides for the issuance and deposit of United States bonds in the sum of $2,400,000,000 with the Federal reserve system. The Federal reserve system has the authority to dispose of those bonds identically in the same way that they have authority now to go out in the open market and sell United States bonds, and with the same effect. The money that will be issued under this bill will be just as sound and just as stable and just as honest as the $1,300,000,000 now in circulation, which I discussed this afternoon.

So the Senator is merely proposing now a new method, the result of which will be identically the same as that proposed by the bill. The only difference between the Senator's proposal and the proposals at present in the bill is this:

Under the Senator's proposal he would issue $2,400,000,000, less a discount of 2 per cent, of United States bonds to be thrown upon the market, which in all probability would crash the market, would depreciate every United States bond now outstanding, would bring a crash upon this country the like of which we have never experienced.

Mr. DILL. Mr. President, I did not yield to the Senator from Wisconsin for a speech. I shall be glad to answer any questions the Senator may ask.

Mr. BLAINE. If the Senator will permit me to finish my statement——

Mr. DILL. I yield to the Senator for that purpose.

Mr. BLAINE. It would bring a crash in the financial affairs of this Government. Under the proposals of this bill the $2,400,000,000 will be fed out to the public as the Federal Reserve Board may in its judgment determine, in order to secure the stability not only of the financial affairs of our Government but, as well, the stability of every bond issued by the Federal Government.

So, Mr. President, in view of that situation, I must object to any unanimous-consent agreement to the offering of any amendment at this stage.

The PRESIDENT pro tempore. Objection is made.

SEVERAL SENATORS. Vote!

Mr. DILL. Mr. President, the Senator either did not hear me when I spoke, or he did not pay close attention to what I said.

I am fully aware that there are considerable sums of currency outstanding based on United States Government bonds. I so stated. In fact, there is some currency that does not even have bonds back of it. But this proposal is to add $2,400,000,000 on top of that, which in my judgment will destroy the sound value not only of those that will be issued but of those already outstanding.

In the second place, I am not proposing to unload $2,400,000,000 of bonds at all. I am proposing to unload probably about a billion dollars of bonds upon the market, and in that way to obtain money of the United States that has security back of it, and pay it to these men. So that there is a vast difference between the proposal which I am making and the proposal which is in this bill, which the Senator says is the same.

Mr. BLAINE. Mr. President, will the Senator yield for a question?

Mr. DILL. I yield for a question, but not for a speech.

Mr. BLAINE. I desire to ask the Senator to what extent the billion dollars which he proposes to raise will discharge the $2,400,000,000 of obligations?

Mr. DILL. It will discharge the surrender value of these certificates. I can not see on what theory we should pay to these veterans now the face value under date of 1945. I think they are entitled to the surrender value of these certificates now, and I have made the basis 2½ per cent.

Mr. BLAINE. Mr. President, is my understanding correct that the Senator proposes to discount the adjusted-compensation certificates 2 per cent?

Mr. DILL. Two and a half per cent.

Mr. BLAINE. Does the Senator contend, then, that it will take only a billion dollars to discharge the obligations?

Mr. DILL. I am not sure of the amount, but I have been told that it will take probably about a billion dollars, considering that the men who have not already borrowed probably will not want to surrender their certificates. I am thinking now in terms of the men who have already borrowed one-half of the face of the certificates.

Mr. BLAINE. Mr. President, the explanation is entirely unsatisfactory. It does not meet the situation at all. I think we had better pursue the course outlined in the bill. I object.

The PRESIDENT pro tempore. Objection is made.

SEVERAL SENATORS. Vote!

The PRESIDENT pro tempore. The Senator from Washington has the floor.

Mr. DILL. Mr. President, of course this objection can be made, and we are helpless in the matter, but it does seem to me a very unjust proposition that no amendments can be offered to this bill.

They have the power in the House of Representatives, and exercise it, by rule, to prohibit amendments. Here, a parliamentary situation develops without notice, without opportunity of presentation of amendments, because Senators do not happen to be on the floor during the whole of a long debate, and then all opportunity to offer any amendment is cut off. Of course, that being the case, and some Senator objecting, I am unable to bring about a vote on this amendment.

Mr. TRAMMELL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Florida?

Mr. DILL. Not for a moment.

However, I do want to avail myself of what I think is my parliamentary right.

I now move to recommit this bill to the committee with instructions to amend the bill, on page 2, line 1, by striking out the word "face," after the word "the," and inserting the word "surrender," and in line 2, after the word "computed," by inserting the words "at the rate of 2½ per cent."

Then, on page 4, in line 15, strike out the word "face" and insert the word "surrender" again, and in line 18 strike out "in Treasury notes" and insert "from the Treasury of the United States." In line 20 strike out the words "issue United States notes" and insert "sell 20-year bonds." Then, in line 21, strike out the rest of section 2 down to section 3.

The PRESIDENT pro tempore. The Senator from Washington moves that the bill be recommitted with certain amendments, which he has stated. [Putting the question.] The noes have it, and the motion is rejected.

Mr. SCHALL obtained the floor.

Mr. NEELY. Mr. President, will the Senator from Minnesota yield?

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from West Virginia?

Mr. SCHALL. I do.

Mr. NEELY. I ask unanimous consent that after the conclusion of the address which the Senator from Minnesota is about to deliver debate shall be limited to five minutes, and that no Senator shall speak more than once until the bill is finally disposed of.

The PRESIDENT pro tempore. Is there objection?

Mr. BLAINE. Mr. President, reserving the right to object, I want to suggest that there has been an ignominious silence here this afternoon on the part of those who are opposing this bill for other reasons than have been set forth here this afternoon. I think that we ought to give them an opportunity to discuss this bill.

I therefore must object.

The PRESIDENT pro tempore. Objection is made. The Senator from Minnesota has the floor.

Mr. SCHALL. Mr. President, the assumption of virtue by which we have to-day been giving pious and statesmanlike excuses for voting against this bill seems to me only to be equaled by the patience with which the ex-service men are forced to endure them.

Such excuses remind me of the father who, chastising his son, remarked that it hurt him worse than it did the son; and the son replied, "But not in the same place, Dad." [Laughter.]

We are applying our poultices to the wrong place. It is the stomach of the ex-service man that is in pain, it is the heart that is wrung when he has no work with which to earn the necessities for his wife and little ones. Why talk of tweedledee and tweedledum when dire necessity is in the saddle?

They are hungry and out of jobs. They did their work and earned their pittances. Must they wait a generation for the money we owe them?

WALL STREET DIDN'T WAIT

The beneficiaries of the war did not have to wait. They got their billions while the boys were fighting. The financiers got their $3,000,000,000 "reconstruction" dole as soon as they asked us for it. It would have been thoroughly impolite to have caused them any anxiety of waiting. Their newspapers and radio agitators condemned us for even keeping them waiting a few days till we examined their $3,000,000,000 demand. Now these same implements loudly applaud us for the serious and dignified demeanor and uplifted arm of adjectives and statesmanlike words we employ to ward off the soldier boys' demand. Shall the boys who saved the world for democracy and for Wall Street have to wait until 1945?

Is the bill for a currency issue of $2,000,000,000—secured if need be by a bond issue—beyond our financial resources?

Since 1920 our interest-bearing debt has been cut down over $8,000,000,000. A further debt of $2,000,000,000 would not endanger the world's greatest financial power.

Since 1920 our gold reserves have grown by $2,000,000,000. Our Federal reserve notes have been contracted by $1,600,000,000. Both give foundation for new currency. Since 1920 the per capita money circulation has been reduced by $20 per capita.

The country needs the money and is able to finance the issue. We owe the veterans. Why keep them waiting until 1945? Shall we wait until most of them are in their graves? Why issue $3,000,000,000 of credit to finance the financiers and then rebuff the boys who fought to save the financiers' country?

As a Member of the House, I listened 15 years ago, and in 1924, to all the same noble excuses that have been made here this evening and during the day. I heard the same thing then that we have heard here to-day; the excuse that we were going to ruin the Government, we were going to inflate, we were going to do this, and we were going to do that. The only excuse that I have not heard to-day, but which was prevalent in 1924 in the House, is the excuse that the boys would only squander this extra $1.25 in riotous and infamous living.

We owed this bill in 1918. One dollar and twenty-five cents a day extra for getting killed for your country, and then you have to race with life for 20 years in order to collect! Why, there was not a man, woman, or child in this country that you could hire for less than $5 a day.

I was in France in 1918. I was in Paris when the "Big Berthas" were throwing their shells in there. German patrols had been captured within 6 miles of Paris. Consternation was everywhere. Refugees with their kith and kin were getting out of the city.

AMERICAN COURAGE

Our boys started the Chateau-Thierry drive in June, which was America's first real participation and the beginning of the end. They finished the job in six months. No dilly dallying, no loss of time, they cleaned the job up satisfactorily and surely are entitled to $1.25 extra for their overtime, speed, and efficiency.

Foch realizing that Paris was doomed looked for some means by which to deter the steady march on Paris.

The Crown Prince, with the Prussian Guard, at the head of a great army, was moving toward Paris at the rate of 4 or 5 miles a day. They captured Belleau Wood. Their cannons placed, they swept the road for miles ahead. They were confident of going into Paris. So sure were they—and they were not alone in it; the French, the English, the Belgians, the Italians, and the Germans believed it—that they dressed themselves in their dress uniforms, starched bosom shirts and spiked helmets.

It was a gala day, for nothing could deter them from marching into Paris. Foch withdrew his troops for a last desperate stand. He thought of the American boys. He did not believe they could alter the situation, but he did hope that they might badger and detract. Foch had no faith in the undisciplined Americans. They were not trained, and an untrained soldier to him was a zero with the rim rubbed off; but he thought he would use them as a sort of stopgap for the real soldiers, the French, the veterans, the boys that had been fighting, you know, and would not get out of the trenches, who stayed there and called it a stalemate until the Germans charged them and drove them out. These supersoldiers he moved back for the last stand before Paris.

So fierce was the attack of the Americans that the Germans thought there were unlimited reserves. A miracle was performed; the oncoming victorious Germans turned back and the destiny of civilization changed. This kind of soldier boys ought to be proof to any Senate that they were worth over and above the $1 a day they received an extra $1.25, and they ought not to have to wait 20 years to get that, even if there were no question of hunger and want of themselves and their loved ones.

The German retreat brought the French up alongside, but the American contingent pushed its nose out into the enemy faster than the French troops. Foch sent orders to the commanders of the salients again and again that the American troops were going too fast and that they should be held back. Finally, not having his orders obeyed, he called the commander of the salient upon the carpet, and the commander defended himself by saying, "How the h—— do you expect me to hold them back when the whole German Army can't?"

He did not know, but what he needed was real action, and he got it from our boys. He picked up four regiments of them, the Fifth and Sixth Marines, and a couple of other regiments, loaded them onto trucks, and drove them up there in the night, in the rain, and they were unloaded in the mud. As they passed the retreating French they were hailed by "You're zigzag; you're crazy. Sure death ahead. Go back." But these eager, smooth-faced Americans, who had never smelled the smoke of battle, were not made of the stuff that goes back when the enemy is in front. And yet we can not find it in our hearts to give them an extra $1.25 a day for this kind of work. The next morning when the Germans attacked they were met by these four regiments of American boys, about 15,000 in all. Five German divisions. They were stopped and turned back.

The boys did their work well, and victory over the hitherto undefeated Prussian Guard sent an electric current of success down the lines of all the Allies and kindled the morale that was dead back into life. Some of these boys are sitting up there in the gallery. That kind of stuff is worth preserving, it is worth honoring, even to the extent of irritating Wall Street in order that we may keep our word.

WAR DEBTS AND MORATORIUM

We not only owe this money morally but because we have agreed to pay it. I remember when the House voted to give them a $60 bonus. That would not buy them a suit of clothes at that time. Then we dawdled on for years, and finally passed this thing that is here, this graveyard bonus. And now you are refusing to redeem those certificates. The boys are hungry, they are out of work, they need help, they fought your battles. Why don't we vote to pay?

Oh, says somebody, we have not the money. We did not have the money, either, when our noble allies wanted to borrow it from us. What did we do? We went out to the people and got it, just as this bill proposes that we should do here to-night. We sold bonds. The people went down into their socks, and behind the old mantelpiece, and dug up some $12,000,000,000.

A lot of that money, half of it, I think, was loaned after the armistice. I know a billion three hundred million was loaned to France after the war was over.

We paid for transporting every one of our soldiers across the water. We paid from $80, I think, up to $140, for every soldier they took across to fight their battles. We paid cash as we went.

After figuring up what they owed us in the way of money loaned, the money we borrowed from the people to give the Allies, we promised to pay the people back that money with interest at 3½ to 4 to 4½ and 5 per cent, and at the end of 25 years pay back the principal.

England owed us $4,715,000,000. We gave her the principal—big, generous boys, but we will not pay an extra $1.25 to the men who did and would lay down their lives for us. A dollar and a quarter! And we are haggling here about giving it to them. We haggled back there 15 years ago. At the very same time we were lending billions to our noble allies for whom we had to send our boys to Europe to win the war.

They are displeased now. They say we did not come over early enough. If we had waited six months longer—yes, three months—they would not have been calling us "Uncle Shylock" to-day, because the Germans would have been in possession of Paris, and had Paris fallen France would have fallen, for Paris is the heart of France. Munitions, railways, manufactures centered there.

Had France fallen, the English would have soon been pushed back into the channel and the war would have been over, and we would have been good fellows, like the rest of the nations that did not lend them any money and did not fight their battles for them. From the way they talk to-day you would think that we had lost the war. Instead of being grateful for our altruistic entry into this war, they call us "Uncle Shylock." Why? Because they are to pay us a slight little interest on the money we loaned them. The only nations that went into the war without thought of reward were China and the United States. Every other nation, it has oozed into light since, went into the war because they wanted something that somebody else had.

In settlement we asked not a penny of reparations, not a foot of land. Because of this war England now owns nearly a third of the face of the world. In that settlement France filled her pockets, Italy her lap, and Japan her arms. The only tangible thing that we got was prohibition.

England treated us in the settlement the whitest of any. We have agreed to settle, to wipe out the principal of $4,715,000,000. We did not hear anything about the Government going to smash because of that. We did not hear about the inflation proposition that would drive bonds down and something else up. We just settled and gave them that principal, and accepted in lieu thereof a small interest of 3.7 per cent over a period of 62 years.

We loaned France $4,400,000,000. We gave her the principal and accepted a dinky little interest of 2.17 per cent. But still she calls us "Uncle Shylock."

Belgium we loaned half a billion. We accepted interest there of 2.1 per cent.

Over half of the amount Italy owed us was borrowed after the armistice. We loaned her $2,150,000,000, and we gave her the principal and accepted in lieu thereof the minute interest of 1.1 per cent.

We loaned 12 different nations $12,000,000,000, and we are getting an average of less than 2½ per cent interest on this, the principal entirely forgiven. We are paying interest on this $12,000,000,000 we loaned our noble allies, a little less than $800,000,000 a year, so that on interest alone we are losing half a billion dollars a year, and yet we must pay the principal when it comes due. Surely if we can do this for nations who do not appreciate it and slander us for not doing more, we can give to the boys who represented us over there so nobly an extra $1.25 a day.

Let nobody mislead you with this "bunk" that is being peddled constantly from across the water about our settling for a percentage. There is no percentage about it. We gave them the principal and accepted only a dinky little rate of interest. And they want us to cancel that, and we did grant them a moratorium this year for this $250,000,000 at the expense of our own taxpayers.

It seems to me, Senators, that the thing to do here is just to be men, just use common sense. Not be such great statesmen, not be so prolific in the use of words that convey only something we do not mean. Just admit that we owe this to the boys and figure out some way to take care of it. If we have not got the money, let us borrow it. We did that for foreign nations. Why can not we do it for our kith and kin and blood?

UNEMPLOYED

I want the unemployed put to work. I voted for the La Follette-Costigan bill, and will vote for any other bond bill that may be brought up here that would put the men of this Nation to work. Here you have a chance to take care of these boys and some of us are throwing it away in the hopes we are going to get a chance to vote for some other bill in which they may be taken care of. It seems to me a bird in the hand is worth several in the adjacent bush. They went over there and they lost their jobs. Oh, we were going to do wonders for them when they came back, and when they came back they could not get their jobs and somebody else had their girls, their sweethearts, and in some instances even their wives, and yet there are those who fear that it will ruin the country to pay them an extra $1.25 a day, yet we paid every other claim, even the Government employees, or gave a bonus and that bonus cash. Twenty dollars a month added to their wages that has continued up to now. They had jobs. The soldiers had to look for their jobs. We did not compel the employees to wait 20 years to get it. We gave the railroads a bonus; we have bonused everyone except the American soldier.

Mr. President, I had opportunity to observe these boys on the field of battle. I lined with them at mess and communed with them in bivouac in the night, at a time when men's tongues are loosed and they talk. I was on the *Mount Vernon* when she was torpedoed 250 miles off the coast of Brest, where over 40 of our sailor boys were killed. I talked with two of them while they were dying, literally scalded to death, and I am bursting proud to only belong to the country which raises such stock. The American soldier, sailor, and marine are the bravest in the world. If I had but one word, I should describe them with the word "courage." No nation in all the annals of the past anywhere in history has produced such bravery, such willingness to die. Let us imitate their courage and valor and vote them this bonus despite the repercussion of Wall Street.

ROMAN REPUBLIC

Despite the heroic efforts of Julius Caesar, the Roman Republic fell because her Senate forgot her soldiers. Seventy senators partook in the stabbing of Caesar and the denial of a just reward to her soldiers. Shall we duplicate their action? The invading army of Huns, Norsemen, Mongols marched to victory and Rome burned. Her defenders had become the rabble of the street, no longer interested in the defense of their country. To-day Rome is but a memory, a lesson. The same problem is now before us. What will our answer be to our veterans now tramping the streets in search of work, in quest of food for selves and families? Senators, shall our "no" be the beginning of the end of another great Republic?

I will not take more time of the Senate. We are near a vote and it is late.

Mr. GORE. Mr. President, I had intended to offer two amendments to the pending bill, but I find that the bill has been advanced to the third reading, that the yeas and nays have been ordered, and that the bill has reached the parliamentary stage where amendments are out of order. I had intended to move an amendment on page 2, line 1, to strike out the word "face" and to insert the word "surrender" so that it would read surrender value, that would have provided an immediate payment of about 750 millions to the veterans. That amendment, however, has just been offered by the Senator from Washington, and has failed in this parliamentary situation.

I had intended to move an amendment on page 5, line 8, to give the bonds authorized in this measure the circulation privilege. The amendment simply embodied provisions of a bill recently reported by the Senator from Virginia [Mr. GLASS] at the instance of the Committee on Banking and Currency. This would have insured their sale at a fair price and would provide a basis for an increase in our circulation. I should have followed that with an amendment to eliminate the fiat money features of the pending bill.

I ask the Senator from Utah whether he is fixed in his purpose to object to all amendments?

Mr. SMOOT. Yes; I will have to.

Mr. GORE. Mr. President, I shall not detain the Senate or delay the vote more than one minute.

I shall not elaborate my views on this measure, because everybody knows that this bill will not become a law. Everybody has known from the beginning that this bill would not be enacted into law. Everybody has known from the beginning that if this measure passed Congress, it would be vetoed by the President of the United States. Everybody knows that it could not escape a presidential veto. Everybody knows that it could not be passed over the veto of the President. That fact has faced us grim as a death's head from the beginning.

This scene enacting here to-night is a mere pantomime. It is a vain show. If any soldier boy has been led to believe that this measure would become the law or that the bonus would be paid now, he has been misled; he has been dazzled by the radiance of the rainbow; he has been pursuing the radiant and the receding splendors of the rainbow; it has been a bow of promise, merely that and nothing more; he has been pursuing a rainbow, and there was not even a fabled pot of gold at the foot of this rainbow.

Mr. President, to me there is something about it all that is pathetic, that is pitiable.

Mr. BRATTON. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Jones	Sheppard
Austin	Dale	Kean	Shipstead
Bankhead	Davis	Kendrick	Shortridge
Barbour	Dill	King	Smoot
Barkley	Fess	La Follette	Stelwer
Black	Fletcher	Lewis	Thomas, Idaho
Blaine	Frazier	Logan	Thomas, Okla.
Borah	George	McGill	Townsend
Bratton	Glass	McNary	Trammell
Brookhart	Glenn	Metcalf	Tydings
Broussard	Goldsborough	Moses	Vandenberg
Bulkley	Gore	Neely	Wagner
Byrnes	Hale	Norbeck	Walcott
Capper	Harrison	Norris	Walsh, Mass.
Caraway	Hastings	Oddie	Walsh, Mont.
Carey	Hatfield	Patterson	Watson
Cohen	Hawes	Pittman	Wheeler
Connally	Hayden	Reed	White
Coolidge	Hebert	Robinson, Ark.	
Copeland	Howell	Robinson, Ind.	
Costigan	Johnson	Schall	

The PRESIDENT pro tempore. Eighty-one Senators having answered to their names, a quorum is present.

Mr. FRAZIER. Mr. President, I do not rise to offer any excuse for my vote upon the bill nor have I any apologies to offer for the vote I shall cast.

When the World War started and the draft law was enacted by Congress, I went on record to the effect that if we were going to draft the young men of the United States to fight our battles we should also draft the wealth of the United States to pay for the war as we went along. That suggestion was held at that time to be almost anarchistic, but if that had been done, we would not be in the financial condition we are in to-day. We would not be called upon to pass a little bonus bill for the boys who fought the war, either.

Mr. President, I have been rather amused at some of the statements that have been made and some of the reasons given as to why certain Senators felt compelled to vote against the measure. Some of them seem to have felt that the issue of $2,400,000,000 of paper money might destroy the financial system. I want to say the financial system at the present time is mighty badly bent. I am not sure that a couple of billion dollars new issue might not help to straighten up the bad situation that exists at the present time.

From the 1st of September, 1929, to the 1st of December, 1931, it is estimated that $90,000,000,000 was lost in stocks and bonds on the market, according to the figures of the New York Stock Exchange. Ninety billion dollars lost in stocks and bonds! The United States Congress sat idly by and let the gamblers fleece the people out of that money and it did not destroy our financial system either. That $90,000,000,000 amounts to $750 for every man, woman, and child in the United States. That is as much as the bonus will amount to for the boys who are asking for the balance of their bonus at the present time. That $90,000,000,000 lost in the stock exchange is eight times the amount of gold in the whole world to-day.

It is about time a lot of us here began to worry over the situation, it seems to me, when millions of men and women are out of employment, when prices of our farm products have gone so low that no one can begin to get cost of production for them. It is time we began to worry. It is about time to lock the barn door after the horse has been stolen.

Mr. President, in my opinion the World War veterans are entitled to more than they were getting even if they were paid in cash at the present time. Since the close of the World War our hospitals and sanitariums and insane asylums have treated more than 100,000 mental patients among the World War veterans. Over 100,000 of those boys have lost their reason. Most of those cases have passed on, but according to the latest figures, on March 31 of this year, 16,918 of those same World War veterans were still in sanitariums and insane asylums with their reason all gone or partially gone because of the effects of the World War.

There are more of them on the verge of insanity, left without any money, without any work, their families going hungry. Here we are about to deny them a little cash bonus to enable them to eke out an existence for a few months at least. Undoubtedly we will have to appropriate money to feed the people of the United States before another year rolls around. If this money due to these soldier boys were paid now it would at least take care of that group for a time or until perhaps we can enact some legislation looking toward a great system of public works that will give employment. These boys would like to have steady employment rather than the cash bonus at this time, but apparently they are not going to get either one.

Mr. President, as I said in the beginning I have no apology to make for the way I am going to vote. I believe 90 per cent of the people of the United States favor the payment of the bonus at this time.

The PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall the bill pass? On that question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BARKLEY (when his name was called). I have a pair with the junior Senator from Iowa [Mr. DICKINSON].

If he were present, I understand he would vote as I intend to vote. Therefore I am at liberty to vote. I vote "nay."

Mr. SHEPPARD (when Mr. BULOW's name was called). The junior Senator from South Dakota [Mr. BULOW] is unavoidably absent. He is paired with the junior Senator from Tennessee [Mr. HULL], who is also unavoidably absent. If the junior Senator from South Dakota were present, he would vote "yea," and if the Senator from Tennessee [Mr. HULL] were present he would vote "nay."

Mr. LA FOLLETTE (when Mr. CUTTING's name was called). I was requested to announce that the junior Senator from New Mexico [Mr. CUTTING] is unavoidably absent on account of illness. He is paired with the junior Senator from Mississippi [Mr. STEPHENS]. If the junior Senator from New Mexico were present, he would vote "yea," and I understand the junior Senator from Mississippi would vote "nay."

Mr. GLASS (when his name was called). I have a pair with the senior Senator from Connecticut [Mr. BINGHAM]. Being advised that if present he would vote as I intend to vote, I am at liberty to vote. I vote "nay."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I am compelled to withhold my vote. If permitted to vote, I would vote "nay."

Mr. FRAZIER (when Mr. NYE's name was called). My colleague the junior Senator from North Dakota [Mr. NYE] is absent from the city. On this vote he is paired with the junior Senator from North Carolina [Mr. BAILEY]. If the junior Senator from North Dakota were present, he would vote "yea," and I understand the junior Senator from North Carolina, if present, would vote "nay."

Mr. PITTMAN (when his name was called). On this vote I have a pair with the senior Senator from Virginia [Mr. SWANSON], who is unavoidably absent. I am informed that if he were present he would vote "nay." If I were at liberty to vote, I would vote "yea."

Mr. GLASS (when Mr. SWANSON's name was called). As already announced, my colleague the senior Senator from Virginia [Mr. SWANSON] is absent in Europe on governmental business and is paired. If present, he would vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is unavoidably detained. I transfer that pair to the junior Senator from New Hampshire [Mr. KEYES] and vote "nay." If the junior Senator from New Hampshire [Mr. KEYES] were present, he would vote "nay," and if the senior Senator from Tennessee were present he would vote "yea."

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. SMITH], who is unavoidably detained from the city. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and vote "nay." I am informed that if the Senator from South Carolina [Mr. SMITH] were present he would vote "yea," and that the Senator from Colorado [Mr. WATERMAN], if present, would vote "nay."

The roll call was concluded.

Mr. BANKHEAD (after having voted in the affirmative). I desire to change my vote from "yea" to "nay" for the purpose of moving a reconsideration.

Mr. GLENN. I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is unavoidably detained from the city. I find, however, that I can transfer that pair to the senior Senator from Connecticut [Mr. BINGHAM], who is also unavoidably detained from the Senate. I make that transfer and vote "nay." I am advised that if the junior Senator from Louisiana [Mr. LONG] were present he would vote "yea," and that the senior Senator from Connecticut [Mr. BINGHAM], if present, would vote "nay."

Mr. HATFIELD. I transfer my pair with the senior Senator from North Carolina [Mr. MORRISON] to the junior Senator from Iowa [Mr. DICKINSON] and vote "nay."

Mr. SHEPPARD. I desire to announce that the senior Senator from Tennessee [Mr. MCKELLAR], the junior Senator from Tennessee [Mr. HULL], and the junior Senator from South Dakota [Mr. BULOW] are absent from the city attending the funeral of the late Representative Eslick.

Mr. FESS. I desire to announce that the Senator from New Hampshire [Mr. KEYES] and the Senator from Iowa [Mr. DICKINSON] are both unavoidably detained from the Senate. If present, they would each vote "nay."

Mr. THOMAS of Oklahoma (after having voted in the affirmative). Mr. President, I desire to take no chance, and I change my vote from "yea" to "nay," with the idea of entering a motion to reconsider if the opportunity shall present.

The result was announced—yeas 18, nays 62, as follows:

YEAS—18

Ashurst	Broussard	Neely	Shipstead
Black	Byrnes	Norbeck	Steiwer
Blaine	Caraway	Robinson, Ind.	Wheeler
Bratton	Frazier	Schall	
Brookhart	McGill	Sheppard	

NAYS—62

Austin	Dill	Johnson	Shortridge
Bankhead	Fess	Jones	Smoot
Barbour	Fletcher	Kean	Thomas, Idaho
Barkley	George	Kendrick	Thomas, Okla.
Borah	Glass	King	Townsend
Bulkley	Glenn	La Follette	Trammell
Capper	Goldsborough	Lewis	Tydings
Carey	Gore	Logan	Vandenberg
Cohen	Hale	McNary	Wagner
Connally	Harrison	Metcalf	Walcott
Coolidge	Hastings	Moses	Walsh, Mass.
Copeland	Hatfield	Norris	Walsh, Mont.
Costigan	Hawes	Oddie	Watson
Couzens	Hayden	Patterson	White
Dale	Hebert	Reed	
Davis	Howell	Robinson, Ark.	

NOT VOTING—16

Bailey	Dickinson	McKellar	Smith
Bingham	Hull	Morrison	Stephens
Bulow	Keyes	Nye	Swanson
Cutting	Long	Pittman	Waterman

So the bill failed of passage.

Mr. BANKHEAD and Mr. THOMAS of Oklahoma addressed the Chair.

The PRESIDENT pro tempore. The Senator from Alabama.

Mr. BANKHEAD. Mr. President, I have no purpose indefinitely to continue the consideration of this question in view of the tremendous majority that has been cast against the Patman bill. It is my desire, however, if the motion to reconsider shall be agreed to, after it shall have been entered, to present a proposal providing for the payment of the adjusted-service certificates upon a present-value basis with certain alterations in the method of calculation.

The certificates, reduced to their present value, according to the information furnished me by the Veterans' Administration, amount to $768,445,396. There is now included in the appropriate appropriation bill $100,000,000 to be applied to the sinking fund for the ultimate retirement of these certificates, which would leave, if the certificates were reduced to their present value, giving credit for the $100,000,000 included in the appropriation bill, $668,445,396.

The certificates now outstanding, if the attitude of this body continues as it is, will at the date of their maturity have a value of $82 in the case of those upon which 50 per cent has been borrowed. The basis for the calculation upon which the face value of the certificates is computed was $1 a day for those who served in this country and $1.25 for those who had foreign service for the time they were abroad, plus 25 per cent, which is supposed to have been included because of the deferred payment. That has been worked into an insurance policy so as to include the original per diem allowance and the 25 per cent and interest compounded at 4 per cent per annum.

On the loans which have been made on all the certificates except about 900,000, something short of a million, the interest is fixed at 4½ per cent. So it is evident that with 4 per cent interest compounded annually the face of these

certificates is eaten up by the 4½ per cent annually compounded.

I may add that in working out the present value the unearned portion of the 25 per cent is included in the estimate of the present value. As a matter of fact it has been seven years the 1st of last January since these certificates were issued. The unearned proportion is thirteen-twentieths of that additional 25 per cent. The allowance based upon the per diem amounted to $400, and to that was added 25 per cent, which ran the amount of the principal at the beginning of the transaction on an average up to $500.

In computing the present value the department uses only seven-twentieths of the 25 per cent, or the $100 which was added to the $400, and in making the computation upon that basis—and I have a letter from the Director of Veterans' Affairs giving the figures—the amount as stated, including the $100,000,000 now appropriated, is $668,445,396.

It seems to me, as a matter of absolute justice and fairness, that the full 25 per cent should be allowed, because it was a part of the principal in the beginning of this settlement. It was as much a part of the principal as the $400 based upon a per diem; so that if a settlement is now made upon the present value of the certificates, I submit that the full 25 per cent should be added to the $400 that was originally granted. If that is done, there is thirteen-twentieths of that $400 still due; and, computing it upon the number of certificates outstanding—3,500,000 in round figures—that would add $227,500,000 to the present value, making a total of $895,000,000, not quite $900,000,000, which would be necessary now, at the election of the holders of the certificates, to settle in full these bonus certificates.

I propose, if reconsideration is granted, to give the option to the holders of these certificates to settle on that basis, or to hold their certificates in the hope, if they entertain it, that some subsequent Congress may deal differently with this problem.

Mr. President, based upon the number of those who have borrowed one-half of their certificates, under this computation, by reducing the interest upon the loans on those certificates from 4½ per cent to 2 per cent, the amount that they could now draw would be $97, while under the present law if they should wait until 1945 they would draw only $82, and in the meantime the cost to the Government would be much greater.

If we take this amount, then it will be necessary to appropriate annually for 15 years only $75,000,000. We are reducing the annual appropriation for the sinking fund in the sum of $25,000,000 a year. So those who think of this matter only from the standpoint of the Treasury of the United States should realize that in the long run the taxpayers and the Treasury will save a large sum of money if we adopt this plan rather than pursuing the present plan and appropriating from time to time a sufficient sinking fund to bring the amount up to $2,400,000,000 in the next 13 years.

Mr. President, I am not concerned about the depreciation of the currency based upon this proposition, which, if all the holders see fit to settle their certificates, amounts to less than $900,000,000. Every Senator upon this floor knows, if he has been reading the papers upon the subject, that there is to-day a larger amount than that absolutely withdrawn from circulation and hoarded.

This amount, if all of the soldiers accept it, will not replace in the channels of circulation and trade the amount that is now actually withdrawn, put into safe-deposit boxes, sent abroad, or otherwise disposed of. I propose to raise this money by having the Government issue 2 per cent bonds and deposit them as security with the Federal reserve banks, and then use the annual appropriation for the sinking fund to retire each year one-thirteenth of the bank notes that will be issued against those bonds.

How can anyone think that such a proposal would depreciate the value of the dollar, when all of the taxing resources of our great country are put behind it, when the Federal reserve system with adequate bonds of the United States is behind it, and when we will make an annual appropriation retiring one-thirteenth of those bank notes every year? Then, too, as I stated, the appropriation that would be necessary to accomplish that purpose is $25,000,000 a year less than would be required under the present plan.

It is perfectly evident that this body does not favor changing the present plan; but here is a proposal to give those who want to avail themselves of it the opportunity to receive the present value of their certificates and at the same time to save money for the Treasury each year and in the aggregate, because while we are now appropriating around $100,000,000 a year it is perfectly apparent to everybody that that will not by 1945 amount to $2,400,000,000, and we must begin to increase the appropriation for the sinking fund.

Mr. SMOOT. Mr. President, I desire to ask the Chair what is before the Senate at this particular time.

Mr. BANKHEAD. I am speaking.

The VICE PRESIDENT. The question is addressed to the Chair, not to the Senator from Alabama. Has the Senator entered his motion?

Mr. BANKHEAD. I have not.

The VICE PRESIDENT. Then there is nothing before the Senate.

Mr. SMOOT. Then, Mr. President, I object to——

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. The Senator from Utah has the floor.

Mr. BANKHEAD. I have the floor.

The VICE PRESIDENT. The Senator from Utah has the floor at present.

Mr. SMOOT. If there is nothing before the Senate——

Mr. BANKHEAD. I am going to put something before the Senate.

Mr. SMOOT. If the Senator will make his motion, all right.

The VICE PRESIDENT. Does the Senator from Alabama make a motion?

Mr. BANKHEAD. I will make the motion if the Presiding Officer holds that I can not speak without making it.

The VICE PRESIDENT. The Senator can not speak without a motion being made. There is nothing before the Senate.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. BORAH. I desire to make a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BORAH. I am just as anxious to dispose of this matter as anyone; but do I understand that the rule has been established here that because there is nothing actually pending before the Senate a Senator may not speak?

The VICE PRESIDENT. Not if objection is made.

Mr. BORAH. What is the rule that enables the Chair to take a Senator off the floor simply because there is no particular measure pending before the Senate?

The VICE PRESIDENT. If there is nothing pending, there is nothing on which to speak.

Mr. BORAH. I beg the Chair's pardon; there is no rule that I know of which permits any such proceeding.

The VICE PRESIDENT. The Chair has ruled. The Senator from Alabama can make his motion if he desires.

Mr. HARRISON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. HARRISON. I understood that the Senator from Alabama rose to make a motion to reconsider the vote by which this bill was defeated.

Mr. SMOOT. But the Senator says he has not made it.

The VICE PRESIDENT. The Senator from Mississippi has the floor.

Mr. HARRISON. The inquiry is, Did the Senator make the motion?

The VICE PRESIDENT. The motion has not been made.

Mr. BANKHEAD. I am explaining what I am leading up to.

Mr. ROBINSON of Arkansas. Mr. President, I call for the regular order; and I move that the Senate proceed to

the consideration of H. R. 12445, being the bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and so forth.

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. THOMAS of Oklahoma. I rise to enter a motion to reconsider the vote by which the bonus bill just failed of passage.

The VICE PRESIDENT. That motion will be entered.

Mr. DILL. Mr. President, a parliamentary inquiry.

Mr. THOMAS of Oklahoma. I enter the motion, which means that I give notice that at some future date the motion will be called up.

Mr. ROBINSON of Arkansas. I make the point of order that there is a motion pending before the Senate.

The VICE PRESIDENT. There is one motion pending, and that takes precedence.

Mr. DILL. Mr. President, I rise to a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Oklahoma has a right to enter the motion; but the motion can not be proceeded with, because there is already a motion pending.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. THOMAS of Oklahoma. Is the notice just given of entrance of a motion at this time acknowledged by the Chair?

The VICE PRESIDENT. Certainly.

Mr. ROBINSON of Arkansas. Mr. President, I will state that if either the Senator from Oklahoma or the Senator from Alabama wishes now to make a motion to reconsider the vote by which the so-called bonus bill was defeated, I shall withdraw my motion in the interest of the present consideration of the motion to reconsider; but, as everyone understands, entry of a motion or notice of a motion is not a motion itself. The Chair was entirely correct, in my judgment, when he held that the announcement by the Senator from Alabama of his purpose to make a motion to reconsider did not bring the question before the Senate.

Mr. BANKHEAD. I will make the motion to reconsider.

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. ROBINSON of Arkansas. I yield for that purpose.

The VICE PRESIDENT. The Senator from Alabama makes a motion——

Mr. ROBINSON of Arkansas. Mr. President, I yield to the Senator from Alabama if he desires now to make the motion to reconsider. If he merely wishes to make a speech, I shall insist upon the motion I have made.

Mr. BANKHEAD. Mr. President, I stated in the beginning that I had no purpose to delay the final disposition of the bill; but I did hope that I would have a reasonable opportunity to explain what I was going to offer in the event the Senate agreed to reconsider.

Mr. REED. Mr. President, will the Senator from Arkansas yield to me?

Mr. ROBINSON of Arkansas. I yield to the Senator from Pennsylvania.

Mr. REED. I move to reconsider the vote by which the bonus bill was just defeated.

Mr. THOMAS of Oklahoma. Mr. President, a point of order.

The VICE PRESIDENT. What is the point of order?

Mr. THOMAS of Oklahoma. The point of order is that I myself have given notice that at some future time I would move to reconsider the vote; and that that notice having been received, a motion to reconsider at this time is out of order.

The VICE PRESIDENT. The giving of a notice is not a motion; and under the rule the motion can be made at any time within two days. The Chair holds that the motion of the Senator from Pennsylvania is in order.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Utah?

Mr. ROBINSON of Arkansas. I yield to the Senator.

Mr. SMOOT. I move, then, to lay the motion of the Senator on the table.

Mr. ASHURST. O Mr. President, do not do that. Let us vote on it now.

Mr. ROBINSON of Arkansas. Mr. President, I shall insist on my motion. If a vote can be had on the motion of the Senator from Pennsylvania to reconsider the vote, I shall not object; but if it merely means that debate is to proceed, I shall insist on the motion that I have made.

Mr. MOSES. Mr. President, if the Senator from Arkansas will yield, I will free him from any such necessity. I move to lay the motion to reconsider on the table.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. That motion is not debatable.

Mr. BLAINE. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Hebert	Robinson, Ind.
Austin	Costigan	Johnson	Schall
Bankhead	Couzens	Jones	Sheppard
Barbour	Dale	Kean	Shortridge
Barkley	Davis	King	Smoot
Black	Dill	La Follette	Thomas, Idaho
Blaine	Fess	Logan	Thomas, Okla.
Borah	Frazier	McGill	Townsend
Bratton	George	McNary	Trammell
Brookhart	Glass	Metcalf	Tydings
Bulkley	Glenn	Moses	Vandenberg
Byrnes	Goldsborough	Norbeck	Wagner
Capper	Hale	Norris	Walcott
Caraway	Harrison	Oddie	Walsh, Mass.
Carey	Hastings	Patterson	Walsh, Mont.
Cohen	Hatfield	Pittman	Watson
Connally	Hawes	Reed	Wheeler
Coolidge	Hayden	Robinson, Ark.	White

The VICE PRESIDENT. Seventy-two Senators having answered to their names, there is a quorum present.

The question is on the motion of the Senator from New Hampshire [Mr. MOSES] to lay the motion of the Senator from Pennsylvania [Mr. REED] on the table.

Several Senators demanded the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. CUTTING's name was called). Making the same announcement as on the previous vote with regard to the pair of the junior Senator from New Mexico [Mr. CUTTING] with the junior Senator from Mississippi [Mr. STEPHENS], I wish to announce that if the junior Senator from New Mexico were present he would vote "nay."

Mr. GLENN (when his name was called). I transfer my general pair with the junior Senator from Louisiana [Mr. LONG] to the senior Senator from Connecticut [Mr. BINGHAM] and vote "yea."

Mr. HATFIELD (when his name was called). Repeating my previous announcement respecting my pair and its transfer, I vote "yea."

Mr. PITTMAN (when his name was called). Reannouncing my pair with the senior Senator from Virginia [Mr. SWANSON], I desire to state that I do not know how that Senator would vote on this matter if he were present. If I were at liberty to vote, I would vote "nay."

Mr. TOWNSEND (when his name was called). Making the same announcement as to my pair and its transfer as on the previous vote, I vote "yea."

Mr. WATSON (when his name was called). Making the same announcement as to my pair and its transfer as on the previous vote, I vote "yea."

The roll call was concluded.

Mr. TRAMMELL. I desire to announce the absence of my colleague [Mr. FLETCHER], who has a pair for the remainder of the evening with the senior Senator from Minnesota [Mr. SHIPSTEAD].

Mr. GLASS (after having voted in the affirmative). I have a pair with the senior Senator from Connecticut [Mr. BINGHAM], and, being advised that he would vote as I have voted, I will let my vote stand.

Mr. FRAZIER. My colleague [Mr. NYE] is paired with the junior Senator from North Carolina [Mr. BAILEY]. If present, my colleague would vote "nay."

Mr. FESS. I desire to announce that the Senator from New Hampshire [Mr. KEYES], the Senator from Colorado [Mr. WATERMAN], and the Senator from Connecticut [Mr. BINGHAM] are necessarily detained from the Senate. If they were present, all these Senators would vote "yea."

Mr. SHEPPARD. I desire to announce that the junior Senator from Tennessee [Mr. HULL] is unavoidably detained from the Senate attending the funeral of the late Representative Eslick. He has a pair with the junior Senator from South Dakota [Mr. BULOW].

The result was announced—yeas 44, nays 26, as follows:

YEAS—44

Austin	Fess	Hebert	Smoot
Barbour	George	Jones	Thomas, Idaho
Bulkley	Glass	Kean	Townsend
Capper	Glenn	King	Tydings
Carey	Goldsborough	McNary	Vandenberg
Cohen	Hale	Metcalf	Wagner
Coolidge	Harrison	Moses	Walcott
Copeland	Hastings	Oddie	Walsh, Mass.
Dale	Hatfield	Patterson	Walsh, Mont.
Davis	Hawes	Robinson, Ark.	Watson
Dill	Hayden	Shortridge	White

NAYS—26

Ashurst	Byrnes	La Follette	Schall
Bankhead	Caraway	Logan	Sheppard
Barkley	Connally	McGill	Thomas, Okla.
Black	Costigan	Norbeck	Trammell
Blaine	Couzens	Norris	Wheeler
Bratton	Frazier	Reed	
Brookhart	Johnson	Robinson, Ind.	

NOT VOTING—26

Bailey	Fletcher	Long	Smith
Bingham	Gore	McKellar	Steiwer
Borah	Howell	Morrison	Stephens
Broussard	Hull	Neely	Swanson
Bulow	Kendrick	Nye	Waterman
Cutting	Keyes	Pittman	
Dickinson	Lewis	Shipstead	

So the motion to reconsider was laid on the table.

Mr. TRAMMELL. Mr. President, I desire to take only a moment or two of the time of the Senate. I had wanted an opportunity to express myself briefly in regard to the so-called bonus bill prior to the taking of the vote, but there was such restlessness, and such a demand on the part of a great many Senators to vote, that I did not feel like imposing myself on the Senate at a time when there was such a demand for a vote on the bill that the Senate was really in a state of disorder.

I am sincerely in favor of a cash bonus being paid to the ex-service men on their compensation certificates. I believe, in justice, under the present circumstances an equitable and just payment should be paid to them. But as to the plan which should be adopted, that is a matter of detail, and, of course, the details are of great importance. I was not impressed favorably with the plan that was carried in the bill under consideration, although I am strongly for allowing a cash settlement.

To the surprise of almost everyone and unfortunately, no one was allowed to offer any amendment after 2 or 3 o'clock this afternoon, with a view to trying to perfect the bill according to the idea of a number who were the real friends of the idea of a cash bonus. Several who are in favor of a cash settlement, among them myself, but who thought a better plan for this purpose could be adopted by amending the bill were unduly shut off from offering amendments. We were left with only two courses to follow; that is, to vote for the bill with its objectionable features or else vote against it.

Therefore we had confronting us only the proposition of the bill as it came from the House, with no opportunity whatever to offer amendments. A number of us who favor a cash bonus also had confronting us the fact that it was well known by everyone in this Senate that the bill in the form that it came from the House was going to be defeated by an overwhelming majority. It was under these circumstances that I voted against the bill. I knew a motion to reconsider was going to be made and that it was the intention to endeavor then to make some amendments that would be satisfactory to all who wanted to allow a cash settlement on the certificates. I hope the motion to reconsider will prevail and then there could be an opportunity to perfect the bill and obtain at least a reasonable allowance in the nature of cash compensation for the veterans.

The drastic tactics that have been adopted, however, following the motion to reconsider, in the nature of a motion to lay that motion on the table, precluded any opportunity for further consideration of the question. I very much regret that that course has been pursued, but a majority seem to agree with it. I am disappointed that by such unusual tactics, and I believe unwarranted facts, we are under the rules now precluded from trying yet to amend the bill so as to provide for a cash settlement.

LOANS TO STATES—SYSTEM OF HIGHWAYS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of House bill 12445, to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency with amendments.

CONFIRMATION OF VIRGINIA POSTMASTERS

Mr. GLASS. Mr. President, I ask unanimous consent, as in executive session, for the confirmation of five postmasters in Virginia to whom there are no objection.

The VICE PRESIDENT. Let the nominations be reported for the information of the Senate.

The Chief Clerk read the nominations of Charles G. Thomas to be postmaster at Fork Union, of Frank G. Jones to be postmaster at Montvale, of Arthur B. Parker to be postmaster at Onancock, of Amos L. Cannaday to be postmaster at Pulaski, and of Herbert C. Bolton to be postmaster at St. Paul, all in the State of Virginia.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed.

RELIEF FROM GRASSHOPPER INVASION

Mr. NORBECK. Mr. President, I ask unanimous consent to have printed in the RECORD a telegram from the governor of my State regarding the grasshopper situation and other telegrams bearing on the same subject.

The VICE PRESIDENT. Without objection, it is so ordered.

The telegrams are as follows:

PIERRE, S. DAK., *June 15, 1932.*

Hon. PETER NORBECK,
Senate Chamber, Washington:

Although grasshoppers are not yet eating our grain they are here; and should weather become favorable for their development, serious damage to crops would result. It would be advisable to use your best efforts to secure appropriation for grasshopper relief.

WARREN GREEN, *Governor.*

EUREKA, S. DAK., *June 15, 1932.*

Hon. PETER NORBECK,
Washington:

Examined grain fields this morning. Inquired of farmers. Grasshopper danger rapidly increasing. Help badly needed.

THEO. GIEDT.

MINNEAPOLIS, MINN., *June 16, 1932.*

Hon. PETER NORBECK,
United States Senator:

Representing 2,000 retail hardware merchants, we urge you to work for financial aid to fight grasshoppers in the Northwest.

MINNESOTA AND SOUTH DAKOTA RETAIL HARDWARE ASSOCIATIONS.

WATERTOWN, S. DAK., *June 17, 1932.*

Hon. PETER NORBECK,
United States Senate:

Wish I might be able to take you through fields in this State so you could see grasshopper conditions; so you could see them as we do. Crops generally look good at this time of year; but when it gets dry in July and August, vegetation drys up. The hoppers will take the crops. We hate to think of the outcome. Please put all possible energy behind appropriation for poison bait.

We can not get help from State or county. You are the one man in Washington we look to for help. It is not too late if we get immediate action.

L. S. SPENCER,
President Watertown Chamber of Commerce.

MINNEAPOLIS, MINN., *June 16, 1932.*

Senator PETER NORBECK,
United States Senate, Washington:

Supplementing telegram 14th sent Secretary Hyde, Speaker Garner, and Congressman Andresen, we have further investigated grasshopper situation. Can report that Minnesota can and will take care of situation in Minnesota without Federal aid. We are equally certain that funds are needed immediately for North and South Dakota and Montana. Even a week's delay would probably necessitate much larger amount. If $500,000 could be immediately available for these three States, we believe situation can be satisfactorily handled. Legal situation in these States makes immediate appropriations impossible, and financial condition of counties involved is such that funds could not be raised for immediate use anyway. Arrangements will be made to advance money if we can have Government's assurance that we will be reimbursed. Please address E. W. Decker, Northwestern National Bank, Minneapolis.

A. R. Rogers, chairman Minneapolis industrial committee; B. B. Sheffield, president Minneapolis Civic and Commerce Association; L. E. Wakefield, president First National Bank; E. L. Carpenter, president Shevlin Carpenter & Clarke Co.; E. W. Decker, president Northwestern National Bank; W. A. Durst, president Minnesota Loan & Trust Co.; F. T. Heffelfinger, president F. H. Peavey & Co.; Geo. D. Dayton, president the Dayton Co.; C. T. Jaffray, president Soo Line Railroad; Thos. J. Wallace, president Farmers & Mechanics Savings Bank; Carl W. Jones, publisher the Minneapolis Journal; F. E. Murphy, publisher the Minneapolis Tribune; John Thompson, publisher the Minneapolis Star; J. H. Macmillan, president Cargill Elevator Co.

MARTIN, S. DAK., *June 10, 1932.*

PETER NORBECK:

Grasshopper condition becoming serious. Urge Government relief immediately for protection of Federal seed securities. Destitution among our farmers this winter. Condition serious.

BERNARD W. PENNY,
Chairman Bennett County Seed Loan Committee.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably several nominations of postmasters.

Mr. JOHNSON, from the Committee on Commerce, reported favorably the nomination of Lieut. Commander Carl H. Abel, to be a commander in the Coast Guard, from January 1, 1932; and also the nominations of sundry other officers in the Coast Guard of the United States.

Mr. REED, from the Committee on Military Affairs, reported favorably the nomination of Col. Robert Swepston Abernethy, Coast Artillery Corps, to be a brigadier general, from October 1, 1932, vice Brig. Gen. William S. McNair, to be retired from active service September 30, 1932.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

EMPLOYMENT OF PAGES DURING JULY

Mr. ASHURST submitted the following resolution (S. Res. 240), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Sergeant at Arms hereby is authorized and directed to employ 21 pages for the Senate Chamber, to be paid out of the appropriation for expenses of inquiries and investigations, contingent fund of the Senate, fiscal year 1931, at the rate of $4 each per day throughout July, 1932.

HOUSE BILL AND JOINT RESOLUTIONS REFERRED

The following bill and joint resolutions were severally read twice by their titles and referred or ordered to be placed on the calendar, as indicated below:

H. R. 8681. An act to develop American air transport services overseas, to encourage the construction in the United States by American capital of American airships for use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship; to the Committee on Commerce.

H. J. Res. 418. Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress; to the calendar.

H. J. Res. 435. Joint resolution to amend the revenue act of 1932; to the Committee on Finance.

RECESS

Mr. McNARY. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and the Senate (at 9 o'clock and 5 minutes p. m.) took a recess until to-morrow, Saturday, June 18, 1932, at 11 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 17 (legislative day of June 15), 1932

POSTMASTERS

VIRGINIA

Charles G. Thomas, Fort Union.
Frank G. Jones, Montvale.
Arthur B. Parker, Onancock.
Amos L. Cannaday, Pulaski.
Herbert C. Bolton, St. Paul.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 17, 1932

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore [Mr. RAINEY].

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Come with us, Blessed Father. Always enable us to stand before all men's eyes as men with a message, men with a spirit, men who have found courage, strength, and understanding sufficient to serve wisely and encouragingly the welfare of the Republic. Help us to rise to our highest manhood and covet our opportunity. Preserve those human flowers for our pathways, namely, friendship, comradeship, trust, and harmony; these shed a fragrance that we ought not to miss. As our duties are urgent, vital, and imperative, Blessed Lord, ignore our weakness, give zest to our knowledge, and strengthen us to do all good things. May we be endowed with a courageous persistence to work for the good of all the people all the time. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 11452. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes.

BOARD OF REGENTS OF THE SMITHSONIAN INSTITUTION

Mr. GILBERT. Mr. Speaker, I ask unanimous consent to call for immediate consideration House Joint Resolution 408, filling certain vacancies on the Board of Regents of the Smithsonian Institution.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the House joint resolution, as follows:

House Joint Resolution 408

Resolved, etc., That the vacancies in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, which now exist, be filled by the appointment of R. Walton Moore, of Virginia; Robert W. Bingham, of Kentucky; and Augustus P. Loring, of Massachusetts.

Mr. STAFFORD. Mr. Speaker, I would like to inquire of the gentleman from Kentucky if the Board of Regents are supposed to be filled by Members of the House of Representatives?

Mr. GILBERT. These are authorized to be filled from the civilian list.

Under the act approved August 10, 1846, it was provided that the Smithsonian Institution be conducted by a Board of Regents to be composed of the Vice President of the United States, the Chief Justice of the United States, and the mayor of the city of Washington; 3 Members of the Senate and 3 Members of the House of Representatives, together with 6 other persons other than Members of Congress, 2 of whom shall be members of the National Institute in the city of Washington and reside in said city, and the other 4 shall be inhabitants of States, and no two of them of the same State. The Members of the Senate are appointed by the President of the Senate. The Members of the House are appointed by the Speaker thereof, and the six other persons are appointed by the joint resolution of the Senate and the House of Representatives. The Members of the Senate serve during their 6-year term as Senator, the Members of the House for the 2-year term of their service in the House, and the citizen members serve for 6 years.

The present membership is as follows:

Vice President Curtis; Chief Justice Hughes; Senators SMOOT, of Utah; ROBINSON, of Arkansas; and SWANSON, of Virginia; Representatives JOHNSON, of Washington; CRUMP, of Tennessee; GOLDSBOROUGH, of Maryland; and the following citizen Regents; Irwin B. Laughlin, of Pennsylvania; Frederick A. Delano, of Washington, D. C.; and John C. Merriam, of Washington, D. C.

The three members, R. Walton Moore, of Virginia; Robert W. Bingham, of Kentucky; and Augustus P. Loring, of Massachusetts, to fill the vacancies provided for in this resolution, comply in all respects with the law and are especially fitted for this important and patriotic service. They receive no salary other than necessary traveling expenses. The three gentlemen suggested in this resolution are men of splendid intelligence, patriotism, and executive ability; they have, in the event of their approval, signified a willingness to give their time and talents to this Government service and the committee feels that it is fortunate in being permitted to suggest them for the approval of the Congress.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

PRINTING OF LAWS RELATING TO WAR VETERANS

Mr. STEVENSON. Mr. Speaker, I call up Senate Concurrent Resolution 29.

The Clerk read as follows:

Resolved by the Senate (the House of Representatives concurring), That the letter of the Administrator of Veterans' Affairs, dated May 12, 1932, transmitting, in response to Senate Resolution 412 (71st Cong.), a compilation of all Federal laws relating to the veterans of our various wars, be printed, with illustrations, as a Senate document; and that 15,000 additional copies shall be printed for distribution by the Veterans' Administration, of which there may be furnished, upon written application to the Administrator of Veterans' Affairs, one copy to each post of the Grand Army of the Republic, the American Legion, and the Veterans of Foreign Wars of the United States, to each camp of the United Spanish War Veterans, and to each chapter of the Disabled American Veterans of the World War.

With the following committee amendment:

Line 7, page 1, strike out "fifteen" and insert "ten."

Mr. STEVENSON. Mr. Speaker, I desire to explain the purpose of this resolution briefly. A year ago, by resolution, I believe, of Congress—at least of the Senate—the Administrator of Veterans' Affairs was requested to compile the laws relating to the care of and provision for veterans of all wars that are now being dealt with. The Administrator has by a great deal of work and labor, with the use of a very able commission, prepared very carefully that compilation, and it is ready to be printed.

The Veterans' Administration had no money with which to print it.. They therefore transmitted it to the Senate, which requested the compilation, and the Senate passed a resolution to print it, which the Veterans' Administration had a right to do if they had had the money, but the appropriation was exhausted.

The necessity for it is that the camps all over the country, a part of the veterans' organization, are practically ignorant of what the laws are, and when applied to by the veterans for information and assistance in filing their claims they find need of it, and that is the reason why the Senate has passed this resolution.

Mr. UNDERHILL. Will the gentleman yield?

Mr. STEVENSON. Certainly.

Mr. UNDERHILL. Is there any provision made in the resolution for Members receiving copies?

Mr. STEVENSON. Yes; each Member receives one copy and each Senator two.

Mr. UNDERHILL. How much will it cost?

Mr. STEVENSON. Thirteen thousand dollars. As the Senate passed it, it would cost $18,000, but we have cut down that number from 15,000 to 10,000, which we think will be ample.

Mr. UNDERHILL. It could be cut more than that.

Mr. STEVENSON. I do not think so. There are 10,000 camps in the American Legion, and most of them want it. Then I propose to offer an amendment for the Red Cross, which has some 3,500 chapters, and we recognize the Red Cross as one agency that deals with the veteran soldiers.

While it is expensive, and while it is coming out of the appropriation for congressional printing, and should not, yet it is the only way that we can handle it for the benefit of the numerous veterans of the whole United States. While on my feet I think I should say that this Congress recognizes the fact that the veterans who have been camped about here have demonstrated their sense of responsibility, their recognition of constituted authority, and have manifested the fruits of discipline in war as no such body of men that could be assembled anywhere would demonstrate. [Applause.] There has not been an untoward incident, there has not been an act of insubordination, there has not been anything done by those thousands of men who are here asking for what they conceive to be their rights in the weeks they have been here that deserves censure, and I think, in recognition of their lack of display of any temper and in recognition of their splendid decorum and restraint in the trying situation in which they have found themselves, that we owe them at least the duty to give to their camps the laws whereby they can be protected from the sharks who make them the victims of overcharges and all that sort of thing in seeking their rights.

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. STEVENSON. I offer another amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: Page 2, line 2, after the word "veterans," insert "to each camp of veterans of the Indian wars, each chapter of the American Red Cross."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

Mr. ALMON. Mr. Speaker, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. ALMON. It occurs to me that each Representative will need two copies, as some of us have an office at home during vacation and also one in Washington. What would 500 additional copies cost?

Mr. STEVENSON. Five thousand copies cost about $2,000, and 500 would cost about one-fourth of that. I do not think it is necessary to add to the number; but if the House desires that each Member have two copies, as the Senate gets, I shall cheerfully move to amend in that particular.

Mr. BALDRIGE. Mr. Speaker, is there any demand or request from the various posts for these laws?

Mr. STEVENSON. Yes. If the gentleman could see the number of communications that I have had since this came over from the Senate—from the Red Cross and from Legion men all over the country—he would realize that they want these.

Mr. BALDRIGE. I appreciate what the gentleman has said about the good behavior of these men here, particularly when we remember the appeal to class prejudice and hatred made on the floor of the House just the other day.

It is quite fitting that they be given the praise the gentleman has bestowed; but at the same time I am wondering about any request or demand for these copies. This is to cost $15,000, is it not?

Mr. STEVENSON. Thirteen thousand dollars.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. RANKIN. In reply to the gentleman from Nebraska [Mr. BALDRIGE], of course, the expression he used about class prejudice was directed at those who voted to pay for the adjusted-service certificates. He evidently does not refer to those friends of the international bankers who opposed it.

Mr. BLANTON. Oh, no; I took it just the other way. I think the gentleman was referring to those Republicans who tried to kill the bonus bill.

Mr. BALDRIGE. I will say to the gentlemen from Mississippi and Texas that only wounded birds flutter.

Mr. STEVENSON. I do not yield for a controversy of that character.

Mr. RANKIN. All unprotected birds flutter before birds of prey.

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question now is on agreeing to the Senate concurrent resolution.

The resolution was agreed to.

REVIEW OF THE RECORD OF THIS CONGRESS

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on legislation in this session of Congress. The remarks I have prepared contain no quotations.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. McGUGIN. Mr. Speaker, this session of Congress is drawing to a close. The country is in distress. It is foolish to try to close our eyes to this situation. The Nation has a surplus of all of the necessities of life, yet there are millions in distress. This situation clearly shows that the distribution system in this country has broken down. It has broken down because the people are unable to make enough to buy the things which they need. If the people of this country were able to consume all that they need, it is questionable whether or not we should be bothered with the problem of overproduction when there is an underconsumption in this country.

It is true that there is a world-wide depression. However, the depression abroad can not be the principal cause of our troubles. In the peak of our prosperity our foreign markets only accounted for about 7 per cent of all of our markets. Ninety-three per cent of our markets were here at home. We have lost about two-thirds of our foreign markets. If we had lost all of them, that would only account for a 7 per cent loss in our markets. If our home markets could be held intact, we should still have 93 per cent of all of the markets which we ever had. This depression has reached such proportions that it is obvious that our principal loss of market is in the loss of our home market. A complete loss of our foreign markets or a 7 per cent loss of our total markets could not be responsible for the terrific depression which we are suffering.

I wish to discuss what appear to me to be some of the principal causes of the loss of our home markets. By the loss of our home markets I mean the inability of the American people to buy what they want and need.

I think the principal cause of the loss of our home markets is the breakdown and the impoverishment of agriculture. There are 27,000,000 farm people. When they do not have the funds with which to buy the products of American industry, then American industry has lost its one best market. It begins to lose money and casts men into unemployment. With the industrial sections losing money and casting men into unemployment, there is a decreased consumption of American farm products and the price of farm products will go still lower.

I do not think that the American farmer has gone broke since 1929. I think he went broke from 1920 to 1929, and since 1929 he has simply gone down farther into bankruptcy with the rest of the country. The American farmer went broke from 1920 to 1929 primarily because he was being robbed whenever he bought the products of industry, paid his taxes, and paid transportation charges for marketing his products. In other words, from 1920 to 1929 American industry, finance, transportation, and Government were taking too much from the farmer. During these 10 years the farmer was able to buy on his reserve and with the people engaged in industry, finance, transportation, and the Government collecting so heavily from the farmer, they prospered greatly at the expense of absorbing his reserve and driving him into bankruptcy.

By 1929 the farmer was at the end of the road. He could no longer buy the products of industry. Industry lost its American farm market. It began to lose money and cast labor into unemployment. The result is that during the last two years there have been some 9,000,000 people driven from industry and transportation into unemployment. They are no longer able to consume the products of the American farm. This has destroyed the demand for American agricultural products. As a result the prices of farm products have gone lower and lower, and the American farmer is more unable to buy the products of American industry.

The Government, industry, and transportation have not tried to correct this situation. The Government has continued to collect higher taxes, industry has continued to charge its excessive prices, and transportation has not reduced its rates, but, on the contrary, it has increased them. Until Government brings down its taxes, industry brings down its prices, and transportation brings down its charges to some sort of a parity with farm prices, I can see no way for the farmer to be able to sell his products, so that he can pay his taxes, buy the products of industry, putting men back to work in the factory, and ship his products on the railroads placing men back to work in transportation.

Until these men go back to work, they can not buy the products of the American farm. So long as they are not buying the products of the American farm it is going to be impossible to obtain a fair price for these farm products. Therefore I can see no way out of the present distress until industry, transportation, and government show a disposition to reduce taxes, industrial prices, and transportation charges for the American farmer. This is a vicious cycle in which we find ourselves.

I can not see how the Government is going to benefit permanently the situation any by providing credit for American finance, American industry, and American transportation, since they went broke not because they needed credit but because they were overcharging the farmer. So long as they are keeping up their charges, the lending of money to them only prolongs the agony.

Until we can get the unemployed men back to work in industry so that they can consume the food produced by the American farm we can not control our market for the American farm. Many of these men in industry are out of work on account of the invention of modern machinery. This modern machinery has not been used so much to reduce labor as it has been to cast men into unemployment.

Instead of using this machinery to reduce the number of employed, it must be used to shorten the hours of labor of those who are employed. An unemployed man is not alone in distress; he carries down to distress American agriculture, American industry, and the rest of the Nation. He can not work. He has no money with which to buy the things he needs. When he can not buy food, clothing, and other necessities, those who have these things to sell are bound to suffer for the want of a market. Using modern machinery to cast men out of employment has spread human misery throughout the land. There is only one way to use modern machinery so as not to create unemployment and deny millions the opportunity to earn a living; that is, to reduce the hours of labor so that the labor will be divided among more people. The use of modern machinery by retaining the

same hours of labor and reducing the number employed can mean only one end, and that is millions of people out of work with no opportunity to buy the necessities of life. That breaks down the distribution system. The shortening of the hours of labor and getting these men back to work is not alone a problem of the unemployed; it is the problem of American agriculture, finance, industry, transportation, and government.

Is it any wonder that the American distribution system has broken down when we have used science for the deliberate purpose of creating unemployment and denying the opportunity to labor to millions of American people? Until these men go to work it not only means less income for all of the rest of the citizens but it is bound to mean more and more taxation. Hungry people are bound to be a financial burden upon government and thereby increase taxation. This Government can not survive and this can not be a Christian nation unless these people who have been denied any opportunity to work are supplied with food.

If this unemployment continues, it is going to break down this Government and bring immeasurable chaos to this country. The shortening of the hours of labor will put millions of men back to work. As they go back to work and are able to buy the products, this would create a demand for agriculture and industrial products, which would put others to work in supplying this demand. The shortening of the hours of labor is a sound, practical, and permanent way of meeting the unemployment problem. This means of meeting the unemployment problem will save government. If it is not met, government will be destroyed.

If government bears the responsibility of financing indefinitely the needs of the unemployed, the Government is bound to be hopelessly bankrupt.

The distribution system could not help but be broken down in this country because the thousands of local communities have been drained of their financial sustenance. As these local communities have been drained of their money, the people residing in these communities become impoverished and are no longer able to buy the products of industry and of agriculture. These communities have not been accidentally drained of their wealth. They have been drained of their wealth as a result of a well-planned and deliberate program of establishing absentee ownership of all local business. I refer to the chain stores and all forms of chain institutions which are located in local communities and daily draining the profits away from these communities.

A child knowing enough about arithmetic to subtract should be able to see that a system which daily takes away from a community all the profits derived from the things which the people of that community eat and wear and otherwise utilize will in a period of time impoverish that community. For eight or nine years this system has been going on in all of the local communities of the country. They have reached the point where they are impoverished. Since they are impoverished they can no longer buy the products of industry. Naturally industry has lost its market. With its market lost, it is facing bankruptcy.

This vicious absentee-ownership system is not alone the problem of the merchant or the individual who has been driven out of business. It is not alone the problem of the people of the community which has been impoverished. It is a problem of all of the people of this country. The citizens of these local communities have been penny-wise and pound-foolish and have willingly given their support to the system which has now impoverished them.

How can the carpenter and the bricklayer expect any work in his community after he has day by day turned his money over to these institutions which immediately ship this money out of town? With the money gone, there is no money left in his community with which to employ him.

How can the farmer expect any local market for his products if he has day by day given his money to institutions which the next day sent it out of town? If the money is gone, there is no way for him to expect the people of his community to have money with which to buy his products.

This session of Congress has not touched top, side, or bottom of any movement to correct the evils which have impoverished the country and broken down our distribution system. Every relief program has meant increased taxes which have only increased one of the principal causes of our trouble. I refer to the bleeding of American agriculture, industry, and transportation by taxation. The lending of money to banks so that they may extend credit to an industrial system which has impoverished itself and the country while it still carries on its present course of discrimination against agriculture, and can not, in the long run, better conditions. It prolongs the agony of agriculture, and only postpones the ultimate day when industry can regain its market so that it can manufacture its articles at a price so that farmers can buy them. Providing credit for railroads that are bankrupt because they have lost their volume of business, largely due to their maintaining transportation charges at a level which agriculture can not pay, only prolongs the agony of agriculture and postpones the eventual and inevitable bankruptcy of the transportation system.

Endeavoring to furnish employment and increasing taxation in order to do so to take care of men who have been cast out of work on account of modern machinery only tides these people over a little longer.

Until industry and transportation bring down their charges, there is no permanent relief to be gained by lending them money. Until the hours of labor are shortened so that men can go back to work, there is no permanent solution for the unemployed. It is perfectly proper for government to tide over industry, finance, and transportation if industry, finance, and transportation were getting their house in order and really correcting the wrongs which they inflicted upon this country. It is not my purpose to criticize the effort of Congress to try to bolster up a tottering financial and business structure in this country. Except for the emergency measures this Congress has enacted, I am inclined to believe that there would have been a nation-wide failure of banks and insurance companies, which would have meant intolerable misery for the millions of bank depositors and insurance policyholders. It is my purpose to make plain that these measures were in the nature of administering narcotics to a dying man. The narcotics may pull such a man through the night but he is not a well man until he is able to be on a substantial diet. These emergency measures may have pulled the country through for the time being but this will not be a well country until the distribution system is reestablished by correcting the basic evils in our economic and financial structure, which have contributed so greatly to the breakdown of our distribution system and our present national distress.

If industry were shortening the hours of labor and getting men back to work, there could be some hope for the future found in Government aid for the unemployed pending the time they get back to work. The most that the Government can do is to try to hold things together for a temporary period while the readjustment is being made. If industry and transportation were bringing down their charges and the hours of labor were being shortened, the program which the Government is following during this session of Congress would be sound and have promise for the future. The carrying out of our present program with no effort being made to shorten the hours of labor and with industry and transportation stubbornly retaining the postwar inflated prices offers nothing for the future except unemployment, increased taxes, and an inevitable breakdown of the Government.

Government must begin doing everything it can to force down industrial and transportation charges to some sort of a level with agriculture prices, to force a reduction in the hours of labor, and to destroy the chain system which is impoverishing local communities. It is true that the power of Government to accomplish this purpose is greatly limited by the constitutional restrictions thrown around Congress. With the exception of high taxes, Government did not bring this situation on to the people.

Business inflicted the chain system onto the American people. Industry and transportation highly monopolized and arrogantly forced their high prices upon the American people. Industry and transportation have to bring down these prices in order to save themselves and their country. Loyalty to country and their own economic preservation demand that they correct the wrongs which they perpetrated upon the country by reducing the industrial prices and transportation charges. Business must call off its chain invasion upon all of the local communities in order to save itself and the Government. Government from Washington down to the school district must reduce its expenses and quit bleeding the producers of this country by excessive taxation.

PERSONAL EXPLANATION

Mr. MONTAGUE. Mr. Speaker, my colleague, Mr. HENRY ST. GEORGE TUCKER, is detained in Virginia on account of illness. He has requested me to say to the House, respecting his vote upon H. R. 12445, commonly known as the Garner relief bill, as follows, and I quote:

Through some misunderstanding, pairing me in favor of this bill was a mistake. If I had been present, I would have voted against the bill.

ANTIKIDNAPING

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 250, which I send to the desk and ask to have read.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 5657, a bill forbidding the transportation of any person in interstate or foreign commerce, kidnaped or otherwise unlawfully detained. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Does the gentleman from Indiana desire any time?

Mr. PURNELL. I have some requests for time.

Mr. O'CONNOR. I yield 30 minutes to the gentleman.

Mr. CELLER. Mr. Speaker, time on this side is very limited. The chairman of the committee may exhaust most of it so that the other members on the majority side will not have any time. Will the gentleman be willing to yield some of his time to members of the committee on this side?

Mr. O'CONNOR. Under the rule there is one hour of general debate. Does the gentleman think that will not be enough?

Mr. CELLER. The chairman of the committee, the gentleman from Texas [Mr. SUMNERS] has just assured me that it will be all right.

Mr. BLANTON. Will the gentleman yield me as much as two minutes?

Mr. O'CONNOR. I shall.

Mr. Speaker, this is a rule to consider the kidnaping bill. H. R. 5657 was introduced in the House by the gentleman from Missouri [Mr. COCHRAN]. That bill carried the death penalty for kidnaping. Before that bill had been passed the Senate passed the bill S. 1525, which did not include the death penalty, but left it to the discretion of the judge to inflict as many years' imprisonment as the judge sees fit. I understand the Senate bill is agreeable to the gentleman from Missouri [Mr. COCHRAN], under the circumstances, and that the Senate bill be substituted for the House bill. So I offer an amendment to the resolution.

Mr. SUMNERS of Texas. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. SUMNERS of Texas. We do not want any misunderstanding about this. The gentleman in some way has gotten into error with regard to the attitude of the Committee on the Judiciary in the House. The House Judiciary Committee is not agreeable to substituting the Senate bill for the House bill.

Mr. O'CONNOR. If I misled the gentleman, I am sorry. I intended to say to substitute the Senate bill for consideration only. Of course, the Senate bill will then be open to amendment, and the House bill could be substituted for the Senate bill.

I offer an amendment to the resolution, Mr. Speaker, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 1, line 4, strike out "H. R. 5657" down to the period in line 6, and insert in lieu thereof the following: "S. 1525. A bill forbidding the transportation of any person in interstate commerce, kidnaped or otherwise unlawfully detained, and making such act a felony."

Mr. O'CONNOR. Mr. Speaker, there seems to be some confusion over this matter. Some of us on the Rules Committee were advised that this procedure was denied, that we consider the Senate bill instead of the House bill, the Senate having passed the bill. Of course, the Senate bill will be open to amendment.

Mr. MICHENER. Will the gentleman yield?

Mr. O'CONNOR. Certainly.

Mr. MICHENER. It is, as I understand, for the purpose of considering the Senate bill in order to expedite matters, and that the Senate bill will be open to amendment, so that we may amend it to conform with the House bill if we see fit.

Mr. O'CONNOR. Exactly.

Mr. DOMINICK. Will the gentleman yield?

Mr. O'CONNOR. I shall.

Mr. DOMINICK. It seems to me the proper procedure in the matter would be to consider the House bill and then later substitute that for the Senate bill and pass the Senate bill.

Mr. LAGUARDIA. If the gentleman will yield, that is what we tried to do with the injunction bill and one objection prevented us from doing it, and we were for several hours in a very unpleasant parliamentary tangle, at the mercy of one objection.

Mr. O'CONNOR. We were advised by the Parliamentarian and determined ourselves that this was the most expeditious method of handling it.

Mr. DOMINICK. I just wanted it understood that that plan was not the plan of the majority of the Committee on the Judiciary.

Mr. O'CONNOR. That information comes to us at this moment for the first time.

Mr. SUMNERS of Texas. I think we can straighten it out. Will the gentleman yield in order for me to submit a parliamentary inquiry?

Mr. O'CONNOR. Yes; I yield.

Mr. SUMNERS of Texas. For the purpose of submitting a parliamentary inquiry, I assume the present occupant of the Chair understands I do not know anything about parliamentary procedure, but it is the desire of the Committee on the Judiciary to have the House consider and stand by the House bill. I understand the Senate bill is now on the Speaker's desk. We want to take advantage of that fact in order to expedite the procedure, but not to have ourselves cut off from an opportunity to consider and insist upon the House agreeing to the provisions of the House bill.

With that statement of the attitude of the committee I yield myself to the guidance of the gentleman from New York.

The SPEAKER pro tempore (Mr. WOODRUM). The Chair is advised that the gentleman has a right, when considering the bill in Committee of the Whole, to strike out all after the enacting clause and insert the House bill. The question is on agreeing to the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. DYER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. DYER. I would like to ask just what is the parliamentary situation now with regard to this legislation?

The SPEAKER pro tempore. It will be in order to move to go into Committee of the Whole House on the state of the Union to consider the bill as soon as debate is closed on the rule.

Mr. DYER. In other words, we will consider the Senate bill under the rule and not the House bill?

The SPEAKER pro tempore. Yes.

Mr. GARBER. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. GARBER. With the exception of the death penalty referred to, is the Senate bill the same as the House bill?

Mr. O'CONNOR. Well, I am not as familiar with the details of the bill as the members of the Judiciary Committee are, but I believe the bills are in many respects different.

Mr. MONTAGUE. May I suggest that the Senate bill will be considered for amendment? Does not the gentleman from Michigan understand it that way?

Mr. MICHENER. We will consider the Senate bill, and, of course, we can strike out all after the enacting clause and insert the House bill if we desire.

Mr. MONTAGUE. And the Senate bill is open for amendment under such a situation?

Mr. MICHENER. Certainly.

Mr. COCHRAN of Missouri. Is it not a fact that the action taken on the amendment offered by the gentleman from New York would extend to the Senate the courtesy to which it is entitled, to consider the Senate bill, it already having passed that body, and that the language in the House bill can be substituted for the Senate bill when it is under consideration?

Mr. O'CONNOR. Well, I did not have that lofty motive in mind. I was attempting to expedite the passage of the legislation.

Mr. Speaker, I yield two minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, I am in hopes that my colleague the gentleman from Texas [Mr. SUMNERS], chairman of the Judiciary Committee, and the gentleman from New York will cooperate in making this bill apply to a case such as that dastardly crime of Gaston Means. It ought to apply to such cases. The infamous offense that he committed is one of the most heinous and despicable crimes that could be imagined.

I have never been in favor of a whipping post, but instead of giving that man 15 years they ought to put a whipping post out in front of this Capitol and they ought to whip him for 48 hours without stopping.

Then they ought to hang him. [Laughter.] The idea of letting such contemptible, murderous racketeers get away with crimes like that in the Nation's Capital! We ought to put an amendment in this bill to reach that kind of skunks.

Mr. WOODRUFF. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. WOODRUFF. I may say to the gentleman that if he will support an amendment I intend to offer to one of the provisions of the bill, I think the bill will reach a case like that.

Mr. BLANTON. I for one will support the gentleman's amendment.

Mr. PURNELL. Mr. Speaker, I have no desire to take up any time. Debate on the resolution is limited. I merely want to say that in all the category of crime, none, to my mind, is more dastardly than that of kidnaping. I am happy to have an opportunity to-day to help perfect a bill which will more effectively reach this crime.

The Nation still mourns with the Lindbergh family in the loss of their son. Out of this tragedy, however, has come a demand for more drastic legislation with which to meet the heartless advance of those who would kidnap and kill. That demand finds response here to-day in this bill. I am convinced that before we adjourn we shall see enacted into law a bill designed to so strengthen the arm of the Federal Government as to instill a greater amount of fear into those who make up this class of criminals. The resolution should be adopted speedily and unanimously. [Applause.]

Mr. Speaker, I yield five minutes to the gentleman from Michigan [Mr. MICHENER], who is also a member of the Judiciary Committee.

Mr. MICHENER. Mr. Speaker, Congress can only pass such legislation as is authorized by the Constitution. We must look to the Constitution for authority, while all authority not expressly vested in Congress by the Constitution remains in the States.

The bill which is soon to be before us does not and can not deal with the crime of kidnaping, but provides "that whoever shall knowingly transport or cause to be transported, or knowingly aids or abets in transporting in interstate or foreign commerce, any person who shall have been unlawfully kidnaped," and so forth, shall be punished as in the bill set forth. The unlawful act which we are attempting to reach in this legislation is the act of transporting "in interstate or foreign commerce," which in plain language means transporting from one State, Territory, or the District of Columbia to another State or Territory, and so forth. In my judgment, this legislation would not be on the floor of the House to-day were it not for the recent distressing Lindbergh kidnaping case. Had this bill been the law at that time it would have in no wise affected the Lindbergh case.

Congress should be very careful about enacting additional criminal statutes punishing for crime, when the same result can be obtained through State legislation. Whenever you remove responsibility from the local community to Washington, to that extent you lessen the interest of the local community in the enforcement of the law. Let the States make their own laws wherever possible, and then those same States being responsible for the laws will enforce them. Where we have State statutes and Federal statutes dealing with the same subject matter, there is too often the sentiment in the community that Uncle Sam has assumed the responsibility and should carry the burden.

Of course there are cases where persons commit crime and flee across the State line. The pursuing State officer is halted at the State line, and this bill attempts to remedy that condition. In localities like St. Louis, Mo., and East St. Louis, Ill.—where, in reality there is but one city, with a State line between—legislation of this kind will be very helpful, but on the whole I am wondering whether or not it is advisable to extend Federal powers generally.

The people of the country do not, as a rule, appreciate the necessary limitations placed upon Congress in these matters, and many an editorial during recent months has wondered that Congress has not long ago passed legislation to punish perpetrators of crime like the Lindbergh kidnaping. Most of the States have drastic statutes covering this subject, and, as a matter of fact, all of the States should give attention to the necessity of increasing penalties and tightening up the law in so far as kidnaping is concerned. Because of the publicity in this particular case I think it is fair to say that the people who are not advised are demanding this legislation.

The Judiciary Committee appreciated this situation, and section 2 of the bill was apparently written in an effort to retain authority in the States and at the same time permit Federal cooperation. I was not present in the committee when this section was drafted. I consider it clumsy and out of place and do not believe that it is workable, regardless of the good intentions of the authors.

I shall not indulge in further discussion of the bill at this time but want to impress upon the Congress that every time we pass a measure of this type we create more authority in Washington. We extend the power of the departments and bureaus, and we assume burdens which should not be borne by the Federal Government. This bill, if enacted into law, will in rare cases be used in the punishment of kidnapers, but if it will give any relief in distressing cases its passage is possibly justified; and for that reason I shall vote for the bill when properly amended, but give notice now that this must not become a precedent for more legislation giving the Federal Government concurrent authority with the States in enforcing police regulations and laws dealing with

matters in which the States are primarily interested, and which can be properly dealt with by State action.

Mr. O'CONNOR. Mr. Speaker, I yield five minutes to the author of the House bill, the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, the gentleman from Michigan is in error when he says this bill would not have come before the House had it not been for the Lindbergh case.

Four years ago I introduced in the House a bill which was directed at kidnaping. That bill was to amend the postal laws so as to make it a felony to use the mails to demand ransom where a person had been kidnaped. I secured favorable reports from the Post Office Department upon that bill. The bill passed the House, is in the Senate, is on the calendar in the Senate, and the first day the Senate Calendar is called it will be passed. Of this I am positive.

This bill was introduced in the House the early part of December, long before the Lindbergh kidnaping took place. It was introduced to meet a situation that confronted State police where the police are powerless, when the criminals cross the State line. I might say the gangsters who kidnap our citizens are not ignorant men. It has developed they are well educated, cunning criminals who are well versed in criminal law. They will be the first to know of the enactment of this bill.

Mr. MICHENER. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield with pleasure.

Mr. MICHENER. I did not mean to say that no bills had been introduced, but I did mean to say, and I think I express the sentiment of the committee, that bills of this type would not be reported. There are all kinds of bills introduced every year making all kinds of occurrences crimes against the Federal Government.

Mr. COCHRAN of Missouri. I will say to the gentleman that the bill would have been before the House whether the Committee on the Judiciary had reported it or not, because I would have invoked the discharge rule if the committee had not reported it. I am sure sufficient signatures could have been secured.

There is fear throughout the country at this time and a great deal of that fear is in the hearts of the mothers of this country and has been brought about by the Lindbergh case. It is the duty of this Congress to stamp out that fear, and it is the duty of this Congress to let every mother of this country know that her child, no matter how humble her station in life may be, or her husband, is going to receive from the United States Government the same assistance that was given in the Lindbergh case. I do not object to the assistance that was given in the Lindbergh case, but it was given entirely without any authority of law; and the money spent by the United States Government, although it was well spent, was spent without any authority of law.

The gentleman from Michigan says the States should perfect their laws. The State from which I come provides capital punishment in the case of kidnaping. Just yesterday, in Kansas City, on a plea of guilty, the kidnaper who forcibly took a well-known woman of Kansas City, Mrs. Nell Donnelly, across into another State and held her there for ransom, was given life in the penitentiary. The State of Missouri went all the way to South Africa to bring that man back for trial. Four or five of his confederates are already in the penitentiary. I think that is a sufficient answer for the gentleman from Michigan.

Mr. MICHENER. That is just the point I was making, that the States can and the States should do that very thing; and that the Federal Government should be careful about passing laws which take away from the States the responsibility which is theirs.

Mr. COCHRAN of Missouri. I will say to the gentleman from Michigan that our experience in the city of St. Louis and in Kansas City has been such that our hands have been tied. When the criminals take their victims across the State line the police powers of our State end; and much as I dislike to say so, in some instances it has been said by our police department and other police departments that when they go across a State line they sometimes go into territory that might be termed friendly territory.

All we ask is that if the victim is taken out of the jurisdiction of a State one man in the Department of Justice be assigned and he can take the local police, go to another jurisdiction, and keep on the trail of those who are responsible for holding the person kidnaped.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. COCHRAN of Missouri. I thank the gentleman. Let me say that at the outset gangsters were victims of gangsters in this kidnaping racket. They then turned to the gambler, the bookmaker, and have taken millions from that class. Then, after that field was destroyed, they turned to the business man. In my own community I think the last outstanding kidnaping case, just a few months ago, was that of a very rich fur merchant of St. Louis. Six of the seven who were implicated in that kidnaping are now in the penitentiary, and it has not been more than six months since the crime was committed. Just prior to that one of our leading specialists in St. Louis, a physician, was kidnaped and held for 10 days. Of course, the family denies it, but, nevertheless, it is common talk that $100,000 was paid for his release. A man in Kansas City, the owner of large drug stores, was taken into Kansas and held until his family paid $125,000. The State of Missouri was powerless to follow the kidnapers into the adjoining State. I could go on and mention many others.

I want to say, Mr. Speaker, that I am in favor of capital punishment in connection with this crime. The House bill carries capital punishment, and I hope it will be carried in the bill when it passes the House, and that the House conferees will be able to get the Senate to agree to that section of the bill. If it is impossible to get capital punishment, then I will accept the Senate bill.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. RANKIN. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. RANKIN. I ask the gentleman if it is not a fact that some States do not have capital punishment, and when these kidnapers carry a victim into those States and murder the victim is not this the only way we can reach them and punish them by capital punishment?

Mr. COCHRAN of Missouri. Absolutely. This is the only way you can reach them and punish them properly.

Mr. GARBER. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. GARBER. I am in sympathy with the gentleman's insistence upon the prosecution of criminals. Was this bill submitted to the Department of Justice?

Mr. COCHRAN of Missouri. This bill was submitted to the Department of Justice, and despite the fact that the Attorney General had his attention called to the fact that the Congress of the United States has provided for the apprehension of men who take automobiles across State lines and men who take women across a State line for immoral purposes, he refused to support the bill because he stated it might be an added financial burden upon his department. I was amazed at his objection. I can not yet realize how he could make such a recommendation. Suppose the Bureau of Internal Revenue had not gone after the leading gangsters in the country. Would they have been apprehended by the States? The power to regulate commerce vested by the Constitution in the Government prevents the State from going beyond the State line. Therefore I say it is the the duty of the Congress to provide ways and means for Department of Justice agents to cooperate with the States.

Mr. O'CONNOR. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, as a member of the Judiciary Committee, I am in favor of this bill, on the condition, however, that the provision for the death penalty be stricken

out. If the object of punishment is vengeance or personal hatred or personal venom, as was exemplified by the distinguished gentleman from Texas [Mr. BLANTON] a moment ago, I would say leave in the death penalty. I would put in the whipping post, and I would put in the thumbscrew and all the tortures and rigors of the Inquisition; but that is not the modern conception of punishment. It is the barbarous, savage idea of punishment. We want to deter and prevent other people from committing like crimes and at the same time reform the criminal. If what the gentleman from Texas said were true, let him go to Siam and be a representative there, where they revenge and feed their victims to crocodiles, or let him go to some parts of China, where they trample the prisoners under the feet of elephants. He, like Darius the Mede, would throw the prisoner to the lions. We are not in that kind of a barbarous state. We are in the twentieth century, and we must show some enlightenment. I am not, mind you, for treating defendants or the guilty in Pollyanna fashion. But I do want to inject some ideas of enlightened civilization in our criminal jurisprudence. "The criminal must be made to suffer" should not be our sole aim in punishment; if it should be, our aim at all is open to doubt. At all events, we can no longer act on the theory that society wants revenge. Suppression and prevention of crime is never brought about by revenge. On the contrary, revenge increases and begets more crime. The Hebrew prophet says, "Have I any pleasure at all that the wicked should die?" The important thing is certainty, not severity, of punishment. Swift justice will do the trick—nothing else.

It is interesting to note that in the 48 States only 6 States—Alabama, Illinois, Kentucky, Missouri, Texas, and Virginia—have a law making kidnaping for ransom a capital offense. The remaining States provide varying periods of imprisonment. There must be wisdom in these 42 other States. If 42 States, in the wisdom of their legislatures, have indicated that kidnaping for ransom should not be a capital offense, there must be some merit in their contention, and we should pause in our deliberations here before prescribing the death penalty.

If you insist upon the death penalty, I wager that you will inflict a penalty on the victim who is kidnaped. The victim may be murdered or slain because the prisoner has nothing to gain by the victim being kept alive, because he forfeits his own life, in any event. He may destroy the life of the very person who is kidnaped and whom you are trying to save. The person kidnaped is the witness who, even when rescued, can always point the accusing finger at the guilty. Doing away with the victim would save the life of the guilty. We must be careful, gentlemen. We must be realists, and not let our feelings get the better of us.

Mr. MICHENER. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. MICHENER. Does the gentleman believe in the infliction of the death penalty for any offense?

Mr. CELLER. I shall reserve my remarks on that subject for some other time. I want to confine myself to the pending proposition.

In England, for example, they used to make pickpocketing a capital offense, and N. F. Cantor, of the University of Buffalo, a well-known author on the subject of crime, says this:

> The public executions were attended by thousands of people, but so many pockets of those attending executions of pickpockets were picked that the public executions were abandoned. Later most of the capital offenses were also repealed without the expected increase in crime. Furthermore, at a time when England had 200 capital crimes, the commission of felonies increased.

Certainly severity of punishment did not prevent recurrence of crimes.

I may repeat, gentlemen, it is not the severity of the punishment that will deter; it is the certainty of punishment. If you inject certainty into your criminal procedure you would not have any Lindbergh cases. When you go to England you find there a high sense of justice on the part of all the people.

We have not that high sense of justice in this country and we have miscarriages of justice; we have failure on the part of juries to convict; perjury is rampant; our third-degree methods are abominable. Justice is on perpetual holiday. Our laws provide sufficient severity—there is no certainty of conviction and punishment.

Certainty of punishment accounts for England's lower homicide rate. When punishment is too severe the punishment is often not inflicted. Juries will hesitate to return a verdict, for example, in kidnaping, condemning the defendant to death.

It is strange, but true, that relatively few convicted murderers are put to death in the United States. In practically all our States, for example, murder is a capital offense. Yet most of those who commit homicides in our States go unwhipped of justice or escape execution. The following table shows the number of homicides committed in certain States in 1924 and the number of executions, the executions occurring in 1925:

State	Number of homicides committed	Number of executions
California	374	13
Indiana	223	2
Louisiana	358	3
Maryland	119	1
New York	596	15
Ohio	422	13
Pennsylvania	571	20
Tennessee	445	2

Every once in a while the lust for revenge reaches the surface. It is so in the Lindbergh case—which, by the way, seems not to be a kidnaping case but rather a case of murder, and New Jersey, where the crime was committed, has the penalty of death for murder, yet the crime was not prevented. Society looks for a victim. It calls for the blood of the guilty. It is so in a Leopold-Loeb trial in Chicago or a Snyder-Judd trial in New York.

> The criminal becomes the scapegoat whom we sacrifice in atonement for our own criminal proclivities. Our self-esteem is preserved by vicariously punishing those who are apprehended. Our "guilty complex" is compensated for by projecting our impulses upon the few and punishing them.

[Applause.]

I herewith insert the penalties for kidnaping in the various States in the form submitted to me by the Library of Congress. Compilation by E. A. Banks, March 24, 1932:

PENALTIES FOR KIDNAPING

Alabama: Code of 1928 (Michie), sections 3188–3190. Child stealing—penalty, imprisonment in county jail or hard labor for the county for not more than 2 years; kidnaping—penalty, imprisonment 2 to 10 years; kidnaping for ransom—penalty, death or imprisonment for not less than 5 years, at discretion of jury.

Arizona: Revised Code 1928 (Struckmeyer), sections 4607–4609. Child stealing—penalty, imprisonment in State prison not more than 10 years, or imprisonment in county jail not more than 6 months and fine not more than $500; kidnaping—penalty, imprisonment 1 to 10 years; kidnaping for ransom—penalty, imprisonment 10 years to life.

Arkansas: Digest of Statutes 1919 (Crawford and Moses), sections 2384–2389. Kidnaping—penalty, imprisonment 3 to 21 years; kidnaping for ransom—penalty, imprisonment 5 to 21 years.

California: Penal Code 1923 (Deering), sections 207–209, 278. Child stealing—penalty, imprisonment not more than 20 years; kidnaping—penalty, imprisonment 1 to 25 years; kidnaping for ransom—penalty, imprisonment 10 years to life.

Colorado: Compiled Laws 1921, sections 6708–6712. Kidnaping—penalty, imprisonment one to seven years for each person kidnaped.

Connecticut: General Statutes 1930, section 6063. Kidnaping—penalty, imprisonment not more than 30 years.

Delaware: Revised Statutes 1915, sections 2229, 2230. Child stealing—penalty, imprisonment not more than 10 years, or fine not more than $500, or both; kidnaping of child—penalty, death or imprisonment for life at discretion of court; abduction from State—penalty, fine $500 to $2,000, and imprisonment 6 months to 2 years.

Florida: Compiled General Laws 1927 (Skillman), sections 7159–7160. Kidnaping of child for ransom—penalty, imprisonment for life, kidnaping—penalty, imprisonment not more than 10 years.

Georgia: Code, 1926 (Michie), Penal Code, sections 109–111. Kidnaping—penalty, imprisonment and labor from four to seven years.

Idaho: Compiled Statutes 1919, sections 8224–8225. Kidnaping—penalty, imprisonment 1 to 25 years.

Illinois: Revised Statutes 1929 (Smith-Hurd), chapter 38, sections 384–386. Child stealing—penalty, imprisonment 1 year to life; kidnaping—penalty, imprisonment, 1 to 5 years, or fine not more than $1,000, or both; kidnaping for ransom—penalty, death or imprisonment 5 years to life.

Indiana: Burns Annotated Statutes 1926 (Watson's revision), and 1929 Supplement, sections 2426–2428. Child stealing—penalty, fine $50 to $1,000, and imprisonment 2 to 14 years; kidnaping—penalty, imprisonment for life; kidnaping for ransom—penalty, imprisonment for life.

Iowa: Code 1931, sections 12981–12983. Child stealing—penalty, imprisonment in the penitentiary not more than 10 years, or imprisonment in the county jail not more than 1 year, or fine not more than $1,000; kidnaping—penalty, imprisonment not more than 5 years, or fine not more than $1,000, or both, at discretion of the court; kidnaping for ransom—penalty, imprisonment for life.

Kansas: Revised Statutes 1923, sections 21–438 to 21–440. Child stealing—penalty, confinement and hard labor not more than 5 years, or imprisonment in county jail not less than 6 months; kidnaping—penalty, confinement and hard labor 5 to 10 years.

Kentucky: Carroll's Kentucky Statutes 1930 (Baldwin's Revision), sections 1157, 1157a. Child stealing—penalty, imprisonment one to three years; kidnapping for ransom—penalty, death or imprisonment for life, at discretion of jury.

Louisiana: Statutes 1920 (Wolff), volume 1, page 396. Kidnaping of child—penalty, imprisonment at hard labor not more than 20 years.

Maine: Revised Statutes 1930, uage 1548, section 18. Kidnaping—penalty, fine not more than $1,000 or imprisonment not more than 20 years.

Maryland: Annotated Code 1924 (Bagby), article 27, sections 316–317. Kidnaping—penalty, imprisonment not more than 21 years.

Massachusetts: General Law 1921, chapter 265, section 26, as amended; acts 1931, chapter 426, page 609. Kidnaping—penalty, imprisonment in State prison not more than 10 years or fine not more than $1,000 and imprisonment in jail not more than 2 years. Kidnaping for ransom—penalty, imprisonment not more than 25 years.

Michigan: Compiled Laws 1929, sections 16732, 16737, as amended; acts, 1931, No. 328, sections 349–350. Child stealing—penalty, imprisonment for life or any term of years; kidnaping—penalty, imprisonment for life or any term of years.

Minnesota: Statutes 1927 (Mason), section 10094. Kidnaping—penalty, imprisonment not more than 40 years.

Mississippi: Code 1930, section 1007. Kidnaping—penalty, imprisonment not more than 10 years.

Missouri: Revised Statutes 1929, sections 4020–4022. Child stealing—penalty, imprisonment in penitentiary not more than 20 years or in county jail not less than 6 months or by fine not less than $500; kidnaping—penalty, imprisonment not more than 10 years; kidnaping for ransom—penalty, death or imprisonment not less than 5 years, at option of court or jury assessing punishment.

Montana: Revised Codes 1921 (Choate), section 10970. Kidnaping—penalty, imprisonment not less than one year.

Nebraska: Compiled Statutes, 1929, sections 28–417, 28–419. Child stealing—penalty, imprisonment 1 to 20 years; harboring or concealing child taken—penalty, imprisonment 1 to 7 years; kidnaping—penalty, imprisonment 3 to 7 years; kidnaping for ransom—penalty, imprisonment for life; kidnaping and injury or threat to injure—penalty, death or life imprisonment in discretion of the jury; threat to kidnap for ransom—penalty, imprisonment 1 to 20 years.

Nevada: Compiled Laws 1929 (Hillyer), section 10101. Kidnaping—penalty, imprisonment not less than five years.

New Hampshire: Public Laws 1926, pages 1510–1511, sections 19–20. Kidnaping of child for ransom—penalty, imprisonment 5 to 30 years; kidnaping—penalty, imprisonment not more than 10 years.

New Jersey: Compiled Statutes, 1925–1930 Supplement, sections 52–114. Kidnaping—penalty, imprisonment at hard labor 30 years to life in discretion of court.

New Mexico: Statutes Annotated 1929, sections 35–1301, 35–1303. Child stealing—penalty, imprisonment in penitentiary not more than 20 years, or imprisonment in county jail not less than 6 months, or by fine not less than $500; kidnaping—penalty, imprisonment not more than 10 years; kidnaping for ransom—penalty, imprisonment 10 to 99 years.

New York: Cahill's Consolidated Laws 1930, section 1250. Kidnaping—penalty, imprisonment 10 to 50 years.

North Carolina: Code 1931 (Michie), sections 4221, 4223. Child stealing—penalty, fine or imprisonment not more than 15 years. Kidnaping—penalty, imprisonment not more than 20 years.

North Dakota: Compiled Laws 1913, section 9514. Kidnaping—penalty, imprisonment 5 to 20 years.

Ohio: Throckmorton's Annotated Code (Baldwin's Revision) 1930, sections 12424, 12425, 12427. Child stealing—penalty, imprisonment 1 to 20 years. Kidnaping of child for ransom—penalty, imprisonment for life or, on recommendation of mercy by jury, for 10 to 30 years. When accused pleads guilty, court may, in its discretion, sentence to imprisonment for life or for 10 to 30 years. Kidnaping—penalty, imprisonment 1 to 20 years. Kidnaping of adult for ransom—penalty, imprisonment 3 to 30 years.

Oklahoma: Statutes 1931, sections 2246, 2250, 2252. Child stealing—penalty, imprisonment in penitentiary not more than 10 years or in county jail not more than 1 year or fine not more than $500, or both. Kidnaping—penalty, imprisonment not more than 10 years. Kidnaping for ransom—penalty, imprisonment not less than 10 years.

Oregon: Code 1930, sections 14–234, 14–235. Child stealing—penalty, imprisonment 1 to 25 years, or fine not more than $10,000; kidnaping—penalty, imprisonment 1 to 10 years.

Pennsylvania: Digest of Statute Laws 1920 (West), sections 7844, 7913, 7915. Child stealing—penalty, fine not more than $2,000 or imprisonment by solitary confinement at labor not more than seven years; kidnaping for ransom—penalty, imprisonment by solitary confinement at labor for life, or for any term of years at discretion of the court; threat to kidnap for ransom—penalty, fine $1,000 and imprisonment by solitary confinement at labor not more than 15 years.

Rhode Island: General Laws 1923, sections 6033, 6034. Kidnaping—penalty, imprisonment not more than 10 years or fine not more than $1,000, or both.

South Carolina: Code 1922, volume 2, Criminal Laws, section 19. Kidnaping child for ransom—penalty, imprisonment for life.

South Dakota: Compiled Laws 1929, section 4044. Kidnaping—penalty, imprisonment not more than 10 years or fine not more than $1,000, or both; kidnaping for ransom—penalty, imprisonment not more than 15 years; kidnaping and injury or threat to injure—penalty, imprisonment for life or for any term not less than 10 years in discretion of court.

Tennessee: Code 1932, sections 10793–10795. Child stealing—penalty, imprisonment 1 to 5 years; kidnaping—penalty, imprisonment 2 to 10 years; kidnaping for ransom—penalty, imprisonment 10 to 20 years.

Texas: Complete Statutes 1928, Penal Code, section 1177, as amended, Laws 1929, chapter 266, and 1931, chapter 12. Kidnaping—penalty, imprisonment 5 to 25 years or fine not more than $2,000; kidnaping for ransom—penalty, death or imprisonment not less than 5 years. If person kidnaped is returned without serious bodily injury having been inflicted, the punishment shall be imprisonment not less than 5 years.

Utah: Compiled Laws 1917, section 8040. Kidnaping—penalty, imprisonment 1 to 10 years.

Vermont: General Laws 1917, section 6826. Kidnaping of child—penalty, imprisonment not more than 20 years or fine not more than $10,000, or both; kidnaping—penalty, imprisonment not more than 10 years or fine not more than $10,000, or both; kidnaping for ransom—penalty, imprisonment not more than 25 years or fine not more than $10,000, or both.

Virginia: Code 1924 (Michie), sections 4407–4409. Child stealing—penalty, imprisonment in the penitentiary two to five years, or in discretion of the jury, in jail not more than one year, and fine not more than $1,000; kidnaping for ransom—penalty, death or, in discretion of jury, imprisonment 8 to 18 years.

Washington: Remington's Compiled Statutes 1922, penal laws, section 2410. Kidnaping—penalty, imprisonment not less than 10 years.

West Virginia: Official Code 1931, page 1460, section 14. Kidnaping of child for ransom—penalty, imprisonment 3 to 10 years.

Wisconsin: Statutes 1929, sections 340.54–340.56. Kidnaping of child—penalty, imprisonment three years to life; kidnaping of child for ransom—penalty, imprisonment for life. If no permanent injury results to person kidnaped, punishment shall be imprisonment 15 to 30 years; kidnaping—penalty, imprisonment 1 to 15 years.

Wyoming: Revised Statutes Annotated 1931 (Courtright), sections 32–214, 32–215. Child stealing—penalty, imprisonment not more than 14 years; kidnaping—penalty, imprisonment not more than 14 years.

Let us not prescribe death. Rather let us provide imprisonment for life or for a long term of years.

Mr. PURNELL. Mr. Speaker, I yield five minutes to the gentleman from Missouri [Mr. DYER].

Mr. DYER. Mr. Speaker, this legislation, of course, as everyone knows, has for its purpose making sure, so far as the Federal Government is concerned, the apprehending and punishment of those who participate in kidnaping.

I do not believe the Members of the House desire to enact this legislation other than for the purpose of punishing kidnapers who kidnap for ransom. I do not believe it is intended or desired to include punishment for kidnaping in cases where a mother or a father has taken a child away where there has been a divorce, or something of that kind. I hope an amendment providing for this will be included in the bill.

I disagree with the gentleman from New York [Mr. CELLER] when he states that we should not provide the death penalty. The object or purpose of this legislation is purely to deter kidnaping. The States have been pretty well able in all other respects to take care of this crime, and this is for the purpose of providing a death penalty because a number of States do not provide such a penalty in kidnaping

cases, and I would like to ask the gentleman whether or not he would be in favor of the death penalty for the kidnapers of the Lindbergh baby. Take the cases where somebody has been kidnaped and killed or murdered. Do you say they should not be punished with the death penalty?

If we did not have this provision in the bill, Mr. Speaker, the legislation would not be worth anything, because every State now has a kidnaping law and few of them provide the death penalty.

It is foolish to enact legislation to deter kidnaping and not make it punishable by death. What would happen in the case of the kidnaping of the Lindbergh baby, if they could be shown to be the ones that did it? We would have no law probably in the State where the prosecution occurred, and none in Federal law, if this bill should leave out the death penalty they richly deserve.

What would be the result? Nothing more nor less than the uprising of the people, and you would have probably a repetition of what we have had in this country many times—lynching.

Let us provide laws that will give the punishment that is deserved by those guilty of this horrible offense, where they have kidnaped and death results.

Mr. Speaker, this legislation originated in the city which I in part represent. In that city officers of the chamber of commerce, the mayor, the chief of police, and others got together, organized a committee for the purpose of trying to secure legislation upon this subject. They selected a representative—former Representative Cleveland Newton—to come on here and call the matter to the attention of Congress.

The committee in St. Louis drafted a bill, which they thought would cover the subject, and sent one to Senator PATTERSON, of Missouri, and the other to the gentleman from Missouri [Mr. COCHRAN], to introduce in each body of Congress.

This was done, and the Judiciary Committee of the House has given the subject very long and careful consideration. I am in favor of this bill, if you will pass it with teeth in it and provide the death penalty. I do not think we should go beyond the regular practice in the enactment of Federal statutes.

Mr. DYER. Mr. Speaker, I do not favor the principle in the bill of the committee as to giving away by the Federal Government to the States the apprehension on the part of the Government of kidnapers. In other words, Mr. Speaker, this legislation, if enacted into law, should be along the same lines other legislation that has been enacted, and of which we have had more or less knowledge in the past.

In other words, I do not favor the Government's releasing its responsibility in the enforcement of the law. We have a Bureau of Investigation and a large number of special agents of that bureau who are running down offenders against the Federal statutes, and this will not make any more expense. The Attorney General says that the cost of the enforcement of this statute will be nominal. We should leave this to the Federal Government and the Federal officials.

Mr. SPARKS. Will the gentleman yield?

Mr. DYER. I yield to the gentleman from Kansas.

Mr. SPARKS. I concur in what the gentleman said a moment ago in relation to giving State officers the right to apprehend parties who are supposed to have committed this crime. The gentleman said he was opposed to that amendment. Is it not a fact that under the law now the United States marshals have the right to act only within their districts, and this would be giving the State officers greater authority than the United States marshals now have?

Mr. DYER. I do not know as the gentleman is cognizant of the amendment, but it says:

Provided, That all expense incident to such service shall be borne by the State where the kidnaping is alleged to have taken place.

Mr. Speaker, it will cause a lot of trouble between the States on the question of expense. It is unnecessary; the Federal Government has every agency for the enforcement of laws, and there is no need of going beyond it. If you do not want to enact a Federal statute to punish kidnapers, do not pass this bill; but if you are going to pass it, pass it as you have other Federal statutes, one that can be enforced. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1525) forbidding the transportation of any person in interstate commerce, kidnaped or otherwise unlawfully detained, and making such act a felony.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1525, with Mr. RAYBURN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection the first reading of the bill will be dispensed with.

There was no objection.

Mr. LAGUARDIA. Mr. Chairman, I suggest perhaps it might be well for the gentleman from Texas to ask unanimous consent to consider the House bill as amended, as an original bill. It would save us the trouble of going from one section of the bill to a similar section in the other bill.

Mr. O'CONNOR. There is no occasion to do that now. When the bill is offered as an amendment that request could be made.

Mr. SUMNERS of Texas. Mr. Chairman, I am not familiar with parliamentary procedure, as every one knows. What the Committee on the Judiciary desires is to consider the House bill, but to take advantage of the fact that there is a similar Senate bill on the Speaker's table. I do not want my failure to make the proper motion at the proper time to interfere with what is the desire of the Committee on the Judiciary.

The CHAIRMAN. When the time comes for the reading of the bill, the Chair thinks it would be in order to move to strike out all of the Senate bill after the enacting clause, and substitute the House bill as an amendment.

Mr. MONTAGUE. And if we substitute the House bill, then that bill is open for discussion and amendment, is it not?

The CHAIRMAN. Yes.

Mr. SUMNERS of Texas. In view of the fact that that is to be the procedure, I submit the further inquiry, in order to facilitate the debate, whether at this point by unanimous consent it would be in order to substitute the House bill for the Senate bill, in order that the language of the House bill may be more easily discussed in general debate.

The CHAIRMAN. That can be done by unanimous consent.

Mr. SUMNERS of Texas. Mr. Chairman, I make that request.

Mr. STAFFORD. I think that would not bring to issue the question of whether the form of punishment be life imprisonment or the death penalty. I think it is much better to bring the issue by the motion suggested of offering the House bill as a substitute.

The CHAIRMAN. Objection is heard.

Mr. SUMNERS of Texas. Mr. Chairman, I yield five minutes to the gentleman from Virginia [Mr. MONTAGUE].

Mr. MONTAGUE. Mr. Chairman, new legislation of this character, to lawyers who have a regard for the constitutional powers of the Republic and the constitutional powers of the State, naturally involves subjects of difficulty and responsibility. Whether the Federal Government should take jurisdiction of the crime provided for in this bill and which has been sustained and quickened by public senti-

ment, much of it righteous public sentiment, should first be decided. I think I may say without impropriety that the Committee on the Judiciary delayed reporting the measure until the young child in the Lindbergh case was found. There was contention as to whether we should provide life imprisonment or the death penalty, and there was apprehension that if the death penalty prevailed it would impose such fear and trepidation upon the criminals in the Lindbergh case that they would effectually conceal themselves or make their escape. Therefore, we rested on our oars until the progress of discovery or arrest took more definite form.

I was on the subcommittee that reported the bill of the gentleman from Missouri [Mr. COCHRAN], with amendments mainly as to form and clarity. I still stand by the report of the subcommittee of the Judiciary Committee. I think the amendments made by the House Committee on the Judiciary were mistakes, and I shall offer amendments at the proper time to correct these mistakes as I view them.

The first section of the bill is not materially different from the original bill except in the matter of punishment; that bill originally provided—

that upon conviction the criminal should be punished by death or imprisonment in the penitentiary for such term of years as the court in its discretion shall determine.

That is the language of Federal procedure for time out of mind, giving the court the power to impose the penalties and the punishment, the juries the right to determine the guilt or innocence of the accused. The punishment in this case was to be either death or a term of imprisonment in the discretion of the court. If desirable to eliminate the death penalty, it is relevant to do it without involving any extraneous matter. The committee, however, brings in a substitute for that which I have read, namely:

That the accused shall, upon conviction, be punished by death, except when the jury in its verdict recommends mercy, in which case the punishment shall be imprisonment in the penitentiary for such term as the court in its discretion shall determine.

I submit to the committee that no such procedure is found in any prior Federal legislation, and why should we in this instance adopt an involved and new Federal practice? Is it wise? Will not the departure bring the practice into unnecessary confusion?

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield to the gentleman from Virginia five additional minutes.

Mr. MONTAGUE. So I would like to see the original language restored when we reach the provision.

The second provision in the bill is wholly new. It relates to the enforcement of the law and is substantive in character.

Any person violating the provisions of this act may be arrested at any place in the United States by any peace officer of a State or subdivision thereof if designated by the governor of said State and appointed by the Department of Justice for such purpose.

At once this involves a deal of confusion and difficulty in administration. For example, there is a kidnaper; his arrest is urgent, and the officers in one State may not pursue him into another State. This amendment is offered to cure this difficulty. Therefore any peace officer of the State must be designated and subsequently appointed by the Department of Justice. There must be concurrent action of two officials, namely, the governor of the State and the attorney general. I submit that before this united action can be had the kidnaper will be gone.

Mr. DYER. Will the gentleman yield?

Mr. MONTAGUE. I yield.

Mr. DYER. And the balance of that amendment provides that any expense incident to such service shall be borne by the State where the kidnaping is alleged to have taken place.

Mr. MONTAGUE. Yes. The gentleman made very strong observations on that a moment ago.

But I wish to submit that this action is impracticable of accomplishment.

Mr. LAGUARDIA. How did this punitive amendment get into the bill.

Mr. MONTAGUE. The Committee on the Judiciary put it in. I say that this provision will not facilitate or expedite the capture or arrest of the criminal. There are so much delay and so many obstacles put in the way of arrest that it will cause delay and confusion and futility.

Now, as Members of this House who have been here for some time know, I am very wary of conferring criminal jurisdiction upon the Federal Government unless it is necessary to effectuate powers already conferred in the Constitution.

I adopt Marshall's construction in this respect. But when the Federal Government undertakes anything in pursuance of its constitutional power it ought to do so without the concurrence of the State or its deterrent influence. The Federal Government should do it alone and not in cooperation with the States unless plainly necessary or desirable. To provide that the cost of administration shall be at State expense and that the officer shall be half Federal and half State will result in confusion and inefficiency, with the increased dominance of the very governmental power that the advocates of this section or provision wish to avoid.

Mr. SPARKS. Will the gentleman yield?

Mr. MONTAGUE. I yield.

Mr. SPARKS. Is it not a fact that some States have laws forbidding officers from being an officer of the United States Government and the State government, so that this would not be operative in some of the States?

Mr. MONTAGUE. That may be true, but I am not considering the details of the bill. Its salient features are sufficient to permit us to reach a conclusion one way or the other.

Now, with respect to the death penalty, the original bill provided for either the death penalty or imprisonment, in the discretion of the judge. The amended bill provides for death penalty unless there is recommendation for mercy by the jury. I submit that is wholly out of line with our Federal practice. If the Federal Government is to take charge of this crime, then it should do so in the accustomed Federal practice.

The CHAIRMAN. The time of the gentleman from Virginia has again expired.

Mr. DYER. Mr. Chairman, I yield to the gentleman two additional minutes.

Mr. MONTAGUE. As to the death penalty, I confess that my sensibilities were so distressed at the Lindbergh case that I would have consented to almost any sort of punishment. I am not a believer in the extension of punishment by death, but in cases contemplated by this bill I would make it alternative. I would make it either death or life imprisonment or as much imprisonment as the court may determine. In other words, I would stand by the old rule of the Federal courts in this particular. But rather than lose the original bill, or take it with all these various amendments, I would forego my convictions on the death penalty in order that we may have an act harmonious and consistent with Federal jurisdiction and our historical and uniform Federal practice. [Applause.]

Mr. COLLINS. Will the gentleman yield?

Mr. MONTAGUE. Yes; if I have the time.

Mr. COLLINS. If the persons who committed the crime against the Lindbergh child were apprehended, and if this statute had been in effect at that time, could those persons be punished under this statute?

Mr. MONTAGUE. No; not at all. The Lindbergh case—as far as Federal jurisdiction is concerned, the crime was in no way interstate; it was committed wholly within the State of New Jersey, and no Federal aspects whatever were presented.

Mr. LAGUARDIA. It might have been conceived in and directed in another State.

Mr. MONTAGUE. Possibly; but I doubt it.

The CHAIRMAN. The time of the gentleman from Virginia has again expired.

Mr. DYER. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, the consideration of this bill to-day presents an innovation in Federal criminal jurisprudence. Crime always keeps abreast of the times. Legislation does not. Whether on economic questions or on social welfare or on crime, legislation never keeps abreast of the times. It always lags. That is why some of us become so legislatively irritable and impatient and go beyond the pale of party regularity. Crime always keeps abreast of the times. As mechanics improve a lock, as inventive ingenuity devises an intricate safe, the criminal keeps abreast and sometimes one step ahead. Likewise with chemistry, explosives, firearms, transportation, and communication, crime makes use of every improvement.

The reason we are considering, and the reason there is necessity for considering, a bill of this kind is due to modern and rapid means of transportation and communication. Before we had the railroads, the automobile and automobile roads, wireless, telephones, and telegraphs each State could properly take care of its own crime situation. Why? Because crime was localized and escape was slow. It was impossible in the old days to escape local detection. But with the telephone, the radio, the automobile, and the airplane, particularly the automobile and the airplane, crime takes advantage of all available means of transportation, and not only is escape easy, but removal and disposition of loot, and the scattering of witnesses.

The criminal element understand the difficulty of interstate detection of crime and take advantage of it.

For instance, in a commercial zone like New York City we have wholesale crime, that is, crime in wholesale degree, like going into a loft and clearing out an entire establishment of furs or silks. Stealing by the carload has become an industry. Taking merchandise or whatever it may be in wholesale quantities into another State, taking away the original wrappers and putting on new wrappers is common practice. There is a regular market in this country for stolen property, not the loot that we used to think of, of the porch climber, but stolen property consisting of marketable merchandise. By reason of the easy means of transportation from one State to another and the difficulty of tracing, and the local cost in a community that has not suffered the loss, crime has grown, is organized and thriving.

The House passed a bill known as my stolen property bill last Congress, but it never passed the other body. This bill would not be before the House to-day were it not for the horror of the Lindbergh case, though the Committee on the Judiciary, if I may use the phrase, considered all these matters cold-bloodedly. The horror of the Lindbergh case had its effect and this bill was brought out, although, as the gentleman from Missouri [Mr. COCHRAN] stated, it came to us long before that case broke. The chief of police of St. Louis and officers from Chicago were before us before the unspeakable crime of Hopewell was committed.

Mr. WOODRUFF. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. WOODRUFF. The gentleman does not mean that this proposed bill would prevent all interstate crime, does he?

Mr. LAGUARDIA. No. I am showing the necessity of law to meet interstate crime. I am endeavoring to point out that States' rights and States' responsibilities are no longer applicable to the modern crime system confronting the country to-day. The gentleman from Michigan [Mr. WOODRUFF] has given the matter a great deal of study and introduced one of the first bills on control and punishment for interstate crime.

Mr. WOODRUFF. I am in entire sympathy and harmony with the gentleman on the subject.

Mr. LAGUARDIA. I think it was one of the speakers under the rule who stated that very often police pursuing criminals find themselves led into what is known in police circles as "friendly territory"—friendly not to the police, but friendly to the criminal. Where a particular community suffers no loss there is no indignation or public opinion aroused against criminals and no desire to spend local funds for apprehension of criminals and trials for acts not committed in that community. They suffered no loss. So, although this may be a departure and what some may say an extension of the power of the Federal Government, nevertheless we will necessarily have to face it because crime is no longer local.

Mr. BANKHEAD. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. BANKHEAD. The gentleman, probably inadvertently, has fallen into a situation he might not be able to defend. What about prohibition enforcement across State lines?

Mr. LAGUARDIA. It is applicable.

Mr. BANKHEAD. In other words, the gentleman takes the position that the Federal Government ought to control the administration of criminal law in the case of violation of the prohibition statutes, and not leave it to the States?

Mr. LAGUARDIA. I am talking about crime, crime per se, natural crime, kidnaping, murder, assault, arson, burglary, robbery, rape, but not the natural fermentation provided by nature. [Laughter.] You can not make a crime out of something that is natural and not in itself wrong. When we shall have abolished that unnatural law we shall be relieved of spending so much money and effort in attempting to enforce an impossible and unnatural law. Then, we shall be better able to suppress real crime.

Mr. CELLER. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. CELLER. Is the gentleman in favor of including the death penalty?

Mr. LAGUARDIA. My colleague the gentleman from New York [Mr. CELLER], also a member of the committee, refers to the death penalty. My objection to the death penalty is perhaps different from that of other Members. I do not object to the death penalty as a matter of sentiment. My objection to the death penalty is practical. I find, and any man who has any experience in the prosecution of crime finds, that the death penalty very often acts as deterrent on the jury in bringing in a conviction of guilty. That is my objection to it.

The objection to the death penalty as provided in this bill, as the gentleman from Virginia [Mr. MONTAGUE] points out, is because it is contrary to the Federal system of criminal practice. That being so, I would sooner make the penalty imprisonment of from 10 years to life. Of course, if the victim is murdered, then the prosecution is for murder, not for kidnaping.

Now, to get back to this question of interstate crime, I want to point out that I believe this is only one of a series of bills on criminal law which we shall have to consider. [Applause.]

[Here the gavel fell.]

Mr. PURNELL. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. SPARKS].

Mr. SPARKS. Mr. Chairman, I am in favor of legislation of this kind.

I am not in favor of the bill as reported by the House Judiciary Committee. I am opposed to taking rights away from the States, so far as criminal laws are concerned, and centralizing them in the Federal Government. However, in my judgment, this is a crime that is different from many of the other crimes.

The testimony before the Judiciary Committee shows that those who are guilty of kidnaping go into a great many States and that for the successful apprehension of those who are guilty of this offense it is necessary that they be followed up very quickly; and as the State officers have no right to pursue beyond the State border those charged with crimes or those guilty of this offense, they find it is difficult to apprehend them. Some of the officers testified that if they had had the assistance of Federal officers and had been given the right to quickly pursue those who were guilty of crime, that the guilty parties might have been quickly apprehended.

I do not think, though, that the amendment contained in this bill should be adopted, because it confers upon State

officers, peace officers, greater authority than the marshals now have.

Under the law the marshals have no right to make arrests except within their own districts, so that this would be conferring upon those peace officers double responsibility, one for their State and one for the Nation, the Federal Government.

As I understand it, the constitutions of some of the States prohibit officers from occupying a dual capacity. Perhaps if they should accept a position under this bill, should it become a law, they might relinquish their State position. I do not think this amendment should be adopted in conferring these greater rights and greater privileges upon peace officers of the States than is now conferred upon our own Federal officers.

It is necessary, then, to have this legislation because of the fact that it is necessary to give the Federal Government the right to quickly pursue and apprehend those who are guilty of this offense, and it can not be successfully done unless such authority is conferred under the Federal Government.

Mr. Chairman, I yield back the balance of my time.

Mr. DYER. Mr. Chairman, I yield five minutes to the gentleman from Oklahoma [Mr. GARBER].

Mr. GARBER. Mr. Chairman, there are three questions involved in the presentation of this bill. First, the matter of policy; second, the penalty; and third, the administration; in all three of which I think the bill violates the essentials of good government and its administration. The gentleman from New York presented an argument which led him into a cul de sac, the reductio ad absurdum that the Federal Government should proceed in the prosecution of all felonies in the several States. These disciples of Jefferson, who have been rendering lip service year in and year out upon every occasion from every platform for State rights and about the necessity of preserving the sovereignty of the several States, should practice what they preach.

Mr. CELLER. Will the gentleman yield?

Mr. GARBER. I yield.

Mr. CELLER. Not all gentlemen on this side feel that way about it.

Mr. GARBER. Of course, there are a few exceptions even on that side, and I am pleased to note the distinguished gentleman from New York is one of them.

Mr. BARTON. Will the gentleman yield?

Mr. GARBER. I yield to the gentleman from Missouri.

Mr. BARTON. Does this bill, if passed, take any of the jurisdiction away from the States? In other words, could not a State go ahead and punish the kidnapers just the same?

Mr. GARBER. Yes; that is true, but the Federal Government proceeds to pursue and prosecute crime in the several States, and that policy is wrong. I think the gentlemen who have continuously championed the cause of State rights upon the hustings should stand up in the well of this House once in a while and defend their position.

What single case has been brought to the attention of the members of this committee that necessitates the invasion contemplated by this bill?

Mr. MONTAGUE. Will the gentleman yield for one question, which is a question that disturbed us?

Mr. GARBER. I yield.

Mr. MONTAGUE. The gentleman spoke of State matters. When a person commits a crime like kidnaping in one State and takes his victim across into another State, does it not involve the policy of Federal rights?

Mr. GARBER. It involves, in the first instance, the sovereignty of the State, and the comity and cooperation of the several States have been found sufficient for apprehension and return for prosecution.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. GARBER. I yield to the distinguished gentleman from Missouri.

Mr. COCHRAN of Missouri. The gentleman asked what cases have been brought to the attention of the committee that warranted the reporting of this bill?

Mr. GARBER. For which there was no remedy in existing law.

Mr. COCHRAN of Missouri. If the gentleman will read the hearings and read the testimony of business men and police officials of Chicago, New York, Boston, St. Louis, and other cities, he will soon find that there is absolutely no remedy in existing law to take care of the things which this bill seeks to take care of.

Mr. GARBER. I would prefer an intelligent source for such information. The Department of Justice has withheld its approval of this bill. The National Bar Association, one of the best informed, most progressive, and most dependable organizations in reference to modern jurisprudence, has never requested such legislation or even suggested it.

Mr. COCHRAN of Missouri. Does the gentleman insist that the Congress of the United States should wait until the American Bar Association acts?

Mr. GARBER. Oh, no.

Mr. COCHRAN of Missouri. I explained the objection of the Attorney General. It was based solely upon expenditures.

Mr. GARBER. I am satisfied the Attorney General would not base his refusal upon mere expense, if such a bill were necessary in order to prosecute crime and uphold the laws of the United States.

Mr. COCHRAN of Missouri. If the gentleman will read the letter written by the Attorney General, he will find it confirms my statement.

[Here the gavel fell.]

Mr. DYER. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. GARBER. The policy is wrong. The second proposition is the death penalty. Recent events have not thrust this into the legal forum. A hundred years of experience is behind us. Forty-two States through that experience have concluded that the death penalty is not a sufficient deterrent of crime for its justification. It is uneconomic as well as un-Christian.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. GARBER. Yes.

Mr. COCHRAN of Missouri. The State of Missouri, my own State, having had some experience, repealed the death penalty, but it was only a couple of years before the legislature put it back on the statute books of the State.

Mr. GARBER. And crimes are still committed in the State of Missouri. There are 42 States that have discarded the death penalty.

Mr. CELLER. Will the gentleman yield?

Mr. GARBER. Yes.

Mr. CELLER. Missouri, however, makes a distinction. It divides kidnaping into three classes, child stealing, kidnaping for ransom, and ordinary kidnaping. In the case of child stealing it provides imprisonment for not more than 20 years; kidnaping without ransom, imprisonment for not more than 10 years, and only in the case of kidnaping for ransom do they provide for the death penalty.

Mr. GARBER. There is no distinction made in the bill.

Mr. MONTAGUE. This bill only applies to kidnaping.

Mr. GARBER. The gentleman from New York insisted that modern conditions and machinations demand a general invasion by the Federal Government. Such is headline and not his usual good sense. The modern penalty is imprisonment at hard labor, with the net proceeds distributed to those made dependent by reason of the commission of the crime. The modern economic disposition is to repair the loss. Third, as to the administration, which has been so well presented by the distinguished gentleman from Virginia. You have a United States marshal in every State, with his experienced deputies distributed throughout the State. If you are going to insist upon this bill, why not clothe him and his deputies with authority so that they may proceed at once in the apprehension of the guilty?

Section 2 of the bill provides that only "any peace officer of a State or subdivision thereof, if designated by the governor of said State, and appointed by the Department of Justice for such purpose, may proceed to arrest and ap-

prehend the person committing the crime." Instead of such limitation upon officials authorized to pursue and apprehend, the bill should confer such authority upon all responsible officials, both Federal and State, and without the requirement of designation by the governor and appointment by the Department of Justice. Instead of facilitating the successful pursuit and apprehension of criminals, such provision by delay in designation and appointment would facilitate their escape. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, we have the exhibition here of a bill passing a committee practically unanimously, as I thought, and the only expressions heard on the floor of the House are expressions of opposition to provisions of the bill.

Mr. MONTAGUE. Will the gentleman permit me to ask him a question?

Mr. SUMNERS of Texas. Wait a minute. The gentleman from Virginia [Mr. MONTAGUE] opposed the bill as a member of the subcommittee in the full committee.

Mr. MONTAGUE. The gentleman knows that his bill only received a majority of one in the committee when the vote was taken.

Mr. SUMNERS of Texas. No; that is not my recollection.

Mr. MONTAGUE. That is my recollection.

Mr. SUMNERS of Texas. There is no minority report. I do not want to raise any row about this. In our committee we get on pretty well.

Mr. MONTAGUE. I am not making any issue of it, either.

Mr. SUMNERS of Texas. Now, this is the situation: This bill was pending for a good while before the committee and no action was taken until the Lindbergh case, and then not so long as there was possibility to recover the baby alive. The bill was submitted to the Attorney General. The Attorney General objected to the bill on two grounds; one was the new expense and the other was he stated in his letter of opposition, "The enactment of such legislation had a bad effect on State authorities, as State authorities are inclined immediately to shift the burden onto the Federal authority where the Federal Government assumes jurisdiction."

I believe the observation of every Member of Congress sustains this conclusion of the Attorney General. The committee, however, did recognize the difficulties in the situation that was stated by the gentleman from New York, namely, that the ease of transportation and the rapidity of transportation from State to State has presented a new problem.

This brings us face to face with the question, In what direction shall we move? As the gentleman from New York stated, and stated correctly, if his view holds, this bill is only one of the kind that shall be presented to the Congress extending Federal power. I do not believe anybody who is familiar with the trends of thought and the trend of urging can fail to recognize that this is true.

We are either going to have to proceed according to the plan of this bill, giving to selected members of the State constabulary powers to pursue beyond State lines, or we are going to have to proceed according to the plan of the gentleman from New York [Mr. LAGUARDIA] and have the Federal Government take over the suppression of crime, and there is not any use of anybody trying to dodge it. We are at the point of decision.

It can not be disputed that the criminal can quickly go from State to State; that the States are unable themselves, under their present restraint, properly to deal with the criminal of a certain sort. The Federal Government can do it; but it is as true as gospel, just as the Attorney General has stated, when the Federal Government enters the field the State government steps out. We are developing on the one hand a great Federal bureaucracy that is not susceptible of popular control, and on the other hand a group of States absolutely becoming more impotent, becoming more and more governmental vassals to the great Federal organization.

There is one universal law everywhere operating. When you quit using the power you have nature takes that power from you. There is not a bit of use of anybody going around here complaining about the Federal Government becoming bureaucratic, when the total of Government power concentrated here is beyond the capacity of any governmental organization functioning under popular control. This is but one agency we can have to take care of the overload being poured in upon the Federal Government, and that is bureaucracy. There is no use to hope for a citizenship capable of maintaining a free Government unless they meet the difficulty that comes in God Almighty's good providence to challenge them to make the effort that may give them more strength; and there is no hope if, under these circumstances, we decline the issue, decline to fight, and turn to a great Federal organization to do the job for us. We have through the last section of the bill sought to leave as much responsibility as possible with the States for the suppression of kidnaping.

Prior to this bill we passed bills permitting States to enter into cooperative agreements to aid each other in the enforcement of other laws. When this bill was being considered chiefs of police told us they were confronted, when they came to deal with the crimes, with the fact they can not cross a State border. They told us, if they could cross a State border, arrest the culprits, and bring back the witnesses, they could deal with this crime. That is all they asked for.

Now, what did we do? We undertook to provide an extraterritorial jurisdiction, properly guarded, for State constabulary. To-day we do not observe State lines except in one or two instances. One is that when a criminal is being pursued the State line is thrown up in the face of the officer. We have undertaken to provide that members of the State constabulary, selected by the governor of the State and approved by the Attorney General, may make arrests, and so forth, in kidnaping cases. Instead of duplicating machinery, instead of letting the States step out of the picture, we provided the machinery under which the State can stay in the picture and still bring these criminals back.

The argument that it was not done this way 100 years ago is no answer to this plan, my distinguished friend from Virginia to the contrary notwithstanding. I have much respect for precedents, but because a thing has always been done in a certain way is not conclusive that it must always be done that way; when the oxcart has gone and the flying machine has come and the automobile has come, we have to modify even the machinery and methods of government.

God gives to each generation the challenge of necessity which it must meet on the responsibility of its own judgment. We have now come face to face with a situation where crime is organized and criminals go quickly back and forth across the State lines. That is a thing that you and I must meet upon the responsibility of our best judgment.

Never was there a truer gospel than the language of the Attorney General, when he said that when the Federal Government steps in the State steps out. There is not a man on the floor of this House who does not know that fact.

We have written the bill so that the State can not step out. We have written the bill so that members of the State constabulary, approved by the governor and approved by the Federal Government, can go across a State line, under a warrant from the Federal court and bring back the kidnaper for prosecution in the Federal court. That puts the Federal Government into the picture as little as possible and keeps the State governments in power in responsibility and footing the bills.

Do you tell me that that is not worth a trial? Is there a man who professes to love his State government, who is not willing to make that trial? I say to my friend from Oklahoma, for whom I have great respect, if you love your State you must help keep the State in a condition where it can deal with modern conveyances, the automobile and the flying machine, and how can you do it better than as provided by this bill, which permits the State officers to go across the State line and bring the criminal back? Section 2 of the bill, as I am certain it will be adopted, will read as follows:

Any person violating any of the provisions of this act may be arrested in any place in the United States by any peace officer of

the State where the kidnaping is alleged to have taken place, or a subdivision thereof, if designated by the governor of said State and appointed by the Department of Justice: *Provided*, That all expenses incident to such service shall be borne by the State where the kidnaping is alleged to have taken place, except that of the trial in the Federal courts.

I have done the best I could to explain this section of the bill. As I view it we all consider the preservation of the State. Are we going to permit the States to waste away and shrivel up through nonexercise of its powers? We are destroying the States. The American people running around bragging about being free people, when they are more and more coming to be governed from Washington by an appointed personnel whom they direct and can not discharge. We have to recognize modern conditions, we have to recognize that we no longer travel by an oxcart, but we must not go the way toward Federal concentration merely because it is the easy way.

The great big job which we have is to develop a statesmanship and a citizenship capable of dealing with our modern problems without destroying the State as the responsible agency of free government. We must do this and still be able to meet the new conditions developed by the automobiles and flying machines. In the name of patriotism and love of your country, let us not surrender without an effort to these difficulties and scrap our State governments. Let us not surrender to a dire prediction of failure. [Applause.] Let us try to save our State, and try it now.

The gentleman from New York [Mr. LAGUARDIA] is right as he can be, when he prophesies that this proposed legislation is the forerunner of more propositions of its kind, because nobody can say that the State is able to deal now with modern problems incident to the rapid method of transportation. The Federal Government must help to broaden the power of State constabulary or shove the States out of the way and assume responsibility.

If we can work out a system under which the Federal Government can give extraterritorial powers to State officers under Federal approval we will have a chance to save the important arrangement of powers marked out by those whom we love to call the fathers of this country. [Applause.]

Mr. HOCH. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. HOCH. I would be interested to hear the gentleman discuss section 2, in so far as the preservation of the rights of the States is concerned.

Mr. SUMNERS of Texas. Yes.

Mr. HOCH. I follow the gentleman part way, but perhaps not as far as I would like to. I can understand how we may attempt to give these extraterritorial powers to the State officers in making arrests, in apprehending the criminal, but after the criminal has been arrested I understand that he is to be tried in a Federal court.

Mr. SUMNERS of Texas. Yes.

Mr. HOCH. For violation of the Federal act.

Mr. SUMNERS of Texas. That is correct.

Mr. HOCH. It would seem to me the question of whether he is tried in a Federal court for a violation of the Federal act is really the important thing here.

Mr. SUMNERS of Texas. Yes.

Mr. HOCH. Rather than being tried in a State court.

Mr. SUMNERS of Texas. Let me explain that. The only basis for the exercise of the powers we seek to have exercised by the Federal agency is that we make transportation across a State line a Federal offense. We did not believe it would be safe to undertake to lay jurisdiction in a State court.

Mr. HOCH. That seems rather an anomalous situation.

Mr. SUMNERS of Texas. Yes; it is anomalous.

Mr. HOCH. A terrible crime has been committed, we will say. The person who is kidnaped is taken across the State line. This bill does not have anything to do with the kidnaping itself.

Mr. SUMNERS of Texas. That is correct. It has no power.

Mr. HOCH. Transportation across the State line is the sole crime covered by this bill.

Mr. SUMNERS of Texas. That is correct.

Mr. HOCH. While I am inclined to follow the gentleman, that seems to be going a good way, especially with reference to the conspiracy provisions.

Mr. SUMNERS of Texas. What would the gentleman do about it?

Mr. HOCH. I am inclined to think because of these new conditions that we will have to do something of that sort, but I do not see that the making of a State officer a mere Federal official or quasi Federal official is going to have anything to do with it.

Mr. SUMNERS of Texas. We have a very limited number of Federal officials. We have State police, municipal police—all sorts of police officers under the State organization. We have tried to avoid the expense incident to a duplication of police officers which would be necessary if these State officers may not be used; besides, their use would retain in the States a greater share of responsibility.

Mr. HOCH. Then this State officer is merely a Federal officer for the moment. Why do we propose to levy the expense upon the State, unless the criminal is going to be tried for a violation of State law?

Mr. SUMNERS of Texas. This is why. A citizen of a State has been kidnaped. The interest of the State is to capture the kidnaper. The police officers who came before the Committee on the Judiciary said that their trouble was in not being able to pursue the criminal. We have met the requirements of the State officers, leaving as much responsibility and as much power as we could with the State officers we thought to be in line with sound public policy.

Mr. HOCH. I could understand that, if after being apprehended the criminal is to be tried under the State law.

Mr. SUMNERS of Texas. How could you do it?

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. BANKHEAD. Does the warrant under the law which the gentleman is advocating have to be taken out in a Federal court?

Mr. SUMNERS of Texas. Yes.

Mr. BANKHEAD. Why deprive the State courts of jurisdiction to issue a warrant?

Mr. SUMNERS of Texas. This is a Federal offense. The bill makes it a Federal offense, or there would be no extraterritorial jurisdiction.

Mr. BANKHEAD. I thought you were merely giving Federal authority to State officials to cross State lines.

Mr. SUMNERS of Texas. We thought we could not do that otherwise than as provided in this bill.

Mr. DOMINICK. In that instance even if it were a Federal offense, the State would not be deprived of the right to try the offense in its own court, as it is now.

Mr. SUMNERS of Texas. Not at all. May I say to the gentleman from Alabama, that as the difficulties were presented to us, the main difficulties lay in pursuit and capture. We felt that we would like to have the Federal Government supplement the State at its point of weakness, and this is the way we sought to do it.

Mr. COLLINS. All you have done, not considering what the gentleman has said, but merely on reading the bill, is to clothe the arresting officers in the States with Federal authority.

Mr. SUMNERS of Texas. May I make this statement? What we have done is this. Instead of going ahead and creating a great Federal constabulary sufficient to enforce the proposed Federal law, we sought to use the already constituted State constabulary or rather to aid the States wherein their jurisdiction is too limited, territorially. There are all sorts of State officers everywhere in the States. Why employ, why duplicate them with a lot of new Federal marshals. We did not think it good sense or economy.

Mr. COLLINS. It is to give to the arresting authorities who are State authorities the power to arrest for a violation of a Federal statute.

Mr. SUMNERS of Texas. That is right. In other words, we propose to use what the State has instead of duplicating the force and laying double expense on the backs of the people.

Mr. COLLINS. One other question. This statute deals with many offenses other than kidnaping.

Mr. SUMNERS of Texas. No; it does not.

Mr. COLLINS. Well, the bill reads "Persons who shall have been unlawfully inveigled, decoyed, enticed, seized, confined, kidnaped," and so forth.

Mr. SUMNERS of Texas. I mean it is a kidnaping bill.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. DYER. Mr. Chairman, I yield the balance of my time, which I understand is six minutes, to the gentleman from New York [Mr. OLIVER].

Mr. OLIVER of New York. Mr. Chairman, I am very much in favor of the bill. The only section I do not like is section 2. I do not like the section because of its wording. I am in favor of its principle. First, I do not believe we ought to ask the governors of States to appoint police officers. Police officers are appointed by various communities, and if the governor of a State is asked to appoint a police officer, he will be swamped with nothing but police appointments. That burden ought not be put on the governor.

Mr. HARLAN. Will the gentleman yield?

Mr. OLIVER of New York. I yield.

Mr. HARLAN. Is not the gentleman aware of the fact that in all extradition matters the governor must designate the particular police officer to make the apprehension and return, and this is simply a provision to escape the burdensome routine of going into extradition.

Mr. OLIVER of New York. I shall go into that subject later on just a little different line.

The governor appoints the man who goes to serve extradition papers, but he does not appoint men to go and search for the criminal; and when we appoint a man to search for a criminal, we are appointing a whole host of men.

Second, I do not believe that the State where the kidnaping took place should bear all the expense assumed by other States in searching for the kidnaper and in apprehending the kidnaper. How can we by Federal legislation say in the Lindbergh case, for instance, that all of the expenses of all of the States and of the Federal Government, for instance, shall be sent to the State of New Jersey? We by Federal statute can not do that. That is an impossibility. I do not want to establish a Federal police. I want to establish a State police with the power, provided they go into Federal courts for trial, to cross State boundaries and bring men into the Federal courts. I want them to have the right, secondly, to follow across State lines, when they do not know whether they should or not, because as the facts develop in each case the police officers are confronted with mystery. I want to see State lines not as obstacles, not as a great wall which must be scaled by the police officers and as a tunnel through which criminals might escape, but I want to have police officers with the right to follow across State lines everywhere in the hot pursuit of what they believe to be the trail of crime.

Mr. THATCHER. Will the gentleman yield?

Mr. OLIVER of New York. I yield.

Mr. THATCHER. I have not heard all of the discussion, but under the bill as drawn "in hot pursuit," is it intended that the State officer may cross a State line in actual pursuit of the kidnaper?

Mr. OLIVER of New York. Yes, sir. I intended to propose an amendment to section 2 that carries out my idea a little better than the committee amendment carries it out.

Mr. CHRISTOPHERSON. Will the gentleman yield?

Mr. OLIVER of New York. I yield.

Mr. CHRISTOPHERSON. The gentleman speaks of the expense that might be saddled upon the State in the pursuit of these criminals. This proviso would only apply to officers of the State itself, would it not, and would not apply to officers of another State who might be engaged in the pursuit?

Mr. OLIVER of New York. The bill states:

That all expense incident to such service shall be borne by the State where the kidnaping is alleged to have taken place.

Mr. CHRISTOPHERSON. But that would only apply to the officers of that State, who have been appointed as quasi Federal officials?

Mr. OLIVER of New York. I am afraid it is ambiguous, but this is what I propose: First, that the appointment shall be made by Federal district attorneys, and that appointees shall be police chiefs, commissioners or sheriffs, if they consent. Then the police chiefs, commissioners, and sheriffs shall appoint some of their own subordinates as Federal police officers; that all shall be sworn in by notaries public. We want to get this away from governors and attorneys general. That those men shall have power simply to enforce this particular act and no other act. We are engaging police officers against kidnaping. It also provides that not a dollar from the Federal Treasury shall be paid in salary to these officers; that all of their expenses shall be borne by their local communities, except, of course, the expense incident to the actual trial. If the trial comes in the Federal court, naturally the Federal Government is in full control. Private people can not be supplying the Federal court with money or the State governments can not be supplying the Federal court with money for the purpose of trying these cases.

Mr. MICHENER. Will the gentleman yield?

Mr. OLIVER of New York. I yield.

Mr. MICHENER. The gentleman is a member of the committee. I was not present when section 2 was considered or embodied in the bill.

Mr. OLIVER of New York. Neither was I.

Mr. MICHENER. Does that contemplate the setting up of a Federal police force, regardless of the commission of offenses? As I read it, it means that there would first have to be a kidnaping, and then after the kidnaping, those officers might be designated.

Mr. OLIVER of New York. No. I believe they would be designated before any kidnaping. They would be designated to-day and would serve in all cases of kidnaping. At least, that is my proposition.

Mr. MICHENER. Well, how many are contemplated?

Mr. OLIVER of New York. It does not make any difference. We want the entire police force of all States if we can get them, and as many as shall be appointed otherwise.

Mr. MICHENER. And constables?

Mr. OLIVER of New York. It makes no difference. A constable might be the most valuable man of all.

The CHAIRMAN. The time of the gentleman from New York has expired.

All time has expired.

Mr. CELLER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CELLER. I desire to offer an amendment relative to the death penalty, and I am uncertain at this point whether I may offer it directly after the enacting clause is read in the Senate bill, or must I wait until the House bill is substituted?

The CHAIRMAN. First comes the reading of the bill. Following that will come the committee amendment. The gentleman may offer his amendment after the committee amendment has been offered.

The Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That whoever shall knowingly transport or cause to be transported, or aid or abet in transporting, in interstate or foreign commerce, any person who shall have been unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away by any means whatsoever and held for ransom or reward shall, upon conviction, be punished by imprisonment in the penitentiary for such term of years as the court, in its discretion, shall determine: *Provided*, That the term "interstate or foreign commerce" shall include transportation from one State, Territory, or the District of Columbia to another State, Territory,

or the District of Columbia, or to a foreign country; or from a foreign country to any State, Territory, or the District of Columbia: *Provided further*, That if two or more persons enter into an agreement, confederation, or conspiracy to violate the provisions of the foregoing act and do any overt act toward carrying out such unlawful agreement, confederation, or conspiracy such person or persons shall be punished in like manner as hereinbefore provided by this act.

Mr. SUMNERS of Texas. Mr. Chairman, I move to strike out all after the enacting clause and insert the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SUMNERS of Texas: Strike out all of the Senate bill after the enacting clause and insert the following:

"That whoever shall knowingly transport or cause to be transported, or knowingly aids or abets in transporting in interstate or foreign commerce, any person who shall have been unlawfully inveigled, decoyed, enticed, seized, confined, kidnaped, abducted, or carried away by any means whatsoever and held for ransom or reward, or held for any other unlawful purpose, shall, upon conviction, be punished by death, except when the jury in its verdict recommends mercy, in which case the punishment shall be imprisonment in the penitentiary for such term as the court in its discretion shall determine: *Provided*, That the term "interstate or foreign commerce" shall include transportation from one State, Territory, or the District of Columbia, to another State, Territory, or the District of Columbia, or to a foreign country; or from a foreign country to any State, Territory, or the District of Columbia: *Provided further*, That any person convicted of violating the foregoing act may be punished in any district in or through which such person or persons so unlawfully inveigled, decoyed, enticed, seized, confined, kidnaped, abducted, or carried away, has been transported, removed, or confined: *Provided further*, That if two or more persons enter into an agreement, confederation, or conspiracy to violate the provisions of the foregoing act, and do any overt act toward carrying out such unlawful agreement, confederation, or conspiracy, such person or persons shall be punished in like manner as hereinbefore provided by this act.

"SEC. 2. Any person violating the provisions of this act may be arrested at any place in the United States by any peace officer of a State or subdivision thereof if designated by the governor of said State and appointed by the Department of Justice for such purpose: *Provided*, That all expense incident to such service shall be borne by the State where the kidnaping is alleged to have taken place."

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Page 2, line 3, strike out line 3 and line 4 down to and not including the word "imprisonment."

Mr. STAFFORD. Mr. Chairman, will the Clerk kindly read the language that is proposed to be stricken out?

The CHAIRMAN. Without objection, the Clerk will read the language stricken out.

There was no objection.

The Clerk read as follows:

Death, except when the jury in its verdict recommends mercy, in which case the punishment shall be.

Mr. CELLER. Mr. Chairman, this amendment, in a word, will strike out the death penalty.

We may have made great progress, exemplified as the speaker has stated, in the airplane, the radio, and the automobile. New crimes may have been developed, but I say that our criminal procedure is still in the ox-cart days. We have made little or no advancement in our criminal jurisprudence. You have but to read a few pages of the Wickersham report to find that out, or to read the reports of the many crime commissions appointed by various States to have that observation confirmed. We know that a trial in a criminal court to-day is nothing but a duel of wits and tricks between the prosecutor on one side and the attorney for the defense on the other side. This state of affairs does not exist, for instance, in England, where there is a keen sense of justice. We have not a keen sense of justice in this country. Justice does not pervade the trials in our criminal courts.

Therefore I say, make the penalty as harsh as you will, yet you will not prevent kidnaping. Punishment must be certain to prevent crime. Severity does not prevent crime. Harsh penalties relative to murder in this country do not prevent and have never deterred murder. You have but to read the textbooks on this subject or the criminal statistics in the various States to learn this fact. But if punishment were swift and certain, you would successfully prevent crime of all sorts. The state, the low state, of our criminal procedure precludes swift and certain punishment.

We are still frontiersmen when it comes to criminal procedure. I say that we should not in the interest of deterring crime make the penalty so severe as to involve death. Death will not prevent kidnaping but will insure the death of the person kidnaped instead. Prohibition has done much to bring about bad conditions in our Federal and State courts.

Inflicting, for example, those harsh penalties, as embodied in the Jones "5 and 10" bill, has caused subornation of perjury and miscarriage of justice, and refusal of jurors to convict. Perjury is rampant throughout the country and all sorts of venality exists in the courts. Change your criminal procedure if you will, but do not make these penalties so harsh as to prevent juries from bringing in verdicts of guilty. That is what you will do if you keep this death penalty with reference to kidnaping. Do not be swayed by the Lindbergh case. We lawyers know that bad cases always make for bad laws, and you have a bad law here as the result of the hysteria, passion, and prejudice that have been fanned into flame by the Lindbergh case.

I hope, gentlemen, that by sober judgment, and that by the light of reason, and not by your emotions, you will judge this matter. Do not inflict the death penalty upon kidnaping, and then, and only then will you be satisfying the inherent purposes of punishment, namely, to reform the defendant and at the same time prevent the recurrence of the crime.

Mr. SWING. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. SWING. If the gentleman's amendment is adopted, will he be willing to offer a minimum for imprisonment later on?

Mr. CELLER. I would have no objection to that, but this would leave it to the discretion of the court. My amendment provides that these criminals shall—

Be punished by imprisonment in the penitentiary for such term as the court in its discretion shall determine.

Mr. SWING. Such imprisonment might be one hour or one day. I think it would be more persuasive if the gentleman would make it 10 years to life imprisonment. If that were done, I think many of the Members would be willing to vote for the gentleman's amendment.

Mr. CELLER. I would be happy to accept an amendment of that character.

Mr. MONTAGUE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MONTAGUE. Is not the bill in this status: A motion made by the gentleman from Texas that the House bill be considered as a substitute for the Senate bill? Is not that the motion?

The CHAIRMAN. That is the situation.

Mr. MONTAGUE. Has that been adopted?

The CHAIRMAN. It has not.

Mr. MONTAGUE. Then was not the gentleman from New York premature in offering his amendment?

The CHAIRMAN. No; for the simple reason that if the substitute is adopted then no amendments could be offered to it. The substitute is now pending and open to amendment.

Mr. SUMNERS of Texas. Mr. Chairman, let us see just where we are with regard to this amendment. It seems to me the argument of my colleague on the committee is not practical. When you come to examine the bill you find it provides that the death penalty may not be inflicted by the judge unless the jury itself has in effect inflicted the death penalty. So there could be nothing that would deter the jury from inflicting, in effect, the death penalty in a particular case. Let us get that straight. So that argument, with all due respect to my colleague from New York, falls, because there is nothing for it to rest upon.

The next question comes whether or not you are going to leave it to the jury which has heard all of the evidence in the case to pass upon the death penalty, if the jury believes the death penalty ought to be inflicted. From my four years' experience as prosecutor, I testify that there is nothing on

earth that is such a deterrent to those who are criminally inclined as the possibility of having the thing wound up, no escape, no pardon, death the end.

I want to direct attention to another thing. We have been making some progress in this country in some regards but we have been slipping in some regards. That strong, sturdy attitude of the American people, whose faces were set against the criminal and who met death with death, is being wiped out by a lot of maudlin sentiment which is responsible for the gangsters and murders like that of the Lindbergh baby. [Applause.]

We must develop a generation of men and women with red blood in their veins, who, before God Almighty, give their sympathy to the defenseless, to the children of this land, and let the gangsters know that if they dye their hands in innocent blood there is in this country a manhood and womanhood who will take their lives, and that when we do take their lives we will be taking the lives of dirty dogs. [Applause.] We have had enough sobbing over this lot of people. There is nothing on earth that will put the fear of God in them like the knowledge that the death penalty is in the hands of a people who have the courage to inflict it. I would rather have the little Lindbergh baby walking the earth to-day than to have every gangster walking around seeing whose child he could steal. I have sympathy, but I have sympathy for the people who are willing to lead a decent, honest life. What we need in this country is some wholesale killings. If we could take 500 here and 250 there and line them up against the wall and shoot them [applause], then honest men would not be afraid to go home at night and would not be afraid to leave their women and children to walk the streets in what is supposed to be free America.

Just the other day we were strutting around here pulling off centennial celebrations and bragging about Washington and our ancestors wearing rags, and so forth, listening to orations about the land of the free and the home of the brave, and we were afraid to go home that night after the show was over. [Laughter.]

Mr. HOCH. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. HOCH. Does the gentleman know whether death is the penalty for kidnaping in the State of New Jersey?

Mr. SUMNERS of Texas. I do not; but I know it ought to be.

Mr. HOCH. There certainly is the death penalty for murder, and murder was committed; and yet the penalty did not deter the murderer in that case.

Mr. SUMNERS of Texas. I know they are hard to catch and hard to convict, but when we do get them let us finish the job. We will have one less to feed. Rather than feed the murderer of a child, I would rather take that food and give it to another little child rather than to put the murderer behind walls for honest people to feed during all the days of his dirty life. [Applause.]

Mr. COCHRAN of Missouri. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The Chair is of the opinion that such a pro forma amendment would be an amendment in the third degree.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman from Missouri may proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Chairman, the gentleman from New York seems very much disturbed about the death penalty. I want to ask the gentleman why the State of New York has a death penalty, and I would like to ask him why the State of New York has a law which provides that a man may be sent to the penitentiary for life if convicted of a second or third offense? I would like to ask him why it is that the great city of New York boasts that for the number of people contained within its borders it has less crime than any community in the United States?

Mr. CELLER. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. CELLER. My State has no death penalty for kidnaping.

Mr. COCHRAN of Missouri. But it has the death penalty for murder, and I have heard the gentleman maintain on the floor of this House that by reason of the laws of his State they have less crime in the State of New York, taking into consideration its size, than any community in the country. The gentleman will not deny that. It is the penalty that lessens crime in New York.

Men schooled in the detection of crime appeared before the Judiciary Committee and some of their testimony was even given behind closed doors. They told the committee in open session that the men who practice kidnaping are afraid of Uncle Sam, or as the criminals characterize Uncle Sam, they are afraid of "Old Whiskers." Put "Old Whiskers" into the business of preventing kidnaping and you are going to stop this lowest of crimes.

I am in favor of the death penalty, but if necessary to get a Federal law I will accept life imprisonment.

I am not in favor of that part of the amendment adopted by the committee which reads, "Except when the jury in its verdict recommends mercy, in which case the punishment shall be imprisonment in the penitentiary." If I have my way, I shall strike out that language and make the crime punishable by death or imprisonment in the penitentiary, as the court in its discretion shall determine.

Mr. STAFFORD. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. STAFFORD. I understand the gentleman from Virginia [Mr. MONTAGUE] in case the amendment of the gentleman from New York is voted down, will offer an amendment to carry out the very purpose the gentleman has expressed.

Mr. COCHRAN of Missouri. Then I shall support the amendment of the gentleman from Virginia.

Ladies and gentlemen, I say to you, do not weaken this bill. I realize the position taken by the gentleman from Texas [Mr. SUMNERS]. He is sincere in his efforts to limit Federal police powers, but this is to meet an emergency. We need this law to insure protection to men, women, and even children. The mothers of the country want it. Will you deny their children protection? Who is it that will not listen to a mother?

I say this crime has progressed to such an extent that it is the duty of the Congress to stamp it out, and you can stamp it out with this law.

I do not think section 2 of the committee amendment has any place in the bill. If we can pass a law giving the Federal Government jurisdiction where a man steals an automobile, without requiring the governor of a State to appoint, with the approval of the Department of Justice, a police officer to go to an adjoining State, I see no reason why we can not pass a law giving the Government jurisdiction when some individual steals a person and takes him across a State line, when the State officials in that community where the crime is committed have no jurisdiction to follow. We can give the power to the Federal Government in such a case to go across the State line and apprehend the criminal. It is our duty to do so.

Mr. McGUGIN. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. McGUGIN. What is the penalty for kidnaping in the State of Missouri?

Mr. COCHRAN of Missouri. Death.

Mr. McGUGIN. Can the gentleman give us any information as to the penalty for kidnaping in most of the States of the Union?

Mr. COCHRAN of Missouri. The gentleman from New York [Mr. CELLER], I believe, a few moments ago said there were six States in the Union that provide that the crime of kidnaping is punishable by death. As to the gentleman's own State, a few weeks ago they took a lady from Kansas City, Mo., over into Kansas and held her for ransom; and as I told the committee at the outset of the debate on this bill, the man who perpetrated that crime was brought back from South Africa by the State authorities of Missouri and was

sent to the penitentiary for life only yesterday. Six of his companions are already in the penitentiary, and two more await trial.

Mr. LAGUARDIA. Did you ever execute anyone in this gentleman's State for kidnaping?

Mr. COCHRAN of Missouri. Not that I know of.

Mr. Chairman, as the members of the Judiciary Committee will agree, I have cooperated with them throughout the consideration of this bill. Naturally, they have their views, and I was willing to go along if the House would agree to their amendments and send the bill to conference, but it is becoming evident that the House committee amendments are going to be opposed by some members of that committee.

While I introduced the House bill, I want it to be known that I have no pride in authorship at this moment. What I want is to obtain the objective, and I am willing to go along and strike out the death penalty; in fact, I will be perfectly willing, if it be the pleasure of the committee, to pass the Senate bill as it came to the House, so that it will go to the President for his signature.

I am so convinced of the necessity for this law that I will make any personal sacrifice as to authorship to insure final enactment at this session. I do not want it tied up in conference. The junior Senator from Missouri, Mr. PATTERSON, is the author of the Senate bill, and we have worked together since last December for this legislation. What I want is a law of this character now, and that is what I will strive for.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. CELLER].

The amendment was agreed to.

Mr. DYER. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Texas [Mr. SUMNERS].

The Clerk read as follows:

Amendment offered by Mr. DYER to the amendment offered by Mr. SUMNERS of Texas: On page 2, in line 1, strike out the words "or held for any other unlawful purpose."

Mr. DYER. Mr. Chairman, I think these words are in here by error because I remember distinctly that the subcommittee, of which the gentleman from Virginia is chairman and I am a member, recommended to the full committee that these words be stricken out; and it is my recollection that the full committee agreed to it.

Mr. MICHENER. Will the gentleman yield?

Mr. DYER. Yes.

Mr. MICHENER. The gentleman states that the words are in here inadvertently. My colleague suggests that this matter was discussed in the committee, and there was some discussion on the Lindbergh baby kidnaping, and that this language was left in to cover a situation of that kind.

Mr. DYER. There is no doubt but that the words ought not to be in. I will tell you why: In a good many kidnaping cases the father or the mother of a child, the parents being divorced, goes and takes possession of the child when the court has put it in the custody of the other parent.

I remember 25 years ago, when I was prosecuting as a State's attorney in St. Louis, a case of that kind. There is not anybody who would want to send a parent to the penitentiary for taking possession of his or her own child, even though the order of the court was violated and it was a technical kidnaping. What we are trying to do is to provide the severest punishment for people who kidnap and carry off people from one State to another for ransom, for money.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. DYER. I yield.

Mr. COCHRAN of Missouri. It is my understanding that this language was put in the bill for the purpose of preventing some one kidnaping a person, taking him to another jurisdiction, who might, if present, appear as a witness in court to convict some one who would be liable to be guilty of kidnaping for ransom. I think the gentleman is going to weaken the bill by insisting on his amendment.

Mr. DYER. There are statutes for punishing such a thing as suggested by the gentleman from Missouri.

If somebody kidnaps or carries off an important witness in a criminal case to prevent him from testifying, he is guilty of a State crime, and there is no necessity of making it a Federal offense.

If you want to enact a law for kidnaping, enact one and let us have the death penalty in it. I do not care what England does about this, we are legislating for the American people, and I think we are capable of doing it without taking lessons from England or any other country. [Applause.]

Mr. FISH. Will the gentleman yield?

Mr. DYER. Yes.

Mr. FISH. What would happen in case of a husband and wife living apart or divorced, and one of them kidnaps the child?

Mr. DYER. There is a punishment for that.

Mr. FISH. Would that come under this bill?

Mr. DYER. It would, if you leave this language in it. In Missouri a number of years ago I prosecuted a man for going to St. Louis and taking his little son and carrying him off to California. The child had been awarded to the mother. He was charged with kidnaping under the State law of Missouri, and we brought him back and prosecuted him. We gave him a punishment of a year in jail and a fine. But you can not couple up a matter of that kind with this bill, if you want to enact it, for punishing kidnaping for ransom.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

The question was taken, and the amendment was agreed to.

Mr. MONTAGUE. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MONTAGUE: Page 2, beginning in line 3, after the word "death," strike out the comma and insert the word "or"; strike out the remainder of line 3 and all of line 4 down to and including the word "be."

Mr. STAFFORD. So that it will read?

The Clerk read as follows:

So that it will read:

"Held for ransom or reward, shall, upon conviction, be punished by death or imprisonment in the penitentiary for such term as the court in its discretion shall determine."

Mr. MONTAGUE. Mr. Chairman, this subject has been somewhat discussed by me heretofore. The word "death" is retained, so that I shall not discuss that. This is an effort to restore the original language of the bill, giving the power to the court to impose the punishment, not to determine the guilt. That is left just as it was in the original bill. The jury is given the power to convict and the court to impose the punishment provided by law—be that punishment imprisonment or death. That is the obvious result of the amendment I have offered, which is the original bill adopted by the Senate, and the original text reported by the subcommittee of the Committee on the Judiciary to the Judiciary Committee. I do not see why we should encumber this statute with a new and unprecedented Federal procedure. Why not retain it in its Federal form? In some States, upon the recommendation of the jury, it is provided that the court shall do so and so or that the court shall not do so and so. I submit it is better practice, it is the sounder view, it is the simpler view, it is the simplest in point of administration to have your Federal courts do here in this act what and as they have done in all former acts. We should preserve the symmetry and continuity of our Federal practice. Let it be the duty of the jury to find the guilt or innocence of the prisoner, and of the court to determine the punishment as fixed by law. I submit the amendment ought to be adopted.

Mr. DOMINICK. Mr. Chairman, as the gentleman from Virginia [Mr. MONTAGUE] has stated, possibly this is a new procedure in so far as the Federal courts are concerned. The same can be said of the entire bill which is before us. It is all a new procedure. But in so far as the practice is concerned, it is not a new procedure. Many of our States have this exact term in their statutes which carry capital punishment, practically all of the States. For instance, when you come to the crime of murder, in some States it is within

the right of the jury to bring in a verdict of guilty of murder in the first degree, which automatically carries the death penalty, and that penalty is fixed by the jury, by 12 men, and not by one judge. The jury may bring in a verdict of second-degree murder, in which case the punishment is either life imprisonment or a term of years, to be fixed by the court. This is as simple as it can be. If there is a case of such atrocity, or such heinousness, that the jury of 12 men believe should cause the infliction of the death penalty, they may fix it by their straight verdict of guilty, and not place the responsibility on just one man, the judge. It is very simple. The jury takes the case. It brings in its verdict. If it believes the death penalty should be inflicted it says guilty and stops. If it believes that a less penalty should be inflicted, it brings in a verdict of guilty with the recommendation of mercy, and then the judge fixes the penalty according to what he believes to be the proper punishment for the crime which has been committed.

I can see no objections whatsoever to it. I think if you are going to make this a crime, if we expect to strike terror into the minds of these people who are accustomed to commit this crime, if we expect this to be a deterrent, we should have a penalty that means something. If in a particular case there should be extenuating circumstances, if leniency should be exercised, you have it here under the terms of the bill, and I respectfully submit it is not an unusual procedure and will involve no unnecessary work on the courts.

Mr. MONTAGUE. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. Yes.

Mr. MONTAGUE. I did not mean to intimate an unusual procedure from the point of view of the gentleman. I submitted that the practice was not in consonance with Federal procedure, and perhaps it was unwise to have any procedure that does not conform to Federal practice, that our whole system should have symmetry, and that this is reached when the jury finds the verdict, and the judge inflicts the death penalty or imprisonment. I submit to my friend that the judge is about as likely to be right in that matter as is the jury.

Mr. DOMINICK. Whatever the language of the bill may be of course the court imposes the sentence, but as a matter of fact under the bill the jury fixes the sentence by bringing in a verdict of guilty without any recommendation to mercy.

Mr. LINTHICUM. Will the gentleman yield?

Mr. DOMINICK. I yield.

Mr. LINTHICUM. If there were extenuating circumstances, does the gentleman not think the jury would hesitate to bring in a verdict of guilty if it thought there might be a death penalty imposed? Does the gentleman not think the jury might hestitate?

Mr. DOMINICK. There is no doubt in the world about it. That is one reason why this provision was placed in the bill. It was placed there to try to prevent hung juries or mistrials, or to prevent a miscarriage of justice on account of the extreme death penalty that could be imposed under a verdict of guilty when there were extenuating circumstances.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

The question is on the amendment offered by the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 84, noes 23.

So the amendment was agreed to.

Mr. TARVER. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. TARVER: On page 2, in line 1, after the word "ransom," strike out the word "or" and insert a comma; and after the word "reward," insert the words "or revenge."

Mr. TARVER. Mr. Chairman, the amendment offered by the gentleman from Missouri [Mr. DYER] was adopted a few moments ago, by which the words "or held for any other unlawful purpose" were stricken from the bill. Judging by the vote on that amendment which occurred in the Committee of the Whole, there were certainly quite a few of the members of the committee who felt that kidnaping for some purposes other than those of ransom and reward should come within the terms of this act. Hypothetical cases were mentioned in the argument advanced in support of the amendment offered by the gentleman from Missouri, where parents, separated from their children by reason of court decrees which did not permit them to have custody of them, might be guilty of kidnaping or taking possession of and transporting such children unlawfully, and be subject to the provisions of this act; or that other similar instances of offenses of this character certainly less heinous than kidnaping for reward, might come within its terms.

I think those were valid objections to the language which was originally put in the bill, but it occurs to me that kidnaping for revenge ought not be excluded by the committee from the penalties imposed by this act.

Mr. DYER. Will the gentleman yield?

Mr. TARVER. Gladly.

Mr. DYER. Will the gentleman tell us some cases that this proposed amendment would cover? Can the gentleman give us an example of a case of kidnaping for revenge?

Mr. TARVER. As far as my section of the country is concerned, I am glad to be able to say that we are not very familiar with kidnaping cases, as they are not as numerous as they appear to be in the gentleman's State of Missouri.

Mr. DYER. We have a nest of kidnapers in St. Louis.

Mr. TARVER. Not many of those come within my knowledge, but I submit it requires very little imagination to conceive of cases where forcible seizure and transportation of persons might occur for revenge. As indicated by the gentleman from Michigan [Mr. MICHENER] a short time ago, the kidnaping of the Lindbergh baby might have occurred for purposes of revenge, yet, under the terms of this act, with the gentleman's amendment adopted and with no further language in the bill, it would not have constituted a Federal offense even had the transportation been across State lines.

Mr. CHRISTOPHERSON. Will the gentleman yield?

Mr. TARVER. I yield.

Mr. CHRISTOPHERSON. If the word "revenge" is included, in accordance with the gentleman's amendment, it would become an element of proof. How would that be proved in a case? Would that not be rather difficult?

Mr. TARVER. Just as motive would be proved under many other laws. Where the element of malice is required, for instance, or that an act shall have been done wilfully or fraudulently; that the act under investigation by the jury was motivated by malice or by intent to defraud. It would be a question under this amendment for the jury to determine whether the question of revenge was the thing which motivated the perpetrator of the crime or not.

I see no objection to the amendment on account of the alleged difficulty to which the gentleman has just called attention.

Mr. SUMNERS of Texas. Will the gentleman yield?

Mr. TARVER. I yield.

Mr. SUMNERS of Texas. I agree with the purpose of the gentleman's amendment, but I am wondering if the gentleman has examined into the question of the constitutional power to punish under the interstate commerce clause, where transportation is for revenge?

Mr. TARVER. Congress has undertaken to exercise constitutional powers to punish where transportation under the Mann Act is for immoral purposes. That is not necessarily a question of money or commerce. It has never been held to be. Why could they not exercise equal authority with reference to the seizure and transportation of individuals for purposes of revenge?

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the amendment.

I wish to call the attention of the House to the amendment offered by the gentleman from Georgia. The purpose of course is desirable, but I fear it would weaken the bill instead of strengthening it. The moment we write into a criminal law a motive, in this instance that of revenge, it becomes necessarily an element of proof, and the burden of proof in a criminal prosecution being upon the State, it would make it extremely difficult to prove that element. Every element must be recited in the indictment and every detail of it must be proven.

The gentleman says "How would you prove malice?" In any unlawful act there is the presumption of malice, but here there is a state of mind, namely, that of revenge.

For instance, take abduction for immoral purposes. If it is sought to prosecute under the kidnaping act the incentive motive might not have anything to do with revenge.

Mr. TARVER. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. TARVER. Might it not be possible to charge in the indictment that the kidnaping was for either of the three purposes, ransom, reward, or revenge, and not be essential to prove that it was for more than one of these purposes?

Mr. LAGUARDIA. True. If the victim is not held for ransom or reward, I fear it would be difficult, if not impossible, to prove the element of revenge. I prefer the provision "other unlawful purpose" which this committee saw fit to strike from the bill.

Mr. TARVER. I am not talking about the technical language of an indictment. The gentleman understands my idea, that the Government could charge all three motives in such language that proof of any one would be sufficient to sustain the indictment.

Mr. MONTAGUE. They are all in the same category.

Mr. LAGUARDIA. I agree with the gentleman that the approval of the amendment offered by the gentleman from Missouri striking out "or held for any other unlawful purpose" weakens the bill. I think the State could show, perhaps, that the seizure was unlawful and the holding was unlawful and not necessarily for ransom and reward. I agree with the gentleman that it would have been better to have left that in.

Mr. MONTAGUE. The words "unlawful purpose."

Mr. TARVER. The words "unlawful purpose" have been stricken out.

Mr. LAGUARDIA. These words have been stricken out and we do not correct it by the gentleman's amendment putting in revenge, because it is almost an impossible element of proof.

Now, there may be many instances where the seizure is unlawful as described in the first part of section 1. There may be, as the gentleman from Georgia points out, kidnaping not inspired or motivated by reasons of reward and ransom—for instance the kidnaping of a prospective witness, the kidnaping of a person to prevent him from doing any act—which are all unlawful. However, I fear that putting into the bill the element of revenge will weaken it rather than strengthen it.

Mr. TARVER. That is what I would like the gentleman to explain, how it could possibly weaken the bill. It simply adds another motive which might inspire kidnaping and which might be held to be criminal under the provisions of this act. It does not eliminate anything. It does not eliminate either of the other motives referred to in the act, ransom or reward. How could it weaken the bill?

Mr. LAGUARDIA. Permit me to put it this way, then; it would serve no useful purpose.

Mr. TARVER. I think, many times it is possible to prove the motive of revenge.

Mr. LAGUARDIA. I really believe it would have been better to have left in the language "or held for any other unlawful purpose." That would have covered any purpose which could be established as being unlawful; such purpose would have been brought within the provisions of the bill.

Mr. GOSS. I am not a lawyer, but I would like to call the gentleman's attention to line 6, which reads:

Who shall have been inveigled, decoyed, enticed, seized, confined, kidnaped, abducted, or carried away—

And then it states:

and held for ransom and reward.

As I understand it those things must be tied up.

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the gentleman have one additional minute to answer my question.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. LAGUARDIA. In this instance the proof necessary to convict would be proof that the person was either inveigled, or decoyed, or enticed, or confined, or kidnaped, or abducted, or carried away; any one of those would be sufficient, with proof in addition, that he was held for ransom or reward.

Mr. GOSS. Then, all of them do not have to be proved in one case?

Mr. LAGUARDIA. No; it is only necessary to prove one of the methods and the holding for ransom or reward.

Mr. GOSS. In other words, any one of the methods?

Mr. LAGUARDIA. Yes; the method and the holding for ransom or reward.

The CHAIRMAN. The question is on the adoption of the amendment of the gentleman from Georgia [Mr. TARVER].

The amendment was rejected.

Mr. OLIVER of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OLIVER of New York as a substitute for section 2 of the amendment offered by Mr. SUMNERS of Texas:

"Any Federal district attorney shall have the power to appoint as Federal police officers any police chief, commissioner, or sheriff who shall consent to said appointment and whose State, county, city, village, or town shall be wholly or partly within the prescribed boundaries of the district of said Federal attorney. Said police chiefs, commissioners, and sheriffs shall have power to appoint such of their subordinates as they shall designate as Federal police officers. Said officers shall receive no salary from the Federal Treasury, and oaths of office shall be sworn to before a notary public or other officer empowered by law to administer oaths.

"Such Federal police officers shall have power to enforce only the provisions of this act.

"All expenses of said officers shall be borne by the State, county, city, village, or town by which they were originally appointed, except such witness fees as would be paid to any witness summoned in any criminal case before the Federal courts or grand juries."

Mr. LAGUARDIA. I make the point of order, Mr. Chairman, that the amendment is not germane to the bill or to the section to which it is offered. It provides for the appointment of new officials by district attorneys, in no way related, remotely or directly, to the purpose of the bill or anything necessary to carry out the purpose of the bill.

Mr. STAFFORD. Mr. Chairman, unless the Chair is ready to rule I want to state that I think the amendment is certainly germane.

The CHAIRMAN. The Chair is ready to rule. The Chair overrules the point of order.

Mr. OLIVER of New York. Mr. Chairman, my only purpose in rising again is to call attention to what I stated a few moments ago. The proposition is to give some official the power to go all over the United States. No official can have that power except a Federal official. Unless we designate somebody as a Federal police officer he can not have that power, in my judgment.

States will not permit police officers of other States to enter except as citizens, and if they enter as citizens they must seek the support of the local police in order to make arrests and make inquiries.

Under the provisions of the amendment I propose that State officers shall be empowered to act as Federal police officers without salary and without a single charge being made for their service.

Mr. TARVER. Will the gentleman yield?

Mr. OLIVER of New York. Yes.

Mr. TARVER. Is it not true that under the constitutions of many States an officer can not accept a commission as an officer of the Federal Government, so that the laws of many

of the States would prevent an officer from acting in this capacity?

Mr. OLIVER of New York. That is correct, and there is no question about that. My only response to that is that those States that will permit their officers to act as Federal police officers should have the advantage of having them act in that way, and those States which do not permit it may be induced by the benefits which may result to change their laws or their constitutions. We should never establish a Federal police force under the supervision of the Federal Government unless it is a Federal police force controlled and owned by the State governments.

Mr. TARVER. Does the gentleman conceive that there is any greater necessity for a provision of this character relating to kidnaping than there is for such a provision relating to other Federal statutes, such as the Dyer Automobile Act, the Mann White Slave Act, and other statutes of that character? Why permit the designation of State peace officers as a sort of Federal constabulary to enforce this act only?

Mr. OLIVER of New York. As an answer to the gentleman's question, I say that we are now on the eve of the establishment of a great Federal police force. We are constantly adding to the police force of the Federal Government. In order that we may be able to check the grant of power to the Federal Government to establish a Federal police force we should check the establishment of a Federal police force under the control of political officials who will use this force not for the enforcement of laws but for political purposes, as is the case in Europe.

Mr. TARVER. But we are here proposing to establish a Federal police force and turn the State police force into a Federal constabulary for the enforcement of this particular act alone.

Mr. OLIVER of New York. For this particular act. I will stress that in connection with the merits of my proposition.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. OLIVER of New York. Yes.

Mr. COCHRAN of Missouri. Does not the gentleman feel that the best way to carry out his idea would be to strike out section 2 entirely?

Mr. OLIVER of New York. No; I do not. You have got to give the Federal Government a police force to carry out the responsibility. The Attorney General actually asks for 180 men. If you should give the Federal Government the responsibility without giving it a police force, then you are perpetrating a fraud on the Government and you are only passing a fake statute. You have got to back it up by a Federal police force; and if you do not do that in clear-cut fashion, you will find the people of the States, now in turmoil over a Federal police force enforcing prohibition, rising up to strike down this kind of a police force if it is to be paid for out of the Federal Treasury and controlled as a political police force by the United States Government.

Mr. COCHRAN of Missouri. Does not the gentleman feel the crime warrants such action?

Mr. OLIVER of New York. I do not feel it warrants the overturning of the entire police control to the Nation. However, I believe the laws should be enforced, and I say give us Federal authority and give us State police clothed to exercise that Federal authority.

[Here the gavel fell.]

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the amendment.

I am certain if the Members would pause a minute to consider what the amendment offered by my colleague from New York would do, there would be no doubt about the committee voting the proposition down.

Just imagine giving into the hands of a local United States district attorney the power to appoint a flock of Federal agents and send them into another State. Surely there is nothing like that in existing law or custom to warrant any such policy. United States marshals can not appoint deputies at random and send them wild all over the country. There is no power that can do anything like this. I am sure that gentlemen on reflection will see that in their enthusiasm and desire of putting a tremendous force, such as is described, back of the purposes of this bill they are overstepping the mark.

If I may make one suggestion, and I do this to the author of the bill who has worked so hard on it, I would suggest that the best thing we could do would be to vote down the House bill and vote for the Senate bill as it is. Such action will finally pass the bill, and the bill would go to the President for signature.

I think the Senate bill is more concise, is clearer, and will serve the purpose in every way.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. LAGUARDIA. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. So far as authorship of the bill is concerned, I care nothing about that. I desire to reach the objective which we have in mind.

Mr. LAGUARDIA. I know that.

Mr. COCHRAN of Missouri. I have gone along with the committee and whatever is agreeable to the committee is agreeable to me. I want a bill of this character passed, and I do not care whether it is my bill or the bill of the Senator from Missouri [Mr. PATTERSON].

Mr. LAGUARDIA. I will say, in all fairness, the gentleman from Missouri [Mr. COCHRAN] has pioneered this proposition in Congress. He has brought it before us and I know that he was big enough and sufficiently interested and so sincerely interested in the proposition as to want to get the best available bill, which is the one he initiated and which was passed by the Senate and now before us. By voting down the substitute the Senate bill would be before us for final vote.

Mr. MONTAGUE. Let me ask the gentleman from New York a question. Are not the original bills offered by Mr. COCHRAN, and Mr. PATTERSON, of the Senate, identical?

Mr. LAGUARDIA. Yes.

Mr. MONTAGUE. Then, if the gentleman will look at the amendments made by the subcommittee of the Judiciary Committee of the House and the bill as now passed by the Senate, he will find they are practically identical. So we do not gain much one way or the other.

Mr. LAGUARDIA. Does my colleague from Virginia agree with my proposition?

Mr. MONTAGUE. I am not wholly desirous of taking from my colleague, who has worked so hard on this matter, all acknowledgment of his service in this connection, but I would certainly not defeat the bill for any such reason as that.

Mr. LAGUARDIA. No one would suggest that; but if we are going to load a House bill with amendments, I think it would be better to enact the Senate bill as it is.

Mr. MONTAGUE. There is one thing you have here that is not in the Senate bill—the death penalty.

Mr. LAGUARDIA. Does not the gentleman believe that the Senate bill is concise and clear?

Mr. MONTAGUE. It is exactly as we reported it from the Judiciary Committee, with the exception of the death penalty.

Mr. LAGUARDIA. Then, I should think the gentleman would favor my proposition.

Mr. MOORE of Ohio. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. MOORE of Ohio. If the bill has to be returned to the Senate because the death-penalty provision is in the House bill and not in the Senate bill, this might lead to further controversy and endanger the passage of the bill.

Mr. LAGUARDIA. Exactly. I will say to the gentlemen that if what Congress is looking for is a headline, leave the death penalty in; but if we are looking for a real bill that will be a deterrent to kidnaping, take the Senate bill. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. OLIVER].

The amendment was rejected.

Mr. WOODRUFF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOODRUFF: Page 2, after line 22 of the amendment of Mr. SUMNERS of Texas, insert a new section, as follows:

"SEC. 2. Any person who shall go, or who shall persuade, induce, entice, or coerce, or cause to be persuaded, induced, enticed, or coerced, or aid or assist in persuading, inducing, or enticing, or coercing, any other person to go, in interstate or foreign commerce, from any place in any State or Territory of the United States, or in the District of Columbia, to any place in any other State, or to any other place in such Territory or District of Columbia, for the purpose of committing, or of aiding, abetting, or assisting in the commission of, or for the purpose of procuring, inducing, inciting, or coercing any other person or persons to commit, or to aid, abet, or assist in committing, in such other State or in such Territory or in the District of Columbia, any felony as defined by the laws of such other State or such Territory, or the District of Columbia, shall be deemed guilty of a felony, and, on conviction thereof, if any murder shall have been committed as the result thereof within such other State or such Territory or the District of Columbia, shall be punished by death or by imprisonment for life, in the discretion of the court, otherwise by a fine of not more than $25,000 or by imprisonment of not more than 25 years, or both such fine and imprisonment."

Mr. SUMNERS of Texas. Mr. Chairman, I make a point of order against the proposed amendment. I shall reserve it for three minutes if the gentleman desires.

Mr. WOODRUFF. If the gentleman will reserve his point of order, I shall appreciate it.

Mr. SUMNERS of Texas. Mr. Chairman, I reserve the point of order.

Mr. WOODRUFF. Mr. Chairman, I realize fully that the amendment is subject to a point of order, and I shall not address myself to the point of order but rather to the amendment itself.

Mr. Chairman, I think everyone will agree that kidnaping is without question the most horrible, the most intolerable, the most despicable crime that can possibly be committed. I want it distinctly understood that I am for the bill that is now before the committee. There are, however, other despicable and horrible crimes committed almost daily by highly organized and highly financed criminals whose activities reach across State lines, and this confirms my opinion that this bill does not go far enough. I believe conditions have become such in this country, owing to matters which are familiar to all of us, in the way of increased and improved methods of transportation, that State authorities to-day can no longer cope with organized crime.

From the newspaper reports we see daily, it appears that these organized gangsters operate across State lines with both impunity and immunity. I picked up the Daily News of this city to-day and was rather shocked when I found there was no account on the first page of a murder committed by organized crime.

Turning over the page, however, I found there was a report of a murder which had been forced off of the front page by the account of the bonus-march demonstration at the Senate end of the Capitol to-day. The papers are and have been full of such reports and crime of every description is rampant throughout the country.

I have listened with great interest to the academic discussion of "State rights" this afternoon, but I am frank to say that I have not been greatly impressed thereby. It has always been my opinion that when the rights of a State interfere with the rights of all the other States, the rights of that State should be set aside. The right of the individual to do things abrogating or setting aside the rights of others is not recognized as between individuals and it should not be so recognized as between States.

I am not an attorney, I am not interested in the technicalities of law enforcement, but I most earnestly am interested in the enforcement of law.

It seems to me, and it must seem to every student of this question, that the States have become helpless to meet the demands for proper control of crime. State authorities have become helpless in this country against organized crime. Everywhere we read of bank robberies, and frequently in connection with that crime we find murder committed. Only in rare instances are these criminals brought to justice, and then only when the State authorities are fortunate enough to capture the criminals before they reach the State lines.

In the report of the committee there appears the following statement:

It has been represented to the Committee on the Judiciary by members of the constabulary of States where the crime of kidnaping is prevalent that when the person kidnaped is transported beyond the jurisdiction of the State where the kidnaping takes place such officers are handicapped in the detection, arrest, and punishment of those guilty of such kidnaping by the fact that they are prevented by the barrier of State lines from pursuing the kidnapers beyond their respective States, and have no power to call from another State witnesses to testify against persons charged with kidnaping.

Other criminals follow the same tactics the kidnapers follow. They know the State line spells safety for them, because the power and authority of the State in which the crime is committed ends at the border of that State.

Certainly this country needs to-day an arm of the law that is long enough and strong enough to reach into every nook and corner of the American possessions and bring the criminals of this country to justice. [Applause.] There is only one such authority in the country, and that is the Federal authority. It is ridiculous that if a criminal steals an automobile and takes it outside the State he can be apprehended and prosecuted by Federal officials, but if he commits murder, robbery, kidnaping, or any other crime he is free to come and go at will so far as the Federal authorities are concerned.

I wish my friend from Texas would withdraw his point of order against this amendment and that it be incorporated in the bill. It would make available every law-enforcement agency in the land for this war on organized crime. Apparently nothing less will answer.

The amendment I have offered is House bill 490, that has been before the Judiciary Committee for two years. I introduced it in the Seventy-first Congress and I have introduced it in this. Illinois and other States have been helpless against the Al Capones of gangdom, but the United States Government has put them in the Federal penitentiary. Not for the more serious crimes they have committed, but for falsifying their income-tax returns and for their bootlegging activities, these being the only crimes for which they could be held responsible by the Federal authorities.

This bill carries every authority for Federal intervention when the States are either unable or unwilling to function in these matters. It should become the law and that without delay. There is a war going on between organized crime and organized society. It is time the latter brought up its shock troops and put the common enemy to rout. This bill will point the way.

The CHAIRMAN. The gentleman from Michigan offers an amendment, and the gentleman from Texas makes the point of order against it that it is not germane. The bill provides for punishment of the one crime of kidnaping. The amendment of the gentleman from Michigan opens practically the whole range of felonies. Therefore, the Chair thinks it is not germane, and sustains the point of order.

Mr. MONTAGUE. Mr. Chairman, I offer the following amendment to the bill.

The Clerk read as follows:

Page 2, beginning at line 23, strike out section 2.

Mr. SUMNERS of Texas. Mr. Chairman, I desire to offer a perfecting amendment to the section.

The CHAIRMAN. The gentleman may offer it.

The Clerk read as follows:

Amendment by Mr. SUMNERS of Texas:

Page 2, line 25, after the word "State" insert the words "where the kidnaping is alleged to have been committed."

On page 3, line 4, after the word "place" insert the words "except the expense incident to the trials under this act."

Mr. SUMNERS of Texas. Mr. Chairman, I hope these amendments will be agreed to, regardless of what you propose to do with regard to the amendment of my colleague from Virginia [Mr. MONTAGUE]. As a matter of fact, according to my recollection, and I do not believe I can be mistaken

about it, this language was agreed to in the committee. It was not the purpose of the committee to shift to the State the expense of the trial in the Federal court. I am sure that is correct; I believe the members of my committee will bear me out on that. So, regardless of what you propose to do with respect to the amendment of the gentleman from Virginia, I hope you will agree to these amendments.

The CHAIRMAN. The question is on agreeing to the amendments offered by the gentleman from Texas.

The amendments were agreed to.

Mr. MONTAGUE. Mr. Chairman, I move to strike out section 2. It is not in the Senate bill, it was not in the original House bill considered by the subcommittee. It was adopted by the Judiciary Committee, as my friend the chairman says. I was not present when it was adopted. I asked to be recorded against it before I left, because I contemplated there might come some such measure as this, from the conversation that developed in the committee. The committee very kindly agreed to so record me.

This is unnecessary legislation. It is complicated and will be difficult to enforce. It provides for the appointment, by the Federal Government in cooperation with the State government, of certain additional officers whose cooperation it would be difficult to secure or administer unless we subject the country to enormous expense, and without a swarm of officials it is difficult to make it effective. For example, a kidnaping has been committed in a State. The criminals go to another State. Where is your officer to make the arrest? You may have two or three such officials in the northern part of the State, but the criminals are in the southern part of the State. Where can an officer be secured in time? The criminal will be in another State before you bring the officials into action.

It reminds me, if you will permit me to narrate an anecdote, of the failure of electric bells in a town to sound the alarm upon the outbreak of a fire. They were defective, and when they were tested they did not ring. So the mayor of the town very solemnly came before the town council the next day and submitted an ordinance requiring the alarm bells to be sounded 15 minutes in advance of any fire. [Laughter.] That is about the situation here, unless you are going to have the law administered by a swarm of officials, girding the boundary lines of our States. I submit as a matter of practical administration we should omit this section, which in the very nature of things imposes such unworkable conditions.

One word more. It has been suggested by my good friend from Michigan that he is not concerned about the subject of State jurisdiction or Federal jurisdiction there. Most lawyers who deal with subjects of this sort, whether they want to be concerned about it or not, have to be concerned; but I shall not argue that further than to observe that we should go very slowly with this sort of law. But when we do go, if you have Federal jurisdiction, let the Federal power operate within the Federal jurisdiction. If you can get State cooperation on a matter of actual arrest, do so.

Nobody is going to stop anybody from helping to make these arrests. You will have no trouble in any State in impeding a Federal officer in trying to secure a posse comitatis to help him make that arrest. It can be effective without any expense or at least a very limited expense.

As to the crime itself, we all have agreed that this is a crime of great magnitude. It is one of such peculiar nature that it is assuming, in conjunction with modern economic and social development, great growth. With the growth of these agencies, economic and social, this character of crime is likely to take on great proportions. We have been threatened recently where governments, State and National, have practically stood powerless and asked the help of the criminal world—one of the most shocking and humiliating spectacles ever known to threaten our governments or our civilization.

Therefore, I think the growth of the Federal power in this particular field is inevitable. Being inevitable, I would not clothe it with a too-complicated set of regulations or rules. Let this law be enforced as any other law of the Federal Government is enforced. We enacted no supplementary laws aiding Federal or State officials in enforcing the white slave act or the automobile act or any other Federal act. The law itself supports its execution as it now stands; and if on development it appears that we do not have sufficient administrative power to do it, we can amend the law that will give the remedy power. I think it is unwise to travel too far at this time. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, I rise in opposition to the amendment. I recognize the difficulty of having any new plan seriously considered. An old plan ought not to be lightly put aside, but our old plan is going to be put aside; we must either strengthen the powers of the States in dealing with crime or they must fade from the picture. I have great respect for my colleague from Virginia [Mr. MONTAGUE]. I am going to begin at the conclusion of his suggestion, whether I am mistaken or not as to the method, I know we are at the parting of the ways. We are going to confront in this vote perhaps as serious a question, so far as policy is concerned, as has confronted the statesmen of America since the organization of the Government. We have to recognize that the States fail by reason of their inability to cross State lines.

My colleague from Virginia [Mr. MONTAGUE] says that when a crime of this sort is committed, the Federal officer may be at the upper end of the State, whereas the crime may be committed in the lower end of the State. That is true. Now, what is the practical thing to do? Is it sensible to have a lot of perfectly competent State officers down there at the State border, where the crime is committed, and where a man is escaping with a kidnaped child, unable to cross the State line, with the Federal official, the only one who could cross the line, 200 miles away? What is the horse-sense thing to do? We propose in this bill to let the governor select some picked people from State officers scattered over the State, and submit his selections to the Attorney General, who is responsible for the general enforcement of Federal laws, and clothe them with the power to arrest for the violation of the Federal law proposed to be created by this act. That Federal officer and State officer would have agreed as to the people who can be trusted with this responsibility, and empower them, so that when a crime is committed, to follow the criminal and bring him back to justice. After his return, if the case is filed in the Federal court, the Federal Government would prosecute that case like any other case. There is not a line in this bill that prevents any Federal agency now in existence from exercising all the powers which it possesses in following those guilty of kidnaping. There is not a line in the bill about that.

What do we propose to do? We propose to supplement the State constabulary and do the ordinary, common-sense thing—pick out some men whom the governor will agree to and whom the Attorney General will agree to. Let them be scattered all over the State so that when a Federal crime, kidnaping, is committed, they do not have to wait a day and a half for a Federal marshal to come to the community but there would be somebody right there who can take up the trail and the State would have to foot the bill. That is an important feature of this section.

Mr. LINTHICUM. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. LINTHICUM. It seems to me that the difference between the gentleman from Texas and the gentleman from Virginia is that the gentleman from Texas contemplates making these appointments in advance, whereas the gentleman from Virginia seems to think the appointments will not be made until the crime is committed.

Mr. SUMNERS of Texas. There is no limitation or specification, and how many would be appointed I do not know.

Mr. MONTAGUE. We ought to know.

Mr. SUMNERS of Texas. Well, I do not know. The State governor would have to select them and the State would have to pay them.

Mr. MONTAGUE. I submit to my friend, who agrees with me so much as to the creating of national power, that

under the gentleman's scheme, to make it successful, we would have to flood the State with an army.

Mr. DYER. Everybody will be a Federal official.

Mr. SUMNERS of Texas. No. They will not be Federal officials and everybody knows they will not be Federal officials. They will be the present police officers and sheriffs and their States, cities, or counties would have to pay them.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SUMNERS of Texas. They will be elected officers or appointed chiefs of police and sheriffs; appointed or elected by the people where the children are kidnaped. Who is any better judge than they are of the man they want to trail these criminals? When we are elected to Congress we immediately develop a superiority complex. We think we are smarter than anybody on earth. I am willing to risk the selection of these men to the people who elect the sheriff in the county, for instance. I am willing that they should designate the men they would be willing to have preserve order and follow those who had molested the sanctity of childhood in that community. I would at least be willing to give them half a chance. Then we have an additional check against undeserving people that is imposed by the provisions of the law, which provides that even after the people have chosen the men, the Attorney General must agree. How much more do you want done to have everybody protected? Do you want kidnaping in this country? Then leave the enforcement of this law to the United States marshal who is 200 miles up in the country trying to find somebody who has violated the Federal prohibition law, or some other Federal law, or would you not prefer to have the chiefs of police and the sheriffs clothed with the power which this bill proposes to give them, to take hot after the man with the child? I can see no sense in refusing to allow the people who want to stop kidnaping, appoint the policeman or the marshal to help pursue, to help detect, to help arrest. Every agency which the Federal Government has can be used. What is the common sense in not letting a sheriff follow across a State line and bring back the child who perhaps has been stolen from the first block in the street from where he lived? As much as I love my friend, the gentleman from Virginia, and I do love him, I think he has done in this instance as I do in many instances; I think he has taken the wrong trail.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last five words.

The CHAIRMAN. There is an amendment pending.

Mr. STAFFORD. But that is a preferential motion. The motion pending before the committee is to strike out the entire section. I move to strike out a part of it.

Mr. LAGUARDIA. Mr. Chairman, I ask unanimous consent that the gentleman from Wisconsin may have five minutes.

The CHAIRMAN. The amendment offered by the gentleman from Virginia to the amendment offered by the gentleman from Texas is pending.

Mr. DYER. Mr. Chairman, I ask unanimous consent that the gentleman from Wisconsin may be allowed to proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York, that the gentleman from Wisconsin be allowed to proceed for five minutes?

There was no objection.

Mr. STAFFORD. Mr. Chairman, if I understand the mechanics of enforcement advocated by the distinguished chairman of the Committee on the Judiciary, we would have singled out in every State, as special enforcement officers, every police officer, or at least certain police officers and certain sheriffs, all selected by the governor and approved by the Attorney General, for the sole purpose of using their badge of authority when a kidnaping case has occurred. Now, if kidnaping was an occurrence that was happening frequently and where the jurisdiction was likely to be exercised every day in the year, there might be some horse sense, if I may use the phrase of the gentleman from Texas, to that proposal; but I am opposed to specially appointed police officers, with a badge of authority that they can go around and say, "I have been selected by the governor of the State and approved by the Attorney General of the United States for the sole purpose that when a kidnaping case occurs in my State, I may go anywhere to sleuth the case."

We have in my State special deputy sheriffs who have certain duties, which are very limited. Many seek these nominal posts largely to display their badge of authority. What strikes me in this proposal of the distinguished gentleman is that for an occurrence of kidnaping that may not occur in a State once in 10 years he is going to have a constabulary established, an especially constituted and appointed constabulary, which will be ready as minutemen to go across the border of the State when that condition arises. That strikes my horse sense as really approaching a travesty on the enforcement of justice.

Mr. SUMNERS of Texas. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. SUMNERS of Texas. Will not the gentleman help us and let us try it out and see?

Mr. STAFFORD. No; for if we do it in this instance, we will be called upon to do it in more instances.

As the distinguished gentleman from Virginia has told you, we have had for years the Mann White Slave Act. In fact, I was on the Committee on Interstate and Foreign Commerce at the time that bill was reported, many years ago. It has been rigidly enforced, and there has been no instance where the national officers have not coped with the situation, and the local police officials have cooperated with the Federal officials in enforcing the act.

I have kept an open mind, and until the gentleman concluded his speech I listened very attentively. The establishment of a great army of self-appointed men designated by the governor and approved by the Attorney General, to say, when a kidnaping case occurs in my State, I am specially constituted to go across the border, approaches the ridiculous, with all due respect to the gentleman from Texas.

Mr. WHITE. How long does the gentleman think it is between kidnapings in the city of Detroit?

Mr. STAFFORD. I beg the gentleman's pardon.

Mr. WHITE. Does the gentleman think 10 years intervene between kidnapings in the city of Detroit?

Mr. STAFFORD. Kidnapings in the city of Detroit have not been very frequent. In Milwaukee, because of our rigorous police regulations, we have no kidnapings.

Mr. WHITE. How often do kidnapings occur in Chicago?

Mr. STAFFORD. Nor do we in Milwaukee need Federal assistance to cope with the criminals of Chicago who cross the border line of our State and come to Milwaukee. We are able to cope with this condition through our efficient police system.

Mr. WHITE. The gentleman knows there are a great many cities where crime is not handled as effectively as it is in his virtuous city. Should not they have this benefit?

Mr. STAFFORD. My city for long has had an efficient, honest, police force, and now it violates the very fundamental principle of police regulation, or of government, to hold the people of the localities to a strict accounting of their own government and not shift that responsibility on strangers.

Mr. WHITE. There is a kidnaping in these cities every two or three days.

Mr. STAFFORD. I am fairly well acquainted with local conditions both at Detroit and Chicago, and I must insist that the gentleman is greatly magnifying the evils when he makes that extravagant statement.

The CHAIRMAN. The question is on the amendment of the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. SUMNERS of Texas) there were—ayes 68, noes 16.

So, the amendment was agreed to.

The CHAIRMAN. The question is on the amendment of the gentleman from Texas [Mr. SUMNERS] as amended.

The amendment as amended was rejected.

Mr. LAGUARDIA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LAGUARDIA. Was the vote just taken on the substitute to the Senate bill?

The CHAIRMAN. Yes.

Mr. LAGUARDIA. Therefore the Senate bill is now before the committee?

The CHAIRMAN. Yes.

Mr. STAFFORD. Mr. Chairman, I offer an amendment.

Mr. LAGUARDIA. Just a moment.

The CHAIRMAN. Has the gentleman from New York finished his parliamentary inquiry?

Mr. LAGUARDIA. No. As a member of the committee, I ask for recognition.

Mr. STAFFORD. I ask recognition and I thought I had been recognized to offer an amendment.

The CHAIRMAN. Does the gentleman from New York desire to offer an amendment?

Mr. LAGUARDIA. Yes. Mr. Chairman, I move that the committee do now rise and report the bill.

Mr. STAFFORD. I desire to offer an amendment and have asked recognition for that purpose.

The CHAIRMAN. The Chair thinks amendments are in order. Therefore the Chair recognizes the gentleman from Wisconsin.

Mr. BANKHEAD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Wisconsin yield to the gentleman from Alabama to make a parliamentary inquiry?

Mr. STAFFORD. I yield.

Mr. BANKHEAD. As I understand, the Senate bill has not been read for amendment, the first section of the Senate bill?

The CHAIRMAN. The Senate bill has been read.

Mr. DOMINICK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DOMINICK. Mr. Chairman, I am a member of the committee and have been seeking recognition to offer an amendment.

Mr. STAFFORD. I did not yield for any such parliamentary inquiry.

The CHAIRMAN. That is not a parliamentary inquiry. The Chair will state to the gentleman from South Carolina [Mr. DOMINICK] that the Chair did not see the gentleman, who is a member, asking for recognition. The Chair has recognized the gentleman from Wisconsin.

Mr. STAFFORD. Mr. Chairman, I offer the following amendment: Before the word "imprisonment," in the sixth line, insert the words "death or."

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 1 of the Senate engrossed bill, line 8, after the word "by," insert the words "death or."

Mr. STAFFORD. Mr. Chairman, we are now considering the Senate bill. The Senate bill only made provision for imprisonment while the House bill provided for death or imprisonment. This amendment, if adopted, will conform to the action of the committee and will make the bill the same as that voted upon by the committee. My amendment brings the original Cochran bill before the committee for determination.

Mr. FULBRIGHT. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. FULBRIGHT. Did the Senate bill originally contain the death penalty?

Mr. STAFFORD. It did not, but the House bill did. I am offering the amendment in order to conform to all of the arguments made here to-day and make this bill conform to the original Cochran bill.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. COCHRAN of Missouri. While I am in favor of the death penalty, I do not want to lose this bill and as the Senate committee absolutely refused to put the death penalty in the Senate bill, I am afraid if we put in the death penalty and send the bill to conference, it will stay in conference for a long period. I want the law and, if necessary, will agree to eliminate the death penalty.

Mr. STAFFORD. Through my amendment I am attempting to carry out what I believe is the thought of 90 per cent of this Chamber, namely, that we shall provide for death or imprisonment. We acted upon that in the committee and I am merely trying to carry that out. I am in favor of that and other Members have expressed themselves as being in favor of the death penalty or imprisonment, leaving the determination of the sentence to the judge.

Mr. MONTAGUE. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. MONTAGUE. I did not hear the gentleman's amendment but I have listened to his argument. Am I correct in believing that in offering this amendment the gentleman is attempting to conform to the amendment which the committee adopted heretofore?

Mr. STAFFORD. My amendment not only conforms to the bill as originally introduced by the gentleman from Missouri but it also conforms to the action taken by the Committee of the Whole.

Mr. CELLER. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. CELLER. Does the gentleman know that the original House bill as it came out of committee provided that imprisonment should be in the discretion of the jury and not in the discretion of the judge?

Mr. STAFFORD. We have eliminated that and I am trying to make the Senate bill conform to the action of the Committee of the Whole as taken this afternoon.

Mr. DYER. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. DYER. I wish to join with my colleague [Mr. COCHRAN], the author of the bill, and beg the gentleman from Wisconsin to withdraw his amendment and let us vote upon the Senate bill now so it can go to the President and we will have a real act of Congress that will deter kidnaping. [Applause.]

Mr. STAFFORD. This committee, after considering this bill for three hours, has decided in favor of the death penalty or imprisonment, the sentence to be determined by the judge. I am now going to leave it to the action of the Committee of the Whole and let the committee determine whether they want a bill which will have teeth in it or whether they want to strike out the death penalty. I am trying by my amendment to carry out the determination of this committee. That is all my amendment means and it will read as follows:

Held for ransom or reward shall, upon conviction, be punished by death or imprisonment in the penitentiary for such term of years as the court, in its discretion, shall determine.

If you wish to conform to the judgment of the committee and if you wish to provide for the death penalty, you will vote for my amendment.

The CHAIRMAN. Does the gentleman from South Carolina desire recognition?

Mr. DOMINICK. I desired recognition in order to offer an amendment similar to the amendment offered by the gentleman from Wisconsin.

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the amendment. We had the same difficulty in the committee. This committee by its vote just now in refusing to substitute the House bill has expressed itself in favor of the provisions of the Senate bill. The gentleman from Missouri [Mr. COCHRAN], who has worked hard and patiently on this proposition, appeals to the committee to take the

Senate bill as it is written in order to avoid this bill going into conference and incur the danger of not becoming law.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. COCHRAN of Missouri. I can say to the gentleman that I was informed by members of the Judiciary Committee of the Senate that the bill would never have been reported out by the Senate committee unless the death penalty was eliminated. Therefore, I fear, if the bill goes to conference it is going to remain in conference, and for that reason I hope the amendment offered by the gentleman from Wisconsin will be defeated. I dislike to give in on the death penalty, but it appears necessary to me that we do so if we are to get this law.

Mr. LAGUARDIA. The country is awaiting legislation of this kind. The Senate bill is clear, concise, artistically drawn and, I believe, serves every purpose.

Mr. BANKHEAD. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. BANKHEAD. The gentleman spoke with reference to the sentiment of the country. If I know anything about it—and I may not—I believe the country wants the death penalty imposed for kidnaping.

Mr. LAGUARDIA. I will say to the gentleman from Alabama that we are confronted with a parliamentary situation. We are at the end of the session. We have a great number of bills in conference, and it is going to do us no good, as I said before, to legislate for the purpose of a headline and send the bill to conference where it will be deadlocked.

Many States have no death penalty even for murder—very few States have death penalty for kidnaping. As far as I have been able to ascertain no one has been executed for kidnaping—even in States that have a death penalty for the crime. What we want is a Federal law with teeth in it to meet the situation of interstate kidnaping. Such a bill, as it now stands, is before us, and I urge its approval—without any amendment.

Here you have the author of the bill, here you have the friends of the proposition to put this interstate crime under proper Federal control, and I make this appeal to the House. You have heard this bill discussed from every angle. You have heard every viewpoint. Let us take the Senate bill. It is well drawn. Let us pass the Senate bill to-day. It will go to the President and will become law. That is the thing to do.

Mr. BLACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, to my mind this whole legislation is a piece of hysterical legislation. It arises out of one crime that is destined to become a classic in this country. The more we read about the crime the more it seems to be one of murder and not of kidnaping. Federal officers have been working on this crime. Federal officers have not solved the situation, and yet we add another crime to those on the Federal statute books. We give another power to the Federal Government. We again contravene State rights in order to put an end to kidnaping, and the bill will not do that, because the use of Federal officers in the one so-called kidnaping case has not solved that crime.

The bill is bad enough in adding this crime to the Federal statute books with its strong punishment, with its discretionary power of punishment, a thing unheard of in America, with its death penalty. Is the death penalty going to stop kidnaping? Look into the operations of the criminal mind and you will find it is not going to stop kidnaping. It is going to add to the murders of the country because the kidnaper is afraid of one man. He is afraid of the victim. It is the victim who can send him to the death chair. It is the victim who will be killed, not the kidnaper. If we insist on the death penalty staying in the bill, there is not a chance in the world of a victim ever being restored to his folks or ever being restored to his friends. They will trick the friends. They will take ransom from the friends and then do away with the victim, because it is the victim who can go on the witness stand in a court of justice and point his finger at the criminals and send them to the death chair. Are they going to the death chair when they can save themselves from the death chair by killing the victim? This very piece of legislation, this very absurd extreme penalty shows why we have so much crime in this country. It is because the organized criminals seem to have a keener sense of what to do in a situation than the legislators and the law-enforcement officers.

I say leave this to the local enforcement officers, the efficient police forces in the cities. They can run down criminals. They have run down kidnapers. The Federal Government is not a bit more efficient than the local officials, and by no means in America at this time should we add another Federal crime with a death penalty attached to it.

I think this is an outrageous proposition.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD].

The amendment was rejected.

The CHAIRMAN. If there are no further amendments, under the rule the committee automatically rises.

Accordingly the committee rose; and the Speaker pro tempore having resumed the chair, Mr. RAYBURN, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee having had under consideration the bill (S. 1525) forbidding the transportation of any person or persons in interstate or foreign commerce, kidnaped, or otherwise unlawfully detained, and making such act a felony, pursuant to House Resolution 250, he reported the same back to the House.

The SPEAKER pro tempore. Under the rule the previous question is ordered on the bill to final passage.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. LAGUARDIA. The text which the House has before it is the bill (S. 1525). The bill contains certain wording stricken out and then there are certain provisions written in italics. Am I correct that the matter in italics is the bill before the House?

The SPEAKER pro tempore. What is before the House is the engrossed Senate bill.

Mr. DYER. And that does not contain the part that was stricken out.

The SPEAKER pro tempore. The engrossed bill does not contain the part shown as stricken out in the bill as reported to the Senate.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. COCHRAN of Missouri, a motion to reconsider the vote by which the bill was passed was laid on the table.

LETTER TO A CONSTITUENT

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter I have written to one of my constituents.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I appreciate very much the courtesy of the House in granting me permission to print a copy of a letter that I have addressed to one of my constituents, Mr. C. H. Fawks, Snyder, Okla.

DEAR FRIEND: I have just received a telegram stating that the records of the State of Oklahoma show that one Neil Gardner put his wife on the State pay roll when superintendent of the State institution at Pryor, Okla. This is the same person who has yelled loud and long against me for putting my wife on my pay roll during the time I was in bad health. Holy gee! What a demagogue.

In answer to the unjust, unfair, and untruthful attack made on me relative to my wife, May McClintic, being on my pay roll, I want to say that I have never made any statements to the contrary, but on the other hand have said that she was on the pay roll during the time I was in bad health. I said in my first speech that during the World War, when I worked night and day trying to help the soldiers and their dependents, I was stricken with influenza which resulted in an operation that caused tubes to be placed in my left lung for drainage, which brought about a bad condition to the extent that the injury is permanent. This evidently resulted in a weakening of my kidneys, and in 1929 a major operation was performed and the left kidney removed. During this period I have been in hospitals four times and have

had four operations. The last one was performed at Mayo's, in Rochester, Minn., in 1930.

For the reason I had to be away from my office a portion of the time it was necessary that I have some one looking after my duties that had my interest at heart, so I put my wife's name on my pay roll in order that the money could be used to take care of extra help. This is authorized by law, and is the method used by many Members of Congress. Therefore, I have no apology to make to anyone for doing that which I thought was right; and there is one thing sure, no one can complain as every matter was looked after in a satisfactory way.

Everyone knows that the Nation is going through a perilous situation. Justice Brandeis, of the Supreme Court of the United States, said in a recent decision: "The people of the United States are confronted with an emergency more serious than war." In a speech made by the late Champ Clark, he said:

"No man should be elected to the House simply to gratify his ambition. All Members should be elected for the good of the country. The best rule, seems to me, is for a district to select a man with at least fair capacity, industrious, honest, energetic, sober, and courageous, and keep him here so long as he discharges his duties faithfully and well. Such a man will gradually rise to high positions and influence in the House. His wide acquaintance with Members helps amazingly in doing things."

My first interest is to obtain some legislation that will pull us out of the tight place we are now in, and regardless of what happens, I am going to stick to my post of duty as long as there is a chance to pass needed laws. Therefore, I will be grateful to my friends for any assistance they can give me.

Faithfully yours,

J. V. McCLINTIC.

INTERNATIONAL ECONOMIC CONFERENCE

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 262.

The Clerk read as follows:

House Resolution 262

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Resolution 247, a resolution approving and encouraging the efforts to hold an international economic conference. After debate in the House, which shall be confined to the resolution and shall continue not to exceed 40 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the previous question shall be considered as ordered on the resolution to its adoption or rejection without intervening motion except one motion to recommit.

Mr. BANKHEAD. Mr. Speaker, I shall be very brief in the time I shall consume in presenting the rule for your consideration. I do that because under the program that is sought to be carried out, the Committee on Rules has several other resolutions, which they desire to present to-day and to-morrow. So I trust the time on this rule and resolution may be as brief as possible.

Members of the House will recall that earlier in the session, by special resolution of the House, the Committee on Coinage, Weights, and Measures was given special authority to make a full investigation of the questions involved in this resolution now presented.

I want to reiterate what I have said to the Members of the House before, that Members of that committee are to be highly commended for the very fine report they have made with reference to the study of this question.

I regard it as going to the very fundamentals of our economic recovery in this country. These matters will be presented by the chairman of the Committee on Foreign Affairs and the chairman of the Committee on Coinage, Weights, and Measures.

The rule makes the resolution of the Foreign Affairs Committee in order, which is a brief resolution by which Congress indorses the general principles of an economic conference, which I think all thoughtful minds of the country and of the world now realize is absolutely imperative to begin any ultimate recovery.

It was made necessary for the Committee on Foreign Affairs to introduce the resolution, because it deals with international questions.

I now yield to the gentleman from Maryland [Mr. LINTHICUM], chairman of the Committee on Foreign Affairs, 10 minutes.

Mr. LINTHICUM. Mr. Speaker, this resolution, which reads as follows—

Resolved, That the House of Representatives of the Congress of the United States does hereby approve and encourage the efforts which have been made to hold an international economic conference to be participated in by as many countries as may be willing to send representatives for the purpose of considering methods for the improvement of general economic and monetary conditions—

expresses general approval of an international economic conference. I understand that there have been informal conversations carried on by the United States with other governments for more than a year in regard to the possibility of holding a conference on the specific question of silver alone. These communications have shown that there is enough unwillingness or, at least, indifference to a silver conference on the part of nations whose participation would be important, to prevent, as the administration sees it, a really useful or effective gathering. Early in May, however, Great Britain broached to the United States the question of whether we would be interested in an international conference on wider lines. Without making any definite proposal or invitation, they suggested that a world economic conference might serve a useful purpose. The United States responded favorably, indicating some limits as to the topics which could be discussed, but stated it would be glad to participate under appropriate circumstances. This has led to further informal exchanges, and there is now a real prospect that an international meeting of some sort can be held within the next few months. Neither the time nor the place nor the nations who should participate have been settled, but the idea has met such general favorable results that the outlook is promising.

The United States has indicated that it could not submit to a conference of this sort the question of the indebtedness owed to it by the European governments, as it must reserve its position on this topic for its own determination; and it has indicated that the question of the level of American tariff rates was in this country, as in many other countries, considered a problem of domestic policy. No doubt other countries would have some limitations on topics that they would be unwilling to discuss in the conference. I am told, however, that there are some fields of discussion which have already been suggested which seem to afford a useful and acceptable class of subject matters which can be considered and possibly develop some common action between some or all of the nations of the world.

One of these is the question whether some common policies can not be adopted which would tend to raise, or at least prevent the further fall of commodity prices in the world. These prices can be affected to some extent by various measures connected with money, currency, credit, and international exchange. Part of the difficulty with commerce has been the fact that the nations have all been taking methods of self-protection against each other which have tended to strangle commerce and restrict the purchase of goods and the payment of indebtedness.

Another topic might be the problem of cooperation between the various governments and national banking systems toward preventing runs on each other's currency, suppressing the flight from currencies which are constantly alarming various nations, and controlling some of the speculation in international exchange.

Another topic which has been under discussion has been the possibility of some common action to offset the impediments to trade which have been springing up everywhere. Checks on the transmittal of money to foreign countries, the Government control of moneys to be sent abroad, limitations on the export of gold, quota systems, restriction by licensing imports and exports, and even trading by governments themselves as a last resort are the sort of thing that is to-day strangling the normal business intercourse between nations.

Another topic which seems to attract interest and to promise results has been the silver question. All sorts of plans are in the air for the stabilization of silver, perhaps even its use as a means of international payments. There is a large body of responsible opinion in many countries of the world that something might be done about silver by international cooperation. There is an indication that the nations would be willing to discuss this sort of topic; indeed,

it has been contemplated from the beginning as one of the things which a conference could undertake.

In short, the general economic conference which is under discussion affords an opportunity for the consideration of many trade, business, and monetary problems which have interested some of us in Congress and have been the subject of wide discussion in print.

Under these circumstances, we have felt that Congress at this time could usefully express its approval of the movement, and that, in view of the movement and of the real prospect of carrying it on to maturity, we ought not to complicate the matter by doing anything further than expressing our approval. The convening of such a conference under proper auspices and with the participation of at least important nations might have very wide effects in stimulating public confidence and in assuring the public that our Government, with others, was going ahead constructively whenever an opportunity afforded. The present economic depression is practically universal. While the recovery of the United States might help world conditions, our recovery will be seriously hampered by the continuance of bad world conditions. The fortunes of the United States are to-day bound up more than ever before with the economic fortunes of the whole world. The world is smaller than it was, our business relationships are closer, and the United States has become a great export and creditor Nation.

I am glad the United States is cooperating with other governments in bringing about this economic conference suggested by Great Britain. It is difficult to bring back prosperity and success by acting alone. The success of the United States and its prosperity are so interwoven with the success and prosperity of the world that it must be a united effort to restore conditions and to bring about harmony and unity throughout the world. The mere passage of laws and appropriation of funds by any one nation will not bring about the desired result. The world is interdependent. The business of the world must be reestablished. There must be some arrangement as to the tariff barriers which prevent one nation from doing business with the other. There must be some equalization of monetary conditions which will allow the proper interchange of financial obligations. What the world needs is a leader, and the world looks to the United States to take this place. It regards the United States as the wealthiest nation and the one that has been able to maintain its gold standard against all pressure. It is the influence of the United States, with its great prestige, which is required by other nations to unite in this great enterprise for world improvement. It is this willingness of the world to let the United States lead and for us to join in such an economic conference embracing the many features outlined in my remarks and contemplated by Great Britain and the United States, which will help bring back coordination of purpose and a united effort for better things.

England had the leadership for many years. She was the great creditor nation of the world. She was the free-trade nation. She had her great warships, great revenue, and international predominance throughout the world. When England spoke other nations listened—not because they were fearful of England but because they had confidence in her wisdom and business ability. Things have changed. We have become the creditor nation of the world. We are looked to for leadership. The influence, power, the good will which we are able to put into this economic conference, means everything to this distracted world.

I am glad we have the opportunity to express our opinion, to unite with other great nations of the world in bringing about harmony and peace not alone in armament but in business relations. We can not lift ourselves by our boot straps. We must all lift together to live together in prosperity and peace.

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. GOLDSBOROUGH. The object that Great Britain has in view I think is to formulate an international plan which will raise the commodity price level and then stabilize it internationally. Has the gentleman any information as to whether or not there is a sympathetic response to that particular factor in the present administration of the United States Government?

Mr. LINTHICUM. That is one of the main factors which has been considered. The silver question is in there.

Mr. FIESINGER. Mr. Speaker, will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. FIESINGER. I might answer the question of the gentleman from Maryland by saying that Mr. Rogers of the State Department stated to our committee that the administration was sympathetic, that he was watching and that the President was very much interested.

Mr. COLLINS. Does not the gentleman think the resolution ought to be amended by making it an advisory economic conference? The idea that I have in mind is that the Congress of the United States ought not to be bound by some treaty that might be made by certain officials of this Government with regard to the purely economic affairs of the Nation. My idea is to make it an advisory council.

Mr. BANKHEAD. That is all it is.

Mr. COLLINS. It would be binding, if it were in the form of a treaty.

Mr. SOMERS of New York. I do not think the gentleman is correct in that interpretation. Whatever agreement may be reached in this conference must come back to the United States Senate for ratification, and there you have the check that the gentleman now suggests.

Mr. COLLINS. It would not, if it were a treaty.

Mr. SOMERS of New York. But there is no possibility of a treaty. There is no authority given to these people to write any treaty.

Mr. COLLINS. If it is to be merely advisory, why would the gentleman object to calling it an advisory economic conference.

Mr. LINTHICUM. I do not think there is any objection, but I do not think there is any benefit. If there is no benefit to be derived, there is no reason for doing it.

Mr. TINKHAM. I see that reparations, debts, and tariffs are not mentioned.

Mr. LINTHICUM. No.

Mr. TINKHAM. Should they not be specifically included in any resolution concerning an international conference at this time?

Mr. LINTHICUM. The State Department informed me that they have told the governments that it would not include the discussion of any indebtedness to us, that it will not discuss the question of our tariffs, nor will it take up any domestic matter.

Mr. TINKHAM. Should not the resolution be amended to make our action specific, thereby binding the department, so far as the resolution is concerned, within those limits.

Mr. LINTHICUM. I do not think so, because the State Department told me that they had absolutely informed the governments that they would not take up those subjects.

Mr. FITZPATRICK. But they could take them up under that resolution, could they not? There is nothing to prevent it.

Mr. LINTHICUM. And there is nothing to encourage them to do so. This is to hold an economic conference.

Mr. FITZPATRICK. There is nothing in there to prevent them from taking it up.

Mr. SOMERS of New York. If gentlemen will carefully read the resolution, they will come to the determination that there is nothing in this resolution that gives authority to anybody at all, certainly nothing in it that gives authority to our conferees, but it simply indorses the plan of the President and the State Department in cooperating with these other nations on these economic questions.

Mr. BRIGGS. How is it proposed that this conference is to function? Is it through the diplomatic representatives of the United States abroad or by some specially appointed commission? And if it is going to be an especially appointed commission with a large number of advisers, how much is it going to cost the Government?

Mr. LINTHICUM. The Government is not asking for any money. I think it is to be conducted by our men in the service.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. GREEN. On the matter of debt settlement and tariff discussion, that is a matter that was presented in the Committee on Coinage, Weights, and Measures, of which I am a member; and I am inclined to feel as the gentleman from Massachusetts [Mr. TINKHAM] does, that while it is not altogether necessary to incorporate it in the resolution, yet the resolution would be strengthened if we had an amendment setting out that these subjects should not be discussed, particularly the matter of foreign debts.

Mr. BRIGGS. As I understood the gentleman, he indicated that whatever action might be taken was going to be in the nature of an advisory action, and in any event it would be subject to confirmation by the United States Senate before there could be any binding agreement. In reference to economic matters and commercial matters, is it not true that the Congress of the United States, consisting of both Houses, must be considered? Is it not true that this House, when it comes to economic and commercial matters, has a voice in those matters apart from the usual treaty-making power which is vested in the Senate?

Mr. LINTHICUM. I am glad the gentleman asked that question. I believe that the House of Representatives and the Senate have a very considerable part in the making of arrangements with nations, which might be termed "treaties." I think if anything is accomplished in this conference, it will come back to this Congress as a whole and not to the Senate.

Mr. BRIGGS. Would it not be well to put it in the resolution that a report should be made to the Congress of the United States?

Mr. LINTHICUM. Well, I do not see any objection to it, but I do not see any reason for it, because it is only advisory.

Now, I must conclude. We can pass all the laws and make all the appropriations we choose, but we can not lift ourselves out of the condition in which our country now is by our action alone. This depression is world-wide. It affects every nation in the world. No matter how large or how small they are, they are affected by the present depression. To my mind, the only way in which this world can be brought out of this condition is by the united action of all the great nations of the world. We must act in unison. We must devise ways in a conference of this sort if we want to bring the old world back to former conditions. It is not only money that they need, but they want leadership, and our country, being a great country of 125,000,000 people, having untold wealth, and the largest gold reserve in all the world, they are looking to the United States to lead them out of this morass. It seems to me it is our duty to help lead the world back to its former condition, and that we are a trusteeship for that purpose.

The SPEAKER pro tempore. The time of the gentleman from Maryland has expired.

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman from Maryland five additional minutes.

Mr. LINTHICUM. I feel that if we can hold an economic conference and talk to one another across the board, talk the silver question, if you please, talk commodity prices, if you please, talk about all these regulations which have grown up in Europe, that much good will be accomplished.

No money can be sent out of Austria to-day; it does not make any difference what they want to do, not one dollar can be sent out of Austria; and not one dollar can be sent out of Germany to pay a bill unless there is special privilege granted to do it. Then the quota question has been raised by France. All of these things are preventing the restoration of prosperity all over the world. If a conference of this kind can be held and those matters considered, I believe it will do much toward helping out the present situation. But whether it does or does not, we will get to know one another better. We will get to know the ills and benefits derived from various measures, and I think that will be very beneficial to the world.

Mr. COLLINS. Will the gentleman yield?

Mr. LINTHICUM. I yield.

Mr. COLLINS. Does the gentleman believe that as a result of this conference a treaty will be formulated which will be presented to the Senate of the United States?

Mr. LINTHICUM. No; I do not think so.

Mr. COLLINS. Well, what will be the good of the conference if they simply go there and discuss questions?

Mr. LINTHICUM. All conferences do some good.

Mr. COLLINS. The gentleman is certain a treaty will not grow out of this conference?

Mr. LINTHICUM. I do not think so. There might be some reports to Congress, which will be considered by the House and Senate, and I think the House has far greater powers than we have exerted here.

Mr. LAGUARDIA. There is absolutely no danger that any treaty which may be negotiated and even ratified, which involves the monetary system or involves anything over which the House has jurisdiction, would be binding unless we passed enabling legislation?

Mr. LINTHICUM. Of course not. I do not think the gentleman need have any fear on that question. [Applause.]

I yield back the balance of my time.

Mr. MICHENER. Mr. Speaker, I yield five minutes to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Speaker, through these days of monetary disturbance here comes the next step forward. For 35 years there has rested upon the statute books of the United States the authorization to the President and an appropriation of the funds to have an international conference to discuss monetary problems. In this session of Congress, starting on the 5th day of January, step by step and day by day, the committees of both the House and Senate have listened to the most learned men in all the world express their views and tell some of the facts in connection with the disturbance of the monetary situation.

About a month ago the Committee on Coinage, Weights, and Measures presented a joint resolution to the House which mentioned particularly the subject of maintaining the gold standard, the discontinuance of the debasement of silver, the restoration of debased silver coinage, and other details having to do with money alone. About the same time came the call, not from the United States but from England, for a conference to discuss money disturbance and commodity price levels. This invitation was made public by the State Department on June 2. The resolution of the committee still stands in the RECORD, but another resolution was prepared which seems to me by its words to be merely an acceptance of the invitation in diplomatic language. That is what this resolution provides, and I submit it is one of the longest steps forward in beginning to work a way out of the money disturbance of the entire world that has yet been taken by this body or the body at the other end of the Capitol.

During all this time it has become more and more evident that one of the principal causes of the money disturbance is the glut in the turnover of the money. It is dammed up. It is not moving. Some say, "The velocity has stopped." "The turnover of money has slowed up."

All of our paper money, all of our credit, is based upon the metal that is in our money system. We recognize gold as the standard. Some talk about that standard as something that is elastic, something that goes backward and forward, but no matter what words they use, it is the standard and it is the basis of measure, and by it the value of silver and all other commodities is determined. By the figures representing the value that may be true, but by the intrinsic value, whatever it may be, of gold, all of our money, all of our credit is determined. But gold can not stand alone. It needs the weight and value of silver to make sound money.

Our silver production is lessened. Our gold production is lessened. Last year there was not enough silver produced to meet the demands of the world. Nevertheless in this time

of monetary distress the price paid, measured by the gold standard, for silver was less and less and less. It is now almost fixed at a figure approximately half the average it has been for the past 40 years.

When I addressed you on January 5 I suggested that it was necessary to commence the use of more silver money in our own circulation. When silver money is in demand the metal money will begin to flow; the Treasury will be able to take more silver, buy more silver, coin more silver. When the debased silver coins of foreign countries are reestablished on their old basis of weight and fineness their tide will also turn. I also stated that at that time we could not ask the other nations to confer with us on this subject because we were the misers. We have our silver in the Treasury vaults and use paper money therefor. We are hardly touching the metal except for subsidiary money. Therefore we have dried up the demand for the production of any more silver.

Can you not see what the use of silver will do for the present situation? If the silver production of this year were coined and delivered back to the silver producer, it would create new money wealth—wealth of money value which would immediately be put into circulation and start its own velocity or turnover. This would be no gift or dole. It would be original production of wealth that never before had been in existence. Every dollar returned for silver would be paid out for labor and commodities. That new money would stimulate a certain amount of new employment and demand for commodities.

The trouble with the several remedies which have been suggested during this session is that either it was a dole which created a demand for the collection of more taxes, or else it was some interest-bearing obligation which created a demand for collection of more taxes not for the principal sum alone but for an interest charge in addition thereto. The coinage of present production of silver involves neither of these charges upon the taxpayer, but will furnish new money for daily circulation subject to the multiples of velocity which your favorite economic expert will furnish you.

Assuming that this year's production of silver in the United States will reach 30,000,000 ounces, the turnover of this new money in passing from laborer and merchant through the banks and back into circulation would be from tenfold up, and the credit and checking turnover many times more. If new money starts to circulate, then the frozen circulation will begin to thaw and flow.

Is it impossible to conceive that an international group sitting around a conference table will fail to recognize this? I know it is impossible here to-day and with this resolution to accomplish this suggestion, but it is not impossible that such a realization will come to those who are seriously studying the question of money and beginning to learn and apply its fundamental principles in their considerations.

The Republican Party recognized the value of silver in the present monetary situation at its Chicago convention just adjourned, and the following was adopted as a part of that party's platform:

> We favor the participation by the United States in an international conference to consider matters relating to monetary questions, including the position of silver, exchange problems, and commodity prices, and possible cooperative action concerning them.

Another great forward step is in the expressed attitude of members of the Committee on Coinage, Weights, and Measures. As I understand their position, it is that if the proposed conference does not meet soon, they have under preparation an American doctrine or principle of the use of silver as money which the United States Congress will be invited to consider and adopt. I believe they have the details well in mind, but it seems as if the present step is a necessary one to take before another is officially suggested that we shall establish our own money doctrine in relation to the use of silver as money. It is not for me to speculate about that, although I trust that one of the members of the committee will tell us something about it.

Stabilization of silver is the key to solve the puzzle of this world wide depression. Every sign of the times indicates that if more silver is put into the pocket money of this country, circulation of all money will revive and commodity prices will rise by the revived circulation. [Applause.]

[Here the gavel fell.]

LETTER FROM FEDERAL FARM BOARD

Mr. LONERGAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD by inserting therein a letter from the Federal Farm Board on the wheat supply.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. LONERGAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

FEDERAL FARM BOARD,
Washington, June 17, 1932.

Hon. AUGUSTINE LONERGAN,
House of Representatives.

DEAR MR. LONERGAN: I note that you had placed in the CONGRESSIONAL RECORD figures given you yesterday by me. Apparently I did not make clear the information in regard to one of the items you asked about. The figures 350,000,000 to 400,000,000, instead of 450,000,000, as shown in the RECORD, were not of wheat in private elevators but the various estimates of the carry-over of old wheat in all positions in this country as of July 1.

This carry-over would include holdings of the Stabilization Corporation, wheat in storage in public and private warehouses and mills, and wheat still held on the farms by growers.

Yours very truly,

EDGAR MARKHAM,
Assistant to the Chairman.

INTERNATIONAL ECONOMIC CONFERENCE

Mr. PURNELL. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. McFADDEN. Mr. Speaker, this is one of the most important measures that has been before this House; it is of equal importance to any bill that has been up at this session for our consideration, and I regret that the Rules Committee, or the chairman of the Committee on Foreign Affairs, did not see that arrangements were made that those who are opposed to the measure could have sufficient time to discuss it properly. Ten minutes is certainly not sufficient time to deal with a subject of this magnitude or importance to the people of this country.

This is a very clever resolution. There is nothing in this resolution that says anything about silver. It does give congressional approval to a conference which is to be held in the future, of which Congress has no knowledge in advance as to what is to be discussed. There is an attempt being made—it has been in progress for a long time—to involve the United States in international affairs. To-day there is meeting at Lausanne a conference presided over by Ramsay MacDonald, Premier of England, and representatives of the French Government, the Italian Government, the German Government, and other interested powers preparing an agenda for this particular conference, to which this resolution refers, which is to be held undoubtedly in October, and is then to recess for the American elections, after which a plenary session is to be held in order to discuss all sorts of plans that will affect the United States. Europe is planning to recess the discussion of war debts, reparations, economic affairs, and tariffs until after the fall elections in America, and this is to-day being arranged between England, France, Italy, and Germany at Lausanne.

It is not a happenstance that this legislation comes up here to-day, because the program on the other side is being carried out to a letter, and we are to go into further conferences with these people at the instance of and the invitation by MacDonald, of England, as agreed upon a few weeks ago over the telephone with Secretary Stimson and approved by the President and Secretary Mills of the Treasury.

I want to read an extract from a letter dated June 3 from an American correspondent of mine in Paris. He is speaking of this conference that is to be held, and discussing the situation. He says:

> You ask my opinion about the Lausanne Conference. I am not a bit optimistic, and I don't think anyone will be willing to reach an accord. The same will apply to the monetary conference later to be held in London. All of these matters will probably go over until after the November elections in the United States. * * * The vicious attacks against the dollar continue, everything is being

attacked, the lower the market in New York the stronger the attacks here. According to the great majority of people in Europe nothing is worth anything but real gold—every effort is made to import more gold from the United States.

In reference to these proposed conferences, the more experts each nation is employing—the greater the delay in solving the international problem. Meantime the attacks against the United States continue. The Europeans still believe that they will bring America down to her knees and wipe off the war debts—they don't believe that the United States Budget will be balanced even after the Senate's vote. All attacks up to now were on this point. Now the attacks are that the United States can not collect the amounts voted by the Senate.

It would seem as if these Frenchmen know more about what is going on here in the United States than does the Congress itself, because since the Budget was balanced under presidential edict, we are informed from the same source that the Budget is not now balanced and that between two and three hundred million dollars more must be raised to balance the Budget.

The New York Times, under date of June 8, under a dispatch from Washington, says:

This much appeared clear to-day as the result of London reports that Secretary Stimson had told Sir Ronald Lindsay, the British ambassador, that the United States did not approve the plan for complete cancellation of German reparations. It was tacitly admitted at the State Department that various foreign envoys had made inquiry of him and that all had been informed of the American position.

The article further stated:

Whether Secretary Stimson in his reported conversations with the British ambassador went further than this and conveyed an intimation that, quite apart from the American debt phase, it would be just for Germany to pay a reasonable amount of reparations remained unanswered to-day. Officials declined to elaborate on the three-point informal outline of policy. This silence led to extensive speculation as to how far the United States may have gone informally in encouraging some solution of the reparations problem at the forthcoming Lausanne conference. * * * Ambassador Claudel, of France, called upon Secretary Stimson to-day, and while his visit was said to have been on a matter apart from debts, it was learned that he had been officially informed of the State Department's position as announced shortly before he arrived. In some diplomatic circles it was contended that the American position on reparations would appear to be closer to the French than to the British thesis.

I now want to quote you from the Philadelphia Public Ledger of June 13, 1932, an article by Raymond G. Carroll, Public Ledger foreign service, Paris, June 12. I quote:

Conversing to-day through interpreters * * * Premier Herriot and Prime Minister MacDonald reached "the basis of a common viewpoint" for solution of war debts, reparations, and similar questions at the Lausanne conference on Thursday.

The agreement was made known in a brief statement issued at the close of the conference. While details are closely guarded, MacDonald and Herriot are reported to have agreed upon the following main points:

First. That right now it is impossible to wipe the slate clean of intergovernmental debts because of American insistence on payment of war debts to her and Herriot's fear of his inability to persuade the French Parliament to abandon the margin that France receives from Germany above what France pays to Great Britain and the United States.

Second. That international courtesy prevents their entering into a united front compact to force the United States to cancel war debts, particularly on account of the pending American elections, which might inspire the two Chicago conventions to insert drastic anticancellation and antirevision planks in their party platforms.

Third. That reparations can not be ended at Lausanne nor armaments at Geneva.

PREFERS TO WIPE OUT DEBTS

The British Prime Minister announced his personal preference was to wipe the slate clean of debts, but as the next best plan he proposed extending the Hoover moratorium for six months until after both the German and American elections. The French Premier is willing to grant some sort of an extension, hoping that meanwhile the United States will have changed its position on war debts.

What neither MacDonald nor Herriot will accept, recognize, or allow for is that there is a decided difference between the money loaned by the United States to the Allies, both during the war and after the armistice, and money being drawn from Germany in reparations for punishment and restoration of war damages to property in France and Belgium.

An official communique by Herriot and MacDonald was issued early this afternoon upon the results of meetings last night and this morning. Sir John Simon, British Foreign Secretary, and Louis Germain-Martin, French Finance Minister, and other Anglo-French notables, participated in the meetings.

TEXT OF COMMUNIQUE

The communique read:

"Mr. MacDonald and Sir John Simon met again this morning with Premier Herriot and Louis Germain Martin to continue the conversations which were started yesterday. These friendly semi-official conversations have brought out a community of views which will permit just and efficacious solutions at the Lausanne conference, as well as strengthening confidence and the maintenance of peace among peoples."

After the first general debate at Lausanne only a provisional solution of the reparations problem is to be sought. Germany will make no agreement ever to resume reparations payments and France will not consent to any unilateral repudiation by Germany of the latter's treaty obligations.

Therefore, to avoid a deadlock upon a legal issue, there probably will be a de facto and provisional extension of the Hoover moratorium to Germany and others until the end of the year, when the next installment of Europe's debt to America again will fall due.

WILL SET UP COMMITTEES

Before adjourning the conference also will set up several technical committees. One or two dealing with the wider financial and economic issues will sit at London, and with American help will prepare an agenda for the proposed world economic conference next October.

The conference would go into technical committees during the American elections in November and reemerge as a plenary conference after the election, when the American policy should be restated or changed to fit the European purpose.

I would call your particular attention to the fact that it is here disclosed as the personal preference of the British Prime Minister to wipe the slate clean of all debts. If this can not be done, he proposes to extend the Hoover moratorium for six months until after the American elections, and that it is the position of the French Premier that he is willing to grant some sort of an extension in the hope that meanwhile the United States will have changed its position on war debts. I would also point out that in which they both agree, that there is no difference between the money loaned by the United States to the Allies, both during the war and after the armistice, and money being drawn from Germany in the form of reparations. And I would point out that the position of the United States is in direct conflict with this stated position of England and France.

I desire also to call your attention to the statement at the Lausanne conference there will be set up several technical committees. One of these committees will sit at London, and, with American help, will prepare an agenda for the proposed world economic conference next October. This is the conference that is being arranged for in the resolution that is now before the House for consideration. At this October London conference, this technical committee will be in session, and after the American elections, will reemerge as a plenary conference sitting in London, when they expect the then American policy to be restated or changed to fit the European purpose. To fit the European purpose! Does anybody here contend that they know what the European purpose is? It contemplates a modification of America's position, and that is the thing to which I am objecting in this resolution. Under a guise of doing something to improve the price of silver and the purchasing power of those countries in the world that are on a silver basis, we are passing a resolution that makes no reference whatsoever to silver.

The gentleman from New York [Mr. SOMERS], who introduced this resolution, prepared previously a resolution proposing to call a world conference on silver and submitted it to the Secretary of State. The Secretary of State did not approve of that resolution, but does approve of this resolution, because this resolution will permit the full acceptance, with the approval of Congress, of the invitation of the Prime Minister of England, and will give to the representatives of the United States in this conference the approval and encouragement of the Congress of the United States which will practically assure in advance approval of whatever negotiations are consummated.

This is what is involved in this resolution. Gentlemen, cancellation of war debts and reparations are involved here. You are taking a step here to-day when you do not know what you are doing unless you are watching all of the maneuvers of those people in Europe and in this country who

are interested in getting us into the conference. Have we not suffered sufficiently with our meddling in European affairs?

Mr. Speaker, I know I shall not have time to finish the remarks I want to make, and therefore ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. McFADDEN. Biennial elections since the war have invariably disclosed that public sentiment in this country is nationalistic and favors a policy of political isolation. That has been the mandate which the people have given to successive administrations. That is the policy which successive Congresses have favored. Yet the executive branch of the Government has been almost continuously in the hands of an aggressive minority who, while professing adherence to the mandate of the elections, have followed a very different policy.

Now, we have that situation here presented in this particular bill. I am told that this is an administration bill, but apparently both sides of the House, the chairman and the ranking Member on the Republican side, are for this internationalistic viewpoint.

Meddling Secretaries of State, with the aid of meddling Secretaries of the Treasury, have from time to time injected themselves into the European situation at critical moments there and delivered themselves of judgments upon purely European questions with which we should have had nothing to do.

The international banking power has directed their course, and vanity and an ambition to move upon a more spacious stage, perhaps, have actuated them; but the result of their ventures has invariably been unnecessarily to complicate the international situation, and it has certainly retarded the slow and natural trend toward international readjustments in Europe.

They are obsessed with a desire to shore and bolster up the outworn and ramshackle structure of the treaty of Versailles, a treaty to which their own Government had refused to become a party, a treaty for which, and for the régime of misery which has followed it in Europe, the international bankers are responsible.

The Allies would never have succeeded in imposing the preposterous $33,000,000,000 war indemnity upon the Germans in the form of negotiable gold bonds, a device primarily aimed at the financial stability of the United States, nor the scarcely less preposterous Dawes plan without the vigorous aid of our then Secretary of State. The reparations question would have been settled long ago by the annulment of reparations and would now be forgotten if busybodies in our State and Treasury Departments had kept their hands off it.

But this course would not have suited the international bankers. They were the makers of the treaty of Versailles, and they were obligated to the allied governments to see that those provisions which affected America should be carried out. They were obligated to sell the reparation gold bonds here, and they looked forward to taking their 8 per cent commissions. This is why our State and Treasury Departments have concerned themselves so persistently with European crises over reparations, while assuring the American public that reparations are a purely European question with which the United States has nothing to do.

At the present time we have a financial observer in Europe watching every move—one of the most prominent there. He is the one who sat in at the writing of the treaty of Versailles. He sat in at the drawing of the Dawes plan. He sat in at the drawing of the Young plan, and he is the direct representative of the international financial interests of New York. I refer to Norman H. Davis, who is now in Europe commuting between Geneva, The Hague, Basel, Lausanne, Paris, and London.

Invariably when the Allies have brought pressure upon Germany to continue raparation obligations, State Department action has taken the form of support of allied demands. This is what has been retarding settlement of the question in Europe, for the Germans have already paid all that they justly owe, and the reparations ought to be canceled. The question has no connection whatever with the fact that the Allies owe war debts to the United States.

The British and Italians know that the reparations jig is up, and just at this juncture when some action is to be taken at Lausanne they have asked the French to agree to the cancellation of further reparations. The State Department has very properly informed them that the United States would have no sympathy with a proposal for cancellation contingent upon the annulment of the war debts which are owed to this country. Having this in mind, the British and Italians are, nevertheless, ready to join with France in a total annulment of German reparations. The French are not willing to agree to this; and, if press reports are to be credited, our meddling Secretary of State has intervened to support the French position and has gone far out of his sphere in order to do it. Inasmuch as he has not denied the press reports, it may be inferred that they are true.

The press reports, which I have heretofore referred to, are to the effect that Secretary Stimson conveyed an intimation to the foreign ambassadors in Washington that, quite apart from the American debt phase, it would be just for Germany to pay a reasonable amount of reparations. I repeat, "The American position on reparations," say these reports, "would appear to be closer to the French than to the British thesis, and this may influence results at Lausanne."

Mr. Speaker, if the Secretary of State did, in fact, intimate to the European ambassadors that it would be just that Germany should continue to pay reparations, it was not merely an act of officiousness and meddling; it was a political crime that he committed. It was a statement made in flaunting defiance of the fixed position of the Government of the United States that reparations are a purely European question which does not concern the United States; it passes a moral judgment that ought not to be passed, and it conveys a warning to the German Government that at this moment of crisis in Europe the Government of the United States stands squarely in support of French policy.

It discloses the persistent purpose of this administration to put the Young plan into full operation in the United States. That plan was forced upon Germany in 1929 by a stupid, clumsy, and brutal display of duress in the hope that the $3,000,000,000 worth of negotiable reparation bonds which it created for the benefit of the Allied treasuries might be disposed of in the United States, and in 1930 this administration opened the doors of Wall Street to the sale of the bonds. No sooner did the administration suggest a moratorium on all public debts last June than it proceeded to enter into an agreement with the French Government that the moratorium should apply to everybody except the Germans and that the Germans should be required to pay larger unconditional annuities than if the moratorium had not gone into effect.

The meddlers and busybodies at the other end of the Avenue have, in fact, made themselves the agents of the allied governments and of the international bankers to compel Germany to continue to submit to the yoke of the Young plan in order that allied treasuries may be fattened by the sale of the Young plan bonds here.

These unpatriotic policies ought to be reversed, and without delay. The files of the State Department are filled with proof that under the peace agreement made with President Wilson Germany has paid all the reparations that she owed. President Hoover knows it, and Secretary Stimson knows it, or if he does not know it he is incompetent to hold the position which he occupies. The United States Government knows that a demand for further reparations from Germany has no basis in justice. A new and different administration of our State Department is needed, and it can not come too soon. The United States should not take sides with any country in Europe, but should remain neutral. I am unalterably opposed to our country going into a further confer-

ence with European nations. When general economic and general monetary matters are to be discussed, because war debts and reparations are bound to be discussed, and these nations want us in this conference so that they can be discussed not as debts owed to us but as a general economic monetary solution.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, the distinguished ranking Republican member of the Committee on Banking and Currency is still harping on the old, old theme and croaking in his utterances about intermeddling in foreign affairs.

Mr. BLANTON. Will the gentleman yield?

Mr. STAFFORD. I decline to yield. He does this as if this great Government of ours can separate itself from the family of nations, as if we can live here with a great financial and economic wall around us that bars us from all communications whatsoever with the outside world. He would huddle us together in a little compact space and ignore, if he could, conditions prevailing abroad.

The morning papers carry the very encouraging report from the meeting at Lausanne that the French and British Governments have come to an understanding as to suspending further payments of reparations. That has been acclaimed and will be acclaimed not only in continental Europe but throughout all the world.

In denial of the gentleman's statement that our dollar is going down, I will call his attention to the fact that in the last several days, by reason of international arrangements and by reason of the fact that France has no longer any earmarked gold in this country, for the first time in several months the amount of gold coming into this country is greater than that going out, and that the price of the dollar has been reestablished in all countries as regards foreign exchanges.

Mr. McFADDEN. Will the genteman yield?

Mr. STAFFORD. Yes.

Mr. McFADDEN. I want to call the gentleman's attention to the fact that France has earmarked gold here.

Mr. STAFFORD. But that balance is no longer a threat as is shown by the fact that the price of the dollar has once more been reestablished. No longer is the exchange value of the dollar below that which it costs to send the dollar abroad.

The gentleman seems to gloat over our financial reverses when the fact is we have now reestablished the gold dollar on a firm basis so that it is more expensive to export the gold dollar for the first time in many months past. That is the reading of the market on the New York Exchange within the last few days.

Mr. McFADDEN. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. McFADDEN. The gentleman is aware that has been brought about by exports since we passed the moratorium of $1,500,000,000.

Mr. STAFFORD. No; it has not been brought about by the moratorium, and this Government does not intend to be a party to any further moratoriums with Great Britain. The fact is, if the gentleman would be frank about it, that because of the agreement between Ramsay MacDonald and Paul Herriot, the Premier of France, even France will not exact from Germany the unconditional payments which she required under the Young plan against the position of President Hoover when he advanced the moratorium.

We are a member of the great family of nations, and it seems out of place for the gentleman to get up here constantly and attack our Government when in these crucial moments it is the part of heroism and it is the part of statesmanship to stand back of the Government and maintain the dollar on a safe and sound basis. If there is any time in recent months when we are in a position to be encouraged by conditions, it is now, in view of the fact that for the first time in months the price of the dollar has been reestablished. [Applause.]

Mr. McFADDEN. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. McFADDEN. Does the gentleman know it is the declared position now of the State Department that German reparation payments should not be canceled?

Mr. STAFFORD. It has been the consistent position of the administration that the foreign-government debts were in no wise to be considered with reparations; and when the Secretary of State acceded to the request of MacDonald to join this conference, he made it an express condition that foreign-debt settlement and reparations would be banned from consideration.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. STAFFORD. However, our administration is not so circumscribed that it does not realize that we are a part and parcel of international development, so that we should not consider these great international affairs that are moving in the currents of trade and in the currents of finance. I am surprised that the gentleman should consistently make croaking statements to discourage the upper trend of American finance. It ill becomes the gentleman to always keep on croaking and croaking against this Government, the greatest Government on the face of the earth. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield five minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH], and that will conclude the time on the rule.

Mr. GOLDSBOROUGH. Mr. Speaker, I think there is great misapprehension about this gold situation. In the first place, we are a creditor nation, and, in the second place, we have a favorable balance of trade. With these two factors existing we are bound, in the long run, to have a favorable position as regards our gold supply.

You will not find any authority connected with the Federal reserve system who will tell you that there is the slightest apprehension on the part of the Federal reserve system or on the part of the Treasury Department as to our gold supply. The Federal reserve system has retarded its purchase of Government bonds, I think very unwisely; but they did not retard their purchases, as the papers say, because of exportations of gold. They retarded their gold purchases because, in their judgment, the banks were not using the funds which were being supplied. I want to emphasize the fact that I think their policy and their judgment are entirely wrong.

The value of this international conference depends entirely upon the character of men who represent the United States in the conference. If we send to this conference men who understand thoroughly that the improper manipulation of the medium of exchange in all countries is the curse of society, then nothing but good can come from the conference.

As far as the Congress is concerned, the obligation of the Congress, it seems to me, is clear to support the conference. The obligation does not rest upon the Members of Congress to select the representatives who shall go from this country; and as to the necessity of an international conference on economic questions, involving principally the monetary question, which can not do any harm and which may do a vast amount of good to the suffering people of the world, there can be no question, in my judgment, and I hope the resolution will be adopted.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

ORDER OF BUSINESS

Mr. BANKHEAD. Mr. Speaker, before we discuss the merits of the resolution I desire to submit a unanimous-consent request. We have several more rules on the calendar that we are very anxious to dispose of, if possible, to-morrow, and I therefore submit the unanimous-consent request that when we adjourn to-night we adjourn to meet at 11 o'clock to-morrow morning.

Mr. MICHENER. Mr. Speaker, reserving the right to object, will the gentleman give us a list of the rules referred to?

Mr. BANKHEAD. I shall be very glad to do that.

Mr. STAFFORD. Mr. Speaker, I hardly think it is necessary to meet at 11 o'clock.

Mr. BLANTON. Mr. Speaker, will the gentleman from Alabama couple with his request that Private Calendar business be dispensed with? Otherwise, private bills would be in order to-morrow.

Mr. STAFFORD. No; that is not in order, necessarily.

Mr. BLANTON. It is in order. The new rule has never been abrogated except by nonobservance.

Mr. BANKHEAD. I will state to the gentleman that these matters are privileged.

Mr. BLANTON. What we are trying to understand is that no private bills will be in order to-morrow. Is it understood that we are not going to take up any private bills to-morrow?

Mr. BANKHEAD. It is the purpose to-morrow not to take up the Private Calendar, but to try to finish the rules.

Mr. MICHENER. Will the gentleman withhold his objection until we get a list of the rules?

Mr. BANKHEAD. It is the expectation to finish the rule on this resolution and then to call up for consideration a rule providing for the consideration of the Davis bill, which involves an amendment of the Reconstruction Finance Corporation act with reference to loans to farmers for growing crops.

Mr. PURNELL. The gentleman does not mean that he is going to call that up immediately following the pending resolution?

Mr. BANKHEAD. I hardly think it will be possible to do anything else except to conclude consideration of the pending matter to-day; but we are very anxious to consider these resolutions, and I think I have the concurrence in this of the minority members of the Rules Committee.

Mr. MICHENER. Will the gentleman proceed with the list of rules?

Mr. BANKHEAD. Another is a resolution appointing a committee on expenditures in the presidential election, which is the usual resolution, and the Senate has acted on a similar one.

There is a little bill from the Immigration Committee, to which there is no opposition and which has been recommended by the State Department; then there is a matter giving the right to the Post Office Department to make some agreement about the New York post office; then the resolution of the gentleman from Illinois [Mr. SABATH], to set up a select committee on investigation of post-office matters. This will conclude the program, and I think there will be no opposition to two or three of these rules.

Mr. STAFFORD. Mr. Speaker, from my acquaintance with all these matters to which the gentleman has referred, I do not think they will require much time. I can not see any need of our meeting out of order at 11 o'clock, and I therefore object.

EXTENSION OF REMARKS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that all Members who spoke to-day on the kidnaping bill be given five legislative days within which to extend their remarks in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

INTERNATIONAL ECONOMIC CONFERENCE

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 247

Resolved, That the House of Representatives of the Congress of the United States does hereby approve and encourage the efforts which have been made to hold an international economic conference to be participated in by as many countries as may be willing to send representatives for the purpose of considering methods for the improvement of general economic and monetary conditions.

Mr. LINTHICUM. Mr. Speaker, I yield five minutes to the gentleman from Oklahoma [Mr. MCKEOWN].

Mr. MCKEOWN. Mr. Speaker and gentlemen, on January 11 of this year I introduced House Joint Resolution 199, the purpose of which was to call an international conference on the question of silver. I suppose the most of you are familiar with the law, as mentioned by the gentleman from Colorado [Mr. EATON] relative to the question of bimetallism, and relative to calling a conference at such time as might be necessary to consider this question of silver.

The world to-day stands at the crossroads. We must have more money, or we must, as a result, have bankruptcy or repudiation.

The monetary systems of the world are based on gold and silver. Gold, on account of its scarcity, is considered a precious metal, but gold and silver have been the money through the years used by the various nations and people of the earth, and from time immemorial silver has been the money of mankind, especially the poor races. The poor people have always had silver for their money and that is true to-day.

Now millions of people in the world—in the Orient, Mexico, and South America—depend on the use of silver for their money and for their savings.

Our monetary system was undermined when, in 1920, the fractional coins of silver were debased through the English realm. In 1921 it was followed by a reduction in the weight and fineness of the Mexican peso, and the doom of silver was finally sealed by the adoption of the gold standard in India, which was forced into French Indo-China and resulted in the collapse of the China exchange.

As a result there has been a great political and social distress throughout the world.

This conference has been called by the British Government not only on the silver question but also to include economics. While we talked the British Government called for the conference. It would have been much better if the United States had called a conference in this country, because then we would have had near at hand some of the best silver and monetary experts in the world.

But now, when we go to conference in Great Britain, they will have the great experts on the silver question, and efforts will be made to still debase silver. Why, gentlemen, there is no reason why there should be any scarcity of money in this country to do business.

I have introduced into this Congress a bill for the purchase of silver, by which we can take both metals, because the country is on a bimetal system, and use it to expand the currency and not to inflate the currency. [Applause.]

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I ask unanimous consent to speak for three minutes out of order.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, and Members of the House, I do not want in any way to open up the wounds of the bonus debate. To the contrary, I want to do everything in my power to pour oil on the troubled waters, and balm upon the scars, and to bind up the wounds. I am taking this opportunity to appeal to the members of the House to try to secure consideration before we adjourn of a bill introduced by the gentleman from New Jersey [Mr. BACHARACH], which reduces the rate of interest upon the loans made by veterans on their adjusted-service certificates. There is a justifiable complaint and grievance among 4,000,000 veterans that they have been obliged by the Government to pay a rate of interest on the loans from 4 to 6 per cent, by which the Government actually profits at the expense of the veterans. If these high rates of interest are permitted to continue, the adjusted-service certificates, upon which 50 per cent loans have been made, will have little or no value by 1945. It is unfair and unjust, and as long as that condition exists there will be complaint among the 4,000,000 veterans because they know that these certificates will be eaten up by the high interest rates. There will be no value left to the certificates

when they become due, or for protection to the widows and orphans in case of the death of the veteran.

If we want to take a step that will be fair to the veterans and do much to allay the discontent and bitterness among the veterans who, on account of the deplorable economic conditions, have been obliged to borrow on their certificates, then in the remaining days of the session we should see to it that this Bacharach bill is passed, reducing the rate of interest not to 4 per cent, as contained in the bill, but to 3 per cent, and that will, in my opinion, adequately take care of the rate of interest so that the Government will break even. That is one way to bind up the wounds. The Bacharach bill also contains a provision that those veterans who have not made application or were not able to do so for the certificates within the last two years shall be permitted to borrow on them without waiting the expiration of the 2-year limit. I introduced several months ago identical bills, except that I provided for a 3 per cent rate of interest instead of 4.

Mr. Speaker, I listened to the debate in the Committee on Foreign Affairs when the proposal now under consideration for an economic and monetary conference was being presented. It was reported unanimously. I could not see any objection at that time to holding such a conference; nor do I now, after listening to the arguments of the opposition. All kinds of minor objections have been raised here. All we propose is to support the President, who has already negotiated with Great Britain for the calling of such a conference. How can the greatest, the richest nation in the world refuse to attend a world-wide economic and monetary conference?

It is true the resolution as originally introduced by Mr. SOMERS of New York proposed a silver conference. I objected to that because I thought that if such a proposal went out to the people, at least in my State, they would think it had something to do with undermining the gold standard and that it would have a bad psychological effect, because the people back home might consider it an attempt to take us off the gold standard. I thought if it went out as a silver conference purely, many misunderstandings would arise which might adversely affect public confidence in the preservation of the gold standard and cause further runs on banks and on our gold reserves. The resolution in its present form calling for an economic and monetary conference is a compromise and I know of no reason why it should not be supported.

Mr. HOPKINS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HOPKINS. Mr. Speaker, as this session comes to a close, I thought it might be interesting to the Members to have in summarized form a statement showing the appropriations for the coming year as compared to those of the last year.

The following statement indicates that the appropriations for 1932 were approximately $3,750,000,000, while those for the coming year are about $3,145,000,000, or a reduction of over $600,000,000 or 16 per cent. If you will add to this $600,000,000, the savings put into effect by the recent economy bill, which is estimated by the Comptroller General to equal $150,000,000, you will note that the total savings for the coming year is over $750,000,000, or a reduction of 20 per cent.

Taking into consideration the fact that we spend nearly $2,000,000,000 on national defense and care of disabled veterans, which items are very difficult to reduce, this Congress is to be complimented on having accepted the recommendations of the President and having reduced the expenses of our Government by three-quarters of a billion dollars. I think we can safely say that this is the greatest reduction ever made by any Government in a single year.

While these reductions have been great, it is to be regretted that the majority party in this Congress, under the Democratic leadership, has refused to give the President power to eliminate and consolidate the many overlapping and duplicating duties of the various bureaus and departments of Government. I hope that in the next session of Congress, when the election is out of the way, this Congress will take the courageous step of giving to the Executive the power to reorganize the executive departments of this Government and put into effect permanent economies that will reduce the expenses of Government to where they ought to be.

Federal appropriation comparison

[Prepared by Congressman DAVID HOPKINS, Missouri, July 13, 1932]

Departmental appropriation bills	Appropriation fiscal year July 1, 1931, to July 1, 1932	Amount carried in bill as it passed the Congress for 1933	Decrease as compared to final appropriation for 1932	Approximate percentage reduction
				Per cent
Agricultural	$235,664,694.00	$175,671,665.00	$59,993,029.00	25
Interior	69,342,606.73	45,533,672.33	24,808,934.40	35
War	460,078,650.00	396,078,513.00	64,000,137.00	13
State Department	18,506,306.34	13,663,792.89	4,842,513.45	26
Justice Department	51,229,201.00	45,996,000.00	5,233,201.00	10
Commerce Department	54,425,230.00	39,711,408.00	14,713,822.00	27
Labor Department	14,994,200.00	12,920,770.00	2,073,430.00	14
Treasury Department	261,703,113.00	250,308,158.00	11,394,955.00	4
Post Office Department	842,883,777.00	805,939,675.00	36,944,102.00	4
Independent offices	1,306,196,777.00	982,446,041.00	323,750,736.00	25
Legislative (Congress)	28,127,386.94	18,673,991.00	9,453,395.94	33
District of Columbia	45,711,638.00	41,245,622.00	4,466,016.00	10
Navy	360,101,593.00	317,583,591.00	42,518,002.00	12
Total	3,748,965,173.01	3,144,772,899.22	604,192,273.79	16
Add savings by economy bill			150,000,000.00	
Total savings			754,192,273.79	20

Mr. LINTHICUM. Mr. Speaker, I yield five minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Speaker, when I came into the House I was placed on the Committee on Coinage, Weights, and Measures, in addition to other assignments. I am very glad to have gotten that assignment. It has been a real pleasure to serve on that committee and on the subcommittee under the distinguished gentleman from New York [Mr. SOMERS]. As was said by my colleague Mr. BANKHEAD, this is one of the most important subjects that has come up in this Congress. I have no interest whatsoever in any silver mine; I have never seen a silver mine, and I have no stock in any silver mine. I know of none of my friends who has any interest in a silver mine. Since I have heard this testimony, I will go further than my colleague from Alabama [Mr. BANKHEAD], and say that this proposition offers one of the real hopes of the world in its present dying economic condition. On several occasions, as we were developing the testimony, going forward in that committee to the proposition of an international conference, I said to the gentleman from New York [Mr. SOMERS] that I was afraid of an international conference upon this subject unless we had men appointed who were sympathetic with the proposition.

I believe that the administration is sympathetic toward the proposition, although I do not think that they consider it one of major importance. As a matter of fact the Republican platform adopted in Chicago declares for sound money and also declares that the silver question be investigated. I infer from that that silver may be used in connection with sound money. We decided in that committee three things. First, that we want to stay upon the gold standard. The committee has no idea of going off the gold standard. It has no idea of adopting silver into our money system with any fixed ratio, and I want you to get that clearly in your mind. Our committee believes thoroughly in sound money. In that there is no difference from the platform that was adopted by the Republican Party in Chicago this week. I suggested to the gentleman from New York [Mr. SOMERS] on several occasions, as I say, that I was not so keen for a world economic conference, although we were talking to all of the witnesses all the time about a world economic conference.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. LINTHICUM. I yield to the gentleman from Ohio one additional minute.

Mr. FIESINGER. Mr. Speaker, I want to say in this one minute that while I do not think much will come from the international conference, the committee, while it favored the international conference, if the conference does not accomplish what we think it should accomplish, intends to go forward with several successive steps to adopt an American policy with reference to silver. [Applause.] We will take the lead in America upon this proposition in the way I have indicated, to keep the gold standard, no bimetallism, and sound money.

In brief, we would add silver to our metal reserves at the gold price of silver and invite nations similarly interested to do likewise. We would keep it in the form of silver bullion, issue silver certificates against it, redeemable at any time at the gold price of silver. By so doing we could increase the price of silver and stabilize it at a point we desire to stabilize commodity prices.

This in my judgment would put us on an exchange basis with the Orient and other silver-using countries and give us a market for the products of our farms, mines, and factories. It would put the men back to work. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. TEMPLE. Mr. Speaker, I yield five minutes to the gentleman from Utah [Mr. COLTON].

Mr. COLTON. Mr. Speaker, because I happen to come from a silver-producing State, some of the Members of Congress seem to feel that I am interested only in silver. Inasmuch as the subject has been injected into the debate, let me say that the silver-producing States—and I speak for at least one of them—are not advocating going off the gold standard. We do believe, however, that the silver problem must play a great part in any program providing for the readjustment of the economic conditions of the world.

No economic conference held to discuss the monetary problems of the world would be successful which did not include silver in its agenda. One-half of the people of the world use silver as the sole medium of exchange. Money could not be discussed without speaking of silver. Gold and silver are the only metals used in the world to any great extent as money. It therefore follows, of course, that silver will be discussed at this conference. It should be discussed.

The American Farm Bureau Federation under date of June 15, 1932, released a statement, a part of which is as follows:

> Fluctuations in the average commodity price level unbalance all relationship between the different classes of our people, especially the relationship of debtor and creditor. When such changes are large, great hardships are entailed.
>
> It is therefore imperative that in order to save millions of our people from bankruptcy the general price level of commodities be restored to that prevailing when the average of the long-term debts, both public and private, were contracted.

I subscribe to that statement, and it therefore follows that the monetary laws of this country, and of the other countries of the world, should be so changed that the gold unit shall be constant in its purchasing power. We must also work in conjunction with other nations to reestablish silver to its proper place in monetary use. Changes will have to be made in the monetary base and in the currency and credit systems of the world. Unless this is done cooperatively, we can never meet the full requirements of industry, commerce, and agriculture in this country and in the other countries of the world. The best practical way to accomplish this is through an international conference at which the monetary systems of the world can be fully considered and at which the stabilization of commodity prices can be considered. Until something of this kind is done we shall continue to be entirely out of balance, credit will be curtailed, and the necessary confidence entirely lacking.

I do not see why it is that every time an economic conference of this kind is suggested, some one sees back of it the "ghost of silver," by which they mean bimetallism. This question will never be settled right until silver does have its proper and legitimate place as a monetary metal. It will then not be a ghost but a reality. "No question is ever settled until it is settled right."

For months we have been trying in this House to pass legislation to relieve the economic conditions of this country, but we have not entirely succeeded as yet. Whatever has been the result, we are not relieving the credit situation as it should be relieved.

It is true that we have loaned, through the Reconstruction Finance Corporation, a great deal of money. The failure of banks has been checked, if not altogether stopped, but this money which we have loaned is ultimately finding its way into the large banks. The large financial institutions are calling upon the smaller banks to pay their obligations but these large institutions are not in turn loaning money to any great extent to industry and therefore industry continues to languish. There is lack of confidence everywhere and there is nothing which indicates that, with our monetary gold reserve, and with the prospect of producing gold in the future, there will be enough gold to form an adequate monetary or credit base. We might just as well face that situation squarely.

Everyone must admit that our trade with silver-using countries is very greatly decreased. The credit base in our own country is insufficient, and there is no good reason why the monetary base could not be broadened by using silver to supplement the gold. This does not mean that silver shall be coined at any fixed ratio. It simply means that it could be used to supplement the gold base or, in other words, to strengthen the gold standard. This is done now to a limited extent. The dollar bills issued are redeemable in silver. There is no possible reason why other currency, particularly in the smaller denominations, should not be redeemable in silver. Further, there is no reason why an agreement could not be made with silver-using countries and the rate of exchange determined, and our silver could be made a monetary metal and could be used between this country and those countries as we now use gold as the money of ultimate redemption in the gold-standard countries. This does not mean that there would be any fixed ratio. It would, of course, in the very nature of things, increase the price of silver, an end to be devoutly wished. It would also increase our trade with the Orient and go a long way toward stabilizing commodity prices.

There is another thing we might just as well admit and face squarely. We can not deny that the international bankers of the world are playing a game of checkers with the gold supply. They are moving it back and forth from one Nation to another at will. The monetary gold reserve and the prospects for added supply are not sufficient for an adequate monetary and credit base. This is perfectly apparent. The silver advocates are not trying to supplant gold but to supplement and strengthen it. Whatever use there may be of silver as monetary metal, I repeat, must be as a supplemental base and to strengthen the gold standard. We believe in sound money, and all of this talk that this conference means bimetallism or the exclusive use of silver is altogether wrong. The gold supply has proven inadequate, and something must be done to supplement it. Silver is the only logical metal to use for this purpose.

The stabilization of commodity prices and the use of silver for the purposes I have mentioned will be the greatest step which can be taken toward economic recovery. I am firmly convinced that there can be no final recovery from this depression until a broadened credit base is established. The use of silver will put our miners back to work.

The men who live in the mineral-producing areas are the most liberal spenders in the world. They buy from our farmers, from our manufacturers, and, in fact, are felt in all of the avenues of commerce. Restore the value of silver and you restore prosperity. You will increase the trade with the oriental nations, and all of these things combined will reflect in the business life of the entire world, and particularly in our own country. It can be clearly shown that the drop in the price of silver has always been followed by a drop in all commodity prices. The very opposite of that is

also true. The increase in the price of silver has always been followed by an increase in commodity prices.

Mr. Speaker, this international conference is absolutely necessary before there can be permanent economic recovery and complete prosperity.

Mr. McFADDEN. Will the gentleman yield?

Mr. COLTON. I yield for a brief question.

Mr. McFADDEN. Is not the gentleman aware that this conference will be dominated by the international financial crowd?

Mr. COLTON. Oh, I have no such fear as that at all. I believe in the integrity of America. I believe in the integrity of other nations. Of course, the success of this conference will depend almost entirely upon the men sent to the conference. The personnel is of the utmost importance. Men should be chosen who understand every phase of this situation. I certainly hope and confidently believe that some one will go from this country who thoroughly understands the silver situation. A mistake will be made if such a man is not appointed. I believe that the President of the United States will see that this is done. He understands the situation as well as any man in the world. I believe these men will try honestly to bring out of this chaos a just and correct solution of the economic laws of the day. I hope this resolution will pass and that the conference will be held at a very early date. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Utah has expired.

Mr. LINTHICUM. Mr. Speaker, I yield five minutes to the gentleman from Ohio [Mr. WEST].

Mr. WEST. Mr. Speaker, it is becoming increasingly evident as the economic depression continues that it is no longer simply local but is general throughout the world, and that improvement in the general conditions will be secured only through international cooperation and not through action by our country alone. The dislocation of the exchanges, the disproportionate holdings of gold of the various countries, the disastrous decline of international trade, and the low purchasing power of silver are all aspects of a serious world problem that can only be solved by common international action. The purpose of this resolution before us is to encourage the holding of an international economic and monetary conference for the consideration of methods whereby these conditions can be improved.

But it is urged against this measure that the conditions in the world to-day are so delicate and so likely to be further disturbed by the proposed conference that it would be unwise at this time to hold it. This, Mr. Speaker, is simply the negative attitude or the counsel of inactivity that is recommended when one is confronted with a difficult or unpleasant task. It is like the man who has a house with a leaking roof. When it is raining he can not repair it; and in good weather he neglects to repair it. The result is that the bad condition continues.

In international affairs if we are blindly going to proceed in accordance with the doctrine of laissez faire and continue to permit unwise economic policies to exist in the trade relations of different nations it is altogether possible that even more serious conditions will develop than we have at the present time.

A few years ago I was on a great ocean steamer going from Iceland to the North Cape of Norway. When we passed out of the warm waters of the Gulf Stream into the cold water of the Arctic Ocean a dense fog descended upon us. For two days we proceeded through that fog by dead reckoning from the various instruments on the steamer. As we came near the shore it was impossible for the captain to locate the position of the ship. In spite of the fact that the ship had all of the instruments of modern navigation for such purpose, the ship was lost in the fog and the captain was obliged to turn the rudder in such manner that the steamer went around in a circle for 24 hours, until the fog lifted.

Our Nation to-day is helpless in the grip of this economic depression. Like this steamer, it is lost in the fog of the depression and is going around in a circle of unwise economic policies. Here is our Government, in which we have made the most stupendous investment of our national income of any nation in the world, utterly powerless to cope with the situation.

During this present year upwards of $14,000,000,000 have been spent in the municipalities, States, and the Nation upon the various agencies of government. In this Government we have established the greatest fact-finding agencies that exist anywhere in the world for the purpose of enabling us to form sound judgments and determine wise policies in connection with our national problems. Yet we have been unwilling to face frankly the fact of this world-wide crisis and acknowledge our proper share of responsibility in connection with it. We have been unwilling to admit that there is a vital economic and monetary relationship existing among the nations of the world, and we have been reluctant to cooperate with other nations in an effort to establish sound policies in international affairs for the general improvement of world conditions.

Unless we restore confidence in the integrity of our political institutions and reestablish more securely the fundamental belief in the ability of our financial and economic institutions to function in this crisis, our Nation is certain to become more helpless in the grip of this depression and will continue to suffer from the direful consequences of our inactivity.

For this reason I am in favor of the proposed international economic and monetary conference recommended in this resolution. This is not primarily a silver conference, even though the problem of the effect of the low price of silver in the silver-standard countries will be considered. Nor is this a conference for the promotion of any particular scheme or theory of readjustment; it is simply a recommendation that we as a nation frankly recognize the vital importance to us of cooperating with other nations in an effort to improve economic and monetary conditions and an expression of our approval of an international conference to consider in a straightforward manner the facts of the world economic depression.

Mr. TEMPLE. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. AMLIE].

Mr. AMLIE. Mr. Speaker, I am going to address my remarks primarily to the majority members of the Committee on Coinage, Weights, and Measures. When they made their report a month ago I agreed with them in their report, but with the gentleman from New Jersey [Mr. PERKINS], and the gentleman from Iowa [Mr. THURSTON], and several other Members I was not able to agree with their findings of fact and the conclusions that they drew therefrom.

It seems to me that in joining with the Committee on Foreign Affairs the Committee on Coinage, Weights, and Measures fundamentally are losing their orginal position.

The Committee on Coinage, Weights, and Measures believed that through stabilizing the price of silver at a somewhat higher level than that which now obtains we could put the gold-standard countries in a relatively better position than at the present time; that England and other countries now dealing with silver as a measure of value would be placed in a relatively disadvantageous position as compared with the United States which is on a gold-standard basis.

To do this the Committee on Coinage, Weights, and Measures proposed a conference, called by the United States, limiting the subject of the conference to a discussion of those methods which would have as their objective the raising of the price of silver and the stabilizing of the price of silver.

In other words, if we compel England and other countries to deal with a measuring stick of value which is higher, it would put us in a relatively better position from the standpoint of meeting competition in the markets of the world. It was the belief of the Committee on Coinage, Weights, and Measures that it was the proper way to proceed in order to protect the gold standard. Now we are putting something else into the resolution that is before us. We are going in not on a conference called by the United States or by the President of the United States, but we are going in on a conference called by England. The Government of Great Britain has issued an invitation to the Government

of the United States to attend that conference for the discussion of the economic and financial conditions that are responsible for and which may prolong the world crisis. They may bar from this conference any discussion of silver or any methods or means that might be adopted to increase the price of silver.

The significance of the matter is that we are interested in increasing commodity prices on the one hand, while England, on the other hand, is not interested in increasing commodity prices, but is interested in decreasing commodity prices or at least is interested in stabilizing commodity prices far below the point where we would want them stabilized if we are to avoid general bankruptcy.

I want to read a few brief excerpts from the MacMillan report, which might properly be said to be a statement of British policy as regards monetary matters and world commodity prices. The report states:

If matters continue as at present, it will be the debtor countries of the world and not a creditor country, such as Great Britain, which will be the first to find the strain unbearable. We consider that the leading creditor countries of the world should consult together to prevent matters from continuing as at present.

At the present time the objective of raising the international price level would probably command widespread, though not universal approval. When, however, it begins to rise again a more widespread difference of opinion will soon emerge as to how far the recovery should be allowed to go.

A point may come when the encouragement of a further rise, though desirable in itself, may be difficult or impossible without running the risk of setting loose uncontrollable forces which will generate an undesired inflation carrying the price level much beyond the equilibrium point, with the prospect of an injurious reaction, equally uncontrollable, at a subsequent stage.

It would be unwise to calculate upon a price level being reached, even if recovery takes place now, which would restore the precise relationship which existed, before the events of 1929, between the level of British money incomes and prices and those of the outside world. Even this relationship was an unsatisfactory one.

I do not minimize the difficulties of such a course, but I am reminded that this country is still the greatest creditor nation and we are the largest market in the world.

I am not unmindful of the fact that exports are vital to the well-being of this country but I am convinced that our dominions, as well as those foreign countries which have almost unlimited quantities of various food supplies, would be only too wishful to enter into arrangements with us for our mutual benefit. Besides, some of these countries as well as our dominions must continue to supply us with foodstuffs in order to pay for the interest on and repayment of their indebtedness to us."

Compare the foregoing statements with the following, also taken from the same report:

We are emphatically of the opinion that, even if a further fall of wholesale prices be avoided, their stabilization at approximately the present level would be a serious disaster for all countries of the world alike; and that the avoidance of such an event should be a prime object of international statesmanship.

Thus, a failure by the central banks of the world to attempt to redress the fall of prices, in our judgment, would endanger the principles on which modern economic society is founded, namely the dependence of the productive process on the expectation of normal profit to individual concerns, and the sanctity of contract.

Taken as a whole, the MacMillan report would avoid stabilization at "approximately the present level," and recognizes their vital interest to be that the price level be not raised above the point they desire it. And it seems clear to me that this control by England represents a power that will not surrender, based on the oratory of a world conference. It must be captured from her on the economic chessboard.

Now, it seems to me that by going to a conference controlled by Great Britain, where the interest of Great Britain is to maintain low commodity prices, we are defeating our own purpose, because our only hope of maintaining our credit structure is to maintain commodity prices high in terms of gold.

Mr. TEMPLE. Mr. Speaker, I yield five minutes to the gentleman from Nevada [Mr. ARENTZ]. [Applause.]

Mr. ARENTZ. Mr. Speaker, I rise to speak in favor of this resolution and speak but briefly upon it during the five minutes at my disposal, far too short a time to touch on the salient points of the silver question, let alone discuss them.

Mr. Speaker, the consideration of this resolution to-day is the result of months and months of laborious work on the part of the Committee on Coinage, Weights, and Measures, presided over so splendidly by Mr. SOMERS of New York, who has taken up this subject with such earnestness. The hearings before that committee comprise some of the most vital information that this Congress has obtained for years on the monetary question, and its bearing on domestic and international trade, foreign exchange, credits, flight of capital, and the need for broadening the base of the metallic reserves of the world. The uppermost idea before that committee has been the consideration of plans by means of which commodity prices might be stabilized, that would stabilize international exchange, and if and in what manner silver was an influencing factor. The gentleman from Alabama [Mr. BANKHEAD] was right when he said there is no more important subject before the American people than these two questions. We are considering this resolution to-day because these hearings, carried on by Mr. SOMERS and his subcommittee, indicate that the depreciation of the price of silver has had a world-wide and disastrous effect, and many persons of high rank in finance and economics who have expressed themselves on the subject consider it one of the major causes of this depression we have experienced since 1929.

I can not for the life of me understand how anyone can conjure up the things that the gentleman from Pennsylvania has conjured up. I have spoken to the President; I have spoken to diplomats, and I have spoken to other men high in the offices of this Government, and they all say with one voice that the conference proposed in this resolution will not include the discussion of reparations and foreign debts, will not even include such items, but will be confined to the discussion of subjects influencing commodity prices, a subject every wage earner, farmer, and manufacturer in the United States is vitally concerned about. The stabilization of silver has an important bearing on this subject. These Government officials believe, as I do, that if you cancel the European debts the only people who can pay them will be the American people, and we are against that.

I am against the payment of European debts by Americans. I do not say that the Europeans are going to pay tomorrow or next day, but they will ultimately have to pay; but the subject in its entirety is taboo at the proposed conference, as far as the American spokesmen are concerned.

What does this resolution do? This resolution provides that the European countries and the American representatives will sit around a table and discuss monetary and economic questions.

The question was asked as to who is interested in silver. I want to say that the most prominent men in Europe, the most prominent men in England, France, Germany, Italy, and other countries have all expressed the desire that something be done for silver. Many of these men believe, as I do, that the staggering blow dealt silver through the action of man can be cured by man; in fact, must be, before the world can return to any semblance of the 1924–1929 figure, whether figured in commodity prices, percentage of men employed, bank deposits, car loading, or any other indicator of good and bad times.

This conference of the nations of the world who meet to discuss general economic and monetary conditions can find many subjects of importance because the world, from an economic or monetary point of view, is sadly out of order.

In their discussion of economics and silver I refer each member to the conference to the printed hearings of the Somers committee. They can help silver by helping themselves, without disturbing their present monetary system. I suggest that they first reestablish the fineness of their subsidiary coinage and prevent further debasement below 0.925 fine. This applies to most European countries. Next, Great Britain could remove the threat of hundreds of millions of ounces of silver in India being dumped on the world market by following the advice of some of her ablest counsellors—by repealing certain laws and placing India back on a silver

basis. England's leaders could do this by a stroke of a pen and start half the people of the world back up the road to prosperity.

Nothing radical about this, but all tending to the increase of trade, stabilizing of commodity prices, and a leveling down of the great variation in foreign exchange.

During the discussion of monetary conditions the American delegates must offer the American plan for the use of silver as a metallic reserve alongside of gold in the treasuries of the world. Most monetary experts agree that there is a shortage of gold, an insufficiency in the treasuries of the principal nations of the world to care for credit needs of its people. In addition to this, it is admitted that there is a maldistribution of gold.

Through the use of silver as an auxiliary reserve alongside of gold both these evils may be cured. The plan does not contemplate the fixing of the price of silver by any ratio to that of gold but merely the stabilization of the price through its use in the form of bullion, as a reserve the same as gold, without disturbing the latter, and the issue of certificates against the silver bullion which have printed across their face "This certifies that there has been deposited in the treasury of (the name of country) ——— dollars in silver."

I regret that time does not permit me to discuss this important subject at this time. I am in favor of the resolution and hope it passes.

The SPEAKER pro tempore. Under the rule the previous question is ordered on the resolution. The question is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. McFADDEN) there were—ayes 83, noes 5.

Mr. McFADDEN. Mr. Speaker, I make the point of no quorum, and object to the vote on that ground.

The SPEAKER pro tempore. Evidently there is not a quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 237, nays 24,, answered "present" 1, not voting 168, as follows:

[Roll No. 101]

YEAS—237

Adkins	Condon	Hancock, N. C.	Ludlow
Allen	Connery	Hardy	McClintic, Okla.
Andresen	Cox	Hare	McClintock, Ohio
Andrew, Mass.	Cross	Harlan	McCormack
Andrews, N. Y.	Crosser	Hart	McKeown
Arentz	Crowe	Hess	McLaughlin
Ayres	Crump	Hill, Ala.	McLeod
Bacon	Culkin	Hill, Wash.	McMillan
Baldrige	Cullen	Hoch	McSwain
Bankhead	Dallinger	Hogg, Ind.	Major
Barbour	Darrow	Holmes	Mapes
Barton	Delaney	Hooper	Martin, Mass.
Beam	DeRouen	Hope	Mead
Bland	Dies	Hopkins	Michener
Blanton	Dieterich	Horr	Millard
Bloom	Dominick	Huddleston	Miller
Boehne	Douglass, Mass.	Hull, Morton D.	Mobley
Boileau	Doxey	Jenkins	Montague
Briggs	Dyer	Johnson, Mo.	Moore, Ky.
Brunner	Eaton, Colo.	Johnson, Tex.	Moore, Ohio
Bulwinkle	Ellzey	Jones	Nelson, Me.
Burtness	Englebright	Kading	Nelson, Mo.
Busby	Erk	Karch	Niedringhaus
Butler	Evans, Calif.	Kelly, Ill.	Norton, Nebr.
Campbell, Iowa	Fiesinger	Kelly, Pa.	O'Connor
Campbell, Pa.	Fish	Kemp	Oliver, N. Y.
Canfield	Fitzpatrick	Kerr	Overton
Carden	Flannagan	Kinzer	Parker, Ga.
Carley	Foss	Kleberg	Parker, N. Y.
Carter, Calif.	French	Kniffin	Partridge
Carter, Wyo.	Fuller	Knutson	Patman
Cartwright	Fulmer	Kvale	Person
Cary	Gasque	LaGuardia	Pettengill
Cavicchia	Gavagan	Lambertson	Polk
Celler	Gibson	Lambeth	Prall
Chapman	Gifford	Lanham	Purnell
Chavez	Gilbert	Lankford, Ga.	Ragon
Chindblom	Gilchrist	Larrabee	Ramseyer
Clancy	Glover	Larsen	Ramspeck
Clark, N. C.	Goldsborough	Lehlbach	Rankin
Cochran, Mo.	Granfield	Lichtenwalner	Ransley
Cochran, Pa.	Greenwood	Lindsay	Rayburn
Cole, Iowa	Gregory	Linthicum	Reed, N. Y.
Cole, Md.	Guyer	Lonergan	Reilly
Collier	Hadley	Loofbourow	Robinson
Collins	Hall, Miss.	Lozier	Rogers, Mass.
Colton	Hancock, N. Y.	Luce	Romjue
Rudd	Snow	Swick	West
Sabath	Somers, N. Y.	Taber	White
Sanders, Tex.	Spence	Tarver	Wigglesworth
Sandlin	Stafford	Temple	Williams, Mo.
Schafer	Steagall	Thatcher	Williamson
Schuetz	Stevenson	Thomason	Wingo
Seger	Stewart	Timberlake	Withrow
Seiberling	Strong, Kans.	Turpin	Wolverton
Shannon	Strong, Pa.	Vinson, Ky.	Woodruff
Simmons	Stull	Warren	Woodrum
Smith, Idaho	Sutphin	Wason	
Smith, Va.	Swank	Weaver	
Smith, W. Va.	Swanson	Welch	

NAYS—24

Amlie	Goss	McFadden	Pittenger
Bachmann	Green	Maas	Shott
Black	Hogg, W. Va.	Magrady	Sparks
Cooper, Ohio	Howard	Morehead	Swing
Crail	Ketcham	Mouser	Tinkham
Crowther	Kurtz	Parsons	Wolcott

ANSWERED "PRESENT"—1

Rainey

NOT VOTING—168

Abernethy	Dickinson	James	Pratt, Ruth
Aldrich	Dickstein	Jeffers	Reid, Ill.
Allgood	Disney	Johnson, Ill.	Rich
Almon	Doughton	Johnson, Okla.	Rogers, N. H.
Arnold	Douglas, Ariz.	Johnson, S. Dak.	Sanders, N. Y.
Auf der Heide	Doutrich	Johnson, Wash.	Schneider
Bacharach	Dowell	Kahn	Selvig
Beck	Drane	Keller	Shallenberger
Beedy	Drewry	Kendall	Shreve
Bohn	Driver	Kennedy	Sinclair
Boland	Eaton, N. J.	Kopp	Sirovich
Bolton	Estep	Kunz	Snell
Bowman	Evans, Mont.	Lamneck	Stalker
Boylan	Fernandez	Lankford, Va.	Stokes
Brand, Ga.	Finley	Lea	Sullivan, N. Y.
Brand, Ohio	Fishburne	Leavitt	Sullivan, Pa.
Britten	Frear	Lewis	Summers, Wash.
Browning	Free	Lovette	Sumners, Tex.
Brumm	Freeman	McDuffie	Sweeney
Buchanan	Fulbright	McGugin	Taylor, Colo.
Buckbee	Gambrill	McReynolds	Taylor, Tenn.
Burch	Garber	Maloney	Thurston
Burdick	Garrett	Manlove	Tierney
Byrns	Gillen	Mansfield	Tilson
Cable	Golder	Martin, Oreg.	Treadway
Cannon	Goodwin	May	Tucker
Chase	Griffin	Milligan	Underhill
Chiperfield	Griswold	Mitchell	Underwood
Christgau	Haines	Montet	Vinson, Ga.
Christopherson	Hall, Ill.	Murphy	Watson
Clague	Hall, N. Dak.	Nelson, Wis.	Weeks
Clarke, N. Y.	Hartley	Nolan	Whitley
Connolly	Hastings	Norton, N. J.	Whittington
Cooke	Haugen	Oliver, Ala.	Williams, Tex.
Cooper, Tenn.	Hawley	Owen	Wilson
Corning	Holaday	Palmisano	Wolfenden
Coyle	Hollister	Parks	Wood, Ga.
Crisp	Hornor	Patterson	Wood, Ind.
Curry	Houston, Del.	Peavey	Wright
Davenport	Hull, William E.	Perkins	Wyant
Davis	Igoe	Pou	Yates
De Priest	Jacobsen	Pratt, Harcourt J.	Yon

So the resolution was agreed to.

The following pairs were announced:

On the vote:

Mr. Lamneck (for) with Mr. Britten (against).

Until further notice:

Mr. Rainey with Mr. Snell.
Mr. Crisp with Mr. Bacharach.
Mr. Byrns with Mr. Wood of Indiana.
Mr. Mansfield with Mr. William E. Hull.
Mr. Davis with Mr. Hawley.
Mr. Hastings with Mr. Johnson of South Dakota.
Mr. Tierney with Mr. Tilson.
Mr. Oliver of Alabama with Mr. Shreve.
Mr. Brand of Georgia with Mr. Frear.
Mr. Hornor with Mr. Murphy.
Mrs. Norton with Mrs. Pratt.
Mr. Taylor of Colorado with Mr. Manlove.
Mr. Corning with Mr. Buckbee.
Mr. Wilson with Mr. Chiperfield.
Mr. Douglas of Arizona with Mr. Clague.
Mr. White with Mr. Cooper of Ohio.
Mr. Sumners of Texas with Mr. Davenport.
Mr. Pou with Mr. Watson.
Mr. Boland with Mr. Dowell.
Mr. Garrett with Mr. Whitley.
Mr. Almon with Mr. Holaday.
Mr. Griffin with Mr. Reid of Illinois.
Mr. Rogers with Mr. Beedy.
Mr. Kennedy with Mr. Perkins.
Mr. Tucker with Mr. Beck.
Mr. Dickinson with Mr. Free.
Mr. Underwood with Mr. Bowman.
Mr. Williams of Texas with Mr. Wyant.
Mr. Allgood with Mr. Yates.
Mr. Palmisano with Mr. Wolfenden.

Mr. Abernethy with Mr. Aldridge.
Mr. Fulbright with Mr. Eaton of New Jersey.
Mr. Gambrill with Mr. Finley.
Mrs. Owen with Mr. Nelson of Wisconsin.
Mr. Arnold with Mr. Estep.
Mr. Gillen with Mr. Nolan.
Mr. Patterson with Mr. Bohn.
Mr. Auf der Heide with Mr. Peavey.
Mr. Griswold with Mr. Freeman.
Mr. Boylan with Mr. Bolton.
Mr. Haines with Mr. Garber.
Mr. Shallenberger with Mr. Pratt.
Mr. Browning with Mr. Golder.
Mr. Sirovich with Mr. Brand of Ohio.
Mr. Igoe with Mr. De Priest.
Mr. Buchanan with Mr. Goodwin.
Mr. Sullivan of New York with Mr. Brumm.
Mr. Jacobsen with Mr. Hall of Illinois.
Mr. Cannon with Mr. Rich.
Mr. Burch with Mr. Sanders of New York.
Mr. Jeffers with Mr. Hartley.
Mr. Sweeney with Mr. Burdick.
Mr. Johnson of Oklahoma with Mr. Haugen.
Mr. Jones with Mr. Schneider.
Mr. Cooper of Tennessee with Mr. Selvig.
Mr. Keller with Mr. Cable.
Mr. Vinson of Georgia with Mr. Hollister.
Mr. Dickstein with Mr. Sinclair.
Mr. Kunz with Mr. Houston of Delaware.
Mr. Lewis with Mr. Stokes.
Mr. Whittington with Mr. James.
Mr. Disney with Mr. Stalker.
Mr. McDuffie with Mr. Christgau.
Mr. Doughton with Mr. Clarke of New York.
Mr. McReynolds with Mr. Christopherson.
Mr. Maloney with Mr. Connolly.
Mr. Wood of Georgia with Mr. Summers of Washington.
Mr. Drane with Mr. Cooper.
Mr. Yon with Mr. Kendall.
Mr. Martin of Oregon with Mr. Treadway.
Mr. Drewry with Mr. Curry.
Mr. Montet with Mr. Johnson of Washington.
Mr. Driver with Mrs. Kahn.
Mr. May with Mr. Thurston.
Mr. Evans of Montana with Mr. Kopp.
Mr. Mitchell with Mr. Lankford of Virginia.
Mr. Fernandez with Mr. Doutrich.
Mr. Milligan with Mr. Underhill.
Mr. Fishburne with Mr. Lovette.
Mr. Sullivan of Pennsylvania with Mr. Leavitt.
Mr. Weeks with Mr. McGugin.
Mr. Chase with Mr. Johnson of Illinois.

The result of the vote was announced as above recorded. A motion to reconsider was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. GILLEN, indefinitely, on account of important business.

To Mr. KENNEDY, for two days, on account of illness.

PROHIBITION

Mr. WOLVERTON. Mr. Speaker, I ask unanimous consent to insert in the RECORD a copy of a letter I have written on the subject of the prohibition amendment.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WOLVERTON. Mr. Speaker and Members of the House, under the leave granted by the unanimous consent of the House, I wish to include in the RECORD an expression of my views on the subject of the right of the people to determine what shall be our national policy with respect to the question of prohibition, and their right to make such changes in the Constitution as may be necessary to effect their will. My views on this matter have been set forth in a letter addressed by me to Rev. James K. Shields, superintendent of the Anti-Saloon League of New Jersey, reading as follows:

REV. JAMES K. SHIELDS,
Superintendent Anti-Saloon League of New Jersey,
Newark, N. J.

DEAR DOCTOR SHIELDS: A careful reading of your letter of March 12, 1932, addressed to me and given publication throughout the State, indicates that you have utterly failed to appreciate that honesty and sincerity of purpose, as characterized my vote in the House of Representatives on March 14, 1932, could exist because my action was not in entire accord with your viewpoint and opinion.

Your letter assumes that because of the position I have taken, namely, that "the people be given an opportunity to express their opinion as to what shall be our governmental policy on the question of prohibition," I have thereby been unfaithful to those who, by their votes, have made it possible for me to serve the first district of New Jersey in the House of Representatives.

The attitude you have taken is evidently based upon the thought that there was an obligation upon my part to oppose any movement that would permit an expression of opinion upon the prohibition question.

The right of the people to govern is an established American principle. A government "of the people, by the people, and for the people" is the ideal to which we aspire. How can there be such a government if the people are denied the right to express in a constitutional way their individual thought and opinion on great questions?

Never has there been an indication that I would not give the fullest allegiance to this principle of government; nor has any encouragement ever been given, directly or indirectly, to any individual, group, or organization that I would refuse by my vote to give the fullest expression to this principle, and my action in supporting the motion to discharge the committee of House Joint Resolution 208 and thereby place the question before the people for decision, was a recognition of the right and justice of the principle that all government should be based upon "the consent of the governed." No apology is ever necessary for upholding that principle.

In supporting the motion, my action was in entire accord with the procedure that had made the enactment of the eighteenth amendment an accomplished fact; and, furthermore, neither was my vote, nor the views I expressed as to the reason therefor, nor the principles upon which it was based, in any way at variance with the course of action or the reasoning of Senator SHEPPARD, author of the eighteenth amendment, when that amendment was before the Senate of the United States for submission to the several States in 1917.

With reference to the fundamental right of the States to have an opportunity to pass upon changes to the Constitution and determine the relative powers of the Federal and State Governments, Senator SHEPPARD, in addressing the Senate on July 30, 1917, and urging the submission of the proposed amendment to the States, said:

"One of the highest forms of State rights under the Constitution is the right of the States, acting through three-fourths of their number, to change, add to, or take from the powers and functions of the Federal Government, or to pass upon the advisability of so doing. If when the States pass upon the prohibition amendment, three-fourths can not be found to favor it, their constitutional function will have been exercised, and their action will be final until proper time arrives for another trial. Until, however, they are permitted to judge its merits, they will have been deprived of one of their most fundamental capacities." (CONGRESSIONAL RECORD, 65th Cong., 1st sess., p. 5553.)

And now with respect to what should be the attitude of Members of Congress in voting for or against the submission of proposed amendments to the Constitution. The question has been raised as to the right, duty, or justification of a Member of Congress in voting to submit any amendment to the States for decision, unless he be in accord with such amendment; and the inference is made that if the Member of Congress does not fully approve of such amendment, then there is an obligation to oppose its submission.

This is no new question. It called for decision when the eighteenth amendment was proposed for submission to the States in 1917. Senator SHEPPARD, as he earnestly advocated the submission of the amendment to the States, answered the question upon a basis of reasoning that is just as forceful to-day as when he uttered it July 30, 1917, and just as applicable to the proposed amendment before the House of Representatives on March 14 last as to the original amendment. He said:

"The Member of Congress who will not vote for the submission of a constitutional amendment to the decision of the States, where it belongs, unless he personally believes it should become a part of the Constitution, usurps the function of the States, arrogates to himself and to the Federal Government a prerogative that belongs to the States, and violates the very essence of their sovereignty." (CONGRESSIONAL RECORD, 65th Cong., 1st sess., p. 5553.)

Furthermore, it was not only the opinion but the firm conviction of Senator SHEPPARD that a distinct obligation was created upon the part of Members of Congress to recognize the desire of considerable numbers of our people when petitioning for submission of a proposed amendment to the Constitution. He said:

"Over 12,000,000 of the American people have petitioned Congress to submit the prohibition amendment to the States. In refusing these people the right to appeal to the only tribunal having the power of amendment, the tribunal of the States, for the redress of what they consider one of the most terrible grievances in the Republic, Congress would deny to them one of the most sacred of all popular rights—the right of petition. Were I opposed on principle to nation-wide prohibition, I would vote to submit the amendment to the States in order that they might exercise one of their fundamental rights. An issue is thus presented by the nation-wide amendment entirely independent of prohibition, and that issue is expressed in two questions:

"(1) Shall Senators and Representatives in Congress wholly or partly substitute themselves for the States as the amending power of the Constitution, thereby centralizing sovereignty at Washington to a degree threatening the extinction of the State?

"(2) Shall they refuse the people the right of petition?" (CONGRESSIONAL RECORD, 65th Con., 1st sess., p. 5553.)

This forceful and unanswerable presentation by Senator SHEPPARD of the right of the people when based upon petition comes with peculiar force and applicability to the situation presented in the House of Representatives on March 14, 1932, when, by reason of a petition signed by 145 Members of the House, representing approximately 40,000,000 people, action upon the proposed amendment became compulsory under the rules of the House; and certain it is that no one can properly deny that if the course proposed by Senator SHEPPARD to be the duty of Members of Congress was right in 1917 it was right and proper for myself and others of like opinion in 1932 to support the motion that would permit the States to decide as to the advisability of adopting the proposed amendment, and to do so without any violation of our own individual thought and opinion on the subject of prohibition with relationship to the eighteenth amendment.

What stronger or more convincing language could be used to justify the course taken by me on March 14 than that of Senator SHEPPARD, author of the eighteenth amendment, as he closed his appeal on July 30, 1917, to the Senate of the United States to submit the amendment to the States? He said:

"At the close of this debate we will have an opportunity to enable the States to exercise their highest function—the right to shape, alter, and develop the Federal Constitution. They are the proper tribunal to decide the fate of this amendment. They compose the mightiest array of free commonwealths united in a federated whole the world has ever seen. There are chapters in the history of each that add honor to American citizenship. If there is anything in the amendment subversive of their liberties and their welfare, they can be trusted to condemn it. Let not Congress assume to judge for them. Let Congress discharge its preliminary task of submission and stand aside. Let it put in motion the referendum provided by the Nation's organic law—the method of amendment the States themselves established when they created the Constitution. Let the States perform the duty which remains the sole instance of their sovereignty over the Federal Government itself. If the State and Nation may each retain the attributes contemplated in the Constitution; if each shall be kept within its sphere and permitted to perform its appointed agency—the most beneficent system of government yet devised will be strengthened and glorified for all time."

Continuing, and with these words, Senator SHEPPARD concluded his speech:

"As I view the matter, the Member of either branch of the American Congress who denies the power of amendment to the States, especially an amendment which vast numbers of the people desire the States to consider, violates the basic principles both of the Constitution and of popular government, repudiates the fundamental rights of the States, and overturns the two most sacred privileges the people possess, the privileges of referendum and of petition." (CONGRESSIONAL RECORD, 65th Cong., 1st sess., p. 5554.)

This statement of fundamental principles is sound. Its fulfillment gives strength and permanency to our structure of government. It is a safe guide for all time.

It was this recognition of the real principle involved that gave strength to the appeal of those favoring the submission of the eighteenth amendment to the States in 1917. The voice of every advocate of the policy of submission in Senate and House was raised in defense of the principle, "the right of the people to decide."

Senator JONES, of the State of Washington, another outspoken friend of the eighteenth amendment, both then and now, in his speech before the Senate on July 31, 1917, likewise urged his colleagues that it was their duty to vote to submit the proposed amendment to the people, no matter what their views upon the merits of the prohibition question might be. He said:

"Shall the people rule? That was the political slogan of a great party a few years ago. Although I did not belong to that party I believed in the truth interrogatively declared by that slogan. There could be no difference of opinion about it.

"I may be wrong, but as I see it the real issue before the Senate now is whether we as representatives of the people will give them a chance to express themselves upon a great question in which they are vitally interested and upon which they alone can act. In other words, Mr. President, the real question presented to the Senate upon this joint resolution is: 'Shall the people rule?'"

Continuing, he said:

"I can vote to give them that right, no matter what my views upon the merits of the prohibition question may be; nor do I think that I am shirking any responsibilities in doing so.

"The Constitution provides the way for its amendment. Congress can not do it, but it can propose amendments to the people, who alone can adopt them through their State legislatures. I believe it to be my duty as a Senator to vote to submit an amendment to the State legislatures when there is a strong, matured, widespread sentiment and demand from the people for such an amendment. To refuse to do so is to act as the master rather than as the representative of the people." (CONGRESSIONAL RECORD, 65th Cong., 1st sess., p. 5587.)

Even at this late day the friends of prohibition do not forget the splendid service in that cause rendered by Commander Richmond P. Hobson, hero of Santiago, afterwards Member of Congress from the State of Alabama, and often spoken of as the coauthor with Senator SHEPPARD of the eighteenth amendment. In urging favorable consideration of a resolution to submit the amendment to the people, he said, before the House Committee on the Judiciary, April 15, 1914 (Hearings, ser. 6, pts. 1, 2, pp. 19, 20), the following:

"The first matter that I desire to bring to your attention is that the memorial or petition is for a referendum. It is not the purpose of those who are here to-day to enter into any lengthy discussion of the question of the merits of prohibition or the differences in the various forms of temperance legislation, but to have you realize that the request is for the several States, or the people in the several States as a whole, to be allowed to pass on that question. It is a form of referendum provided in the Constitution of the United States to produce changes in the organic law of the land. Now, irrespective of the merits of the measure, the spirit of our institutions is that a majority of our people have the right to decide organic questions—that is, a majority of the people in the several States have the right to decide any organic questions."

And then, continuing his remarks, he emphasized the fact that "Congress should at the earliest possible moment wash its hands" of the question and put it where it belongs—to the States for ratification or rejection. He said:

"Then our position before the House of Representatives will be that, irrespective of the individual ideas of Members of Congress on the merits of the case, Congress ought to put it up to the people of the several States, a majority of those people in due form having requested to be allowed to pass on it. At this juncture I desire to call the attention of the chairman and members of the committee to this consideration without arguing it: This is an organic question; it deals with life and death, with liberty, wth the survival of individuals, of groups, of nations, of empires, and of civilization, and we submit that the true treatment of an organic disease must be an organic treatment; that Congress can not treat this question comprehensively and completely, and that it is only the people in the several States who can apply the organic treatment. We submit that Congress should at the earliest moment wash its hands of this question and put it where it can no longer disturb the political forces in the matter of the election of Members of Congress to the lower or upper House; that both of those Houses should recognize the propriety of permitting the people in the several States to apply this organic treatment and then allow the forces for and against it to go out into the several States and settle it among the people themselves. So if you want to solve this question, there is only one way to solve it right, and it will never be solved until we do solve it in the right way. We ought to put this up to the States for ratification."

And now, I call to your attention the views expressed by prominent members of the Anti-Saloon League of America as to the duty of Members of Congress with respect to the submission of a proposed amendment, and emphasizing again the fact that a vote for submission is not to be construed as necessarily reflecting the individual viewpoint of the Member of Congress on the proposed amendment he votes to submit.

The following is a statement of Rev. Edwin C. Dinwiddie, who at the time (May 1, 1914) was appearing before a subcommittee of the Senate Judiciary Committee. He presented himself to the committee as legislative superintendent of the National Anti-Saloon League, International Order of Good Templars, superintendent bureau of information of National Interchurch Temperance Federation, etc. He said, as appears in the hearings of the committee, Sixty-third Congress, second session, page 125:

"In the second place, I raise the question, What are we asking Congress to do in this matter? What is Congress asked to do in relation to this proposed amendment? The answer is, we are simply asking Congress, under the provision of the Constitution, to submit to the people of the various States this amendment for their ratification or rejection. As I take it, the report of this amendment, with the recommendation of this committee, and its ultimate passage by the Senate and the House, do not commit any individual Senator to this proposition. He can vote, as a citizen of his State, as he chooses when it comes to a final decision on the question, when submitted to the various States for approval or rejection. In other words, we are simply asking that Congress, under the terms of the Constitution, give the people a chance to vote on this proposition by a referendum through their State legislatures. Congress, therefore, is not asked to pass on the policy of prohibition or nonprohibition, license, or no license."

The duty of Congress to recognize the right of the people to express their views on any great question when demanded by any considerable number was clearly and tersely stated by Rev. Dr. James Cannon, jr., of Richmond, Va., representing the Methodist Episcopal Church South, superintendent of Virginia Anti-Saloon League, and a member of the national executive committee of the Anti-Saloon League. Bishop Cannon on April 16, 1914, before the subcommittee of the Senate Judiciary Committee (hearings, 63d Cong., 2d sess., p. 13) said:

"It does seem to me that in view of the general trend of political thought in our day, whenever it becomes evident that a large percentage of the people desire an opportunity to express themselves upon a great question, the body in whose hands is committed the right to decide whether the people shall have that opportunity could at least divide the responsibility with the people as to the decision of that question."

In each case the basic principle recognized by those to whom I have referred is "the right of the people to decide." If additional verification were necessary to further prove the propriety of giving the fullest expression to this fundamental right of our people, it would be possible to draw upon the statements of those

who have been outstanding in our legislative halls, both National and State, and thoughtful and worth-while citizens in every walk and station of life, including the church.

In fact, it was only in January last, a few days after Bishop Richardson, of the Methodist Episcopal Church, had been elected as head of the Anti-Saloon League of America, that the Philadelphia Inquirer and other daily newspapers carried the story, under a Washington headline, dated January 18, stating:

"Confident of the result, Bishop Ernest G. Richardson looks upon the polls of the voters by the various States as the best means of settling the issue of repeal of the eighteenth amendment."

In this article Bishop Richardson is quoted as having said:

"When a majority of the people in three-fourths of the States favor repeal of the amendment, then let it go. That's the only constitutional way to proceed."

I bring to your attention this reported interview of Bishop Richardson not only as confirmation of my statement that "worthwhile citizens in every walk and station of life, including the church," believe in the right of the people to express their views in a constitutional way, but also to indicate how unwarrantable, improper, and uncharitable, if not unchristian, was your inference in the concluding part of your letter that recognition of such principle by me would receive only the approbation of "vice vendors, gamblers, and the entire underworld." A spirit of tolerence for the opinion of others, even though you may not agree with them, would have been far more becoming to one who occupies so sacred a calling as do you.

The fact which you state in your letter, that the opponents of the eighteenth amendment did not assist those favoring the submission of that amendment and therefore have no right to expect the friends of that amendment to assist to-day in a movement seeking to ascertain the will of the people at this time, is neither logical nor indicative of sound reasoning, if the question is to be considered from the standpoint of fundamental principles of government.

Logical reasoning encourages the thought that if those who opposed the submission of the eighteenth amendment to the people in 1917 were wrong in theory and principle, as set forth by Senator SHEPPARD and the officials of the Anti-Saloon League in that day, then it necessarily follows that those who oppose the same right of the people to-day are equally wrong. And if those who favored the submission of the eighteenth amendment to the people were right in their claim that this is a Government of the people, and therefore the people had a right to speak on the subject, then the conclusion is irresistible that the same right exists to-day and that you are wrong in your criticism of those who, like myself, have by their vote on March 14 followed the reasoning and acknowledged the principle previously laid down by those who were entitled to speak for your organization. Consistency, as well as recognition of a sound principle, indicates, in my opinion, your duty to favor rather than oppose this great principle that made possible the enactment of the eighteenth amendment.

Basic principles of our Government do not change. Individuals may seek to apply these principles at different times in different ways, as best suits the purpose they wish to serve; but the principle itself is unchangeable and remains inviolate. In the end, the best interests of our country and the welfare of its people will be better served by a recognition of the right and justice of such a fundamental principle as "the right of the people to decide," and our structure of government will thereby be made more permanent and secure.

The deep, underlying question presented in 1917, and again in 1932, to Congress for action was identical in principle; and the decision Members of Congress were called upon to make was no different on March 14, 1932, than on August 1, 1917, when, quoting the words of Senator SHEPPARD:

"An issue is thus presented by the nation-wide amendment entirely independent of prohibition, and that issue is expressed in two questions:

"(1) Shall Senators and Representatives in Congress either wholly or partly substitute themselves for the States as the amending power of the Constitution, thereby centralizing sovereignty at Washington to a degree threatening the extinction of the State?

"(2) Shall they refuse the people the right of petition?"

The action of individual Members of Congress, who, in recognition of this larger issue, voted on March 14 to submit the question to the States, in many instances of my own personal knowledge set aside their individual views on the question of prohibition to the higher duty of respecting the right of the States through their citizens to determine the fundamental policies of our Government.

The fact that the eighteenth amendment, fixing our governmental policy with respect to prohibition, was submitted to the States in 1917, and subsequently ratified, does not preclude the right of the States, quoting again the words of Senator Sheppard, "to shape, alter, and develop the Federal Constitution," and that right prevails in 1932 as it did in 1917.

There is no more reason or justice in denying the inherent right of submission to our States of proposed changes in the Constitution on the theory that the question was settled in 1917, than to have said in 1917, in answer to the demand for submission, that the matter was settled when our forefathers did not include the provisions in the Constitution originally.

The principle of the right of the people to decide did not die or become obsolete or unnecessary with the enactment of the eighteenth amendment. It is a living principle. It is part and parcel of the life of our Nation. It will live as long as the Constitution survives, and will always claim the respect and allegiance of thoughtful citizens who think in terms of the welfare of the Nation.

And we must never fail to realize that the Constitution is likewise a living document, and that our permanency as a nation is promoted when, in the manner provided by that great document, its provisions are made responsive to the expressed will of the people.

The Member of Congress who stands in the way of giving the fullest opportunity for the expression of the will of our people on great fundamental questions, where demand is made therefor in conformity with the method provided by the Constitution, and permits his own individual opinion to preclude others with a different opinion from having the right to express themselves, is, in the words of that great friend of the prohibition movement, Senator JONES, acting "as the master rather than as the representative of the people."

My belief in and allegiance to that principle of government that gives to every citizen, no matter what his station in life may be, the right to express his own individual opinion on fundamental policies, is no new conviction on my part.

In 1915, as a member of the New Jersey House of Assembly, speaking in behalf of the adoption of a local-option measure, giving to citizens the right to voice their sentiment, I said:

"I have no apologies to make to anyone for advocating a measure that is based on the American principle of majority rule. It is a right of the people to have an opportunity to express themselves on the question of prohibition. I have confidence and faith in the judgment of the American people. I shall therefore vote for the bill."

In each of the succeeding years that I had the honor of membership in the house of assembly I supported such legislation until in 1918 it was finally enacted into law.

This truly American principle of government—the right of the people to decide—recognizes the equality of every citizen and gives no one any greater right than another in formulating the policies of our Government. It gives strength and security to our structure of government, because it is based on the "consent of the governed."

To-day I stand as I did then, a firm believer in the right of the people; and if I have not truly and with high purpose represented the will of the people of the first district of New Jersey in this great matter, then, if they so decreed, I could leave the Halls of Congress with that sense of satisfaction that comes from the inner consciousness that I have done the thing I believed to be right. I am,

Most sincerely,

CHAS. A. WOLVERTON.

ADJUSTED-SERVICE CERTIFICATES

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and insert a table of general statistics of the soldiers' bonus in my district.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PARSONS. Mr. Speaker, under leave to extend my remarks, I insert the names of the counties in the twenty-fourth congressional district of Illinois, with the amount to be paid holders of adjusted-service certificates.

Approximate amount of adjusted-service certificates outstanding in the twenty-fourth congressional district of Illinois

County	Amount
Clay	$332,793.00
Edwards	171,041.80
Gallatin	207,874.60
Hamilton	267,697.00
Hardin	143,273.00
Johnson	210,181.80
Massac	290,068.60
Pope	164,717.60
Saline	764,260.00
Wayne	394,078.00
White	373,869.40
Total for district	3,319,854.80

SALARIES OF POSTMASTERS AND OTHER POSTAL EMPLOYEES

Mr. LANKFORD of Georgia. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

There was no objection.

Mr. LANKFORD of Georgia. Mr. Speaker, it is respectfully submitted that the inclusion of third and fourth class postmasters in the wage reduction bill will have a demoralizing effect on the Postal Service in the smaller towns and villages of the country, in view of the fact that compensation and salaries there are now suffering reductions greatly in excess of those proposed. The compensation of these postmasters is based entirely on the amount of postal receipts at third-class offices and on stamps canceled at fourth-class offices, which have decreased alarmingly for the

past two years, resulting in very large reductions in the compensation of these groups. To include these groups in a further reduction would be discriminatory and unjust, as shown by the facts and figures submitted herewith.

On July 1, 1931, 4,681 first, second, and third class postmasters were reduced an amount aggregating $575,900. Of this number, 3,939 were third class and suffered a reduction in salaries aggregating $485,600, with an estimated reduction in clerical allowance amounting to $437,040, a total reduction sustained by third class for the fiscal year 1932 amounting to $922,640.

On July 1, 1932, 6,852 postmasters will be reduced in salary $909,000. Basing the experience of the third class on that of the fiscal year 1932, 5,521 third class will be further reduced $766,400, with estimated clerical allowances reduced $688,760.

Summary of reductions of third-class postmasters, first years 1932–33

	Salaries reduced	Aggregate salary reductions	Estimated clerical reductions
July 1, 1931	3,939	$485,600	$437,040
July 1, 1932	5,251	766,400	689,760
	9,190	1,251,000	1,126,800

As a further evidence of the declining postal receipts and their effects upon the salaries and classification of post offices, on July 1, 1931, 283 third-class offices were relegated to the fourth class and on July 1, 1932, 583 third class will be relegated to the lower class.

Schedule of receipts upon which salaries are based

Receipts	Third-class salary, postmaster	Clerical allowance
$1,500 but less than $1,600	$1,100	$240
$1,600 but less than $1,700	1,200	330
$1,700 but less than $1,900	1,300	420
$1,900 but less than $2,100	1,400	510
$2,100 but less than $2,400	1,500	600
$2,400 but less than $2,700	1,600	690
$2,700 but less than $3,000	1,700	780
$3,000 but less than $3,500	1,800	870
$3,500 but less than $4,200	1,900	960
$4,200 but less than $5,000	2,000	1,050
$5,000 but less than $6,000	2,100	1,140
$6,000 but less than $7,000	2,200	1,400
$7,000 but less than $8,000	2,300	1,600

From this schedule it can be seen that a small decrease will reduce the postmaster to a lower salary grade, automatically reducing the clerical allowance. For example, a decrease of $500 receipts in a calendar year will reduce the $1,400 salaried postmaster to $1,100; clerical allowance to $240; a total reduction of $570. The decrease of $1,100 receipts in the higher salary grade will reduce the salary of the postmaster $200 and the clerical allowance $460; a total of $660.

Postmasters of the fourth class are paid commissions on stamps canceled and are already receiving depression wages. It is estimated that business in these offices has decreased 20 per cent, and the postmasters' compensation a like amount.

Summarizing: Third-class offices for the fiscal years 1932 and 1933 have suffered 9,190 reductions, aggregating $2,377,000 and 826 relegations. No other group has been so severely affected.

In view of the facts herewith submitted, and the reason that district postmasters, third and fourth classes, have suffered reductions in excess of those proposed in the bill of a flat 10 per cent reduction, I urge that they be excluded from further wage cuts.

Mr. Speaker, I wish to thank Mr. E. A. Meeks, president of the National League of District Postmasters, for the data just quoted by me.

President Meeks collaborated with me in the preparation of the statement I have just made, and I wish to state that the postmasters and other postal employees of the whole Nation are indebted to him for the splendid service he is rendering them. He has their every interest at heart and is ever present and doing his very best for them when their rights are involved in any way, in the Nation's Capital or elsewhere.

PROHIBITION

Mr. CANFIELD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on Joint Resolution 427, which I introduced, which proposes a constitutional amendment providing for a direct constitutional referendum on the eighteenth amendment, and provides a method by which such referendum can be secured.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CANFIELD. Mr. Speaker, on the 10th of June I introduced House Joint Resolution No. 427, which proposes a constitutional amendment providing for a direct constitutional referendum on the eighteenth amendment and provides a method by which such referendum can be secured.

I find in every part of the country people in all classes feel that the prohibition question in the United States should be reconsidered. They feel that the voters should have a direct vote on the question; that they should have the right by popular vote to decide whether or not the present system should be continued.

I also find that nine out of every ten who advocate that the eighteenth amendment be repealed or amended are against the open saloon, and most of them favor a Federal dispensary system similar to the Canadian system.

Under our Constitution the Congress of the United States can not submit this question to the people for a direct vote, and before a direct vote can be had on this question it will be necessary to amend the Constitution, and for that reason I have introduced House Joint Resolution No. 427, which if passed by a two-thirds vote of both Houses and ratified by the required number of States, will give the voters a direct vote on the question.

Under my proposed amendment, at the first general election occurring at least five months after its ratification, a referendum is to be held in each State on the question whether the present eighteenth amendment shall be replaced by the substitute submitted to the electorate.

It authorizes a direct vote on the question and will give an equal opportunity to every legal voter. The referendum vote would automatically follow the adoption of the amendment at the next congressional election in every State and would not make any additional expense except possibly for the printing of the ballots.

If the substitute is favorably acted upon, the existing absolute prohibition under the eighteenth amendment will be modified so that Congress may authorize the liquor traffic in States where it is desired. Under the substitute each State will have the power to decide, by act of its legislature or by a referendum, whether or not the system provided by Congress under the new amendment shall be operative within the State. If a State desires the system of control to be extended to it, the separate political subdivisions of that State may still, by referendum, determine for themselves whether or not the system shall apply to them.

Under the substitute amendment Congress has absolute control over the manufacture, importation, exportation, and transportation of intoxicating beverages. Congress likewise has very extensive control over the sale of such beverages. The saloon is absolutely prohibited and Congress may not authorize sales except in packages under a system of governmental permits and regulations. The exercise of the authority granted Congress is protected from abuse by the power of Congress to provide for penalties for violations of the laws providing for the system.

Under section 2 the proposed amendment to the eighteenth amendment will not become operative unless a majority of all the electors in all the States favor it, and, of course, unless a majority of the electors in each of three-fourths of the several States approve of the substitute. This section allows referenda to be held in those States which do not approve the amendment at the first referendum at like

elections held separately within five years. After the expiration of that time, if the substitute has not been ratified by referenda in 36 States or by a majority of the electors in the United States, final ratification will be impossible.

Section 3 requires that persons voting at the referenda shall have the same qualifications as are required for voting for members of the most numerous branch of the State legislature (the same requirements as apply to voting for Members of Congress).

Section 4 provides that the State election laws as to the method of submitting the question and determining the result shall apply to the referenda. Where there is no applicable State law the Congress may by law provide for these matters.

Since there is no existing provision in the Constitution authorizing a constitutional amendment to be ratified by referenda, it is necessary that this amendment itself be ratified as required now by the Constitution. When this amendment is ratified by the legislatures of three-fourths of the several States and then written into the Constitution, constitutional authority is given to proceed to put into operation the machinery provided in the amendment for determining whether the substitute eighteenth amendment will be adopted.

Section 5 contains the usual provision that this proposed amendment shall be inoperative unless ratified within seven years.

Under the resolution I have introduced the voters will have the right to choose between the present system and a definite, concrete alternative system—a system that has been adopted in other countries as the best alternative system when they voted against absolute prohibition. Both sides will have an opportunity to present their side of the question. An educational campaign can be carried on by both sides, and the prohibition question, which to-day is the most bitter controversial question in the history of the Nation, can be settled by a direct vote of the people.

In my opinion, before the eighteenth amendment can ever be repealed or amended it will be necessary to place before the voters of the country a definite plan by which it is proposed that drinks with an alcoholic content can be procured.

Canada tried prohibition but did not find it satisfactory. Since 1921 seven Provinces have abandoned prohibition for regulatory systems, and, if I am correctly informed, only two Provinces retain prohibition.

In Canada over 90 per cent of the population live in the Provinces allowing liquor under Government regulation. While the systems in the different Provinces are not the same, in all the Provinces there is a Government monopoly of liquor and a complete elimination of private profit in the manufacture and sale of liquor.

Ontario, in which conditions are possibly more like the United States than any of the others, abandoned prohibition in 1927. After abandoning prohibition it set up Government stores in cities and towns, where liquors of guaranteed quality are sold at fixed prices, and they claim excessive drinking has been curbed under this system. The purchaser must have a permit, as a resident, which costs $2 a year. On this permit purchases are entered. If anyone is found to be drinking excessively, or if a complaint is made by one of his family, his purchases can be restricted or his privilege of purchase canceled.

Under this system there has been a notable decline in the consumption of hard liquor per capita. Not only has the consumption of hard liquor declined but Canada has made a good thing of liquor in terms of revenue.

It is said that the consumption of hard liquor is declining in every country in the world except in the United States, the one Nation that still retains prohibition.

Temperance has been realized more fully in the countries that have instituted a plan for regulation which discourages consumption without prohibiting it. For that reason people in every part of the country are demanding that the prohibition question be reconsidered and that they be given a direct vote on the question, and it is for that reason that I have introduced House Joint Resolution No. 427.

The resolution is as follows:

[H. J. Res. 427, in the House of Representatives, Seventy-second Congress, first session]

Joint resolution proposing an amendment to the Constitution providing for a referendum on a proposed substitute for the eighteenth amendment

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. Each State shall submit to the electors thereof at the next general election at which Representatives in Congress are elected in such State, after five months from the ratification of this article, the question whether or not the eighteenth amendment to this Constitution shall be amended to read as follows:

"'ARTICLE XVIII

"'SECTION 1. The manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from, the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited, except as provided in section 2 of this article.

"'SEC. 2. Congress shall by appropriate legislation authorize the manufacture, importation, exportation, and transportation of intoxicating beverages, and the sale thereof in packages under a system of governmental permits and regulations, and shall provide penalties for violations of such laws and of permits and regulations prescribed pursuant to such laws. Laws granting such authority shall apply within any State or Territory, and within any political subdivision of a State or Territory, only when the application thereof within such State, Territory, or political subdivision is requested, in the case of a State or Territory by an act of the legislature thereof, or by a referendum vote of the electors thereof, and in the case of a political subdivision by a referendum vote of the electors thereof. Neither Congress nor any State, Territory, or possession shall have power to permit or authorize the conduct of a saloon; and it shall be unlawful for any person conducting a saloon to manufacture, transport, possess, or sell intoxicating liquors for any purpose.'

"SEC. 2. If a majority of all the electors so voting thereon shall favor the amendment set forth in this article, and if a majority of such electors in each of three-fourths of the several States shall have likewise voted for such amendment at such election, or at like elections held separately by States within five years after such election, the eighteenth amendment shall be amended as set forth in this article.

"SEC. 3. The electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislature.

"SEC. 4. Each State shall submit such question to its electors and determine the result of any election under this article as the law thereof provides, or, in the absence of such State law, in such manner as the Congress shall by law provide.

"SEC. 5. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress."

MEMORIALS

Mr. MOREHEAD. Mr. Speaker, as chairman of the Memorial Committee, I desire to call the Members' attention to the fact that the time for printing those memorials will expire on the 27th of this month. Also, Mr. Speaker, I would like to have unanimous consent to extend my own remarks in the RECORD on the late lamented Speaker Longworth.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. O'CONNOR. Will not the gentleman state also that all Members have permission to extend memorials on any deceased Member referred to in the proceedings, and in connection with that that under the resolution adopted every Member was granted five days after the close of the session to extend those memorials?

Mr. MOREHEAD. I had notice from the Printing Committee that they were proceeding to get out the RECORD, and that the time would expire on the 27th of June. Permission was granted to all Members to extend their remarks in memorials until the close of the session, but the committee have notified me that the time would expire on the 27th of June.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

TO RELIEVE UNEMPLOYMENT AND DISTRESS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my own remarks on House Joint Resolution 67, introduced by me December 8, concerning unemployment and economic distress.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. McSWAIN. Mr. Speaker, before we adjourn we must pass some suitable measure of relief against unemployment and distress. Even if we be forced to endure July heat in Washington, that is a thousand times better than that millions should suffer next winter for food and fuel. We must pass such a bill, even if the President should dare to veto it.

Never before in the history of America were conditions as distressing and as demoralizing as they are now. It is worse than Valley Forge. The blight of depression struck America almost as suddenly as a cyclone. It has carried everything down in front of it. Agriculture first caught the blow. Prices of cotton, wheat, corn, and other farm products are lower than in the history of man. Land, the source of all life, that from which all that we eat and all that we wear originally comes, can not bear the present burden of taxation. Industrial stocks are almost valueless.

Banks by the thousands have gone down since 1929, carrying billions of deposits and leaving millions of innocent and industrious people in distress. Railroads are in the hands of receivers, even insurance companies are anxious about their assets, and now policyholders wonder what will be the outcome. At least 8,000,000 wage earners are out of employment, and that means that about 40,000,000 people are on the verge of starvation. Yet all this with the largest crops, the most efficient factories, the best transportation system, the largest number of banks, and the biggest insurance companies of any nation in the world. What is the reason?

THE CAUSE OF OUR GRIEF

This is due simply to the paralysis of commerce. The exchange of labor and commodities has ceased. The first death blow was struck by the Republican superhigh prohibition tariff of 1929. Under the name of protection, it accomplished prohibition of international commerce. Instead of protecting American business and labor, it has completely destroyed them. It stopped the exportation of cotton and destroyed the price of cotton. The great bull stock market, the most gigantic and colossal game of speculation in the history of the whole world, was the second and finishing body blow, and brought death to American business. Both these causes are the direct sins of an unbridled, unreasoning, and greedy Republican majority which came into power March 4, 1929. It was arrogant in its defiance of agriculture and labor, and contemptuous of the average man, and obeyed to the letter the voice of its master, which is big, selfish, greedy business and grasping international bankers and conscienceless speculators.

FIRST DIRECT RELIEF MEASURE

We had a mild winter, beginning in December, 1930, and as I lay in the hospital in the summer of 1931, I dared not hope that we would have a mild winter follow immediately. Consequently I outlined in my mind what I deemed necessary relief legislation to meet the emergency, to prevent people from starving and freezing, and to give employment to as many as possible, to help the States to carry on their public road construction and other public improvement work, and to empower somebody with responsibility and authority to meet any crisis and any emergency, however grave, that might arise.

FIRST STEP FOR RELIEF

Accordingly, on December 8, 1931, I introduced House Joint Resolution 67, to create a national emergency board, with the power centralized in one man with authority to raise $2,000,000,000 on the credit of the United States, and to commandeer property, or to commandeer the use of property in the interest of the people to prevent suffering and hunger and death. This board was to have the right and duty to cooperate with State agencies and to lend money to the States without any security and on the credit of the States at only 2 per cent per annum for 10 years.

It also was to have the power to lend money to political subdivisions of States at the same rate of interest, which would include counties, school districts, townships, and municipalities. Said national emergency board was to help carry on the Federal public-buildings program by financing the construction of Federal buildings and post offices that had been approved by the interdepartmental committee. I quote some of the language of that bill, in order to show that I intended the board to have adequate power to accomplish its purpose:

> It shall be the duty of said national emergency board to use the powers hereby conferred to the fullest extent to assist industry, commerce, and agriculture to resume full activity, and thus to minimize the sufferings incident to said emergency, and to see that no resident of the United States dies from hunger or cold. The said national emergency board shall exercise its power to transport grain, fruits, vegetables, meats, and their food products, cotton and wool and their clothing products, lumber and other building materials from where they are abundant and cheap to where they are needed, and to assist and encourage their use and consumption. For such property as the said board may take and consume, it shall pay the reasonable market value thereof to the owner at the place and time of taking, and for such property as the board may use but return to the owner thereafter, it shall pay the reasonable value of such use, including the actual damages, but not including any consequential or speculative damages.
>
> In order to prevent profiteering in food, fuel, and clothing the board shall have the power to control priority of shipments over all interstate carriers, to give preference to shipments of those persons, firms, and corporations selling or offering to sell food, fuel, or clothing at a fair and reasonable price, and to give the consuming public in congested centers of population the advantage of low prices prevailing in the agricultural and fuel-producing areas. If necessary, the said board shall commandeer for temporary use for said purpose trains and train crews, coal mines and oil wells, pipe lines and all necessary facilities and accessories. If deemed wise and expedient, the said board may use railroad trains and crews to transport persons from sections of the country wherein cold prevails to the warm southern climates and to return such persons at the end of the cold season. The said board shall have power to construct temporary quarters, and the War Department shall supply such tents, cots, and blankets as the board may require, all of which shall be returned at the end of the emergency.

THE GARNER RELIEF BILL

Recently the distinguished Speaker of the House of Representatives, the Hon. JOHN N. GARNER, of Texas, realizing that it would never do for Congress to adjourn without having taken some action toward relief of unemployment and to prevent further suffering and distress, introduced his bill, which has been passed by the House. The Garner bill not only authorizes the use of $100,000,000 in direct relief but also $2,000,000,000 in public buildings, rivers and harbors, and Army construction.

I supported that bill as a step in the right direction. But, on May 17, I had previously introduced H. R. 12125, a bill to amend the Reconstruction Finance Corporation act so as to authorize it to lend money to industrial or manufacturing corporations so as to keep workers employed and prevent the closing down of factories and mills, and also to lend money to States or school districts so as to cash the warrants for the salaries of school teachers that the States and school districts have been unable to pay. I am glad to say that a part of this proposition is included in the Garner bill, and that substantially the same provision for the lending of money to States and political subdivisions thereof which was carried in my resolution introduced December 8, 1931, is included in the $300,000,000 Wagner bill, recently passed by the Senate. It is my belief that the Garner bill and the Wagner bill will be virtually merged, in conference, so that some adequate and helpful legislation may be worked out for the relief of the people of the Nation.

GREAT POWERS NEEDED TO MEET CRISIS

But I still insisted that the powers of the Reconstruction Finance Corporation are inadequate to meet a crisis that may arise any day, and we should certainly be prepared for any emergency. Consequently, on May 18, 1932, I intro-

duced H. R. 12143, which sought to confer upon the Reconstruction Finance Corporation the very large and ample powers which I contemplated in House Joint Resolution 67, for the board designated by me as the national emergency board. Names are unimportant, but proper powers are all-important. All that the Reconstruction Finance Corporation can do is to lend money to somebody, or to some State, or political subdivision thereof. It should have power to act, and not merely dish out money. I insist that it should have larger powers, so that it can step in as a great national agency, and use the railroads and other transportation facilities, and the operation of coal mines, and of oil wells, and of lumber mills, of flour mills, of meat packers, of drug manufacturers, of clothing manufacturers, of shoe manufacturers, and of all engaged in producing the things necessary to save life and prevent suffering.

I am a great stickler for constitutional authority. I am a life-long disciple of Calhoun. But, in an emergency, the highest constitutional authority is not only the right, but the duty of self-preservation, in any nation. We are now faced with that duty.

In time of war, we have not hesitated to expand and enlarge, temporarily, the powers of the Federal Government. Usually, after war, such powers have been surrendered and the normal balance between the Federal and State Governments resumed.

But we must remember that present conditions are in some respects more serious than war. A nation fights in war to preserve its political independence and integrity. Usually the people of the nation all unite in carrying on a war against a foreign foe. But now it is chaos, disorganization, internal confusion, group against group, class against class, and almost man against man in the desperate struggle for existence.

NEW CONDITIONS CREATE NEW DUTIES

Our Nation has become highly industrialized, and the old individualistic philosophy, based upon a rural population with every plantation self-sufficient, is no longer adequate to meet the requirements of this interdependent and interlocking machine age. It is a far cry from the days of Andrew Jackson, 100 years ago, when the first railroad commenced to operate between Charleston and Hamburg. Since then the Nation is girded with nearly 300,000 miles of steel rails.

The telegraph and telephone lines link every part and corner of the Nation to every other. The automobile and the airplane almost annihilate space and time. And now comes the radio, that knows neither State nor international boundaries, that circles even the globe itself, and makes all mankind one huge community.

In such times as these there must be new and original application of the fundamental doctrines of American life. Hence, I have not hesitated to suggest that it is the Federal Government now that must take the lead in bringing relief in sustaining civilization, in preserving government, and in helping to give a chance to every honest and earnest person, who is willing to work, a job and a chance to live.

NATIONAL PLANNING COUNCIL

It was in accordance with this broad view of our international duty that I introduced, on January 4, 1932, a joint resolution, to empower the President to appoint a nonpartisan board of 25 upstanding and able citizens to constitute a national advisory board, and to plan the ways and means for the recovery of business, industry and agriculture in this Nation. The trouble has been that we have not had proper teamwork.

Each group and class has been desperately struggling alone to preserve itself. But our destinies are all tied up to each other. Certainly, in such a time as this, no man liveth unto himself. Never before was there such need for united action, and cooperative effort. Other bills along this line are pending, and plead and persuade as we would, we have been unable to convince the powers that be that there is help and light and leading along this way.

I shall carry on the fight for the establishment of something like a national advisory board, or a national planning council, or under whatever name it may be placed; we need some body or board or commission of unselfish, patriotic, broad-minded men and women, representing all interests and all sections and all groups, which shall meet frequently and approve any plans and conclusions to submit to the Government, and to the country, for their information and guidance.

THE TEST OF TRUE PATRIOTISM

Surely, now is the time, of all times, to lay aside selfishness, class prejudice, personal ambition, and every motive and consideration, save only service to the people of the Nation. Now patriotism is as much in demand as in war. Now men must give of their strength to serve, just as in war some must give their life. Now there must be teamwork among free citizens, just as there must be cooperation in war among soldiers.

Now the call comes to every American to use brain, heart, and hand to succor the suffering, to encourage the disconsolate, to labor for the common good, and to spare neither time nor strength to restore to every man, woman, and child within the land a chance to labor and to enjoy in full measure the fruit of that labor. This very thing Republican policies have denied to the people. It has overplayed its own game. Intending to serve the selfish small group of special interests, it has well-nigh destroyed both the masses it would exploit and the special classes it sought to enrich. It has killed the goose that laid the golden egg.

For information I am printing a part of H. R. 12143.

A bill to amend an act approved January 22, 1932, designated as Public No. 2, Seventy-second Congress, entitled "An act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes"

Be it enacted, etc., That Public Act No. 2, Seventy-second Congress, approved January 22, 1932, entitled "An act to provide emergency facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes," be, and the same is hereby, amended by adding a new section after section 17, to be known and designated as section 18, as follows:

"SEC. 18. (a) Said Reconstruction Finance Corporation shall have power to commandeer and take or temporarily to use the property of any person, firm, or corporation, including any or all railroads and any special trains or services of such railroads. Furthermore, said board shall have the right to establish and fix by special order the priority in which shipments may be made, and all such orders shall be respected and obeyed, subject to the claims and penalties hereinafter described.

"(b) The said corporation shall have power to appoint State and local committees as its agents and representatives in carrying out its powers and also to name charity organizations of any State, county, town, or municipality, where the same may be desirable for efficiency, speed, and economy in dispensing relief.

"(c) Said corporation shall have power to lend money to States or to political subdivisions at a rate of interest not exceeding 2 per cent per annum, to be repaid in not exceeding 10 years, said money to be used under the general direction and guidance of said corporation for the building of roads, schoolhouses, educational and other public buildings, and other necessary and proper public works of such States and political subdivisions thereof, and thus to reduce unemployment.

"(d) The said corporation is hereby authorized and empowered to cooperate with the Secretary of the Treasury of the United States in carrying out the existing public-buildings program, and such amendments or additions thereto as shall be made by Congress so as to give employment at the earliest possible moment to the largest possible number of persons, and so as to result in the shipment of large quantities of building materials, and thus to create a demand for labor from the mine, the field, the forest, and other original sources of material.

"(e) This legislation is enacted in view of the national emergency connected with the unemployment of seven or eight millions of persons in this Nation, thus directly affecting the means of subsistence of their dependents to the extent of, perhaps, 40,000,000 persons, and indirectly affecting the entire population of the United States. It shall be the duty of said corporation to use the powers hereby conferred to the fullest extent to assist industry, commerce, and agriculture to resume full activity, and thus to minimize the suffering incident to said emergency, and to see that no residents of the United States die from hunger or cold. The said corporation shall exercise its power to transport grain, fruits, vegetables, meats, and their food products, cotton and wool and their clothing products, lumber and other building materials from where they are abundant and cheap to where they are needed, and to assist and encourage their use and consumption. For such property as the said board may commandeer and take for public relief it shall pay the reasonable market value thereof to the owner at the place and time of taking, and for such property as the board may use but return to the owner thereafter it shall pay the reasonable value of such use, including the actual damages, but not including any consequential or

speculative damages. In order to prevent profiteering in food, fuel, and clothing the corporation shall have the power to control priority of shipments over all interstate carriers, to give preference to shipments of those persons, firms, and corporations selling or offering to sell food, fuel, or clothing at a fair and reasonable price, and to give the consuming public in congested centers of population the advantage of low prices prevailing in the agricultural and fuel-producing areas. If necessary, the said corporation shall commandeer for temporary use for said purpose trains and train crews, coal mines and oil wells, pipe lines and all necessary facilities and accessories. If deemed wise and expedient, the said corporation may use railroad trains and train crews to transport persons from sections of the country wherein cold prevails to the warm southern climates and to return such persons at the end of the cold season. The said board shall have power to construct temporary quarters, and the War Department shall supply such tents, cots, and blankets as the board may require, all of which shall be returned at the end of the emergency.

ANTIKIDNAPING BILL FOR DISTRICT OF COLUMBIA

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on a bill I introduced, H. R. 10049, a kidnaping bill, relating to the District of Columbia.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. THATCHER. Mr. Speaker, the horrible crimes involved in the kidnaping of the Lindbergh baby focused the attention of the Congress on the subject of enacting legislation which would strengthen existing law. No crime is more monstrous than is this one, especially so when infants and children are the victims. In my judgment, no penalty is too severe for those who perpetrate these unspeakable offenses against society and the home.

INTERSTATE MEASURE

There was introduced in the Senate at this session by Senator PATTERSON, of Missouri, a measure, S. 1525, designed to punish kidnapers and their accessories in the matter of transporting in interstate and foreign commerce any kidnaped person. The same has passed both Houses and has become a law. See Public 189, Seventy-second Congress. It provides as follows:

An act forbidding the transportation of any person in interstate or foreign commerce kidnaped or otherwise unlawfully detained, and making such act a felony

Be it enacted, etc., That whoever shall knowingly transport or cause to be transported or aid or abet in transporting in interstate or foreign commerce any person who shall have been unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away by any means whatsoever and held for ransom or reward shall upon conviction be punished by imprisonment in the penitentiary for such term of years as the court, in its discretion, shall determine: *Provided*, That the term "interstate or foreign commerce" shall include transportation from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia, or to a foreign country, or from a foreign country to any State, Territory, or the District of Columbia: *Provided further*, That if two or more persons enter into an agreement, confederation, or conspiracy to violate the provisions of the foregoing act and do any overt act toward carrying out such unlawful agreement, confederation, or conspiracy such person or persons shall be punished in like manner as hereinbefore provided by this act.

This covers the interstate features very well, though I should have been glad to have seen the death penalty included as provided in the companion House measure (H. R. 5657, introduced by Mr. COCHRAN of Missouri), for I believe that the crime is so dastardly and the need for a deterrent so great, that in aggravated cases the severest penalty should be inflicted.

LEGISLATION PROPOSED FOR THE DISTRICT OF COLUMBIA

In making a study as regards the District of Columbia, which is under Federal jurisdiction, I found the law on the subject of kidnaping to be woefully inadequate. Thereupon, I prepared and introduced on March 3, 1932, H. R. 10089, which is of the tenor following:

A bill to amend section 812 of the Code of Law for the District of Columbia

Be it enacted, etc., That section 812 of the act entitled "An act to establish a Code of Law for the District of Columbia," approved March 3, 1901, as amended (D. C. Code, title 6, sec. 36), is amended to read as follows:

"SEC. 812. Whoever shall be guilty of, or of aiding or abetting in, seizing, confining, inveigling, enticing, decoying, kidnaping, abducting, concealing, or carrying away any individual, by any means whatsoever, and holding or detaining, or with the intent to hold or detain, such individual for ransom or reward or for any other unlawful purpose, shall, upon conviction thereof, be punished by imprisonment for life or for such term as the court in its discretion may determine; except that in any such case the jury may add to their verdict, if it be guilty, the words 'with the death penalty,' in which case the punishment shall be death by electrocution. This section shall be held to have been violated if either the seizing, confining, inveigling, enticing, decoying, kidnaping, abducting, concealing, carrying away, holding, or detaining occurs in the District of Columbia. If two or more individuals enter into any agreement or conspiracy to do any act or acts which would constitute a violation of the provisions of this section, and one or more of such individuals do any act to effect the object of such agreement or conspiracy, each such individual shall be deemed to have violated the provisions of this section."

The existing law for the District of Columbia on the subject is to be found in section 36, title 6, Code of the District of Columbia, and is as follows:

Abduction: Carrying or decoying beyond District; enticing child under 16 years of age.—Whoever unlawfully and forcibly or fraudulently carries off or decoys out of the District any person, or arrests or imprisons any person with the intention of having such person carried out of the District, shall be imprisoned for not less than one nor more than seven years, or fined not exceeding $1,000, or both: *Provided*, That whoever leads, carries, or entices away a child under the age of 16 years with the intent unlawfully to detain or conceal such child so led, taken, or enticed away, shall be imprisoned for not more than 20 years or fined not exceeding $1,000, or both. (March 3, 1901, 31 Stat. 1322, c. 854, sec. 812.)

Thus it will be observed that so far as the abduction, kidnaping, or holding for ransom of any person over 16 years—whatever may be his position or degree—the penalty attaches only when the abducted person is carried from within the District of Columbia out of it or is arrested or imprisoned for the purpose of being taken out of the District. If the person so abducted, kidnaped, or held for ransom is not taken out of the District, and if it can not be shown that his abductors intended to take him out of the District, no offense can be laid under this statute; and only a technical, nominal charge, such as simple assault, may be laid against the offending parties. This is perfectly absurd, though a very dangerous situation is thus presented, as a person over 16 years might be kidnaped and held for ransom in the District and upon detection and conviction only a trivial penalty could be enforced.

If the victim be over 16 and taken out of the District, or seized for the purpose of being taken out of the District, the penalty is wholly inadequate for any aggravated case, the same being imprisonment for not less than one nor more than seven years, or a fine not exceeding $1,000, or both imprisonment and fine.

If a child under 16 is led, carried, or enticed away, with the intent unlawfully to detain or conceal such child, the penalty is imprisonment not more than 20 years, or a fine not exceeding $1,000, or both. This penalty, also, is inadequate in extreme cases, and the language of the provision is not broad enough to meet the various situations which may arise.

The bill (H. R. 10089) was prepared with the assistance and advice of the United States Attorney for the District of Columbia and his staff, and is believed to cover every phase of the subject. Its provisions are broad enough to cover the abduction, kidnaping, and holding for ransom within the District of Columbia, as well as for conveying the victims, of whatever age, beyond the District line. The fine provided in the present law is eliminated as being too trivial in character for any offense so serious as that described. Also, in this measure any conspiracy involved in the commission of any such offense, followed by an overt act, constitutes a violation of the provisions of the measure.

Further in this bill (H. R. 10089) the death penalty is permitted, within the discretion of the jury, upon conviction. The language employed follows that contained in the District of Columbia law against rape. As already indicated, I believe that in the most flagrant cases of kidnaping and holding for ransom, the extreme penalty should be meted out to these archfiends.

DUPLICATE SENATE BILL

On May 18, 1932, there was introduced in the Senate by Senator PATTERSON the duplicate (S. 4694) of H. R. 10089. A hearing was had thereon before the Senate District of Columbia Committee this month, at which I appeared and explained the purposes of this bill; and the committee on June 20, 1932 (Rept. No. 846), favorably reported the bill, without change or amendment.

Included in the Senate committee's report is the letter approving the measure submitted by the Commissioners of the District of Columbia. Therein is indicated the like approval of the United States Attorney for the District of Columbia. The report also includes letters of approval from the Federation of Citizens' Associations of the District, the District of Columbia Federation of Women's Clubs, and the Stanton Park Citizens' Association of the District.

From the Senate report the following is quoted:

PRESENT LAW INADEQUATE

The District Commissioners and the United States attorney deem this law inadequate.

Except in the case of children, no penalty attaches to the abduction and holding for ransom of any person within the District of Columbia.

At the committee's public hearing on this bill, the Hon. MAURICE H. THATCHER, Member of the House of Representatives and author of an identical bill, pointed out that the President or Members of the Senate or House could be abducted and held within the District, and the kidnapers could not be prosecuted for any greater offense than, possibly, simple assault.

PROVISIONS OF BILL

The bill hereby reported closes this loophole in the statute. It presents a greatly improved section, and gives the court wide discretion as to the penalty to be imposed in case of conviction.

Broadening the scope of the law to include holding for ransom or reward or for any other unlawful purpose, the bill fixes the penalty as "imprisonment for life or for such term as the court in its discretion may determine; except that in any such case the jury may add to their verdict, if it be guilty, the words 'with the death penalty,' in which case the punishment shall be death by electrocution."

INDORSEMENT

The bill has the approval of the District Commissioners, the United States attorney, the Federation of Citizens' Associations, the District of Columbia Federation of Women's Clubs, and the Stanton Park Citizens' Association. The communications of the commissioners and interested organizations are appended hereto as part of this report.

In my own State of Kentucky the maximum penalty for kidnaping and holding for ransom is death. If I am not mistaken, a like penalty is provided in certain other States.

COMMITTEE ACTION

The Senate bill, S. 4694, is now on the Senate Calendar awaiting action. H. R. 10089 is yet in the House District of Columbia Committee, to which committee it was referred for consideration and action. Formal approval of the measure—as was also true as regards the Senate bill—by the Commissioners of the District, and by the District's United States attorney, has been formally indicated to the House committee.

IMPORTANCE OF LEGISLATION

The proposed legislation is of such vital importance that I most earnestly hope that the House committee will accord its favorable consideration thereto. I very much regret the delay involved in getting action on the House bill. The gross inadequacy of the present District law presents a condition of grave danger; and it may prove very unfortunate if the measure is not promptly enacted into law.

Permit me to say in conclusion, Mr. Speaker, that it is to be hoped that not only the Congress of the United States but all the States as well will exercise the fullest powers authorized for the purpose of curbing these most heinous offenses which, in one or another form, have persisted on the earth since the day on which Joseph was seized and sold by his brethren into Egyptian bondage down to the kidnaping and murder of baby Lindbergh. The ease with which, by the use of the automobile over good roads and other means of modern transportation, these and other crimes of violence may be committed, render the situation a grave, indeed, a most critical one. The challenge of the underworld must be met and answered by an enlightened civilization, else the entire social order will be overthrown.

SOPHIA A. BEERS

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 811) for the relief of Sophia A. Beers, and agree to the conference asked for.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, the gentleman will recall that there was quite a discussion on the claim, and I presume the gentleman will attempt to maintain the position of the House.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore appointed as conferees on the part of the House Mr. BLACK, Mr. CLARK of North Carolina, and Mr. GUYER.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2340. An act to provide funds for cooperation with the school board of Shannon County, S. Dak., in the construction of a consolidated high-school building to be available to both white and Indian children; to the Committee on Indian Affairs.

S. 4443. An act for emergency relief of Palo Verde Valley, Calif.; to the Committee on Flood Control.

ADJOURNMENT

Mr. O'CONNOR. Mr. Speaker, I move that the House adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 5 minutes p. m.) the House adjourned until to-morrow, Saturday, June 18, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

614. A letter from the Secretary of War, transmitting a draft of a joint resolution to authorize the attendance of Mr. Julio Rodriguez Arrea, a Costa Rican subject, at the United States Military Academy, which the War Department presents for the consideration of the Congress; to the Committee on Military Affairs.

615. A letter from the Secretary of War, transmitting a draft of a joint resolution to authorize the attendance of Mr. Tisheng Yen at the United States Military Academy, which the War Department presents for the consideration of the Congress; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the War Department (Rept. No. 1648). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SCHAFER: Committee on Claims. S. 256. An act authorizing adjustment of the claim of Madrigal & Co., Manila, P. I.; without amendment (Rept. No. 1649). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. S. 256. An act authorizing adjustment of the claims of John T. Lennon and George T. Flora; without amendment (Rept. No. 1650). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. S. 2941. An act for the relief of the Holy Family Hospital, St. Ignatius, Mont.; without amendment (Rept. No. 1651). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5427. A bill for the relief of George Voeltz; without amendment (Rept. No. 1652). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 12117. A bill for the relief of Annie I. Hissey; without amendment (Rept. No. 1653). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SUTPHIN: A bill (H. R. 12700) to prohibit the deposit of refuse in navigable waters when navigation is endangered or waters are made injurious to health or sea food by such deposit, and for other purposes; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 12701) to require motor vehicles owned and officially used by the United States or the District of Columbia to bear a device indicating such ownership and official use; to the Committee on the District of Columbia.

By Mr. THOMASON: A bill (H. R. 12702) for the relief of former officers of the Philippine Scouts; to the Committee on Military Affairs.

By Mr. JAMES: A bill (H. R. 12703) to repeal the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States," and for other purposes; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the officers and members of the Andrews Dahill Post, No. 1531, Veterans of Foreign Wars, expressing their deepest regret and sympathy for the sudden death of Congressman E. E. ESLICK; to the Committee on Memorials.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADKINS: A bill (H. R. 12704) granting a pension to Annie Eliza McKown; to the Committee on Invalid Pensions.

By Mr. BLACK: A bill (H. R. 12705) for the relief of the Washington Post Co.; to the Committee on Claims.

By Mr. BRUNNER: A bill (H. R. 12706) for the relief of James C. Shields; to the Committee on Naval Affairs.

By Mr. DOWELL: A bill (H. R. 12707) granting a pension to Katie White; to the Committee on Invalid Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 12708) granting an increase of pension to Nancy A. Bortner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12709) granting an increase of pension to Adella Warner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12710) granting an increase of pension to Hannah A. Price; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12711) granting an increase of pension to Rebecca Brouse; to the Committee on Invalid Pensions.

By Mr. MORTON D. HULL: A bill (H. R. 12712) for the relief of Rex Eugene Bloss; to the Committee on Naval Affairs.

By Mr. McCORMACK: A bill (H. R. 12713) for the relief of George Luftman; to the Committee on Military Affairs.

By Mr. OLIVER of New York: A bill (H. R. 12714) for the relief of Mary A. Maher; to the Committee on Claims.

By Mrs. OWEN: A bill (H. R. 12715) granting a pension to Emma T. Porter; to the Committee on Invalid Pensions.

By Mr. STAFFORD: A bill (H. R. 12716) for the relief of Joseph W. Harley; to the Committee on Military Affairs.

By Mr. MILLARD: Joint resolution (H. J. Res. 437) authorizing the President of the United States to present the distinguished-service medal to Amelia Earhart Putnam; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8360. By Mr. ADKINS: Petition of citizens of Macon County, Ill., protesting against the passage of House bill 8759, or any other compulsory Sunday-observance legislation; to the Committee on the District of Columbia.

8361. By Mr. CRAIL: Petition of Los Angeles Printing Pressmen and Assistants' Union, No. 78, favoring a bond loan to be used in the opening up of employment on public works; to the Committee on Ways and Means.

8362. Also, petition of the Southern California Sector, Society of the First Division, American Expeditionary Forces, demanding that Congress adopt emergency-relief measures for the benefit of unemployment; to the Committee on Ways and Means.

8363. By Mr. KELLY of Pennsylvania: Petition of George Westinghouse Post, No. 230, American Legion, urging enactment of veterans' legislation; to the Committee on World War Veterans' Legislation.

8364. By Mr. KVALE: Petition of Duluth Engineers' Club, Duluth, Minn., indorsing the program of President Hoover as set out in the President's letter to Herbert S. Crocker; to the Committee on Public Buildings and Grounds.

8365. Also, petition of first district, Department of Minnesota, American Legion, urging repeal of eighteenth amendment; to the Committee on the Judiciary.

8366. By Mr. LINDSAY: Petition of Simon, Healey & Goldstein (Inc.), New York City, urging the reduction of Federal expenditures; to the Committee on Economy.

8367. Also, petition of the Steuben Society of America, New York City, opposing the passage of House bill 378, the Linthicum resolution; to the Committee on Foreign Affairs.

8368. By Mr. RUDD: Petition of Simon, Healey & Goldstein (Inc.), New York City, favoring reduction in Government expenditures; to the Committee on Appropriations.

8369. By Mr. TEMPLE: Petition of Anna Popeck, 125 East Chestnut Street, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8370. Also, petition of Catherine Hinebaugh, 580 Allison Avenue, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8371. By Mr. YATES: Petition of Mr. R. A. Guthrie, chief, Division No. 665, Brotherhood of Locomotive Engineers, Beardstown, Ill., urging passage of Senator COUZENS's bill, S. 2793, providing for the regulation of busses and trucks engaged in interstate transportation; to the Committee on Interstate and Foreign Commerce.

8372. By the SPEAKER: Petition of the Fifth Avenue Association, urging Congress to authorize the sale of light wines and beer; to the Committee on the Judiciary.

8373. Also, petition of the Fifth Avenue Association, urging Congress to pass additional economy measures providing for substantial Federal savings; to the Committee on Ways and Means.

SENATE

SATURDAY, JUNE 18, 1932

(Legislative day of Wednesday, June 15, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. A bill (H. R. 12445) to relieve destitution, broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

TAX ON ELECTRICAL ENERGY

Mr. ASHURST. Mr. President, I have received a letter from a gentleman whose opinions I highly value, requesting information as to what was my attitude, during the consideration of the tax bill, toward a tax on electrical energy and I have replied as follows:

During the pendency of the tax bill I was opposed to any tax of any sort, kind, nature or description on electrical energy no matter by whom the tax is to be paid and no matter in what form. When the tax bill was before the Senate on May 31

last, there were three roll calls proposing various taxes on electrical energy, and in each instance I certainly voted against any tax on electrical energy, no matter in what form and no matter by whom the tax was to be paid. Please see CONGRESSIONAL RECORD, date of May 31, and you will perceive that I voted "No" in each instance. One of the reasons why I voted against any tax in any form on electrical energy was I feared that when the tax bill would come out of the conference committee the electrical tax would be passed on to the consumer, and my fears were all too well founded, for that is exactly what happened.

Sincerely yours,

HENRY F. ASHURST.

THE JOURNAL

Mr. FESS. I ask unanimous consent for the approval of the Journal for the calendar days of Wednesday, Thursday, and Friday—June 15, 16, and 17.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Howell	Robinson, Ark.
Austin	Costigan	Johnson	Robinson, Ind.
Bankhead	Couzens	Jones	Sheppard
Barbour	Dale	Kean	Smoot
Barkley	Davis	Kendrick	Stephens
Bingham	Dickinson	King	Thomas, Idaho
Black	Dill	La Follette	Thomas, Okla.
Blaine	Fess	Lewis	Townsend
Borah	Fletcher	Logan	Trammell
Bratton	Frazier	McGill	Tydings
Broussard	George	McKellar	Vandenberg
Bulkley	Gore	McNary	Wagner
Bulow	Hale	Metcalf	Walsh, Mass.
Byrnes	Harrison	Moses	Walsh, Mont.
Capper	Hastings	Neely	Watson
Caraway	Hatfield	Norris	White
Cohen	Hawes	Oddie	
Connally	Hayden	Patterson	
Coolidge	Hebert	Reed	

Mr. FESS. I desire to announce that the Senator from South Dakota [Mr. NORBECK], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Wyoming [Mr. CAREY], and the Senator from Iowa [Mr. BROOKHART] are detained in a meeting of the Committee on Banking and Currency.

The VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present.

APPROPRIATIONS FOR YAKIMA PROJECT (KENNEWICK HIGHLANDS UNIT), WASHINGTON (S. DOC. NO. 112)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision pertaining to the appropriation for the Yakima project (Kennewick Highlands unit), Washington, contained in the act making appropriations for the Department of the Interior for the fiscal year 1932, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate telegrams in the nature of memorials from the Brotherhood Fund of Russian Veterans, by S. L. Sotnik, and the Russian Veterans' Society of the World War, by A. J. Elshin, both of Seattle, Wash., remonstrating against the recognition of the Soviet Government of Russia, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a letter from Hon. Louis A. Cuvillier, a member of the New York Legislature and veteran of the Spanish-American War, Albany, N. Y., relative to the so-called bonus army now in the city of Washington, and favoring the payment of the adjusted-service compensation certificates (bonus), which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a petition, from T. M. Billings, commander Spencer Ralston Post, No. 1254, Veterans of Foreign Wars, and C. C. Breon, adjutant Shelton Beaty Post, No. 18, American Legion, of Arkansas City, Kans., praying for the passage of legislation for the immediate cash payment of adjusted-service compensation certificates (bonus), which was ordered to lie on the table.

He also laid before the Senate a letter from J. T. Corr, M. D., of Racine, Wis., favoring the passage of legislation providing for the elimination of overtime work on the part of labor in any manufactured products entering into interstate commerce, the elimination of all tax-exempt securities, the reduction of governmental salaries, etc., which was ordered to lie on the table.

He also laid before the Senate telegrams and a paper in the nature of memorials from the Bronx Workers' Club, of New York City; the Needle Trades' Workers Industrial Union, of Boston, Mass., by I. H. Feingold, chairman; the Brownsville Branch, International Labor Defense, of Brooklyn, N. Y.; the Russian Mutual Aid Society, Picnic D. Tedoruk, chairman, of Lawrence, Mass.; members of Hinsdale Workers' Club, by Max Rosen, secretary, of Brooklyn, N. Y.; the Long Cove Branch, International Labor Defense, of Long Cove, Me.; Branch No. 9, International Working Order, of New York City; and 700 citizens assembled in meeting at West Allis, Wis., remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the annual convention of the Diocese of Long Island, Protestant Episcopal Church, Brooklyn, N. Y., indorsing governmental aid for the purpose of constructing model homes at low rental for those who may want to occupy them, which was ordered to lie on the table.

He also presented a resolution adopted by the Eighth Ward Civic Association, of Schenectady, N. Y., favoring the passage of legislation legalizing the dispensation by the Government of malt liquors and beer of at least 4 per cent alcoholic volume, to be adequately taxed, so as to bring in revenue and thus alleviate the burden on taxpayers, which was ordered to lie on the table.

He also presented a resolution adopted by the Orleans Baptist Association (consisting of delegates from all the Baptist churches of Orleans County), at Medina, N. Y., opposing the repeal of the eighteenth amendment of the Constitution and any effort to resubmit the prohibition question by a referendum, which was referred to the Committee on the Judiciary.

Mr. BINGHAM presented a paper in the nature of a petition of sundry citizens and business firms of New Britain, Conn., praying for retrenchment in governmental expenditures, resistance to new appropriations, etc., to the end that the Budget may be promptly balanced, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by sundry citizens of Hartford and vicinity, in the State of Connecticut, at a public meeting favoring the use by the Government of its greatest influence in preventing outbreaks of armed conflict, the passage of legislation prohibiting the export of arms and munitions from the United States to foreign countries, and also the diversion of all funds now used in war preparation to the relief of the unemployed, which was referred to the Committee on Foreign Relations.

He also presented petitions of sundry citizens of New Haven and West Haven, Conn., praying for the passage of legislation for the regulation of the motion-picture industry and "to prevent the present obstruction of interstate trade and commerce in copyrighted motion-picture films," which were referred to the Committee on Interstate Commerce.

He also presented a memorial of members of the congregation of the First Methodist Episcopal Church, of Stamford, Conn., remonstrating against the holding of a referendum in connection with the repeal of the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Connecticut State Federation of American Association of University Women Branches and College Clubs, favoring the prompt ratification of the World Court protocols and indorsing the

efforts of the American delegation at the Geneva disarmament conference, which was ordered to lie on the table.

SUPREME COURT OPINION IN CASE OF GEORGE OTIS SMITH (S. DOC. NO. 111)

Mr. HEBERT. Mr. President, I hold in my hand a copy of the opinion of the Supreme Court of the United States in the case of United States, appellant, against George Otis Smith. It will be remembered that George Otis Smith was appointed a member of the Federal Power Commission in 1931, that the President was notified of his confirmation, and thereafter the Senate attempted to recall the nomination. Subsequently a resolution was adopted by the Senate directing that the question be taken up on quo warranto proceedings in the Supreme Court of the District of Columbia. That was done and the case was finally appealed to the Supreme Court of the United States. Under date of May 2, 1932, that court rendered an opinion sustaining the President. It has occurred to me that it might be informative to have the opinion made a part of the RECORD and also printed as a Senate document. I ask unanimous consent that that may be done.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, it is so ordered.

The opinion is as follows:

SUPREME COURT OF THE UNITED STATES

No. 694—October term, 1932

UNITED STATES, APPELLANT, *v.* GEORGE OTIS SMITH—ON CERTIFICATE FROM THE COURT OF APPEALS OF THE DISTRICT OF COLUMBIA

[May 2, 1932]

Mr. Justice Brandeis delivered the opinion of the court.

This petition, in the name of the United States, for a writ of quo warranto was filed in the Supreme Court of the District of Columbia, on relation of the district attorney, in deference to the desire of the United States Senate to have presented for judicial decision the question whether George Otis Smith holds lawfully the office of member and chairman of the Federal Power Commission. The case was heard upon the petition and answer. On December 22, 1931, the trial court entered judgment denying the petition. An appeal was promptly taken to the Court of Appeals of the District. That court certified a question pursuant to section 239 of the Judicial Code. This court granted joint motions of the parties to bring up the entire record and to advance the cause.

On December 3, 1930, the President of the United States transmitted to the Senate the nomination of George Otis Smith to be a member of the Federal Power Commission for a term expiring June 22, 1935. On December 20, 1930, the Senate, in open executive session, by a vote of 38 to 22, with 35 Senators not voting, advised and consented to the appointment of Smith to the office for which he had been nominated. On the same day, the Senate ordered that the resolution of confirmation be forwarded to the President.[1] This order was entered late in the evening of Saturday, December 20; and still later on the same day the Senate adjourned to January 5, 1931. On Monday, December 22, 1930, the Secretary of the Senate notified the President of the United States of the resolution of confirmation, the communication being delivered by the official messenger of the Senate.[2] Subsequently, and on the same day, the President signed and, through the Department of State, delivered to Smith a commission purporting to appoint him a member of the Federal Power Commission and designating him as chairman thereof. Smith then, on the same day, took the oath of office and undertook forthwith to discharge the duties of a commissioner.

On January 5, 1931, which was the next day of actual executive session of the Senate after the date of confirmation, a motion to reconsider the nomination of Smith was duly made by a Senator who had voted to confirm it, and also a motion to request the President to return the resolution of confirmation which had passed into his possession. Both motions were adopted and the President was notified in due course. On January 10, 1931, the President informed the Senate by a message in writing that he had theretofore appointed Smith to the office in question, after receiving formal notice of confirmation, and that, for this reason, he refused to accede to the Senate's request.[3]

Thereafter a motion was made and adopted in the Senate directing the executive clerk to place on the Executive Calendar the "name and nomination of the said George Otis Smith." Subsequently, on February 4, 1931, the President pro tempore of the Senate put to the Senate the question of advice and consent to the appointment of Smith, and a majority of the Senators voted in the negative. Notification of this action was sent to the President. On the following day, February 5, 1931, the Senate by resolution requested the district attorney of the District of Columbia to institute in its Supreme Court proceedings in quo warranto to test Smith's right to hold office; and, pursuant to that request, this proceeding was filed on May 4, 1931. As the officials of the Department of Justice were committed by an opinion of the Attorney General (36 Ops. Atty. Gen. 382) to a conclusion adverse to the position taken by the Senate, consent to the institution of the proceeding was conditioned upon the Senate's employing its own counsel and upon the understanding that officials of the Department of Justice would not support the petitioner.

No fact is in dispute. The sole question presented is one of law. Did the Senate have the power, on the next day of executive session, to reconsider its vote advising and consenting to the appointment of George Otis Smith, although meanwhile, pursuant to its order, the resolution of consent had been communicated to the President, and thereupon, the commission had issued, Smith had taken the oath of office and had entered upon the discharge of his duties? The answer to this question depends primarily upon the applicable Senate rules. These rules are numbers XXXVIII and XXXIX.[4] The pivotal provisions are paragraphs 3 and 4 of Rule XXXVIII, which read:

"3. When a nomination is confirmed or rejected any Senator voting in the majority may move for a reconsideration on the same day on which the vote was taken, or on either of the next

[1] The terms of the resolution were: "*Resolved*, That the Senate advise and consent to the appointment of the above-named person to the office named agreeably to his said nomination." Upon the announcement of the vote, the President pro tempore stated: "The Senate advises and consents to the nomination and the President will be notified." No objection being made, or further proceedings having been had, in the Senate with reference to said consent or the notification thereof, the following order was entered by the Secretary of the Senate in usual course upon the Executive Journal of the Senate for December 20, 1930: *Ordered*, That the foregoing resolution of confirmation be forwarded to the President of the United States."

Further action being had in executive session on the same day with reference to other nominations, there was entered on the Journal for that day the following order: "*Ordered*, That all resolutions of confirmation this day agreed to be forwarded forthwith to the President of the United States."

[2] The terms of the communication were: "In executive session, Senate of the United States, Saturday, December 20, 1930. *Resolved*, That the Senate advise and consent to the appointment of the following-named persons to the offices named agreeably to their respective nominations:

"FEDERAL POWER COMMISSION

"George Otis Smith, to be a member for the term expiring June 22, 1935.

"Frank R. McNinch, to be a member for the term expiring June 22, 1934.

"Marcel Garsaud, to be a member for the term expiring June 22, 1932.

"Attest:

"(Signed) EDWIN P. THAYER,
"*Secretary.*"

[3] The message of the President read as follows:

"*To the Senate of the United States:*

"I am in receipt of the resolution of the Senate dated January 5, 1931—

"'That the President of the United States be respectfully requested to return to the Senate the resolution advising and consenting to the appointment of George Otis Smith to be a member of the Federal Power Commission, which was agreed to on Saturday, December 20, 1930.'

"I have similar resolutions in respect to the appointment of Messrs. Claude L. Draper and Col. Marcel Garsaud.

"On December 20, 1930, I received the usual attested resolution of the Senate, signed by the Secretary of the Senate, as follows:

"'*Resolved*, That the Senate advise and consent to the appointment of the following-named person to the office named agreeably to his nomination:

"'FEDERAL POWER COMMISSION

"'George Otis Smith, to be a member of the Federal Power Commission.'

"I have similar resolutions in respect to Colonel Garsaud and Mr. Draper.

"I am advised that these appointments were constitutionally made, with the consent of the Senate formally communicated to me, and that the return of the documents by me and reconsideration by the Senate would be ineffective to disturb the appointees in their offices. I can not admit the power in the Senate to encroach upon the Executive functions by removal of a duly appointed executive officer under the guise of reconsideration of his nomination.

"I regret that I must refuse to accede to the requests.

"HERBERT HOOVER.

"THE WHITE HOUSE, *January 10, 1931.*"

[4] Rule XXXIX provides: "The President of the United States shall, from time to time, be furnished with an authenticated transcript of the executive records of the Senate, but no further extract from the Executive Journal shall be furnished by the Secretary, except by special order of the Senate; and no paper except original treaties transmitted to the Senate by the President of the United States, and finally acted upon by the Senate, shall be delivered from the office of the Secretary without an order of the Senate for that purpose." The transcript of executive records relating to action by the Senate on nominations, furnished to the President under this rule, appears to consist only of copies of resolutions of confirmation or rejection.

two days of actual executive session of the Senate; but if a notification of the confirmation or rejection of a nomination shall have been sent to the President before the expiration of the time within which a motion to reconsider may be made, the motion to reconsider shall be accompanied by a motion to request the President to return such notification to the Senate. Any motion to reconsider the vote on a nomination may be laid on the table without prejudice to the nomination, and shall be a final disposition of such motion.

"4. Nominations confirmed or rejected by the Senate shall not be returned by the Secretary to the President until the expiration of the time limited for making a motion to reconsider the same, or while a motion to reconsider is pending, unless otherwise ordered by the Senate."

The contention on behalf of the Senate is that it did not advise and consent to the appointment of George Otis Smith to the office of member of the Federal Power Commission, because, by action duly and regularly taken upon reconsideration in accordance with its standing rules, it refused such consent, and gave to the President formal notice of its refusal.

The argument is that the action of the Senate in assenting to the nomination of Smith on December 20, 1930, and ordering that the President be notified, was taken subject to its rules and had only the effect provided for by them; that the rules empowered the Senate, in plain and unambiguous terms, to entertain, at any time prior to the expiration of the next two days of actual executive session, a motion to reconsider its vote advising and consenting to the appointment, although it had previously ordered a copy of the resolution of consent to be forwarded forthwith to the President; that the Senate's action can not be held to be final so long as it retained the right to reconsider; that the Senate did not by its order of notification waive its right to reconsider or intend that the President should forthwith commission Smith; that the rules did not make the right of reconsideration dependent upon compliance by the President with its request that the resolution of consent be returned; that the rules were binding upon the President and all other persons dealing with the Senate in this matter; that as the President was charged with knowledge of the rules, his signing of the commission prior to the expiration of the period within which the Senate might entertain a motion to reconsider had no conclusive legal effect; and that the nominee who had not been legally confirmed could not by his own acts in accepting the commission, taking an oath of office, and beginning the discharge of his duties vest himself with any legal rights.

Counsel for the Senate assert that a survey of the historical development of the rules of the Senate relating to reconsideration confirms its present interpretation of the rules; and that the interpretation is further confirmed by the multitudinous instances appearing in the Executive Journal of the Senate in which the President, at the Senate's request, returned resolutions, both of confirmation and of rejection.[5] We are of opinion that the Senate's contention is unsound.

First. The question primarily at issue relates to the construction of the applicable rules, not to their constitutionality. Article I, section 5, clause 2, of the Constitution provides that "each House may determine the rules of its proceedings." In United States *v.* Ballin (144 U. S. 1, 5) the court said: "Neither do the advantages or disadvantages, the wisdom or folly of * * * a rule present any matters for judicial consideration. With the courts the question is only one of power. The Constitution empowers each House to determine its rules of proceedings. It may not by its rules ignore constitutional restraints or violate fundamental rights, and there should be a reasonable relation between the mode or method of proceeding established by the rule and the result which is sought to be attained. But within these limitations all matters of method are open to the determination of the House, and it is no impeachment of the rule to say that some other way would be better, more accurate, or even more just." Whether, if the rules of the Senate had in terms reserved power to reconsider a vote of advice and consent under the circumstances here presented, such reservation would be effective as against the President's action, need not be considered here.

As the construction to be given to the rules affects persons other than Members of the Senate, the question presented is of necessity a judicial one. Smith asserts that he was duly appointed to office, in the manner prescribed by the Constitution. See Marbury *v.* Madison (1 Cranch, 137, 155, 156). The Senate disputes the claim. In deciding the issue the court must give great weight to the Senate's present construction of its own rules; but so far, at least, as that construction was arrived at subsequent to the events in controversy, we are not concluded by it.

Second. Obviously, paragraph 3 of Senate Rule XXXVIII contemplates circumstances under which the Senate may still reconsider a vote confirming or rejecting a nomination, although notification of its original action has already been sent to the President. Otherwise the provision for a motion to request the return of a resolution would be meaningless. But paragraph 4 of the same rule contemplates that normally such notification shall be withheld until the expiration of the time limited for making a motion to reconsider, and if a motion be made, until the disposition thereof; for it declares that notification shall be so withheld "unless otherwise ordered by the Senate." In this case the Senate did so order otherwise; and the question is as to the meaning and effect of this special procedure.

Smith urges that upon receipt of a resolution of advice and consent, final upon its face, the President is authorized to complete the appointment; and that a request to return the resolution can have no effect unless it is received prior to the signing of the commission; that if this were not true the notification would not authorize the President to do anything until the expiration of the reconsideration period, and hence would be futile; or it would purport to authorize him to make an appointment defeasible upon reconsideration and reversal of the Senate's action, and hence would violate a constitutional requirement of unconditional assent. We do not understand counsel for the appellant to urge that an appointment so defeasible may be made, and we have, therefore, no occasion to consider the constitutional objections, advanced on Smith's behalf, to a construction permitting such action. Nor need we consider whether the President might decline to accede to a request to return the Senate's resolution if he received it before making the appointment. The question at issue is whether, under the Senate's rules, an order of notification empowers the President to make a final and indefeasible appointment if he acts before notice of reconsideration; or whether, despite the notification, he is powerless to complete the appointment until two days of executive session shall have passed without the entry of a motion to reconsider.

Third. The natural meaning of an order of notification to the President is that the Senate consents that the appointment be forthwith completed and that the appointee take office. This is the meaning which, under the rules, a resolution bears when it is sent in normal course after the expiration of the period for reconsideration. Notification before that time is an exceptional procedure which may be adopted only by unanimous consent of the Senate.[6] We think it a strained and unnatural construction to say that such extraordinary, expedited notification signifies less than final action or bears a different meaning than notification sent in normal course pursuant to the rules.

It is essential to the orderly conduct of public business that formality be observed in the relations between different branches of the Government charged with concurrent duties, and that each branch be able to rely upon definite and formal notice of action by another.[7] The construction urged by the Senate would prevent the President from proceeding in any case upon notification of advice and consent without first determining through unofficial channels whether the resolution had been forwarded in compliance with an order of immediate notification or by the Secretary in the ordinary course of business, for the resolution itself bears only the date of its adoption. If the President determined that the resolution had been sent within the time limited for making a motion to reconsider, he would have then to inform himself when that period expired. If the motion were made, he would be put upon notice of it by receipt of a request to return the resolution. But under the view urged by the Senate, that reconsideration may proceed even though the resolution be not returned, he would receive no formal advice as to the disposition of the motion, save in the case of a final vote of rejection or confirmation.[8] The uncertainty and confusion which would be engendered by such a construction repel its adoption.

The Senate has offered no adequate explanation of the meaning of an order of immediate notification, if it has not the meaning which Smith contends should be attached to it. Its counsel argues that the practice of ordering such notification developed at a time when the Senate passed upon nominations in closed session; and that the order may have been simply a means of furnishing the President with information, not available through public channels,

[5] At the argument in the Supreme Court of the District the parties joined in submitting a pamphlet containing a list of precedents for the reconsideration by the Senate of a vote confirming or rejecting a nomination after notification of the President of its action thereon; and this pamphlet was filed with the opinion of that court. Before entry of the order denying the petition, the parties, by stipulation, submitted additional information in regard to facts concerning nominations, confirmation, and the issuance of commissions in special cases, as shown by the Senate Executive Journal, by records of the executive offices of the White House, and in certain instances by departmental records. The stipulation was made part of the record in the case in the Supreme Court. In accordance with agreement of counsel, both the pamphlet and the stipulation were printed as one document by the clerk of the Court of Appeals.

Unless otherwise indicated, the references in the succeeding footnotes are drawn from this material.

[6] The practice of the Senate seems to be to treat the ordering of immediate notification to the President as, in effect, a suspension of the rules requiring unanimous consent. (See, e. g., 74 CONG. REC., pt. 2, pp. 1748–1749, 1937, 2066; id., pt. 3, p. 3393; CONG. REC., 72d Cong., 1st sess., pp. 3782, 3881.)

[7] Paragraph (2) of Senate Rule XIII, dealing with reconsideration of measures which have been sent to the House of Representatives, contains a provision for a motion to request the return of a measure similar to that of Rule XXXVIII in respect to nominations. No precedent has been called to the court's attention indicating that this provision would be construed as permitting the Senate to proceed to a reconsideration even though the House declined to honor its request.

[8] Thus the motion to reconsider might be withdrawn or tabled, or, when put to a vote, might fail, in any of which events the nomination would stand as confirmed, without further notice to the President. If the motion prevailed, the nomination would stand as originally made by the President, but no notice of that fact would reach him unless it were again finally acted upon.

concerning the probable attitude of the Chamber prior to final action. It is suggested that the President might thereby be enabled to muster support for a nominee at first rejected or to withdraw the nomination before final rejection. But the explanation has no application to a notification of a favorable vote. Nor is it credible that the Senate by unanimous vote would adopt a procedure designed merely to permit the exertion of influence upon a majority to change a decision already made. The construction urged is a labored one. It should not be adopted unless plainly required by the history of the rules and by the meaning which the Senate and the executive department in practice have given them.

Fourth. We find nothing in the history of the rules which lends support to the contention of the Senate, and much in their history to the contrary. The present rules relating to the reconsideration of votes confirming or rejecting nominations are substantially those of March 25, 1868. The earlier history is this: Prior to April 6, 1867, no rule had dealt specifically with reconsideration of votes concerning nominations. A resolution adopted February 25, 1790, provided generally that "when a question has been once made and carried in the affirmative or negative, it shall be in order for any member of the majority to move for a reconsideration of it." In 1806 two limitations were attached to this provision: First, that "no motion for the reconsideration of any vote shall be in order after a bill, resolution, message, report, amendment, or motion upon which the vote was taken shall have gone out of the possession of the Senate, nor after the usual message shall have been sent from the Senate announcing their decision"; and, second, that no such motion shall be in order "unless made on the same day in which the vote was taken or within the three next days of actual session of the Senate thereafter."[9] In 1818 a resolution was adopted "that in future all nominations approved or definitively acted on by the Senate be by the Secretary returned to the President of the United States from day to day, as such proceedings may occur, any rule or usage to the contrary notwithstanding."

These rules remained in force until 1867.[10] Under them the Senate decided by unanimous vote in 1830, in the earliest of the precedents cited by the parties, that it was without power to reconsider its rejection of the nomination of Isaac Hill as second Comptroller of the Treasury "because the President had been notified." No request appears to have been made in that case for the return of the resolution of rejection. Subsequently, however, it became the practice for the President, upon request, to return resolutions of rejection or confirmation as a matter of comity; and the Senate thereupon reconsidered its action, despite the question under its rules whether reconsideration was in order. Between 1830, the time of Hill's case, and April 5, 1867, about 160 such cases occurred. But several occurring at the close of the period show clearly the limits of the practice. In two cases the President declined to return the resolution on the ground that the commission had already issued, and the Senate acceded to the refusal.[11] In another the resolution was returned, but with the statement that a commission had issued; and the Senate appears to have taken no further action.[12] And on April 3, 1867, in the case of A. C. Fisk, the Senate upheld a decision of the Chair that a motion to reconsider a vote of confirmation was out of order after the President had been notified and before the resolution had been returned.

Three days thereafter decisive changes were made in the rules relating both to reconsideration and to notification of the President.[13] On April 6, 1867, the rule concerning reconsideration was modified so as to except specifically motions to reconsider votes upon a nomination from the general prohibition of any such motion where the paper announcing the Senate's decision had gone out of its possession; and the present provision was added that "a motion to reconsider a vote upon a nomination shall always, if the resolution announcing the decision of the Senate has been sent to the President, be accompanied by a motion requesting the President to return the same to the Senate." At the same time, it was provided that "all nominations approved or definitely acted on by the Senate shall be returned by the Secretary on the next day after such action is had, unless otherwise ordered by the Senate."

These changes in the rules not only met the situation which had arisen in Fisk's case but gave explicit sanction to the long-standing practice of requesting the President to return resolutions upon nominations and thereafter reconsidering them. Counsel for the Senate argue that, in addition, they completely reversed the practice theretofore established in respect to reconsideration after notification of the President; that by divorcing the period for reconsideration from the normal time for notifying the President they showed an intention that the power to reconsider should be unaffected by the transmittal of notification or by the President's action thereon. In a case occurring shortly after the new rules were adopted, however, the Senate Committee on the Judiciary clearly showed its understanding that no such change had taken place. Noah L. Jeffries was nominated for Register of the Treasury and confirmed and the President was notified. To a subsequent request for the return of the resolution the President replied that a commission had already issued. The Committee on the Judiciary, to which the matter was referred, expressed the opinion that the Senate had power to reconsider its vote, but gave as its reason that the request to return the resolution had in fact been received before the commission was signed.[14]

---

[9] This rule was altered in 1820 by limiting the time for making a motion to reconsider to two days and by striking out the words "nor after the usual message shall have been sent from the Senate."

[10] In 1792, on January 27, the Senate, in executive session, ordered "that the President of the United States be furnished with an authenticated transcript of the executive records of the Senate from time to time," and "that no executive business in future be published by the Secretary of the Senate." The latter provision remained in force until June 18, 1929, when it was resolved that all such business should be transacted in open session. The former provision is still in force, although modified by subsequent rules. See note 4, supra. The first such modification was the resolution of March 27, 1818, mentioned in the text, making special provision for immediate notification of the President concerning action upon nominations. On January 5, 1829, it was "*Resolved*, That no paper sent to the Senate by the President of the United States or any executive officer be returned or delivered from the office of the Secretary without an order of the Senate for that purpose."

On February 18, 1843, the Senate adopted the following resolution: "That nominations made by the President to the Senate, and which are neither approved nor rejected during the session at which they are made, shall not be acted upon at any succeeding session without being again made by the President, and that such shall hereafter be the rule of the Senate. This resolution is in substance incorporated in present Rule XXXVIII, paragraph (6).

[11] These were the nominations of John H. Goddard, in 1864, for justice of the peace for Washington County, D. C., and of Westley Frost, in 1867, as assessor of internal revenue for the twenty-first district of Pennsylvania. In the Goddard case, President Lincoln advised the Senate simply that the resolution was sent to the Department of State prior to receipt of the request for its return, and that "a commission in accordance therewith [was] issued to Mr. Goddard on the same day, the appointment being thus perfected and the resolution becoming a part of the permanent records of the Department of State." No further proceedings are recorded in the Senate Executive Journal. In the Frost case, after a similar reply, Senator Sherman offered a resolution that "the Secretary of the Treasury be requested to recall the commission * * * and that the President be requested to return to the Senate the action of the Senate in the appointment. * * *" This resolution was rejected by a vote of 14 to 23.

[12] In the case of Joseph K. Barnes, nominated as Medical Inspector General in 1864, President Lincoln returned the resolution of confirmation but "respectfully called" the attention of the Senate to certain circumstances, including the execution and delivery of a commission before the making of the motion to reconsider. The author of the motion to reconsider asked and had leave to withdraw it.

In the case of H. H. Smith, nominated as secretary of the Territory of New Mexico in 1867, President Johnson returned the resolution of confirmation, together with a report of the Secretary of State that "the commission was made out and sent to the Executive Mansion for signature and has not been returned." It is not clear that a commission did, in fact, issue. No further proceedings are recorded in the Journal.

[13] These changes were apparently prompted by certain of the incidents just referred to. The resolution presented by Senator Sherman in the Frost case, supra, Note 11, was rejected on April 1, 1867. The amended rules were adopted April 6, 1867, on motion of Senator Fessenden, who had appealed to the Senate from the decision of the chair in the Fisk case.

[14] The President returned the resolution, with an accompanying report of the Secretary of the Treasury. The report stated "that in the ordinary transaction of business the commission was issued on the 14th instant by the State Department, and was received at this department on the 15th instant. General Jeffries had legally qualified and entered upon the discharge of the duties of his office prior to the receipt of the Senate resolution of the 14th instant, which, under these circumstances, is herewith returned." The Committee on the Judiciary reported in part as follows: "It * * * appears that before Mr. Jeffries had been qualified or commissioned as required by law precedent to his entering upon the discharge of his functions under his permanent appointment the President of the United States, in whom the sole right of appointment, subject to the approval of the Senate, is vested by the Constitution, had received notice from the Senate that it had not finally acted upon the question of advising and consenting to the nomination, and withdrawing its resolution of assent to that appointment which had been transmitted to the President on the same day; and the committee are, therefore, of the opinion that the Senate may now lawfully reconsider its vote advising and consenting to the appointment if it shall see proper cause therefor. In this view of the case a majority of the committee were of opinion that it was inexpedient to enter upon an inquiry as to the matter of fact whether the issuing of the commission in this case and the qualification of the officer in question was hastened for any cause out of the usual course of business." The only evidence concerning the subsequent history of the case is that during the same session, some five months later, Mr. Jeffries was nominated for another office, and rejected.

In the case of Samuel M. Pollock, confirmed as brigadier general by brevet, on April 8, 1867, the President, on April 11, complied with a request to return the resolution sent him on April 10, and the Senate later rejected the nomination. The records of the War Department show April 11, 1867, as the date of a commission to Samuel M. Pollock. The entry is marked in red ink, "Canceled

The basis for the argument drawn from the rules of 1867, however, was clearly destroyed a year later, when the rule for notification was further altered, and given virtually its present form. The new rule, adopted March 25, 1868, provided that "nominations approved or definitely acted on by the Senate shall not be returned by the Secretary of the Senate to the President until the expiration of the time limited for making a motion to reconsider, or while a motion to reconsider is pending, unless otherwise ordered by the Senate." No material changes have since been made, either in this rule or in that respecting reconsideration.[15]

Read in the light of the preceding rules and the practice under them, the meaning of the rules thus established is, in our opinion, free from doubt. Prior to 1867 it had been continuously recognized that the President was authorized to commission a nominee upon receiving notification of the advice and consent of the Senate, and that the signing of a commission cut short the power of reconsideration. The Senate so concedes. No explicit change in this respect was made either in the rules of 1867 or of 1868. The inference that no change was intended is strengthened by the fact that under the latter rules, for the first time, the sending of notification ordinarily coincided with the lapse of power in the Senate to reconsider its action under any circumstances. The proviso "unless otherwise ordered by the Senate" made possible the sending of notification before the expiration of the period provided for reconsideration. But there is no indication that the Senate intended thereby to introduce a complete departure from past practice. The natural inference is to the contrary. The proviso for immediate notification must be read in connection with the clause permitting motions to request the return of a resolution, which would be in order only in cases in which the Senate had acted under the proviso. A motion to request the return of a resolution was a familiar device, employed by the Senate on repeated occasions. There is no reason to suppose that such a motion was now intended to have a different effect than that which, by common understanding, it had had in the past. The common understanding had been that a motion to request the return of a resolution was without effect if the President before receiving it had completed the appointment.

Fifth. This construction of the rules is confirmed by the precedents in the Senate arising since 1868. In all cases in which no commission had yet issued, the Executive has honored the request of the Senate for a return of its resolution, in accordance with the invariable practice from the beginning.[16] In the only instances, prior to the case at bar, in which the Senate had occasion to consider the effect, under the present rules, of the signing of the commission before receipt of its request, it indicated an understanding that the power to reconsider was gone.[17] In those two cases the President wrote informing the Senate of the issuance of a commission, and no further action was taken by it.

Attention is called, however, to other cases in which it is contended that the President returned the resolution in spite of the intervening signing of a commission, and that the Senate reconsidered its action. Sixteen cases arising after 1868 are cited.[18] The value of most of these cases as precedents is questioned by Smith and also by the Attorney General and the Solicitor General in the brief filed by them amici curiæ. In none of the cases is there any indication that the Senate was informed of the fact of the signing of the commission, if in fact the commission was signed. Therefore none of those cases furnish an authoritative construction by the Senate of its own rules made prior to the events culminating in the present litigation. They amount, at most, only to evidence of the construction placed upon the rules by the executive department. The weight of many of the cases, as such evidence, is further lessened by the circumstance that the records do not disclose beyond dispute that a commission had actually been signed by the President before receipt of the Senate's request for return of its resolution.[19] All the cases but one arose between 1870 and 1889, nine of them in the administrations of President Grant and President Hayes. Each of these Presidents on occasion refused to accede to similar requests on the ground that a commission had already been issued.[20]

(rejected by the Senate)." Counsel for Smith and the Attorney General and Solicitor General in their brief amici curiæ question whether a commission was in fact issued in this case. See Note 19, infra.

[15] The phrase "approved or definitely acted on" was changed in 1877 to "confirmed or rejected," and as so changed the rule still stands as paragraph 4 of Rule XXXVIII. The rule on reconsideration was also given its present wording in 1877, when the material affecting nominations was taken out of the general provision relating to reconsideration in Rule XX and placed in a separate rule. The only changes of substance were the extension of the period for reconsideration to two days of "actual executive session," and the addition of the sentence: "Any motion to reconsider the vote on a nomination may be laid on the table without prejudice to the nomination, and shall be a final disposition of such motion." At the same time there was added as a separate rule the following, now paragraph 5 of Rule XXXVIII: "When the Senate shall adjourn or take a recess for more than 30 days, all motions to reconsider a vote upon a nomination which has been confirmed or rejected by the Senate which shall be pending at the time of taking such adjournment or recess shall fall; and the Secretary shall return all such nominations to the President as confirmed or rejected by the Senate, as the case may be."

[16] The list of precedents incorporated in the record includes some 170 cases of nominations, arising since March 25, 1868, in which motions to reconsider and request the return of the resolution were entered. In almost all the cases the Senate Executive Journal records affirmatively that the President complied with the request. In a few instances the fact of such return is not recorded, although the Senate proceeded with the reconsideration. In no case, except the two referred to in the text, does it affirmatively appear that the President declined to return the resolution. In no case since the earliest precedent listed, in 1830, is there a record of refusal to honor the request on any other ground than that a commission had been signed and the appointment perfected.

[17] In the case of J. C. S. Colby, nominated as consul at Chin Kiang, the Senate on December 17, 1874, voted to confirm and ordered that the President be notified forthwith. On December 21 a motion to reconsider was entered and the return of the resolution was requested. President Grant replied, "Mr. Colby's commission was signed on the 17th day of December, and upon inquiry at the Department of State it was found that it had been forwarded to him by mail before the receipt of the resolution of recall." There is no evidence of further action on the part of the Senate.

Morris Marks was confirmed as collector of internal revenue for the district of Louisiana on June 6, 1878. On June 11 a motion to reconsider was entered and the return of the resolution requested. President Hayes wrote: "In reply I would respectfully inform the Senate that upon the receipt of the notice of confirmation the commission of Mr. Marks was signed and delivered to him on the 8th instant." The Senate Executive Journal records the fact that this message was read, but contains no reference to any subsequent proceedings in the case.

[18] The cases of Lewis A. Scott, originally confirmed on June 7, 1870, as postmaster at Lowville, N. Y.; John W. Bean, confirmed as first lieutenant on Jan. 11, 1872; James F. Legate, confirmed as Governor of Washington Territory on Jan. 26, 1872; George Nourse, confirmed as register of the Linkville land office, Oregon, June 5, 1872; Alva A. Knight, confirmed as United States attorney for the northern district of New York Jan. 21, 1873; Belle C. Shumard, confirmed as deputy postmaster at Fort Smith, Ark., Feb. 6, 1873; Peter C. Shannon, confirmed as chief justice of the Supreme Court of Dakota Territory Mar. 17, 1873; E. Raymond Bliss, confirmed as deputy postmaster at Columbus, Miss., Mar. 18, 1873; John W. Clark, confirmed as deputy postmaster at Montpelier, Vt., Mar. 20, 1873; William H. Tubbs, confirmed as postmaster at New London, Conn., Dec. 20, 1878; Joseph H. Durkee, confirmed as marshal of the northern district of Florida June 30, 1879; Laban J. Miles, confirmed as Indian agent at Osage Agency, Indian Territory, Feb. 15, 1883; George W. Pritchard, confirmed as United States attorney for the Territory of New Mexico Feb. 19, 1883; Thomas H. Reeves, confirmed as Indian agent, Quapau Agency, Indian Territory, Apr. 9, 1884; Edwin I. Kursheedt, confirmed as marshal for the eastern district of Louisiana, Mar. 27, 1889; and William Plimley, confirmed as Assistant Treasurer Mar. 10, 1903.

In the Bean, Legate, Nourse, and Kursheedt cases the Senate Executive Journal does not record whether or not the President returned the resolution, as requested. The President withdrew the nomination of Mr. Legate, on his own request, before the Senate had proceeded further than to debate the motion to reconsider. The Reeves and Plimley nominations were also withdrawn. In the Scott, Knight, and Miles cases the motion to reconsider was withdrawn after return of the resolution; in the Durkee case it was tabled; and in the Bliss and Pritchard cases, when put to a vote, it failed. In the Clark case no further proceeding is recorded after the return of the resolution. In the Shannon and Tubbs cases the nominee was again confirmed; in the Shumard, Bean, Nourse, and Kursheedt cases the Senate adopted the motion to reconsider and either recommitted the nomination or placed it upon the calendar. Only in the last six cases did the Senate in fact exercise the power to reconsider.

It is conceded by Smith that in the cases of Legate, Shumard, and Plimley a commission had in fact been signed by the President at the time he received and acceded to the request for return of the resolution. In the remaining cases the evidence of signing of the commission rests mainly upon entries of dates in the records of the executive offices of the White House. In the Knight and Miles cases there are also copies of the commission in the records of the respective departments. The entry of the date of commission in the Tubbs case appears to have been erased, although it is still legible. Those in the Reeves and Kursheedt cases are scratched or crossed out. See note 19, infra.

[19] The contention of Smith, in which the Attorney General and Solicitor General concur, is that the dates relied on in the White House records are the dates which the commissions bore, but not necessarily those on which they were signed. The practice in the executive offices in this respect appears not to have been uniform. Thus in certain instances pointed out in the brief amici curiæ, taken from a later period, it appears affirmatively, under the heading "Remarks," that the commission was actually signed at a date subsequent to that entered under the heading "Commissioned." On the other hand, in the Plimley case, supra, note 18, and in the Colby and Marks cases, supra, note 17, other evidence indicates that the signature was in fact made on the date entered in the White House records. It appears to be the practice for the appropriate department to prepare the commission in all respects, including the date, upon receipt of notification of confirmation, and thereafter to present it to the Executive to be signed. This practice creates the possibility of disparity between the date of signing and the date of appearing on the commission.

[20] In the Colby and Marks cases, respectively, supra, note 17. The most recent case, which is urged as strongly supporting the Senate's contention, is that of William Plimley. President Roose-

Perhaps the most satisfactory explanation of the instances cited on behalf of the Senate is that the executive department has not always treated an appointment as complete upon the mere signing of a commission.[21] Compare Marbury *v.* Madison (1 Cranch. 137); United States *v.* Le Baron (19 How. 73, 78). Even in the view most favorable to the Senate's contention they fall far short of clear recognition of the power, never heretofore asserted by the Senate itself, to reconsider a vote of confirmation, after an appointee has actually assumed office and entered upon the discharge of his duties. We are unable to regard any of the cases as of sufficient weight to overcome the natural meaning of the clauses.[22]

Sixth. To place upon the standing rules of the Senate a construction different from that adopted by the Senate itself when the present case was under debate is a serious and delicate exercise of judicial power. The Constitution commits to the Senate the power to make its own rules; and it is not the function of the court to say that another rule would be better. A rule designed to ensure due deliberation in the performance of the vital function of advising and consenting to nominations for public office, moreover, should receive from the court the most sympathetic consideration. But the reasons, above stated, against the Senate's construction seem to us compelling. We are confirmed in the view we have taken by the fact that, since the attempted reconsideration of Smith's confirmation, the Senate itself seems uniformly to have treated the ordering of immediate notification to the President as tantamount to authorizing him to proceed to perfect the appointment.[23]

The judgment of the Supreme Court of the District is confirmed.

NATIONAL PROHIBITION

Mr. BARBOUR. Mr. President, I ask unanimous consent that the two newspaper editorials which I hold in my hand, one by Walter Lippmann and the other by Frank Kent, dealing with the subject of prohibition, be printed in full in the CONGRESSIONAL RECORD and referred to the Committee on the Judiciary.

There being no objection, the editorials were referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

TO-DAY AND TO-MORROW

By Walter Lippmann

THE PROHIBITION PLANK

CHICAGO, June 16.—Under cover of a smoke screen of dry slogans the Republican Party has abandoned national prohibition. So effective was the smoke screen that it may take some time before the drys realize how complete was their defeat and the wets how imposing was their victory. In the convention hall itself the galleries, which were full of wets, booed and howled while the wet cause was winning and the drys on the floor applauded fervently the decision which marked the end of the Republican Party's adherence to national prohibition.

What is it that the Republicans have declared? They have declared that Republicans in the House and the Senate should vote for a resolution submitting a twentieth amendment to the States. They have pledged themselves to specify that the ratification of this new amendment shall be considered not by State legislatures but by specially elected State conventions "adequately safeguarded so as to be truly representative." This can mean only one thing, that they pledge themselves to see that these State conventions are more truly representative than are most of the State legislatures. In other words, they declare that the overrepresentation of rural districts and the underrepresentation of cities, which is characteristic of most legislatures, shall not prevail in the State conventions. This pledge is from the point of view of the practical difficulties of amending prohibition an incalculably important victory for the wets.

The twentieth amendment which the Republicans propose to submit to these State conventions would supersede and, therefore, would in fact repeal the eighteenth amendment. The essence of the eighteenth amendment is that it prohibits and does not merely give Congress the power to prohibit the manufacture and sale of liquor. The new twentieth amendment would take prohibition completely out of the Constitution. Whatever the phrase makers may choose to call it, this is repeal, and it constitutes an absolute victory on the fundamental principle for which the opponents of the eighteenth amendment have always contended.

The twentieth amendment would not only repeal constitutional prohibition but it would deny to Congress the power to impose legislative prohibition. For the Republicans have committed themselves to the principle that the States may legalize liquor, not merely beer and wine, but all liquor, if they wish to do so.

The twentieth amendment would, however, grant certain powers over the liquor traffic to the Federal Government. These powers would be of two kinds. There would be a grant of power to Congress to make laws and to set up enforcement machinery to protect dry States against the invasion of liquor from the wet States. There is no dispute as to the desirability of giving Congress this power. The only difference of opinion is whether it is necessary to amend the legislation in order to provide the power. Some think that the old Constitution vests in Congress all the authority needed; some deny that it does. There can be no possible objection to reaffirming the power if it exists or of granting it if it does not; it is generally agreed that Congress should have the power to protect dry States against invasion. Senator Morrow, who made a profound study of this problem, advocated an amendment which "would vest in the Federal Government power to give all possible protection and assistance to those States that desire complete prohibition against invasion from the States that do not."

But the Republican platform goes farther and proposes to vest more power in Congress. Here the language of the platform is vague, but what the authors probably had in mind was to give Congress the power to declare principles to which the States must conform in legalizing liquor. Their intention, it appears, is to give Congress the power to say that no State may, for example, legalize a system under which liquor is sold for consumption in public places, or conceivably that no State may legalize a liquor traffic conducted for private profit.

Here is matter for considerable debate, and I for one can see no point in making a snap judgment. I should like to see a draft of the amendment which the President would accept as conforming to the language of his platform.

The main point is that this new amendment can go no farther than to grant Congress the power to regulate. It can not prohibit. It can not give Congress the power to prohibit. It can not embed any particular kind of regulation in the Constitution. Since the new amendment can only be a grant of power, it must substitute for the iron inflexibility of the present system a flexible system responsive to public opinion such as prevails in all other civilized countries. The worst that Congress could do under the new amendment could be corrected at any time by a majority vote of Congress.

The wets would be unreasonable if they refused to consider this proposal and to examine carefully the arguments for it which Secretary Mills set forth so cogently in the debate.

I left the convention hall early Thursday morning feeling that the antiprohibitionists had won so great a victory so suddenly that they have not yet adjusted their minds to their new position. The wet galleries were certainly as fanatical and as ignorant and as intolerant as the drys ever were in the days when they were in the saddle. There is danger here, and the wet leaders should stop and consider.

They should remember that it is one thing to fight resolutely to win and another to refuse to make peace with your opponent. It is true that the wets have only won one battle in a campaign which must be fought out in Congress and in the States. But they are in the ascendant and they will make a great mistake if they take a stand which offers the drys no choice but to resist to the bitter end or to surrender abjectly. My view is that on the moot point of this platform—whether or not to grant Congress power to determine the principles upon which the States may legalize liquor—there is no sacrifice of principle in a conciliatory attitude. There is nothing in the proposal to grant Congress a limited power to regulate the liquor traffic which any self-respecting opponent of the eighteenth amendment and of the policy of prohibition need hesitate to consider with an open mind.

---

velt nominated Plimley in 1903 for Assistant Treasurer of the United States. His commission was made out and signed, and a letter notifying him of his appointment and inclosing an official bond was placed in the mails. Notice of a motion to reconsider the vote of confirmation having been received at the White House, the chief of the division of appointments ordered the letter extracted from the mails, and the President returned the resolution and subsequently withdrew the nomination.

[21] Thus, it will be noted in both the Colby and Marks cases, supra, note 17, that the commission had been either placed in the mails or delivered, and that the message of the President placed emphasis on these facts.

[22] In addition to the Senate precedents above discussed, counsel for the Senate cite various decisions from State courts relating to reconsideration by State and municipal deliberative bodies. People ex rel. MacMahon *v.* Davis (284 Ill. 439); Witherspoon *v.* State ex rel. West (138 Miss. 310); Wood *v.* Cutter (138 Mass. 149); Crawford *v.* Gilchrist (64 Fla. 41); Dust *v.* Oatman (126 Mich. 717). None of these cases, however, presented the question here at issue of the effect upon the power to reconsider of an intervening notification of confirmation sent to an appointing officer, and of the signing by that officer of a commission. It is therefore unnecessary to examine the reasoning upon which they were decided.

[23] Thus in the confirmation of Judge Louie W. Strum, Senator FLETCHER in seeking unanimous consent "to waive the rule about two subsequent executive sessions," and notify the President of the Senate's action, gave as his reason that "this judge is very much needed, and has been for some months." (74 CONGRESSIONAL RECORD, pt. 7, pp. 6489–6490). Notification was ordered on Dec. 21, 1931, of votes confirming nominations to the Interstate Commerce Commission and the board of mediation upon the statement of Senator COUZENS that otherwise "those gentlemen * * * can not hold office until after two executive sessions shall have been held." (CONGRESSIONAL RECORD, 72d Cong., 1st sess., Dec. 21, 1931, p. 1003.) Again, on Dec. 22, 1931, on the confirmation of Robert B. Adams as engineer in chief of the Coast Guard, Senator COPELAND stated that "this man's appointment expired on the 18th of December, and it is very important that he be immediately put on duty." Notification was ordered. (Id., p. 1131.) On Feb. 1, 1932, notification was ordered of the confirmation of certain appointees to the Reconstruction Finance Corporation Board, upon the statement of Senator ROBINSON that "it is believed that there is necessity for the board to function immediately." (Id., p. 3071. See also id., pp. 3415, 3582, 3881.)

THE GREAT GAME OF POLITICS

By Frank R. Kent

A POLITICAL MILESTONE

CONVENTION BUREAU OF THE SUN, CHICAGO, June 16.—If the shrill cries of the professional drys, on the one side, and the extreme wets, on the other, are discounted—and they always should be—this prohibition plank in the Republican platform is the most striking political milestone of a decade. It marks the definite end of the noble experiment, the turn of the country against it.

No one who understands the sentiment and conditions that forced the Republican Party to take this step away from the amendment it has so consistently defended and who appreciates that the Democratic convention, which meets June 27, can not do less and may do more, will doubt that. National prohibition has been sunk. There is no other way to look at it. Its failure, proclaimed for years by its opponents, has been conceded by its friends. So far as this convention is concerned, that is the big news, bigger by far than the nominee for the Presidency or the Vice Presidency. It overshadows everything else, and will be the one thing in the platform remembered.

It was a most amazing rush. The tide that swept the Republicans from their dry moorings started really to run two years ago in the congressional and city elections, but it was the developments of the last 10 days that brought the concrete result. An extraordinary series of events occurred, some of them after the delegates began to gather here—the Rockefeller statement, followed by those of Doctor Mott and Doctor Poling; the defeat of the dry RUTH BRYAN OWEN by a wet in Florida and of Senator MORRISON in North Carolina; the sudden and almost simultaneous declaration for repeal by the Indiana Republicans and the Virginia Democratic convention.

The accumulated speed and volume compelled the administration management, which had come out here with a much milder proposal, to yield. It drove into unnoticed obscurity the militant dry professionals who since 1920 have browbeaten and cowed every convention of both parties, openly directed the leaders of both as to what they should and should not do. What happened here left them numb and without plans.

Six months ago it was a 5 to 1 bet the Republican convention would adopt the old law-enforcement plank upon which both parties have got by for the last 12 years, at least even money the Democrats would do the same. And now look where they have gone. As late as Wednesday morning word went from here to the White House from at least two close and confidential Hoover advisers that unless the plank adopted were accepted the convention would run away on an unqualified repeal proposal—and so it would.

To-day the absorbing topic is the political effect of the plank. Three major points are made for it: First, that it is acceptable to all but the fanatical drys; second, that it opens the door for the wet Republicans to stay inside the party; third, that it is the only possible practical plan with which action in the near and not the dim future can be had. So far as the latter is concerned, the argument is that an unqualified repeal amendment, even if put through Congress, could not be done at the short session in December, and that its ratification could and would be prevented by 13 dry States. It would be delayed for years.

In the case of this proposal, its acceptability to the dry States and its support by heretofore political drys who have been longing for the chance to go wet but not daring to take it, should make it easy enough to get through the short session and its ratification could be had through the State conventions within a year. That is the argument. The truth is that once you sweep aside the tender terms in which prohibition is spoken of in the Republican plank, and the "hooey" about preserving the power of the Federal Government to protect the dry States and its retention of national control, the proposition is astoundingly wet.

What it really will do if it goes through is: Repeal the eighteenth amendment, wipe the Volstead Act off the books, and return the whole liquor problem back to the States to deal with as they will, barring only the restoration of the old-time saloon—even that could be done under another name and with slight camouflage—and done it will be, too.

There will be endless discussion of this plank. It will be assailed from both sides. But these are the facts about it. It is a wet plank, so wet that nothing but a complete knowledge that they were being overwhelmed by the wet avalanche can account for the dry acceptance. Under it the whole scheme of national prohibition is scuttled and the State rights in this business restored. Under it not only light wines and beers will come back to the States that want them but whisky and gin as well.

The real weasel words in the plank are those dealing with the Federal power to impose limitations. This is silly as well as insincere, because the Federal power exists without any action being necsary to retain it and would exist under the straight-out repeal proposal also. Congress can exercise its power under either. That part is put in to save the party's face in having completely abandoned prohibition as a national matter. It does not mean much. Everybody knows that once such an amendment is proposed by two-thirds of Congress and ratified by three-fourths of the States it is not going to be possible to get a majority of Congress to turn in the opposite direction and impose a lot of unpopular limitations.

When you contrast this plank with the record of the two parties on this issue, when you consider the extraordinary dominance which the Anti-Saloon League has exercised of Congress and in politics generally, and when you consider the new vista opening up—when you reflect upon these things the change marked by the adoption of this plank last night comes pretty close to being historic. It is possible the Democrats will go beyond the Republican plan in veering over to the wet side. They will, of course, want to, as it will be advantageous to hold the edge in the wet States, the dry South being less dry now than seemed possible before and safe for Democracy, anyhow. They will at least go as far. It seems to make the end of an era in this century-old battle over liquor.

And it is the new voters who have done it—the twenty-odd million and more who have come of age and got on the registration books since prohibition began.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had insisted upon its amendments to the bill (S. 811) for the relief of Sophia A. Beers, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BLACK, Mr. CLARK of North Carolina, and Mr. GUYER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed without amendment the bill (S. 1525) forbidding the transportation of any person in interstate or foreign commerce, kidnaped, or otherwise unlawfully detained, and making such act a felony.

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 29) providing for the printing and distribution of copies of the Federal laws relating to the veterans of various wars, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a joint resolution (H. J. Res. 408) providing for the filling of vacancies in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker pro tempore of the House had affixed his signature to the enrolled bill (S. 1525) forbidding the transportation of any person in interstate or foreign commerce, kidnaped, or otherwise unlawfully detained, and making such act a felony, and it was signed by the Vice President.

REPORT OF A COMMITTEE

Mr. COPELAND, from the Committee on the District of Columbia, to which was referred the bill (S. 4712) authorizing the sale of certain lands no longer required for public purposes in the District of Columbia, reported it with amendments and submitted a report (No. 841) thereon.

ENROLLED BILL PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, June 18, 1932, that committee presented to the President of the United States the enrolled bill (S. 1525) forbidding the transportation of any person in interstate or foreign commerce, kidnaped, or otherwise unlawfully detained, and making such act a felony.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BORAH:

A bill (S. 4905) granting a pension to Emma MacDonald (with accompanying papers); to the Committee on Pensions.

By Mr. STEIWER:

A bill (S. 4906) granting a pension to George W. Thomas (with accompanying papers); to the Committee on Pensions.

By Mr. SHORTRIDGE:

A bill (S. 4907) granting a pension to Mary D. Howard; to the Committee on Pensions.

By Mr. DAVIS:

A bill (S. 4908) for the relief of H. Bluestone; to the Committee on Claims.

By Mr. BARKLEY:

A bill (S. 4909) for the relief of A. Y. Martin; to the Committee on Claims.

By Mr. ROBINSON of Indiana:

A bill (S. 4910) to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, and acts in amendment thereof; to the Committee on Education and Labor.

By Mr. FESS:

A joint resolution (S. J. Res. 181) providing for the filling of vacancies in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress; to the Committee on the Library.

By Mr. WALSH of Montana:

A joint resolution (S. J. Res. 182) amending the joint resolution authorizing the erection on the public grounds in the city of Washington, District of Columbia, of a memorial to William Jennings Bryan; to the Committee on the Library.

By Mr. BINGHAM:

A joint resolution (S. J. Res. 183) to amend a joint resolution entitled "Joint resolution for the relief of Puerto Rico, approved December 21, 1928," as amended by the second deficiency act, fiscal year 1929, approved March 4, 1929; to the Committee on Territories and Insular Affairs.

PUBLIC WORKS PROGRAM—AMENDMENTS

Mr. JONES, Mr. CAREY, Mr. COPELAND, and Mr. LA FOLLETTE each submitted an amendment, Mr. WAGNER submitted several amendments, and Mr. JOHNSON submitted sundry amendments, intended to be proposed by them, respectively, to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which were severally ordered to lie on the table and to be printed.

TARIFF COMMISSION REPORTS

Mr. COSTIGAN submitted a resolution, Senate Resolution 241, which was referred to the Committee on Finance, as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Gloves, made wholly or in chief value of leather, dutiable under paragraph 1532 (a) of such act.

Mr. COSTIGAN also submitted a resolution, Senate Resolution 242, which was referred to the Committee on Finance, as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic article and of any like or similar foreign articles: Plate glass, dutiable under and as provided for in paragraph 222 (a) of such act.

Mr. COSTIGAN also submitted a resolution, Senate Resolution 243, which was referred to the Committee on Finance, as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Linseed or flaxseed oil, and combinations and mixtures in chief value of such oil, dutiable under the provisions of paragraph 53 of such act.

Mr. COSTIGAN also submitted a resolution, Senate Resolution 244, which was referred to the Committee on Finance, as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Cast-iron pipe of every description, and cast-iron fittings for cast-iron pipe, dutiable under the provisions of paragraph 327 of such act.

Mr. COSTIGAN also submitted a resolution (S. Res. 245), which was referred to the Committee on Finance, as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Cocoa, chocolate, and cocoa butter, dutiable under subdivisions (a), (b), and (c) of paragraph 777 of such act.

Mr. COSTIGAN also submitted a resolution (S. Res. 246), which was referred to the Committee on Finance, as follows:

Resolved, That the United States Tariff Commission is hereby directed, under section 332 (g) of the tariff act of 1930, to investigate, and to reply thereon to the Senate as soon as practicable, with respect to the articles classified in paragraphs 354 to 358, inclusive, of such act (1) "whether the facts as to imports, production, exports, wholesale prices, and such costs or other statistically measurable factors as are available, indicate the necessity of a readjustment of the duties on any of these articles and (2) whether any of the duties specified in such paragraphs have resulted in the practical exclusion of imports of any such article."

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

A message in writing from the President of the United States, submitting nominations, was communicated to the Senate by Mr. Latta, one of his secretaries, was also announced that on June 17, 1932, the President approved and signed the act (S. 3911) to authorize the Commissioners of the District of Columbia to close Quintana Place, between Seventh Street and Seventh Place NW.

"DEPRESSION"—ADDRESS BY BERNARD J. ROTHWELL

Mr. WALSH of Massachusetts. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered over the radio by a very public-spirited citizen of Boston, Mr. Bernard J. Rothwell, his subject being "Depression—The Way In—The Way Out.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

DEPRESSION—THE WAY IN—THE WAY OUT

The existing world-wide agricultural and industrial depression and economic disturbance is felt more acutely in the United States than in other countries, because of the higher standard of living, the greater comfort and even luxury its average citizen has enjoyed hitherto.

In the public mind it dates back some three years; but, two years earlier, there were indications that prosperity was not universal, that many businesses were unprofitable, and that unemployment—already large—was steadily increasing.

He is a wise man who can foretell when the tide will turn; unfortunately, just now the world appears to be sadly lacking in constructive wisdom.

Meanwhile, our system of government, the admiration and the inspiration of the peoples of the world, is being subjected to the most severe test in its peacetime history; it is evident that if the noblest political institution ever devised by men is to survive, ways and means must speedily be adopted to prevent recurring periods of deceptive prosperity and extreme depression. There is no time to lose!

A few years ago, the tiller of the soil envied the then current greater reward and shorter hours of the industrial wage earner. But a transformation has since been wrought; to-day millions of able-bodied willing workers tramp the streets of industrial centers vainly seeking something to do. However unsatisfactory the condition of the average farmer may be, he is immeasurably more fortunate; for, at least, he is reasonably sure of food and shelter and is not dependent for them upon public or private charity.

What caused the present deplorable situation? It is due in large measure to the disastrous World War, with its astounding loss of life and treasure; but if we set aside the resulting foreign complications, political and economic, our own situation may definitely be charged to—

First. Constantly increasing application of science and invention in industry, which not only has caused enormous overproduction and consequent ruinous competitive prices of all products of soil and mine but, still more seriously, has resulted in displacing millions of able and willing wage earners far more rapidly than they could be absorbed by new industries. The purchasing power of the masses thus has been enormously lessened, and industrial activity reduced to a low percentage of normal operation.

Second. Big business, frequently beyond human capacity to properly administer; high finance and inordinate greed for wealth and power.

Third. The overdevelopment of huge manufacturing and distributing corporations, encouraged by banking interests, which furnished funds lavishly to promote this overexpansion, the overbuilding of industrial plants, commercial buildings, etc., often without adequate inquiry as to the soundness of the proposition or the fitness of the parties undertaking it.

Fourth. Participation of leading banks and bankers in underwritings, consolidations, mergers, holding companies, etc., with their unwise and unwarranted increase of outstanding shares, 3, 5, 10, or more being exchanged for 1; the forced appreciation in market price of these depreciated shares, based upon absurdly assumed future prospects, and the effort to earn and pay increasing dividends thereon.

Fifth. Distribution to smaller banks throughout the country of the so-called securities, domestic and foreign, thus underwritten, overloading them with frozen assets, most of which could only be marketed at severe losses; some not at all. This was a principal cause of the multitude of bank failures and the heavy withdrawal of deposits, even from absolutely solvent banks, for the unwise purpose of hoarding, and with the far greater risk of total loss by theft, fire, or unreliable investment.

Sixth. Unequal distribution by corporations of the abnormal profits of the several years prior to the crash of 1929 and failure to allot a liberal share of them to unemployment and age-retirement reserves, which would have lessened greatly the subsequent distress.

Seventh. High-pressure salesmanship that proclaimed "desires" to be "necessities," thrift and provision for the inevitable "rainy day," unwise and unwarranted; men high in authority applying the exploded theory of perpetual motion to the then prevailing hectic prosperity. Hosts of wage earners were thus lured into incurring debts, the payment of which depended entirely upon maintenance of the then current, uncertain family income.

Eighth. The "straw that finally broke the camel's back"; well-nigh universal, insane, speculation in every element of society—bell boy and bishop; preacher and porter; men and women; young and old. The "get-rich-quick" craze which carried widespread ruin into every city, town, and village from the Atlantic to the Pacific.

The failure of stock exchange authorities to curb operations by speculative pools, whose transactions afforded clear evidence of stupendous gambling; they also failed to check the abuse of "short selling."

There were other causes, mention of which time will not permit.

Is there a way out? There is. But the road to recovery will not be short or easy to climb.

The absolutely fundamental need is universal confidence, without which permanent recovery is impossible. This confidence must include confidence on the part of other nations as to the sincerity of our motives in international affairs. Rapidity of communication has knitted the entire world so closely as to compel international economic interdependence. We can not, if we would, ignore this fact.

The prolonged delay of the Senate in approving the entrance of the United States into the World Court has promoted foreign distrust of our good faith in sponsoring the Kellogg-Briand pact; in the sincerity of our professed peaceful purpose, and of our repeated advocacy of disarmament.

Serious international disputes must be settled either by peaceful adjudication or devastating war. Can there be any doubt as to the choice of the American people? Prompt ratification would prove the greatest possible contribution to international confidence and good will. We should call upon our Senators for immediate favorable action.

This would tend to hasten disarmament and greatly lighten the present staggering burden of Federal taxation, largely due to the enormous cost of our Military and Naval Establishments. This, together with the cost of hospitalization, pensions, bonuses, etc., the result of previous wars, forms by far the largest portion of the National Budget.

In addition, a small minority of those who enlisted or were drafted into service now clamor for immediate payment of two and a half billion dollars, which will not accumulate or become due, as per contract, until 1945. Yet this noisy minority scares into its advocacy many of our weak-kneed Representatives in Washington.

The cost of governing the United States has increased enormously within the past five years, many times more rapidly than either population or the national wealth. Meanwhile, taxable incomes have decreased, individual means, large and small, in countless cases, have been wiped out, savings exhausted, and people, formerly of large wealth, made destitute.

Local taxation in farming communities, as well as in cities and towns, has likewise increased by leaps and bounds; governing bodies spending the taxpayers' money recklessly, regardless of the debts they were piling up, until in many cases they had no further borrowing power.

Will the American farmer speak out and say what he thinks about all this?

These and other abuses must be eliminated; measures deemed radical a few years ago will doubtless be enacted and accepted as a matter of course. Among these will be:

Restriction of enormously swollen fortunes through increased income, surtax and inheritance taxes.

Wider distribution of profits to increase purchasing power of the masses.

Establishment of adequate age-retirement and unemployment reserves in industries, large and small.

Restriction of banks and trust companies to the loaning, investing, and safeguarding of deposits; special reserves to provide Government insurance of deposits; speculative promotions and underwritings to be barred.

More strict regulation of stock and commodity exchanges for the protection of the average investor.

Elimination of unfair, dishonorable, unnecessary, and wasteful competition, with Government regulation to protect the consumer; and other important reforms.

Existing troubles in the United States are not the fault of our system of government, but of our failure to insist that it be conducted on the highest plane of integrity, efficiency, and with sole regard to the welfare of the entire Nation.

Stockholders in the largest corporation in the world, its successful management vital to the welfare of every man, woman, and child, many of us are either too indifferent, or too lazy, to attend its annual meetings—the primary or regular elections.

We permit some office seeker, long of tongue and short of brain, to arouse our prejudices and capture our votes, while we pay slight attention to his fitness for the office he seeks; the soundness of his views on questions of the highest importance; his personal integrity or political sincerity.

What can you on the farm and we in the city do to remedy this?

We should take a far more keen interest in public affairs; we should cast off prejudice, religious or racial, and should elect candidates for public office on the sole basis of demonstrated integrity and ability—men with backbone.

We shall thus maintain the supremacy of the Republic and defeat whoever would undermine its foundation of liberty under the law.

In the present emergency all thought of partisanship or of party advantage should be cast aside. It makes no difference to you or to me whether a policy that is sound originates in one party or the other.

In former times there was a distinct cleavage between the two principal parties; to-day this does not exist. On many major issues each party is widely divided within itself. Self-interest is the dominating influence in a high percentage of our representatives, national, State, and municipal.

The ship of state is sailing stormy seas; dangerous reefs lie ahead, but skillful pilotage and a willing, patriotic crew can steer it into safe harbor. Nation-wide public opinion, freely and clearly expressed, should demand a prompt and hearty pull-all-together.

HON. HENRY P. FLETCHER'S GETTYSBURG ADDRESS

Mr. DAVIS. Mr. President, I ask leave to have published in the RECORD the address delivered at Gettysburg on May 30, 1932, by Hon. Henry P. Fletcher, former ambassador to Italy, and also former chairman of the United States Tariff Commission.

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

Fellow citizens, Gettysburg has double claim to fame. Here was fought the great battle which turned the tide in the struggle to save the Union. Here on this sacred spot a few months later was spoken the greatest speech ever made in the English language, or indeed in any other language, since the Sermon on the Mount.

The two events—the great battle and the great Lincoln address—seem intertwined in the minds of men.

Here, really, the death knell of secession was sounded from the cannon's mouth. Here from the heart of Lincoln came the cry, not of triumph, but of sublime faith in the Union and in the people of this land, and of all lands, to govern themselves.

I have been told by a friend of the older generation, who heard Mr. Lincoln speak that day, that when he came to the concluding passage wherein he proclaimed his democratic faith it was not the prepositions of, by, and for which he accented. He said, "that government of the people, by the people, and for the people shall not perish from the earth."

And so I say in the American epic, Gettysburg symbolizes the two fundamental concepts of our national life—union and democracy; in Mr. Lincoln's mind, union for democracy.

On this day, set apart by the Nation as a day of remembrance, year after year the people of southern Pennsylvania and near-by States gather here to pay their tribute of gratitude to those men of our fathers' generation who fought and wrought to save the Union and our American dream.

To-day, throughout the length and breadth of the land, we commemorate the heroes of all our wars from Independence to Argonne. Like the Greeks of old, we bear floral offerings of sacrifice to their tombs. As these flowers are plucked in the bloom of springtime, so many of our heroes were cut down in their youth. For mostly the young are sacrificed in war. They suffered and died that the United States of America might mean something in and to the world. From first to last our wars were fought to establish and extend, to preserve and defend the democratic ideal of government. We keep their memory green in our hearts. We come, as Lincoln bade us come, as to a shrine, to dedicate ourselves with increased devotion to the cause for which they gave their last full measure of devotion.

Now, as during the Civil War, the Nation is passing through a great crisis. Now, as then, we are being tested. Not now, as then, is there suffering and dying of the wounds and deprivations of organized war, but rather we have mental suffering and physical deprivations of disorganized peace. We are suffering the effects of bad management in business and finance and from governmental incompetency and extravagance.

Our independence was gained, our Government created, our continental empire founded, and our Union preserved only by hard labor, by sacrifice, and by steadfast devotion to our ideals,

and so, if our Government is to function efficiently it will be brought about, not by specious and plausible nostrums, but by work and, if necessary, sacrifice, and by that I mean sacrifice by the rich, well-to-do, and poor alike. I am not one of those who believe that the average American is looking for a free ride. I do not believe that we are a nation of hitch-hikers. I believe every self-respecting American is as ready now to do his bit in the way of bearing the burdens of democracy, and that means payment of necessary taxes, as he has been throughout our history to fight for democratic ideals. But he will, or at least should, insist that the taxes he pays be expended for the general welfare and not lavished on particular classes or groups. Many of us, I fear, have neglected our primary duties as citizens and have allowed the affairs of local, State, and National Government to be extravagantly conducted, and we are now suffering the consequences of our own neglect. As long as we could make money, we did not much mind who made the laws and filled the offices. Taxes have mounted silently but steadily. They have come upon us like a thief in the night. In the seven fat years we did not mind them. We could pay them and still live, but now the lean years have come upon us and we find them unbearable. It has been estimated that the national income of all our people in the most prosperous years amounted to about $70,000,000,000, and one-fifth of this income was taken by the tax collector. Now it is estimated that the national income has fallen by over 40 per cent, and taxes are mounting. At least 20 cents of every dollar earned on capital and labor now goes to defray the expense of local, State, and National Government. Every man, woman, and child has to pay over $100 a year to live in this free country, or else some one else has to pay it for them and try to get it back by increasing the cost of living for all of us.

To put it another way, this staggering tax bill of about fourteen billions a year exceeded by two billions the gross value of all farm production in the United States in 1929. Before our farmers, our manufacturers, our merchants, and our day laborers and clerks can earn $1 for themselves, they must contribute directly or indirectly $33,000,000 a day for the support of local and State governments and thirteen millions daily in addition to the Federal Government. This is fantastic. We think that because many of us pay little or no tax directly that our town, township, county, State, and National Government are free. On the contrary, they are the most expensive governments that have ever existed in the world. It now takes the equivalent of one day's work a week from all of us in one form or another and we pay it perhaps without knowing it, but we pay it just the same.

Waste and inefficiency abound in every department of the Government, executive and legislative, and every member of the Government and of Congress knows it, yet little or nothing is done about it. The department heads, Cabinet officers, strenuously object to any important curtailment of the activities and services of their departments and make dire predictions of what will happen if their appropriation is reduced. Superfluous Army posts and naval stations and navy yards can not be abandoned because Senators and Congressmen of the localities affected, under the lash of local business sentiment, band together and defeat these necessary economies. The direct primary has made each Senator and Representative more or less a law unto himself and has practically done away with party cohesion and party discipline. Local interests and local pressure are more important to them politically than party policy and general welfare. This is easily understood. They are subject to constant pressure by political interests and from associations and federations maintaining active professional lobbies in Washington. Their political life depends upon how they stand with their constituents, more particularly with the organized and vociferous sections of them. If a Congressman, ignoring pressure of this kind, votes for what he considers the general good, he gets, unfortunately, little local voting credit for it, on the one hand, and on the other he suffers the active hostility of those in his district whose particular demands he has ignored in the public interest. Therefore we, the generality, who are not vigilant and not belligerent, can be safely ignored.

It might be criticized that I should use this occasion to speak of these things. I make no apology. Democracy is on trial. All these governmental agencies are ours. The bureaucracy that so many inveigh against as so firmly intrenched as to be beyond our reach, is not a Frankenstein. It can be controlled, but it will take congressional courage of rare quality to do it. And by bureaucracy, I mean not only the Government employees in the departments at Washington and in the customs, postal, and other Government services throughout the country, but also the vast machinery for spending money at home and abroad which has been set up under the guise of helping agriculture, shipping, commerce, etc. Some benefit, of course, accrues, but I maintain it is out of all proportion to the money expended.

Part-time employment and salary reductions are important and can be brought about, but they are really only palliatives. They do not go to the root of the matter. In the exceptional circumstances now existing, with millions of our people out of work and in all probability an even worse situation confronting us in the coming year, it is perhaps the best we can hope for now; but Government expenses have got to be cut down, and useless and overlapping services abolished. Numerous efforts have been made from time to time to effect a reorganization of Government offices and services, but there were so many political interests involved, so much patronage threatened, that each time the effort failed and I fear it will fail again if left to Congress. The President, who is especially familiar with this situation, should be authorized to revamp the whole executive machinery. After all, it is his job. He is our Chief Executive.

Let me cite you a few instances of how our expenses have jumped up in five years. I will give you round figures. Take the Department of Agriculture. In 1927 it cost one hundred and fifty-six millions; in 1932 the cost had risen to three hundred and thirty-three millions, an increase of one hundred and seventy-seven millions. Then add the Farm Board outlay of one hundred and fifty-five millions, making the total increase on account of agriculture three hundred and thirty-two millions. The Post Office deficit—deficit, mind you—jumped from twenty-seven millions in 1927 to one hundred and ninety-five millions in five years. The Treasury Department doubled its expenditures in that time from one hundred and fifty millions to over three hundred millions. The War Department increased its outlay by one hundred and twenty-three millions and the Navy Department by sixty millions. The Shipping Board tripled its expenditures, and the Department of Justice more than doubled its demands. The Department of Commerce went from thirty millions to over fifty-four millions. The soldiers'-bonus fund went from one hundred and fifteen millions to two hundred millions, and the veterans and pensions outlay increased over one hundred and sixty-eight millions in addition. In short, the Federal Government's expenses increased in five years over a billion and a quarter dollars.

It is claimed that the comparison of governmental expenditures for the years 1927 and 1932 is unfair because, due to the unemployment situation last year, there were extraordinary appropriations for public buildings, highways, etc., and that if the figures of 1933 are compared with 1927 they will show an increase of only $750,000,000 in five years. No one yet knows what the 1933 Budget of expenditures will show. But even admitting that they will be kept down to an increase of three-quarters of a billion over 1927, I say it is too much. Instead of an increase there should be a decrease by that amount at least.

The United States Government will close the present fiscal year with a deficit of over $2,500,000,000. The so-called economy bill, when sent by the House to the Senate a few weeks ago, was a joke. When a manufacturer's sales tax was proposed, which would have helped greatly to balance the Budget and incidentally bring home to all of us a realization of what our Government costs, it was mobbed, and a hodge-podge of taxes of special incidence, which everybody knows will fall far short of our requirements, was substituted. In the hope of soaking the rich, income taxes were increased and may be still further increased. Everyone, except the few ornamental and accidental millionaires, will agree that those who have steadily or even suddenly profited by the rich and wonderful opportunities afforded in this country should pay proportionately, but it is well known that for the past three years incomes have been steadily dwindling, and will dwindle still more if there is not at Washington a clearer sense of the realities of our situation. While the rich should bear and do bear the greater proportion of our tax burden, they can not bear it all, and indeed, if we believe in democracy, should not bear it all.

Every thinking man, every man of heart in this country is preoccupied with the serious unemployment situation. It is estimated that 10,000,000 are out of work and millions more are working only part of the time. Great railroads are not earning any dividends and have difficulty in covering their fixed charges. Car loadings are at the lowest point for years. Industry generally is stagnating. Security prices are going down every day. The banks and insurance companies see their portfolios shrinking weekly. Invested capital, which means the savings of us all, is bringing less and less return. Farm produce and all commodities are selling at zero prices.

The only people not affected are those fortunate ones who are in public employment, those who draw their sustenance from the county, State, or National pay roll, many of whom are performing useless and extravagant services and whose dollars buy much more now than when their pay was fixed. There are too many useless jobs, too many luxury services, a too-lavish distribution of Government money to special groups and sections of our population. When times are out of joint, all sorts of quack remedies are proposed. If our industries, overstimulated by the war years when we were practically the only great country not occupied in wasting our substance, are overbuilt and overmachined and overmanned, if the land produces too much wheat and cotton, the mines too much lead and copper, if in other words the machines and the land are turning out more than our producing classes and world demand can consume, what is to be done with our excess machine-eliminated man power? Shall the Government attempt to revive industry by artificially providing work and thus make markets for our farm and other products and avoid a social and political cataclysm? A solution along these lines entailing more strain on our Government credit is now being seriously discussed. Everyone knows that borrowing is the easiest road to bankruptcy for nations as for individuals, but it is argued that such loans or credit advances as may be necessary in this connection will be self-liquidating; that they will be for productive enterprises like a tunnel under the East River in New York, improvements in living conditions in our crowded tenement districts, bridges, etc., which private capital after the disastrous experience of the past few years, is now afraid to undertake. Furthermore, it is said that in the present crisis their is no practical alternative; that it is the best way to avoid a winter of discontent and acute distress; that you can not take men and their families away from the cities and factories and get them back on the land; that the efforts of private charity,

splendid as they have been, are no longer able to cope with the unemployment situation; that the States and cities are at the end of their resources; that Government exists for the people and not the people for the Government, and that, therefore, the National Government must provide a few extra billions in credit or cash in order to restart the industrial machine and provide work, or there will be no Government. Extreme pessimists fear we must choose between salvaging the capitalistic system or communism.

When the political leaders of both parties, with the approval, if not, indeed, the inspiration of leading industrialists, seem united in pushing to rapid adoption a plan of such far-reaching assistance to industry and agriculture, with provisions for unemployment relief to be handled by the various States, it may seem ridiculous that one who does not claim to be either an economist or politician should question the wisdom of this governmental underwriting of business, this further administration of oxygen, this new transfusion of blood. Nevertheless, I do not hesitate to say that I do not believe in either the wisdom or the efficacy of these artificial stimulants. We are creating a dangerous precedent and this proposed indirect dole to industry and agriculture will leave us as badly off at the end of the year as we are now and no nearer a fundamental solution of our difficulty. This, it seems to me, has been governmental extravagance, overtaxation, unrestrained overdevelopment of our industry, overconcentration of population in and about the industrial centers and overproduction of goods and commodities generally. If this serious step is going to be taken it should be accompanied, in my opinion, by a thorough, impartial, and comprehensive survey and study of our whole industrial system. Let us find out what is the matter and why these extraordinary measures are necessary, and then set about to correct it.

In discussing this scheme all say that the Budget must first be balanced, but when a Senator from one of our great States characterizes balancing the Budget as a "euphonious aphorism" and when we have seen how difficult it has been to make any real progress in that direction, one becomes skeptical. Naturally, everyone will agree that an adequate plan of relief should be carefully worked out if necessary to prevent suffering and starvation of our people, but in view of the experience of the past two years with the bonus and vast expenditures on public works, all designed to revive business and none succeeding, I believe that relief in whatever form it may be voted should be administered by or through responsible Federal agencies held to a strict accounting for every dollar. This will avoid competition and crowding at the public trough by States and especially by municipalities, many of which are now in financial difficulties for reasons pretty generally known. It may or at least should eliminate political pressure and influence in allocation and above all in distribution of the relief funds. But, I repeat, all this is merely treating symptoms and does not solve or make any provision for the solution of the basic causes of our present plight.

What has taken place in Congress in the past few months, its want of discipline and lack of a sense of its great responsibility in this crisis, is seriously undermining our democratic faith. It has seemed to the average citizen that the obvious steps to take were first to cut down the swollen expenses of government; second, to resist all new charges on the Treasury which were not necessary in the name of humanity; and lastly to levy on a broad, democratic basis the taxes required to balance the Budget. Unfortunately, it is now feared that Congress will not really balance the Budget but will even add, directly or indirectly, still further to our debt and tax burden.

I had thought to make some reference to-day to foreign affairs, reparations, war debt, tariffs and import restrictions, disarmament, and so forth. They are all important subjects and all connected with business recovery here and abroad, but just now they are secondary. Our first and most important duty is to put our own house in order. The faith and credit of the United States are at stake. If our Budget is not balanced and our national credit safeguarded our international prestige and influence and power for good will vanish.

On this field our fathers fought, that under God this Nation should have a new birth of freedom. They triumphed. It is for us, as Lincoln said, to prove their great sacrifice was not made in vain. We can prove it, not by dull acquiescence, with occasional outbursts of indignation, but by a steady and active interest in public affairs, and constant pressure of public opinion on Washington. Our American life to-day is more complex, our interests are more diffuse and intertwined than was ever dreamed of by any political philosopher. With a vast empire, with every variety of climate, with almost every racial strain in our population, we have the hardest task that ever confronted a democracy. Representative government, parliamentary government it is called in Europe, has in many countries been challenged and successfully overthrown and supplanted by military or semimilitary dictatorships, or has degenerated into communism. Even in England, the birthplace of free government in the modern world, stability and national welfare could be guaranteed only by a political truce and a coalition government.

And so again, I say, if we are to emerge from this crisis with our credit, our good name, our international influence, and our cherished institutions intact, we must make our representatives in Congress realize that they hold in their hands not only the fate of this country, but the fate of the democratic system everywhere. If we meet the test, this present time of depression and gloom may come to be regarded as one of the greatest blessings this country has ever had. We are going too fast. Not only was government too extravagant but industry and finance went completely and speculatively mad in the boom years. The future of the United States in bricks and mortar, in farms and factories, in copper, wheat, cotton, iron, and steel, in all the thousand and one forms of national activity and production was discounted and sold in advance, sometimes wholesale, and sometimes in installments. Billions were recklessly lent abroad by our bankers, and foreign securities now sadly shrunk in value have been scattered over the Nation. But dark days preceded and dark days followed the great battle fought here. The country did not waver then. I do not think, with leadership and clear-eyed courage, it will waver now. These are stirring times; they call for the same quality of courage to lead and courage to follow as Lincoln and our fathers showed in the dark days of the Civil War. They did not take the easy way.

This, my fellow citizens, is a solemn occasion. On this day, because we are met on this historic field, we review in our minds the struggles and vicissitudes of four years of fratricidal strife. We see Lee's great army of splendid soldiers cross the Potomac and bring the war home to us. We see the gallant charge of Pickett's men across yonder fields break itself to pieces against the Federal defenses on Cemetery Hill. We recall what our heroes, who lie about us, and their comrades, most of whom now sleep on the peaceful hillsides of our broad land, did here and on the hundred other battlefields of the Civil War. Our hearts are full of gratitude and reverence. We hear again to-day Lincoln's simple, solemn, sublime confession of his democratic faith.

Are we and our representatives in State and Nation worthy of their sacrifice? Shall we of this day and generation justify his faith?

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 408) providing for the filling of vacancies in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress, was read twice by its title and referred to the Committee on the Library.

PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, the Committee on Territories and Insular Affairs of the Seventy-first Congress, on May 29, 1930, reported a bill favoring the independence of the Philippine Islands. In the Seventy-second Congress, on February 24, 1932, the same committee after long hearings, reported a similar bill. On March 15, 1932, the House committee reported a bill with, as I understand it, only 2 members dissenting out of 21 members of the committee. The House passed this bill on April 4 with only 47 dissenting votes. The bill was reported to the Senate the following day and substituted for the Senate bill. So the record of the legislation is that the Senate has had before it for two years recommendations of its committee in two sessions of Congress for the independence of the Philippines.

The friends of this measure have realized very fully the distressed condition of our country. We have not occupied the time of the Senate, we have not interposed any dilatory tactics, but we believe that this matter should be settled at the present session of the Congress. On the 25th of May last the distinguished Senator from Oregon [Mr. McNARY], the Democratic leader, the senior Senator from Arkansas [Mr. ROBINSON], the senior Senator from Connecticut [Mr. BINGHAM], who is chairman of the Committee on Territories and Insular Affairs, and the junior Senator from Michigan [Mr. VANDENBERG], who has a substitute pending, all agreed that this matter should be given consideration and disposed of at this session.

Mr. President, pursuing our policy of not interrupting the business before the Senate, I desire to ask unanimous consent that the Senate consider on next Monday and Tuesday nights the subject of Philippine independence. I ask that the request, which I have reduced to writing, may be read at the desk.

The PRESIDING OFFICER (Mr. FESS in the chair). The Senator from Missouri presents a proposed unanimous-consent agreement, which will be read.

The Chief Clerk reads as follows:

Ordered, by unanimous consent, That when the Senate concludes its business to-day it recess until 11 o'clock a. m. Monday, June 20; that at the hour of 7 o'clock p. m. on said day the unfinished business, if any, be temporarily laid aside and the Senate thereupon proceed with the consideration of Calendar No. 630, the bill H. R. 7233, the Philippine independence bill, and continue the same until not later than 10.30, unless it shall sooner be disposed of; that if the said bill is not disposed of by that time, the Senate take a recess until 11 o'clock a. m. Tuesday, May 21; that at the

hour of 7 o'clock p. m. on said day, the unfinished business, if any, be temporarily laid aside and the Senate thereupon again proceed with the consideration of Calendar No. 630, the bill H. R. 7233, the Philippine independence bill, and continue the same until not later than 10.30 o'clock p. m. unless it be sooner disposed of.

The PRESIDING OFFICER. Is there objection?

Mr. COPELAND. Mr. President, reserving the right to object, I desire to say that it seems to me that we lose all sense of proportion when at the end of a session already crowded with measures of great importance to our country we are asked to turn aside to spend the energy of Senators and the time of the Senate for two evenings to consider this particular legislation. If I understand the terms of the bill, the Filipinos will have to wait 20 years for their freedom, anyway, and if they had to 20 years and 6 months, it would not make much difference.

Mr. President, I am quite unwilling, with a relief bill pending, a home loan bank bill pending, and various appropriation bills and conference reports pending, that we should take two evenings of our precious time in the closing week of the session to devote to this particular enterprise. I have no objection to having one evening set apart; I am willing to give my physical energy and time, so far as I am concerned, for that purpose; but I can not conceive it necessary that we should occupy two evenings to carry on further discussion of this particular subject. Therefore, Mr. President, I object.

The PRESIDING OFFICER. Objection is made.

Mr. HAWES. Mr. President, I am amazed that the Senator from New York, for his own personal convenience, should object to the consideration of a bill that has the approval of three great farm organizations of America, of the national dairy organizations of America, of union labor, of all those Senators from the Pacific coast who are interested in the restriction of immigration, and of the American Legion.

Mr. President, if the Senator from New York had read the report of the committee or the evidence heard before three committees, he would know that, with only two exceptions, every witness agreed that a condition of uncertainty exists which is harmful to American interests, and not only harmful but paralyzing to Philippine affairs. The Filipinos can not adjust themselves economically or politically until Congress decides this question.

Mr. McNARY. Mr. President, will the Senator from Missouri yield to me?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Oregon?

Mr. HAWES. I yield.

Mr. McNARY. I do not think the able Senator from Missouri understands the situation. The Senator from New York [Mr. COPELAND] objected to coupling Tuesday with Monday, but he has no objection to Monday evening being devoted to the consideration of the Philippine independence bill. Would not that satisfy the Senator from Missouri?

Mr. HAWES. If that is the best the generous Senator from New York will give to the 13,000,000 people of the Philippine Islands and the great organizations to which I have referred, I suppose I must acquiesce. It was my understanding that the Senator from New York had a constitutional question which he desired to discuss, and one of the reasons why I wanted two evenings for the consideration of the bill was in order to give the Senator from New York all the time he might require in discussing the constitutional question.

Mr. McNARY. I understand the able Senator from New York is willing that the Senate should sit one evening for the purpose indicated by the Senator from Missouri, and I suggest that the Senator accept a compromise to the effect that on Monday evening the session from 7 o'clock until 11 o'clock be devoted to the consideration of the Philippine independence measure.

Mr. HAWES. I know the Senator from Oregon is a friend of Philippine independence and wants a vote on the question at this session of Congress. I yield to the suggestion that Monday evening be devoted to the consideration of the measure.

The PRESIDING OFFICER. The Chair understands the Senator from Missouri modifies his request in accordance with the suggestion of the Senator from Oregon. Is there objection to the request of the Senator from Missouri as modified?

Mr. COPELAND. Mr. President, I did not quite like what the Senator from Missouri said about my friendliness for the 13,000,000 people in the Philippines. I am interested in the 120,000,000 people in the United States who own this property. We have no right to alienate the sovereignty of the Philippines without the permission of the people. It is because of my interest in them that I have asked that the subject might be deferred. However, I have no objection to the present proposal of having Monday evening spent in the consideration of the bill.

The PRESIDING OFFICER. As the Chair understands, the request is that the session for that purpose shall last from 7 o'clock to 10.30 on Monday evening. Is there objection?

Mr. COUZENS. Mr. President, I should like to have the proposal, as modified, read at the desk.

The PRESIDING OFFICER. The clerk will read, as requested.

The Chief Clerk read as follows:

Ordered, by unanimous consent, That when the Senate concludes its business to-day it recess until 11 o'clock a. m. Monday, June 20; that at the hour of 7 o'clock p. m. on said day the unfinished business, if any, be temporarily laid aside and the Senate thereupon proceed with the consideration of Calendar No. 630, the bill H. R. 7233, the Philippine independence bill, and continue the same until not later than 10.30, unless it shall sooner be disposed of.

The PRESIDING OFFICER. Is there objection?

Mr. COUZENS. Mr. President, I have no objection to the Philippine Islands independence bill being taken up and voted upon in the regular way; that is, by moving that it be taken up for consideration. I do not feel, however, in view of the matters pending before us and pressing for consideration, that we are justified in making a special order of the bill referred to until it comes up in the regular way. Therefore I shall have to object.

The PRESIDING OFFICER. Objection is made.

Mr. HAWES. Then, Mr. President, I shall make another request for unanimous consent. I send the request to the desk and ask that it may be read.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

Ordered, by unanimous consent, That immediately upon the disposition of the bill H. R. 12445 the Senate shall proceed to the consideration of Calendar No. 630, the bill H. R. 7233, to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes.

The PRESIDING OFFICER. Is there objection?

Mr. VANDENBERG. I object.

Mr. COPELAND. It is not quite clear to me what the request is. I understand that objection is made to the request for unanimous consent?

The PRESIDING OFFICER. The junior Senator from Michigan [Mr. VANDENBERG] objected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House disagreed to the amendments of the Senate to the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COLLINS, Mr. WRIGHT, Mr. PARKS, Mr. BARBOUR, and Mr. CLAGUE were appointed managers on the part of the House at the conference.

WAR DEPARTMENT APPROPRIATIONS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30,

1933, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. REED. Mr. President, I move that the Senate insist upon its amendments, that it agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Vice President appointed Mr. REED, Mr. JONES, Mr. CUTTING, Mr. KENDRICK, and Mr. MCKELLAR the conferees on the part of the Senate.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which had been reported from the Committee on Banking and Currency with an amendment to strike out all after the enacting clause and to insert:

That (a) the Reconstruction Finance Corporation is authorized and empowered to make loans (1) to States, municipalities and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public or quasi-public corporations, and public or quasi-public municipal instrumentalities of one or more States to aid in financing projects authorized under State or municipal law and which are self-liquidating in character, such loans to be made through the purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities; and (2) to private corporations to aid in carrying out the construction of bridges, tunnels, docks, viaducts, waterworks, and similar projects devoted to public use and which are self-liquidating in character. The aggregate amount of such loans shall not exceed $1,460,000,000. Such loans shall be made under such terms and conditions, with such security, and in such amounts and for such periods (not exceeding 10 years), as the Reconstruction Finance Corporation may prescribe. For the purposes of this subdivision a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges. The provisions of this subdivision shall apply with respect to projects in Puerto Rico to the same extent as in the case of projects in the several States, and as used in this subdivision the term "States" includes Puerto Rico.

(b) The Reconstruction Finance Corporation is authorized and directed to advance to the Secretary of Agriculture, in addition to the amounts allocated and made available to him by section 2 of the Reconstruction Finance Corporation act, not to exceed $40,000,000, of the amounts made available under section 2 of this act, for the purpose of financing sales of agricultural products in the markets of foreign countries in which such sales can not be financed in the normal course of commerce, but no such sales shall be financed by the Secretary of Agriculture if, in his judgment, such sales will affect adversely the world markets for such products. Any loan or advance made by the Secretary of Agriculture for the purposes of this subdivision may be made with or without security, as the Secretary of Agriculture deems advisable.

(c) All amounts received by the corporation in repayment of any loan or advance under the provisions of this section shall be used exclusively for the purpose of retiring its notes, bonds, debentures, and other such obligations, the proceeds of which are made available for carrying out the provisions of this section.

SEC. 2. (a) For the purpose of providing funds for carrying out the provisions of section 1 of this act the Reconstruction Finance Corporation is authorized and empowered to issue its notes, bonds, debentures, or other such obligations in an aggregate amount of not to exceed $1,500,000,000. Except as to dates of maturity, which may be fixed by the corporation at not to exceed 10 years, such notes, bonds, debentures, or other such obligations shall, so far as practicable, be issued in the same manner and be subject to the same terms and conditions as the notes, bonds, debentures, or other such obligations issued pursuant to section 9 of the Reconstruction Finance Corporation act.

(b) No loan shall be made by the Reconstruction Finance Corporation under section 1 of this act to any financial institution, corporation, railroad, or other association or organization of a class to which loans may be made under the Reconstruction Finance Corporation act.

(c) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures under section 1 of this act, together with a statement showing the loans and advances approved by it. Such reports shall, when submitted, be printed as public documents.

SEC. 3. The Reconstruction Finance Corporation is authorized and empowered to make loans under the Reconstruction Finance Corporation act to financial institutions, corporations, railroads, and other associations specified in section 5 of such act, organized under the laws of Puerto Rico.

SEC. 4. (a) For the purpose of providing for emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931, there is hereby appropriated, from the emergency construction fund hereinafter created, the sum of $500,000,000, which shall be allocated as follows:

(1) For expenditure in emergency construction on the Federal-aid highway system, $120,000,000. Such sum shall be apportioned by the Secretary of Agriculture to the several States by the method provided in section 21 of the Federal highway act, as amended and supplemented (U. S. C., title 23, sec. 21). The amounts apportioned to the States shall be available as a temporary advance of funds to meet the provisions of such act as to State funds. The amount apportioned to any State under this subdivision may be used to match the regular annual Federal-aid apportionments made to such State (including the one for the fiscal year ending June 30, 1933), and when so used such amount shall be available for expenditure in paying the share of such State in the cost of Federal-aid projects. No amounts apportioned under this subdivision shall be advanced except for work on the Federal-aid highway system performed before July 1, 1933: *Provided*, That the amounts so advanced shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1938, by making annual deductions from moneys payable under regular apportionments made from future authorizations for carrying out the provisions of such act, as amended and supplemented: *Provided further*, That all contracts involving the expenditure of such amounts shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *And provided further*, That in the expenditure of such amounts, the limitations upon highway construction, reconstruction, and bridges within municipalities contained in section 4 of the act approved May 21, 1928 (U. S. C., Supp. V, title 23, sec. 6b), and the limitations contained in the Federal highway act, as amended and supplemented, upon payments per mile which may be made from Federal funds, shall not apply.

(2) For expenditure in emergency construction on public roads during the fiscal year ending June 30, 1933, $16,000,000, as follows: (A) For the construction and improvement of national-forest highways, $5,000,000; (B) for the construction and maintenance of roads, trails, bridges, fire lanes, etc., including the same objects specified under the heading "Improvement of national forests" in the agricultural appropriation act for the fiscal year ending June 30, 1932, approved February 23, 1931 (46 Stat. 1242), $5,000,000; (C) for the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, including areas to be established as national parks authorized under the act of May 22, 1926 (U. S. C., Supp. V, title 16, secs. 403 to 403c), and under the act of May 25, 1926 (U. S. C., Supp. V, title 16, secs. 404 to 404c), and national park and monument approach roads authorized by the act of January 31, 1931 (45 Stat. 1053), $3,000,000; (D) for construction and improvement of Indian reservation roads under the provisions of the act approved May 26, 1928 (U. S. C., Supp. V, title 25, sec. 318a), $1,000,000; and (E) for the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of the act approved June 24, 1930 (U. S. C., Supp. V, title 23, sec. 3), $2,000,000. The Secretary of Agriculture and the Secretary of the Interior, respectively, are authorized to make rules and regulations for carrying out the foregoing provisions of this section with a view to providing the maximum employment of local labor consistent with reasonable economy of construction.

(3) For the prosecution of river and harbor projects heretofore authorized, $30,000,000.

(4) For the prosecution of flood-control projects heretofore authorized, $15,500,000.

(5) For the continuation of construction of the Hoover Dam and incidental works, as authorized by the Boulder Canyon project act, approved December 21, 1928 (U. S. C., Supp. V., title 43, ch. 12A), $10,000,000.

(6) For the expenditure by the Department of Commerce for air navigation facilities, including equipment, $500,000.

For constructing or purchasing and equipping lighthouse tenders and light vessels for the Lighthouse Service as may be specifically approved by the Secretary of Commerce, $950,000, and for establishing and improving aids to navigation and other works as may be specifically approved by the Secretary of Commerce, $2,860,000.

For the engineering work of the Coast and Geodetic Survey, Department of Commerce, heretofore authorized, $1,250,000.

(7) For the construction of projects included in the report of the Federal Employment Stabilization Board, laid before the Senate January 25, 1932, which have heretofore been authorized or which do not require specific authorization, under the Bureau of Yards and Docks, Navy Department, $10,000,000, of which not to exceed $300,000 shall be available for the employment of classified personal services in the Bureau of Yards and Docks and in the field service to be engaged upon such work and to be in addition to employees otherwise provided for.

(8) For the emergency construction of public-buildings projects in the continental United States outside of the District of

Columbia, to be selected by the Secretary of the Treasury from the allocated public-buildings projects specified in House Document No. 788, Seventy-first Congress, third session, for which no appropriations have been made, $100,000,000. Such projects shall be constructed within the estimated limit of cost specified in such document, and in selecting such projects preference shall be given to places where Government facilities are housed in rented buildings under leases which will expire on or before July 1, 1934, or which may be terminated on or prior to that date by the Government.

(9) The remainder of such sum of $500,000,000 shall be available for expenditure upon permanent improvement projects, to be selected by the President, for which appropriations have heretofore been made or shall be hereafter made for expenditures during the fiscal year 1932 or 1933.

(b) The unexpended balance of any sums heretofore or hereafter appropriated for expenditure during the fiscal year 1932 or 1933 upon projects selected under paragraph (9) of subdivision (a), shall be covered into the Treasury as miscellaneous receipts.

(c) No money shall be available for expenditure under this section except in connection with projects in the continental United States outside of the District of Columbia.

SEC. 5. (a) There is hereby created a special fund in the Treasury to be known as the emergency construction fund and to be administered by the Secretary of the Treasury. For the purpose of providing funds to carry out the provisions of section 4 of this act, the Secretary of the Treasury is authorized and directed to borrow from time to time on the credit of the United States not to exceed $500,000,000, and to issue bonds therefor, to be known as emergency construction bonds, in such form as he may prescribe. Such bonds shall be in denominations of not less than $50, shall mature 25 years from the date of their issue, and shall bear interest at such rates as may be fixed by the Secretary of the Treasury, but not to exceed 4¼ per cent per annum. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt, both as to principal and interest, from all taxation (except estate, inheritance, and gift taxes, and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

(b) Such bonds shall be first offered at not less than par, as a popular loan, under such regulations to be prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commissions shall be allowed or paid in connection with the sale or other disposition of any such bonds. All amounts derived from the sale of such bonds shall be paid into the emergency construction fund.

(c) There is hereby created in the Treasury a cumulative sinking fund for the retirement of the bonds issued under this section. The sinking fund and all additions thereto are hereby appropriated for the payment of such bonds at maturity, or for the redemption or purchase thereof before maturity by the Secretary of the Treasury at such prices and upon such terms and conditions as he shall prescribe, and shall be available until all such bonds are retired. The average cost of the bonds purchased shall not exceed par and accrued interest. Bonds purchased, redeemed, or paid out of the sinking fund shall be canceled and retired and shall not be reissued. For the sixth fiscal year after the issuance of any bonds under this section and for each fiscal year thereafter, until all such bonds are retired, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purposes of such sinking fund an amount equal to 5 per cent of the aggregate amount of such bonds outstanding on the first day of such fiscal year, and for the fiscal year ending June 30, 1933, and for each fiscal year thereafter, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purposes of such sinking fund, an amount equal to the interest payable on such bonds during such fiscal year. The Secretary of the Treasury shall submit to Congress at the beginning of each regular session (until all bonds issued under this section are retired) a report of the action taken under the authority contained in this section.

SEC. 6. All loans made and all contracts let for construction projects pursuant to this act shall be subject to the conditions that no convict labor shall be directly employed on such projects, and that, so far as practicable, except in executive and administrative positions, no person employed on such projects shall be permitted to work more than 30 hours in any one week.

SEC. 7. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921, as amended and supplemented (U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance therewith."

SEC. 8. (a) A commission is hereby created to be known as the industrial commission, and to be composed as follows: 5 Members of the Senate, to be appointed by the President of the Senate; 5 Members of the House of Representatives, to be appointed by the Speaker; and 9 other persons who shall fairly represent the various industries and employments of the United States, to be appointed by the President, by and with the advice and consent of the Senate.

(b) It shall be the duty of the commission to investigate questions pertaining to agriculture, labor, manufacturing, and business, including domestic and foreign commerce, to report to Congress from time to time, and to recommend such legislation by the various States of the Union and the Congress as will harmonize conflicting interests and be equitable to the laborer, the employer, the producer, and the consumer, and which is calculated to revive trade and promote the general welfare. Upon the completion of its investigation the commission shall submit a final report to the Congress.

(c) The commission may hold hearings and, if necessary, it may appoint a subcommission or subcommissions of its own members to make investigations in any part of the United States; and it shall have authority to send for persons and papers, to administer oaths and affirmations, and to incur necessary expenses, including expenses for clerks, stenographers, messengers, rent for place of meeting, and printing and stationery, in an amount not to exceed $50,000 per annum for the purposes of this subdivision.

(d) The commission shall cease to exist upon the expiration of two years after the date of enactment of this act. The salary of each member of the commission appointed by the President shall be at the rate of $3,600 per annum. Each member of the commission shall be allowed his actual traveling expenses.

(e) Any vacancy occurring in the commission by reason of death, disability, or any other cause shall be filled in the same manner as the original appointment.

(f) A sum sufficient to carry out the provisions of this section is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated.

SEC. 9. This act may be cited as the "Emergency construction and relief act of 1932."

Mr. JOHNSON. Mr. President, I submit certain amendments to the pending bill and ask that they may be printed and lie on the table.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, the amendments will be received, printed, and lie on the table.

Mr. WAGNER. Mr. President, before I proceed I should like to have read at the desk a letter received by me this morning from Mr. W. H. Matthews, who is director of the Emergency Work Bureau of the City of New York, and who is in charge therefore of relief work in that city. The letter is in response to an invitation to appear on Monday morning before the Committee on Manufactures on the subject of unemployment relief. It is first-hand information, and I think it will be interesting and enlightening to the Senate.

The PRESIDING OFFICER. The clerk will read as requested.

The Chief Clerk read as follows:

THE A. I. C. P.,
New York, June 17, 1932.

Hon. ROBERT F. WAGNER,
United States Senator, Senate Building,
Washington, D. C.

MY DEAR SENATOR WAGNER: Most sincerely do I wish that I might be present at the hearing to be held on Monday morning. If one week could be worse than any one of the last four, then this past one has certainly been the worst. A constant stream of people in utmost distress, going from place to place in an effort to get food, to save themselves from eviction and receiving everywhere the same answer, "We can not take care of any new applications." "Half crazy with worry," "Up against a blank wall and don't know which way to turn," "Have been fighting against this thing now for months and can't go on any longer"—these, and other like expressions, are the burden of so many letters that are coming to us. "Work—any kind that will give me a chance to earn something to keep my wife and children fed"—this is the cry of thousands of men whose love of family is just as deep and strong as that of any group of men in the land.

What you and others are proposing now should have been done a year—two years ago. This week we have been holding clinics for the physical examination of children whom we hope to send to summer camps as soon as school closes. "Badly undernourished" appears over the doctor's signature on almost every card. Oh, it is a terrible toll that is being exacted of these children.

Added to that is the ever-increasing despair, hopelessness, and bitterness of men and women who ask only for the chance to earn by work the bare necessities of life.

Do, I beg of you, add my plea to that of others in behalf of these who suffer beyond words.

Most sincerely yours,

W. H. MATTHEWS,
Director Emergency Work Bureau.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Massachusetts?

Mr. WAGNER. I yield.

Mr. WALSH of Massachusetts. May I ask the Senator if, outside of private charity, the great and rich city of New York is not furnishing ample accommodation and sufficient food for all who are hungry in that city?

Mr. WAGNER. The letter speaks for itself.

Mr. WALSH of Massachusetts. True; it is a terrible indictment of municipal government that it is possible for people to be hungry in any city in America.

Mr. WAGNER. I think if the Senator will examine into the facts he will find that similar conditions prevail in practically all of the large cities of the country.

Mr. WALSH of Massachusetts. I am proud to say that there is not a city or town in the Commonwealth of Massachusetts where there are persons known to be without food. There are people suffering and sacrificing, and people who need more food, and many unemployed, but the public authorities and private charities are providing ample food for those who really need it and ask for it.

Mr. WAGNER. I am sure the government of New York is doing everything within its power to alleviate this tragic condition, but it must be remembered that in times like these New York is a mecca for thousands of people from all over the country, who come there to seek the aid which they can not receive in their own communities.

Mr. WALSH of Massachusetts. I realize that; and I am aware of some very excellent charities and activities in New York that are supplying food through food kitchens and other private sources, but I can not understand, I repeat, how the authorities of any city can allow a single person living within its confines to be hungry while there is a dollar in the public treasury. The primary obligation of all local governments is, above all other activities, to care for those in want and need.

Mr. WAGNER. Mr. President, with the indulgence of the Senate, I should like to explain in a general way, but I hope not in a lengthy way, the provisions of the bill which is now under consideration, referred to as the unemployment relief bill.

Mr. SMOOT. Mr. President, will the Senator yield for a moment?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Utah?

Mr. WAGNER. Yes.

Mr. SMOOT. Would the Senator object to my asking unanimous consent for the consideration of the executive and independent offices appropriation bill?

Mr. McNARY. Mr. President, will the Senator from Utah repeat his request? I could not completely understand it.

Mr. SMOOT. I was asking the Senator from New York if he would object to my asking unanimous consent to have considered at this time House bill 10022, the appropriation bill for the Executive Office and sundry independent offices.

Mr. WALSH of Montana. Mr. President, I suppose it is implied that the pending bill will be temporarily laid aside.

Mr. SMOOT. Certainly. I merely wanted to know whether the Senator would consent to the bill being temporarily laid aside for the consideration of the appropriation bill.

Mr. WAGNER. I understand that the consideration of this bill will consume several days; and I think the pending legislation is so important that it ought not to be even temporarily laid aside.

Mr. SMOOT. The Senator, then, does not desire to have it done?

Mr. WAGNER. Not at this time. Undoubtedly after this general statement is made we shall go into the details of the bill, when the amendments to the bill and the merits will be considered more in detail.

Mr. President, I hope the Senate will be indulgent with me for intruding with a personal reference into the discussion of this vital legislation.

Several days ago the Senate passed the relief bill of which I had the honor to be one of the authors. During the consideration of that bill for the relief of distress among our citizens the very able Senator from Pennsylvania [Mr. REED] uttered a remark which attracted considerable attention. He said:

I believe that the historian of the future who writes, perhaps, upon the decline and fall of the American Republic will point to to-day as one of the milestones upon the road to disintegration of this Government.

Mr. President, that sentence recalled to my mind a very similar scene enacted some 20 years ago in the New York State Senate. On that occasion, too, the violent charge was directed against a measure I advocated that it worked the undoing of the State I represented. We had then just completed an extensive investigation of industrial conditions. We had found a state of affairs which endangered the health, safety, and morals of our citizens. We proposed corrective legislation which was founded on the premise that it was the duty of the State to protect its citizens against the unwarranted hazards to which they were exposed in the course of their honorable effort to earn a livelihood, and that the government was not powerless to discharge that duty.

As that legislation was about to pass my distinguished adversary of that day very solemnly proclaimed the day as "red-letter day" and prophesied that the enactment of the legislation would lead to the disintegration of the American Republic. The law to which he referred, Mr. President, became the nucleus of the factory code of the State of New York, which has become the model and guide for similar legislation in all the States of the Union.

To-day the American flag still flies from the dome of our State capitol; and I am pleased to believe that that humane, enlightened, and progressive legislation has helped to fasten it more firmly than ever to the masthead from which it waves.

No government, Mr. President, has, in my judgment, ever decayed or fallen because it has served the interest of all its citizens, the mighty and the humble alike, with earnestness and devotion. But the dust of ages is composed of the remains of once-glorious civilizations whose rulers wined in gilded places while the great masses of their people were hungry for bread.

For three long years we have allowed the scourge of economic depression to whip millions of our citizens into a misery which words can not portray—into an agony of body and soul as their children go cold and hungry. It is, to my mind, not at all surprising that many of us, both inside and outside of Congress, should be perplexed as to the course to follow. The road ahead is by no means clear. But surely when that is the case we do not serve the national purpose by waiting upon some miracle to assuage the hunger of the destitute or open working opportunities for the idle.

The Department of Labor advises us that over a million families are eating the bread of charity, and these figures apply to but 124 cities containing less than a third of the population. These men, women, and children are not suffering the merited punishment of their own misconduct. They are the victims of a national disaster; and their plight constitutes a national problem which imposes an equal responsibility upon the local, State, and Federal Governments.

Meanwhile the statistical reports published by the Government record the growing paralysis of business. Industrial production is still declining.

In March, 1930, it was 104. In March, 1931, it was 87. In March, 1932, it was 67.

These indices, published by the Federal Reserve Bulletin, reveal the extent to which the blood pressure has been reduced in the arteries of industry.

The number of freight-car loadings have been cut 60 per cent since January, 1930.

The volume of building contracts of all classes in March of 1931 was $370,000,000. In March, 1932, it was only $112,000,000.

Since the middle of 1929 prices have month after month continued their downward course without interruption.

In the month of April the total of pay rolls paid out in the factories of the United States amounted to but 44 cents for every dollar that was similarly paid out in 1926.

The figures that I have cited reveal the unprecedented violence of the present business disturbance. It is nevertheless true that depressions are no new experience. Every American generation during the past century has been tested by the fire of at least one major depression. We should have learned something from that experience. Apparently we have not. In the midst of the present situation we are still debating fundamental questions, still doubting first principles.

In the past it has been our habit to let the depression work its havoc with unresisted fury until the recuperative powers of the Nation slowly restored it to health. Following such a course in the past, when the country was largely agricultural, was by no means as serious in its consequences as its pursuit at the present time, when our people are largely urban and industrialized. To-day such a policy involves intense suffering, widespread destitution, physical deterioration, and impairment of morale.

During the past few years a number of efforts have been made which were intended to check the decline. The methods employed were directed toward the stimulation of confidence and the liberalization of credit. These methods have proved insufficient. Confidence was not restored through exhortation; business has not revived in response to the efforts to create more ample credit facilities. It is not difficult to ascertain the reason. When these methods were proposed I expressed the opinion that they were inadequate. They were not aimed at the sore spot of the present situation.

Business men can not operate with confidence as long as prices continue to decline. Business can not resume its stride except in response to a demand for commodities by persons who have the price to pay. Such a demand can not originate as long as hundreds of thousands are destitute and millions of families are without wages. Normal expenditures, even by those at work, can not be expected as long as the prospect of continued employment is uncertain.

How can we break through the impasse created when business waits upon the resumption of demand and demand waits upon the resumption of employment? We have not blasted through that impasse by simply waiting for business to take the initiative. It is now the obligation of the Government to act.

Our problems are to create a demand for commodities, so as to help check further price decline, and to create a demand for labor so as to make purchasing power available in the hands of those who need it most urgently and will use it most completely.

Both of these objectives can be reached by launching a nation-wide program of necessary and productive construction.

The bill which is before the Senate to-day presents a specific proposal for carrying such a program into effect. It contemplates the investment of $2,000,000,000 in enterprises affected with a public interest. Of that sum, one and one-half billion dollars is to be raised through the issuance of Reconstruction Finance Corporation securities, and all but $40,000,000 of it is to be employed in financing the construction of income-producing, self-liquidating projects of a public character by States, municipalities, public agencies, and private corporations. Forty million dollars is to be held available for the Secretary of Agriculture to aid in financing agriculture exports where such action would not adversely affect world prices. Five hundred million dollars is to be raised through the issuance of Federal securities to finance an expansion of the Federal construction program.

Before going into the detailed classification of the local and Federal projects to be constructed under the bill, I desire to state the principles which guided the authors of the bill in making their selections. Undoubtedly my colleagues will discuss these provisions more in detail.

First. We desired projects that were readily available and capable of giving prompt employment to large numbers of men.

Second. We insisted that the projects should not add to the already excessive plant capacity of private industry nor aggravate the condition of overintense competition now prevailing in business.

Third. We restricted the projects to be financed with public money to those which are affected with a public interest.

Fourth. We selected projects that are useful and productive, and certain to satisfy a prospective demand.

The outlay of funds for the purpose of financing such a program is not extravagance, but the utmost of prudent economy. It constitutes not an expenditure of income, but an investment of capital. We may be perfectly sure that this depression will not be conquered by tying a rope of panic around every purse. We can not win by continuing the disorderly retreat. It is time to stand our ground and arm to meet the enemy with the only weapon to which he is vulnerable—a program of investment which will create a demand for commodities, labor, and credit, and put purchasing power in the hands of those who will use it to create a supplemental demand for more commodities, labor, and credit.

It may be that our program is not large enough. In so far as it applies to local projects, our undertaking can be enlarged as the need develops. In so far as it applies to the Federal program we must wait before further expension is possible because we have not yet planned sufficiently ahead to render feasible any immediate increase beyond that contained in the bill.

The proposals which I am now discussing have already received widespread public consideration. There is practically unanimous approval of that portion of our bill which authorizes the Reconstruction Finance Corporation to finance local self-liquidating projects of a public character. Under that provision $1,460,000,000 will be made available for the construction of bridges, docks, tunnels, waterworks, and similar undertakings of a public character. Whether prosecuted by public agencies or by private corporations, the Reconstruction Finance Corporation must be satisfied in each instance that the project will be made self-supporting and that the construction cost will be returned within a reasonable period by means of tolls, fees, rents, or other charges.

The only criticism I have heard concerning that portion of the bill is addressed to the action of the committee which rendered limited dividend corporations engaged in housing and slum-clearance projects ineligible to receive loans from the Reconstruction Finance Corporation.

When we consider the committee amendments I shall attempt to persuade the Senate that limited-dividend corporations engaged in low-cost housing construction, which are self-liquidating in character, properly belong within the scope and purposes of the bill.

For the present time I desire to address myself to that portion of the bill which has become controversial, the section which provides for an expanded program of Federal construction.

It is well to remember that most of the criticism which has heretofore been leveled against the Federal construction proposal was expressed before this bill was introduced and before the specific schedule of projects which it contains was known. Since its introduction, many who found fault with such a proposal in the abstract have commended and approved it.

The question before the Senate as I see it, Mr. President, is not whether we subscribe to the general doctrine that public works should be timed for construction during periods of depression. The Congress declared its policy in that regard when it enacted the employment stabilization act of 1931. The genuine question is whether an outlay of Federal money is justified for the specific purposes set forth in the

bill. And that question can only be answered by subjecting each of the undertakings proposed in the bill to the test whether in the judgment of prudent business men it is a justifiable investment.

Item 1 in the list of Federal projects consists of $120,000,000 to be advanced to the States and returned by the States to the Federal Government. That will be explained in detail by the junior Senator from Arizona [Mr. HAYDEN]. The money is to be used by the States to meet their share of the cost of road construction on the Federal-aid highway system. This advance will make possible the continuation of the road program scheduled for the coming year without curtailment for lack of State funds.

The public road system of the country is one of its greatest assets. That the construction of roads constitutes an investment requires little proof at this time. Every gasoline station has become a toll house and every road a revenue producer. I am informed that gasoline taxes collected in 1931 amounted to $536,397,458. That was in fact the price paid by the motorists for the use of our highways. The public highway system is a productive enterprise in the fullest sense of the word. Its construction should certainly go forward now, when costs are low and when the working opportunities it will open will be a blessing to the Nation.

The same arguments apply to item 2, which makes $16,000,000 available for Federal road construction.

Items 3, 4, 5, 6, and 7 will permit an expansion and acceleration of the work already authorized and planned for river and harbor improvements, flood control, air navigation, Lighthouse Service, Coast and Geodetic Survey, yards and docks, and Hoover Dam. No attempt has been made to specify the particular river to be improved or the specific lighthouse to be erected. That has been left to the executive departments. It is expected that with the funds made available they will promote precisely the same class of undertakings as are recommended by the President in the Budget and for which appropriations are carried in the current appropriation bills.

The river and harbor work and the Lighthouse Service constitute essential betterments of the Nation's transportation system. They pay for themselves in reduced cost of doing business and in lower freight charges. Only the most deadly pessimist would assume that the need for continued improvement of these arteries of trade has ceased. The Budget submitted by the President contains requests for funds for these very purposes. If it be unwise to prosecute such work, then the budgetary requests ought likewise to be denied. No one would seriously hold that position.

The havoc caused by the last overflowing of the Mississippi River is still too fresh in our memories to permit us to regard the flood-control expenditure as anything but a sound investment. The sooner the whole authorized project is completed the better. Now is the time to expand this employment-giving work to the maximum.

Hoover Dam clearly falls into the class of revenue-producing projects. The Interior Department appropriation bill carries an item of $6,000,000 for that purpose. The additional $10,000,000 made available in this bill will permit the normal progress of that gigantic undertaking.

The amount specified for each of the construction agencies I have mentioned was arrived at after consultation with the executive departments and is that which can be efficiently and promptly employed in the present emergency.

Item 8 is directed toward an expansion of the so-called public-buildings program and makes $100,000,000 available for that purpose. Every possible precaution has been taken to make certain that the buildings to be erected shall meet the test of being necessary for the Government's business. We have excluded from consideration building projects outside of continental United States because they will not provide the necessary employment. We have eliminated all projects in the District of Columbia because a large program of construction is already in progress at the Capitol. We have restricted the proposed buildings to a selection from among those which have already been recommended by the Departments of the Treasury and the Post Office. To these safeguards has been added the further provision that preference should be given to places where Government facilities are housed in rented quarters, under leases which expire on or before July 1, 1934, or which can be terminated before that date by reason of a cancellation clause. The final choice lies in every instance with the Secretary of the Treasury.

I regard this carefully protected program of building construction as a productive investment. The Federal Government needs buildings to house its activities. It is to-day paying out millions in rentals. I am informed that the Federal Government spends annually $7,918,533.12 for post-office leases alone where the individual rental is $6,000 or more per annum. Post-office leases of that class which terminate or can be made to terminate on or before July 1, 1934, require an annual expenditure of $4,495,740.68. To reduce that type of expenditure by taking advantage of the low production cost now prevailing is both prudent business and economical government.

The total of new Federal construction which can be undertaken under the bill is $307,060,000. In addition, under item 9, the President is authorized to employ the remaining $192,940,000 of the emergency construction fund for the construction of permanent improvements for which appropriations are carried in the current supply bills.

The entire program of Federal construction made possible under the bill constitutes, in my judgment, a moderate expansion of the building activities of the Government properly restricted and adequately safeguarded. It imposes upon the Federal Government a modest share of the burden of the present emergency and a portion of the responsibility for initiating the steps toward recovery. Once this bill is passed the Federal work can go forward. No local legislative action can hinder it. No investigation by the Reconstruction Finance Corporation is necessary before it can be launched. The Federal construction is that part of the $2,000,000,000 program from which we can expect the earliest results.

The issue has been raised, Mr. President, that the Federal construction section of the bill will provide but an insubstantial amount of employment. That charge was made by the Secretary of the Treasury in the course of the committee hearings upon this bill. It is a serious charge. If it is true of the Federal public works, then it is equally true of State, municipal, and private construction. If this assertion has merit, it means not only is the Federal construction section of no avail but that the entire bill will fail of its purpose. That would be the logical consequence of the position taken by Mr. Mills. He finds it, however, perfectly consistent to approve of three-fourths of the bill on the ground that it would afford employment, and to condemn the remaining quarter on the ground that it would not. Surely nothing can be plainer than that the construction of a municipal dock will provide no more and no less employment than the construction of a Federal dock.

At the hearings on June 2 Mr. Mills made a startling statement in reference to the $100,000,000 set aside for building construction. He said:

> In the course of the next 12 months that would provide work for 10,400 men at the maximum.

He repeated that statement at the hearing on June 7, when he said:

> I am no expert on this river and harbor work. I do know that the Senator's $100,000,000 for public buildings would have given work to just about 10,000 men directly and indirectly during the next 12 months, and those figures can not be challenged.

Fortunately, Mr. President, those figures were challenged, and after considerable talk it was revealed that what Mr. Mills had in mind was that he would spend only $26,000,000 out of the $100,000,000—and half of that for sites—and that the net remainder of $13,000,000 would give employment to 10,000 men.

I am sure, Mr. President, that Mr. Mills had no desire to mislead the committee. The inadvertence was caused, however, in my judgment, by an unconscious effort to belittle the effectiveness of this legislation.

It is exceedingly difficult to foretell with precision how many working opportunities will be opened by the pending legislation. I have thus far shunned the responsibility of making an estimate. Nevertheless, in view of the issue raised by Mr. Mills, I have collected several pieces of evidence on that question which I desire to submit to the Senate:

First. On page 15 of the hearings before the Committee on Banking and Currency under date of June 2, Mr. Mills himself accepted as true the proposition that $120,000,000 spent on road construction would give employment to 100,000 men. That is, it would open 100,000 full-day, full-year jobs.

Second. Dr. Virgil Jordan, economist of the McGraw-Hill publications, stated in New York, on April 12, 1932, that a reduction of $1,500,000,000 in the amount of public construction would mean an increase of 1,000,000 men in the ranks of the unemployed. His statement appeared in the New York Times on April 13, 1932.

Third. Mr. J. A. Kelly, research director of the Electrical Guild of North America, in a communication dated June 3, 1932, advises that "about 700 men would be employed throughout the year for each $1,000,000 spent during that year for electrical-construction work."

There is no point in multiplying the corroborative testimony. Taking a conservative view of these figures, it is plain that the $2,000,000,000 program embraced in the bill should provide one and one-third millions of full-day, full-year jobs. By giving effect to the 30-hour-week clause contained in the bill we increase that number of working opportunities by 60 per cent. In round figures that means that we have the power to open at least 2,000,000 jobs. The Federal construction will, of course, be responsible for one-quarter of that. My only answer to Mr. Mills's contention that he can not get the part which devolves upon his department under way during the coming year is to refer to the act of March 31, 1930 (46 Stat. 137), which authorizes the employment of outside architects and engineers, and to the act of February 26, 1931 (46 Stat. 1421), which prescribes a very expeditious procedure for the acquisition of necessary sites and dispenses with the delays normally incident to condemnation proceedings.

In the figures which I have used consideration was, of course, given the well-known fact that the work of modern construction is not all done at the site. A major portion of the labor is performed in the mines and quarries, in the steel and lumber mills, in the electrical and machine shops in preparing the materials necessary for construction and upon the railroads in transporting them to location. As one witness well expressed it during the hearings before the Committee on Education and Labor—Mr. Fred E. Schmitt, editor of Engineering News-Record—"there are no materials of intrinsic preciousness which go into construction." Ultimately almost the entire outlay is spent in the form of wages and profits. These days the portion that goes to profit is very low, indeed.

So far I have spoken of the first effect of the construction dollar. It seems trite to repeat that the wages thus made available do not remain fallow with the workmen who receive them. They are spent and respent for the products of farm and factory, discharging at every purchase their trade-reviving and employment-giving function.

There is another issue involved in the pending bill that I desire to consider. Objection has been raised to the Federal-construction section of the bill, because it calls for a Federal bond issue. I recall that when the proposal for a bonded construction program was first launched the fantastic argument was used that such a bond issue could not be sold. That objection was short-lived. It could not survive in the presence of the record of huge oversubscriptions on every issue of Federal securities, both long term and short term.

We then heard the argument that the flotation of a Federal bond issue would divert capital from private enterprise. That argument, too, could not withstand the logic of the fact that the number of private-capital issues had shrunk to almost insignificant dimensions. In 1930, $4,483,000,000 of private corporate securities were issued. That volume shrank in 1931 to $1,550,000,000. In March of 1931 the volume was $259,000,000; in March of 1932 it was $48,000,000.

A new argument has, therefore, been contrived—the argument that the issuance of the Federal bonds would unbalance the Budget. Similarly the erection of the emergency construction fund is condemned as recourse to an "extraordinary budget."

It seems to me that we do not clarify the situation at all by simply playing with words. Of course, the issuance of Federal bonds constitutes borrowing. Likewise does the sale of Reconstruction Finance Corporation securities constitute borrowing. What gives value to both classes of securities is nothing else but the credit of the United States, which is equally behind them.

There can be no doubt that borrowing to pay current expenses would throw the Budget out of balance. That would be true irrespective of whether the borrowing was effected by the United States directly or through its agency, the Reconstruction Finance Corporation. It is equally true that borrowing for the construction of permanent improvements is a capital investment and that the only item which enters the Budget of current income and outgo is the interest and amortization charges made necessary by the bond issue.

What I have said is in accord with general public practice. No private corporation reports a $10,000,000 deficit when it borrows that amount on long term for the purpose of financing the construction of a new plant. It would have been perfectly feasible to discharge all of the functions of the Reconstruction Finance Corporation through a bureau created for that purpose in the Treasury Department. In fact the Reconstruction Finance Corporation act makes provision that at the end of a stated period the Treasury Department shall take over the functions of the Reconstruction Finance Corporation. Had we dispensed altogether with the corporate structure it would none the less have been absurd to declare that every debenture issued by the Reconstruction Finance Bureau increased the Federal deficit and unbalanced the Budget. If we follow the reasoning of the Secretary of the Treasury, we should be compelled to conclude that that deficit has been avoided by the simple trick of writing the word "Corporation" after the words "Reconstruction Finance."

I can not believe that the stability of national finances depend upon such transparent devices.

It is my view, Mr. President, that the bill which is before us is entirely innocent of the charge that it unbalances the Budget. On the contrary, by eliminating $193,000,000 from current appropriations for permanent improvements and financing the construction of these improvements through the emergency construction fund, the bill actually helps to balance the Budget and reduces to that extent the present burden of taxation.

Mr. President, the time is more than ripe for the people of the United States to abandon their despair and throw their organized strength into the battle against depression. Through the program of construction proposed in this bill we can build an engine which will help pull us out of the slough in which we have been bogged for three long years. This bill has within it the promise of assistance in setting the wheels of private industry agoing, in causing the channels of trade once more to flow with the commerce of a busy people.

No such national attempt has ever before been made in a deliberate effort to check a depression. We can not lose, for the bridges we engineer, the buildings we erect will add to the permanent wealth of this Nation and we have the world to gain, for we shall contribute to the happiness of our people, conserve their character, and preserve their morale.

Mr. DAVIS. Mr. President, I believe that now is a most opportune time for the Government to proceed with a public-works program, but this work should, by all means, be administered on sound business principles. There should be

no reckless and indiscriminate expenditure of public funds, as, for instance, the construction of a post office in a community where the maintenance of janitor service would cost in excess of the rent now being paid for postal quarters.

A large public-works program will stimulate business—stimulate it with effect that if the program is well worked out and over a period of years, that it will make every business man in America sharpen his pencil to do some figuring that will start the wheels of industry humming.

Most of our bonus marchers would not now be in Washington if they had work. I have talked to numbers of them. They are honest, fearless, straightforward Americans. It humiliates them to ask for relief in any form. They would rather work than take Government help. Yes; they prefer jobs to the bonus. They prefer jobs to any Government relief.

Mr. President, I am not going to make a lengthy address. There is not a Member of the Senate who is not familiar with the needs of the country, and this is not a time for speech making.

Relief has been and always will have to be extended to those who are known as America's needy. If we can stimulate business, it will enable generous-hearted men and women to make donations to that cause. Philanthropists and private charity have been giving about one-fourth of the relief, and the governments, either of State, county, or townships, have been paying practically all the rest. I am told by reliable authorities that there has been expended enough in direct relief to build a highway 120 feet wide from the extreme eastern to extreme western end of the country and from the extreme northern to the extreme southern end of the country.

A sane and practicable public-works program would be reflected advantageously to industry and labor. Construction work always means a stimulation of activity on the iron ranges; the mines; the limestone quarries; cement quarries; lumberyards; iron, steel, and metal foundries; and mills. A cycle of production induces a sympathetic cycle of purchases and sales, which is sincerely sought and sadly needed by the farmer and the merchant.

Not only are the men who work with pick and shovel suffering in this depression but so also are men and women accustomed to luxuries. Many are burdened with debt without the hope of relief. Philanthropists and capitalists who heretofore have made donations to community chests and charitable enterprises are now shorn of their wealth and can no longer make contributions.

Mr. President, it is time for us to begin immediately the work of devising ways and means to provide shelter and food for our unemployed veterans and their dependents during the coming winter. In this very situation there is an apt application of the saying, "In time of peace prepare for war." For the next four or five months we shall be enjoying fair weather. All able-bodied men and women can exist, even under makeshift conditions, through the summer time.

Mr. President, provision for the bitter, cold winter should be begun forthwith. I know what it means to be idle, to need work, to be a traveler, seeking work—yes, Mr. President, to be hungry and to be cold. Of all the discomforts of life, of all of the afflictions which can visit mankind, barren coldness is the most insufferable. History will disclose that uprisings against governments, rebellion against tyranny either occurred in the bitter snow-and-ice-swept months of the year or were born in chill weather.

So, Mr. President, if human misery is to be relieved, the Federal Government must and, I am sure, will do its part. What is there more important than to care for the unemployed? No matter what we may think of the Government extending relief, it must find a way to relieve human misery.

I wish to take this opportunity, Mr. President, to invite the attention of the Senate to House bill 4743, which was passed by the House on May 18, 1932, and was referred to the Senate Committee on Education and Labor, before which committee a hearing was held on June 3. The committee reported the bill favorably, and it is now on the Senate Calendar, being Order of Business No. 866.

It is most urgent that the pending bill be passed at this session of Congress, because—

First. The cooperating States must certify to their budget directors next November the amount of Federal allotments they will receive and must match them through appropriations to be made at the next sessions of their legislatures, which convene next January?

Second. Appropriations for allotment to the States for the fiscal year 1934 must be certified by the Federal Board for Vocational Education to the President and the Bureau of the Budget prior to December 1 next.

RECENT DEVELOPMENTS IN THE PROGRAM OF REHABILITATION

First, Mr. President, in spite of depressed business conditions, 31 per cent more persons were rehabilitated in 1931 than in the preceding year. In addition, 2,455 persons were trained and fitted for employment during that year.

Second. A total of 55,000 persons have been rehabilitated to date. Including their dependents, 150,000 persons have been made self-supporting and freed from dependency, relief, and public charity.

Third. During the year 1930-31 the States expended $921,626.98 from Federal funds and $1,098,024.76 from State funds.

Fourth. Forty State legislatures convened in January, 1931, 27 of them increasing their rehabilitation appropriations by the sum of $400,424.70. In 11 States appropriations remained the same and in 6 there were decreases amounting to $33,178.84. Thus the net increase in appropriations totaled $367,245.86.

Fifth. During the present year the cooperating States were allotted by the Federal Government all of the available money—$1,097,000—and were prepared to match $65,000 in addition.

Sixth. Despite the fact that a larger Federal appropriation is needed at this time to carry on the Federal-State programs, which have doubled in the number of persons needing rehabilitation in the last three years, the authorization of Federal funds in the pending bill has not been increased.

CONTINUED PARTICIPATION BY THE FEDERAL GOVERNMENT IS NECESSARY BECAUSE—

First. At least 10 per cent of the people receiving rehabilitation service were injured while in the employ of the Federal Government—that is, ex-service men, Coast Guard men, longshoremen and harbor workers, men discharged from the Army and Navy, and civilian employees of the Government.

The present rehabilitation act makes it the responsibility of the States to rehabilitate all disabled employees of the Federal Government.

Second. Rehabilitation is more constructive and at the same time more economical than a dole or other form of public relief. The State-Federal rehabilitation program is the only service of organized government for the restoration of disabled persons to self-supporting employment.

Third. The average cost of rehabilitating one person is only two-thirds of the annual cost of supporting one public charge. Public charity therefore, including support of the dependents of the disabled person, is four and one-half times as expensive each year as the average cost of rehabilitating the person.

Fourth. Members of Congress familiar with the rehabilitation service have repeatedly made the statement that there is no Federal money expended which results in more constructive service or more benefit to the Nation than that expended for rehabilitation.

RESPONSIBILITY OF GOVERNMENT TO PROMOTE REHABILITATION

Social progress is slow, but we can measure the advancement of our civilization and of our Government by the extent to which we serve our physically handicapped. Citizenship in the United States has come to mean more than it means in any other country, at least for handicapped per-

sons. The rehabilitation law has replaced the law of the survival of the fittest and the law of self-preservation. If we fail to continue this service now, which has been carried on for 12 years, when it is more needed by handicapped persons than at any other former time, it would be a backward step. It would be a repudiation of responsibility. It would appear to be a stepping on the oppressed when they are most severely afflicted.

Rehabilitation is an economical program, a program of constructive relief for the physically vocationally handicapped. Accident and disease are blighting individuals and their homes; and unless something is done to reconstruct these individuals and restore them to economic independence, we are in danger of permitting the development of antisocial attitudes on the part of a large group of persons.

If we withdraw Federal aid for rehabilitation work, persons who live in those States in which the service would stop would migrate to the few States which could serve them. It can only be an economic provision, therefore, for us to continue this constructive service.

Mr. President, it has been indicated that the cost of one rehabilitation is about two-thirds of the cost of one dependent. In one case we are dealing with social resources; in the other case we are dealing with dependency. Sociologists tell us that among the families which are dependent, one family in five is dependent because of the physical handicap of the family's breadwinner.

Our States and philanthropic agencies are giving millions of dollars a year to provide medical treatment for indigent people. They are spending additional millions to educate children who are handicapped. Therefore, if we do not complete the rehabilitation of disabled persons, we have not succeeded after all the investment that we have made. If a child is crippled, he is from birth to the age of 5 a medical problem; from 5 to 16 he is a medical and educational problem; when he reaches adult life, that is the age of employability, he becomes a threefold problem, namely, medical, educational, and vocational. Now, we are spending millions of dollars for material rehabilitation. Last year we spent $5,000,000 for agricultural experiment stations; $1,400,000 for the rehabilitation of forest lands; over half a million for the control of diseases of plants and animals, and in addition we appropriate $79,000,000 for highways. It would certainly seem logical for us to appropriate $1,000,000 a year for the rehabilitation of children.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

Mr. ASHURST. Mr. President, I offer an amendment to the committee amendment to come in on page 100. I ask the Secretary to read it.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 100, line 25, it is proposed to strike out the word "and"; on page 101, line 3, before the period, to insert a semicolon and the following: "And (3) to Indians residing on Indian reservations whose names are carried on the tribal rolls, for the purpose of furnishing subsistence to said Indians, and such loans to be made on the security of wool produced on the reservation and blankets manufactured on the reservation from wool produced on the reservation"; and on page 101, line 5, to strike out the word "such" and to insert the words "Except as provided in clause (3) of this subdivision, such."

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Montana?

Mr. ASHURST. I yield.

Mr. WALSH of Montana. In order that the discussion of the bill may proceed orderly, I ask unanimous consent that the Senate first consider committee amendments to the bill in their order.

The PRESIDING OFFICER. Is there objection?

Mr. NORRIS. What is the request?

The PRESIDING OFFICER. The request is that the amendments of the committee be first considered. The Chair will state, however, that there is only one committee amendment.

Mr. ASHURST. I have no objection to that course.

Mr. NORRIS. I do not understand the request.

Mr. WALSH of Montana. The request is first to consider the committee amendments in their order.

Mr. BULKLEY. There is but one committee amendment.

Mr. NORRIS. There is only one committee amendment.

Mr. ASHURST. I propose an amendment to the committee amendment.

Mr. BULKLEY. I object to the request.

Mr. ASHURST. I have no objection to the request of the Senator from Montana, but I wish to explain my amendment, and I will do so briefly if I may.

Mr. NORRIS. Let me inquire if the request of the Senator from Montana is pending, or was objection made?

Mr. ASHURST. It was objected to.

Mr. WALSH of Montana. I withdraw the request.

The PRESIDING OFFICER. The Chair will again state, in order that there may be no confusion, that there is only one committee amendment, which will be considered as a bill.

Mr. ASHURST. Mr. President, my amendment proposes to extend to the Reconstruction Finance Corporation the power and authority, in its discretion, to make loans to Indians on Indian reservations, whose names are carried on the tribal rolls, and to take as security for such loans wool produced by Indians on Indian reservations, or blankets woven by Indians out of wool produced by Indians on Indian reservations. In northeastern Arizona and northwestern New Mexico there dwell about 43,000 pure-blood Indians. They are and always have been self-supporting. They are a pastoral, and, in a small degree, an agricultural people. For scores of years, indeed, for centuries, these Indians have been flockmasters; they raise sheep and goats, they shear their sheep and goats and weave with their own Indian handicraft a part of the wool crop into beautiful and most useful blankets; indeed, the Navajo Indian blankets are known all over America, and I have seen one of them in Europe.

Owing to what we call the "depression" it has been of late almost impossible for these Indians further to find any market for their wool. By their own skill, patience, industry, and remarkable handicraft they have in the past produced large numbers of these blankets that would in ordinary times sell in the market at from ten to eighty dollars each. There is no market to be found under present conditions; ultimately the market will return, but the Indian must receive credit in the meantime. Hence, my amendment provides that the Reconstruction Finance Corporation, on these securities, viz, Indian wool and blankets, may, if it sees fit, make loans to these Indians to stabilize their goat and sheep raising business.

These Indians are asking no charity, no gift, no bounty, no gratuity. These Indians are upstanding, self-supporting citizens who have felt this depression as keenly as has any other citizen.

Mr. WALSH of Montana. Mr. President, I should like to modify the unanimous-consent request that I proposed a short while ago to this effect—that the bill be considered section by section, in their order, so that when we reach the point at which the Senator from Arizona thinks his amendment is appropriate it may be offered at that time.

Mr. ASHURST. I could not now consent to that. In good faith I obtained the floor. Amendments are in order. I want to oblige my well-beloved seat.mate. It is a privilege, and a distinction as well, to sit near him; but I can not at this time consent that this amendment which I have offered be postponed. I think we shall make progress by treating this bill in the usual way, so that Senators at any time may offer any amendment they see fit. Certainly I do not want to be put into the position of making my argument and then having the matter postponed until some indefinite date.

If the Senator from Montana can point out any good that will come from adopting the committee amendment first,

I shall consider it; but there is only one amendment, and that is a committee amendment. I do not perceive, parliamentarily, how we may proceed otherwise than to go ahead and to allow amendments to the committee amendment.

Mr. COUZENS. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Michigan?

Mr. ASHURST. If I have the floor, I yield.

Mr. COUZENS. I think the Senator from Arizona is correct. This measure came from the committee as one bill, comprising amendments to the so-called Garner bill. There are no committee amendments outside of the bill as a whole; and it, therefore, seems to me in proper order to take up any amendment at any time.

Mr. WALSH of Montana. Mr. President, I am not to be understood as objecting on parliamentary grounds to the consideration of the amendment now offered by the Senator from Arizona. If he insists upon consideration of his amendment, of course he is entitled to have it considered and disposed of. I merely suggested that in the interest of orderly procedure we ought not to be jumping from one part of the bill to another part of the bill and back again, here and there, so that we will never know where we stand on the matter.

My idea was that we should take up section 1, for instance, and any amendments appropriate to what is set forth in section 1 might then be considered; and then, when we dispose of that, we might take up section 2, and so on through the bill. Of course no Senator would be precluded from offering any amendments that he saw fit to offer at any time; but the sole purpose of my request for unanimous consent is that each section might be taken up in order and perfected.

Mr. COUZENS. I indorse the position of the Senator from Montana; I did not hear him make the statement previously. It does seem to me that we will never know what section is being considered if we do not proceed along the lines he has suggested.

Mr. WALSH of Montana. Exactly; and I trust, therefore, the Senator from Arizona will defer offering his amendment, and take that course.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. ASHURST. If I have the floor, I yield.

Mr. JOHNSON. The bill proper begins in line 14, page 100, does it not?

Mr. WALSH of Montana. Exactly.

Mr. ASHURST. That is the very place where I propose my amendment.

Mr. JOHNSON. It is in that very paragraph that the Senator presents his amendment—the first paragraph of the bill. In the second line I have two very brief amendments, which I assume will neither take time nor be objected to; but the Senator from Arizona was first on his feet, and his amendment deals with the very first section of the bill.

Mr. WALSH of Montana. Exactly. In that situation, it seems to me that the Senator from Arizona should cheerfully acquiesce in the suggestion I make.

Mr. FLETCHER. Mr. President, if the Senator will yield, the amendment the Senator from Arizona proposes deals with section 1, and if we consent to the proposal made by the Senator from Montana it will not interfere with his offering his amendment.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ASHURST. If I have the floor, I yield.

Mr. NORRIS. If the Senator from Arizona acquiesces in the suggestion made by the Senator from Montana, it seems to me that after we have passed one part of the bill and are taking up some part farther on it will be out of order to go back and offer an amendment to a prior part of the bill.

Moreover, as I understand the parliamentary situation, the House text is subject to amendment before we vote on the committee amendment; and instead of commencing over on page 100, if we followed that suggestion we would commence on page 1, Title I, Relief of Destitution, which is the House text, all of which is subject to amendment.

We have always considered bills just as the Senator from Arizona is considering this one. We have not taken them up in order. If we take the position that these Senators want the Senator from Arizona to take, we will then be precluded logically, when we have acted on an amendment, from going back to any part of the bill prior to the place where that amendment comes in.

It seems to me we are going on in the regular way, and the way in which the Senate always considers these amendments.

Mr. WALSH of Montana. I was endeavoring to proceed in accordance with the well-established practice of the Senate.

Mr. NORRIS. We have no rule here that I know of that prevents any Senator from offering an amendment to any part of a bill at any time.

Mr. WALSH of Montana. However, if there is the slightest objection to what I have proposed, I do not care to press it.

The PRESIDING OFFICER. Is there objection?

Mr. ASHURST. Mr. President, I usually yield gracefully, but this morning I am going to yield without grace.

I said before that it is a privilege and a liberal education as well to sit by the side of the Senator from Montana. Those who do not have that privilege are denied instruction in the classics and in law. I can not say the same for him regarding parliamentary law. In the field of municipal law, and international and constitutional law, and the rule of evidence I bow profoundly and humbly at the shrine of his intellect; but I believe he is in error in this instance with regard to procedure. I never was more convinced of anything than that I am parliamentarily correct, ethically correct, and mechanically correct so far as saving the time of the Senate is concerned, in commencing just where the first line of the Senate bill commences.

If, however, any Senator wishes me to defer offering the amendment, of course I shall do so; and so accustomed am I to being under the influence of the senior Senator from Montana that I shall withdraw the amendment at this time, although for once in my life I surrender when I think I am right.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. COUZENS. I was going to ask the Senator what amendment the Senator from Montana proposes to take up ahead of his, then.

Mr. WALSH of Montana. I have no desire to take up any amendment ahead of the amendment of the Senator from Arizona. My proposal was that the Senate proceed to consider section 1 of the amendment offered by the committee, as suggested by the Senator, on page 100, and then pass on. I do not mean to preclude any Senator from coming back at any later time to offer an amendment to page 100. I simply suggested that we proceed in that order.

Mr. COUZENS. But just what amendment would be pending under the Senator's proposal? There would be no amendment pending.

Mr. WALSH of Montana. If unanimous consent were given, then the Senator from Arizona, who, I understand, desires to amend section 1, could tender his amendment, and it would come up for consideration.

Mr. COUZENS. Mr. President, will the Senator yield further? I think we had better go ahead under the amendment proposed by the Senator from Arizona, because I understand that there is an administration committee working somewhere to propose an amendment to loan money to private corporations. Just what section of this bill that would apply to, I am not informed; so I think we had better proceed with the amendment of the Senator from Arizona.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. WAGNER. Of course, if the Senator is right and that proposal is to be made and it succeeds, it will cover the proposal made by the Senator from Arizona, the amendment he has offered here.

The PRESIDING OFFICER. The Senate will please be in order, so that the Chair can state the proposition.

Mr. ASHURST. Mr. President, I desire to surrender the floor, and I call for a ruling from the present Presiding Officer, Mr. FESS. He has for some years presided over a very numerous and tumultuous body of men, very respectable in character; and with his rich and ripe knowledge of parliamentary law, I shall yield to his opinion.

Mr. CONNALLY. Mr. President, I desire to propound a parliamentary inquiry, and let the Chair rule on it when he rules on the other matter.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. My inquiry is as to whether, the original House bill being before us, amendments to that text are not in order. They would be preferential amendments to the committee amendment, would they not?

The PRESIDING OFFICER. The entire bill is open to amendment.

Mr. CONNALLY. I mean the original House text of the bill. An amendment to perfect the House text would be in order, would it not?

The PRESIDING OFFICER. The Senator is correct. It would take precedence.

The Chair desired to state to the Senate, so that there might be no confusion, that the Senate amendment is treated as one amendment. The House text is open to amendment. If any Senator offers an amendment to any part of the House text, that will have to be considered first, because it is a strike-out-and-insert proposal.

Mr. JOHNSON and Mr. NORRIS addressed the Chair.

The PRESIDING OFFICER. Senators will please suspend. If the Senate considers the Senate committee amendment as one, as it would have to, it can, if desired, be considered section by section, as the Senator from Montana has suggested; but the result of that would be that the Chair would order the reading of the first section, then if there should be an amendment to it, it would be disposed of, and we would pass from that section and could not return to it without unanimous consent. Otherwise Senators can offer amendments to any section of the Senate bill.

Mr. COUZENS. Mr. President, I think we ought to begin at the beginning of the bill, because I think we ought to reject the committee amendment on lines 3 and 4, page 1, where the committee struck out the language:

That this act may be cited as the "national emergency relief act of 1932."

My view is that that committee amendment ought to be rejected. Then the bill will start out in the manner in which the bill stood as it passed the House. In other words, it would be named what it really is, the "national emergency relief act of 1932." If Senators look on page 100 they will find that there is no title to the bill except as it appears above the enacting clause on page 1 of the bill.

Mr. NORRIS. Mr. President, the Senator from Michigan appears to have the idea that this amendment can be divided up. He says the first amendment of the committee is in line 3. As a matter of fact, it is an impossibility, it seems to me, to divide up the committee amendment. There is but one committee amendment, and while the particular language referred to by the Senator from Michigan is part of that amendment, it is no more a part of it than the lines on page 29, or page 30, or page 50, or page 10. It is all one amendment. There is but one amendment.

Under the rules of the Senate, this being a substitute amendment proposed by the committee, before we vote on that substitute amendment as a whole, which we eventually must do, both the part proposed to be stricken out and the part proposed to be inserted are subject to amendment. So that at the present time it is in order, under our rules, as I understand the parliamentary situation, to offer an amendment to any part of the bill, from page 1 to the last clause in the bill, on page 114. As between a proposed amendment to change the House text and a proposed amendment to the committee text, the proposal to change the House text takes precedence.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. COUZENS. I would like to ask the Senator how I would proceed, then, to have retained in the bill the language in lines 3 and 4, page 1.

Mr. SMOOT. Mr. President, it is already in the bill.

Mr. COUZENS. Just a moment.

Mr. NORRIS. The Senator wants to keep it in, instead of having it stricken out?

Mr. COUZENS. Yes.

Mr. NORRIS. He may offer that language, if he wants to, as a preface to the committee amendment, as an amendment to the committee amendment, so that, if the Senator is successful, if the committee amendment is agreed to, he will have his amendment in the measure. When we finally come to vote on substituting the committee amendment, if that is defeated, then the language referred to by the Senator will remain in the bill.

Mr. SMOOT. Mr. President, if the Senator will turn to page 114 of the bill, he will find that that exact language is found in lines 7 and 8. It is transferred from page 1 of the bill to page 114 of the bill.

Mr. NORRIS. I will say to the Senator from Michigan that his language is going to stay in unless it is changed, because it is in the House text and in the Senate committee amendment.

Mr. COUZENS. I stand corrected.

Mr. NORRIS. Mr. President, I want to ask the Senator from New York some questions about this bill, and I apologize for doing so, because I intended to listen to his explanation of the bill, but I was called out under such circumstances that I could not decline, and when I returned to the Chamber, the Senator had completed his explanation.

What expenditure of money, in toto, referring to the Senate committee amendment, is provided for?

Mr. WAGNER. The Reconstruction Finance Corporation is authorized to issue its debentures so as to extend credit of $1,460,000,000 for self-liquidating projects. Of course, they are of different types, and I shall not attempt to define them in detail.

Mr. NORRIS. In addition to that, as I understand it, $120,000,000 is provided for the building of public highways.

Mr. WAGNER. May I finish as to the self-liquidating projects?

Mr. NORRIS. Certainly.

Mr. WAGNER. It is proposed that the Reconstruction Finance Corporation be authorized to advance $40,000,000 to the Secretary of Agriculture for the purpose of financing the export of agricultural commodities. Then $500,000,000 is provided for Federal public construction, which is to be for buildings, for highways——

Mr. NORRIS. No.

Mr. WAGNER. Yes; $132,000,000 for highways, $100,000,000 for public buildings, and the rest to be distributed for river and harbor improvements, flood control, lighthouse construction, and so on.

Mr. NORRIS. How much for flood control?

Mr. WAGNER. There is an additional $30,000,000, I think it is.

Mr. NORRIS. That is in addition to what has already been provided?

Mr. WAGNER. It is just one-half as much again as is provided in the regular appropriation bills.

May I say to the Senator that that sum was decided upon by the committee after consulting with the head of the department who has charge of this construction work. We inquired of him how much more money he could use this year, how much more he could utilize this year in putting men to work within the year, that we were not concerned with some time in the future. He told us that $30,000,000 was all he could utilize this year in employing additional men.

Mr. NORRIS. Am I correct in my understanding that only $120,000,000 is provided for the building of public highways?

Mr. WAGNER. For highways, $132,000,000 altogether.

Mr. NORRIS. That is to cover the entire United States?

Mr. WALSH of Montana. Let me remark that that feature of the bill is a repetition of what is known as the Almon bill, which passed the House and is now upon the Senate Calendar.

Mr. NORRIS. The point I wanted to bring out was that it appears that there is $1,460,000,000 for the so-called self-liquidating projects, which means tunnels and projects of that kind, I understand.

Mr. WAGNER. And waterworks.

Mr. NORRIS. Waterworks? What kind of waterworks?

Mr. WAGNER. Water supplies for communities; and even a municipal electric plant, not being self-liquidating alone, could be erected under this measure.

Mr. NORRIS. The great bulk of that would be expended, would it not, in New York City?

Mr. WAGNER. I beg the Senator's pardon. Only a very small portion of it would be spent there.

Mr. NORRIS. How much?

Mr. WAGNER. There are only two projects in New York for which this provision would be available. One is a joint project in which New York and New Jersey are jointly interested, the Forty-eighth Street tunnel, and the other is the Triborough Bridge in New York. Those are the only two I know of in the whole State of New York.

Mr. NORRIS. What will they cost?

Mr. WAGNER. I am sorry I can not tell the Senator.

Mr. NORRIS. How many men will they give employment to? Can the Senator give us any information about that?

Mr. WAGNER. I can not tell; but quite a number. As a matter of fact, so far as the so-called Forty-eighth Street tunnel is concerned, unless that work is proceeded with, the port authorities in New York will have to dismiss a great portion of their engineering force.

Mr. NORRIS. I do not want the Senator to get the idea that I am criticizing these works.

Mr. WAGNER. I think it is an unfair impression to create that New York is particularly interested in these self-liquidating projects.

Mr. NORRIS. I have no objection if New York is, but I want to get the facts. I am inquiring for information.

Mr. WAGNER. I think the Senator from California can tell the Senator of some projects in California.

Mr. NORRIS. I have no doubt about it. The Senator must not get the idea that I am asking my questions for the purpose of criticizing the various projects. It may be that I will feel like criticizing some of them when I get the information.

Mr. WAGNER. What I was afraid of was that those outside might get the impression that this was particularly meant for New York.

Mr. NORRIS. Mr. President, I want to consider this bill, and it seems to me that we all ought to have this measure in mind as an unemployment proposition. I want to, if I can, get as much good as possible for the people of the various communities, or the country at large, from this unemployment measure, that is true. I want to secure the employment of the unemployed where their work will redound to the benefit of the people. But, in the main, as I understand it, we are trying to pass something which will furnish jobs to the unemployed.

Mr. WAGNER. That is exactly it. That is the sole object of the legislation.

Mr. NORRIS. If such a thing were possible, having all the unemployed put to work in one State would not make any difference to me, if that could be done properly, but I think it is perfectly evident that the best way to take care of the unemployment is to provide jobs, as nearly as we can, all over the country, so as not to rush the unemployed to one community, or one locality. We should try to keep the employment distributed, if we can.

It seemed to me that one of the things that would give employment to the unemployed more than any other one thing would be the building of highways. I am not married to that idea, by any means. If there is any other plan that will result in giving more employment for the money expended, regardless of where it would be carried out, I would be for it, but I am struck with this idea, that the great bulk of the money provided for in this measure apparently will go to a very few localities.

I am not objecting. I do not want the Senator from New York to get the idea that I am objecting to that. If those particular things will result in the employment of the unemployed, I am in favor of them, regardless of where they are located. I would like to have jobs given to as many people as possible for the amount of money expended. But it does seem to me that the amount of money allocated to the particular so-called self-liquidating projects is much larger than could be very meritoriously allocated to the building of public highways all over the United States, for instance. I am not objecting that this is too much, except in proportion to the amount the bill seems to set aside for the building of highways. Rather than decrease this amount for the so-called self-liquidating projects, I believe we ought to increase the amount for other projects covered by the bill, particularly for the building of highways. It would make a bigger job of legislation, and if I have any criticism, with the limited knowledge I have of the bill, it is that it is not big enough, is not broad enough, does not take a national view, it seems to me, of the great unemployment situation, and will not give employment to enough people to have the right kind of effect, the effect I think our bill ought to have. It seems to me, much as we may regret it, we will have to increase the size of the bill very greatly.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. WAGNER. May I say this to the Senator, that I have in my office, and unfortunately it is not here, a list of projects of this self-liquidating character, and I think when the Senator examines it he will be surprised to see how well distributed the projects are throughout the country.

Mr. NORRIS. I shall be very much delighted to learn that.

Mr. WAGNER. I do not know how much the Senator's own State would benefit, but generally it is pretty well distributed in municipalities and public corporations created by different States undertaking particular kinds of projects which employ great numbers.

As to the percentage of dollars that would go to the worker, I have here a statement of the percentage, collected by the Society of Civil Engineers, so this is from an authoritative source. It says that in concrete road construction 77 per cent of the cost goes to wages. In general road construction, 76 per cent goes to wages. In general construction, 80 per cent goes to wages.

Mr. NORRIS. What does general construction mean?

Mr. WAGNER. That would mean buildings, other things than roads. Then, water works, 91 per cent.

I have a list of some communities which have undertaken to supply water to their residents instead of having private companies do it. They have had to abandon the projects for the time being, because they were unable to sell the bonds. If we can help such communities we serve a health purpose, and we serve an employment purpose, because 91 per cent of the benefits of that sort of construction go directly to the workers.

The Senator sees the disproportion between the amount provided for Federal construction and that provided for self-liquidating projects. It does not have in mind highways, because those are planned by the States. Outside of that the difficulty is that we can not get any more Federal projects which we can justify as reasonably necessary because they have not been planned sufficiently in advance so we can now put men to work. As a matter of fact, Congress enacted a law which became effective in February, 1931, under which the Government was directed to prepare in advance its public-construction program so that in case an industrial slack came in private industry we could accelerate public construction so as to help take up the slack. If that law had been obeyed we would have been in a much better position

now to accelerate public construction. I am sure my colleagues who worked with me in the preparation of this bill will agree that we were unable to find any other public construction where we could say in truth that the undertaking would put men to work at once. I am speaking of Federal work.

Mr. NORRIS. Let me say a few words in reply to the Senator from New York, who has been endeavoring to answer my question. He has been talking about public works other than public roads. The particular thing about which I was inquiring, or at least that I had in mind, was to call attention to the fact that the bill provides for a very small amount of money to be expended for the building of public roads as compared to the so-called self-liquidating projects that are provided for in the bill. The remarks which the Senator has made about the lack of preparation and lack of information which the committee found in regard to these other things I do not think apply, and I do not think the Senator wants them to apply to the public-roads question.

We have the machinery already in operation for the construction of public roads. It would have to be enlarged somewhat, but the nucleus of the machinery is all there. I remember that figures were given early in this session, showing the percentage of labor that goes into the various kinds of public improvements. As I remember the statistics which were given to the Senate at that time, public roads had the largest percentage of labor involved of all public improvements. The figures which the Senator has presented are somewhat different. Of course, I can see how a so-called expert working out the figures could take the viewpoint that would cut them down. For instance, in the matter of public roads it is not only the men who are working on the roads themselves, but it involves the men in the factory who are building the machines which are necessary and the men in the factories who are making the cement. It involves also the transportation facilities which have to carry the machinery and the materials all over the country and which employ a number of men, all of which involves a great deal of labor. What I was trying to do was to lay the foundation, if possible, for an enlargement of the program somewhere. It seems to me the most inviting field for the enlargement is in the matter of public roads.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Montana?

Mr. NORRIS. I yield.

Mr. WALSH of Montana. I share the view expressed by the Senator from Nebraska that probably the only form of public works which we can authorize which will give employment to labor in all sections of the country is road work. I advanced that view earlier in the session when we had the La Follette-Costigan bill under consideration and endeavored to secure liberal appropriations for work of that character.

With respect to the disparity, however, in this bill between the amounts appropriated for public roads and the amounts for self-liquidating projects, I must invite the attention of the Senator from Nebraska and of the Senate generally to the fact that the appropriations for self-liquidating projects are supposed eventually to return to the Treasury every dollar that is taken out of it. Those are loans which are to be made for projects, and the loans are to be repaid, so that it is expected eventually—at least the theory of the thing is that eventually—the Treasury will not be out a dollar.

So far as the road program is concerned, that is money out of the Treasury which never comes back. We simply provide to advance now the funds for roads, the appropriations to be made immediately instead of from time to time in the future. So there is that distinction which will justify as a matter of course a very much larger figure for self-liquidating projects than for roads.

I might say with respect to the road proposition that I have a letter from a very thoughtful and highly intelligent constituent, who writes:

> I do not wish to bother you too much, but it seems to me that the only way Montana can derive any good from relief or construction legislation is through the appropriation of emergency money for highways. I very much doubt if Montana will borrow any money for any other purpose. Road money can be immediately transformed into assistance for unemployment. It is the only method where money can be put into production and not flood the market. It, of course, should be distributed under the Federal highway act, which is a proven statute.

That shows the views taken in my State, in which I share, with respect to the roads. In the preparation of the bill which has now become the committee amendment—the bill introduced by the Senator from New York [Mr. WAGNER] some time ago and drafted by a group of us—we just adopted the bill which came over from the House providing for relief work in the way of highway construction. We have made no change in it whatever. That bill was pending here and we simply took it and incorporated it in the bill now pending. That bill has already passed the House and it signifies what the House is willing to do in the way of road construction.

I should not object at all to expanding that. Indeed, I proposed $375,000,000 for road construction in connection with the La Follette-Costigan bill and my recollection is the Senator from Nebraska offered such an amendment which was incorporated in the bill. We are seeking to have a bill passed that has some chance of approval by the other House and by the Executive. Under these circumstances I do not feel like enlarging the amount of the appropriation carried in the Almon bill and made a part of this bill.

Mr. NORRIS. I thank the Senator for his suggestion. I do not want to get away and I hope the Senate will not get away from the fact that the real thing we are trying to accomplish is to provide jobs for the unemployed. That is the first and primary purpose. If we do not do that, it means that the unemployed will have to be supported from charity. If local authorities can not provide the means—and they have about exhausted all their resources in that respect—then the Federal Government must do it. I think that is a proposition to which everybody will agree. If we do it in the way of charity we get no return, we get nothing back for the expenditure of our money. If there is no other way to do it, of course I would be in favor of doing it that way.

Of course, the unemployed must be fed and must be taken care of. If while we are taking care of them we can get something back for the country, then so much the better for the country and so much the better for the unemployed. It is going to be humiliating in the extreme for millions of the unemployed to accept charity. They want work, they want jobs, and so we ought to provide jobs for them. Even if we do not get back 100 per cent of our investment, we ought to provide jobs. Even though the works provided are not perhaps needed at the present time, nevertheless the main object is to provide work for the unemployed.

Incidentally while we are providing it we want to get as much good out of the work they do as possible and save them from the humiliation of becoming subjects of charity. Therefore it seems to me that we ought to present a bigger program than that for which the bill makes provision. It is all right to follow the House in something they have already passed and it is all right to favor the President and get something that he will sign. However, those are all incidents. They are only incidental. What we ought to do is to provide a program that will do the work.

We have a bigger job on our hands than we realize, I believe. The expenditure or the authorization of the expenditure of the amount of money provided in the bill will not, in my judgment, do the job. We ought to present now a program that is broad enough and big enough so that the ordinary business man and every other man who is hesitating in some business enterprise will realize that here is something that is going to accomplish the purpose and do the job and get rid of unemployment. He will start up in his business, he will start up in his operations, and it will all help. But if we stop with a program that everybody can see in advance is not going to accomplish the desired end, it will not be any inducement for anybody to start up in his business operations.

Mr. LA FOLLETTE. Mr. President, I wish to say, in response to the suggestion made by the Senator from Ne-

braska concerning a broad program, that I have introduced amendments, which are now lying on the table, to provide for a five and a half billion dollar program, and it may interest the Senator—and I hope he will give the amendments consideration—that in connection with that program there is provision made for highway construction and reconstruction and grade-crossing elimination up to an amount not to exceed $1,000,000,000.

Mr. NORRIS. I am glad to hear the Senator say that. I had in mind the preparation of an amendment along that line, but I will be relieved of that work and will be glad to follow the Senator from Wisconsin.

Mr. WAGNER. Mr. President——

Mr. NORRIS. I yield to the Senator from New York.

Mr. WAGNER. I was going to say to the Senator that I think that he will agree that the projects which have been provided for, including highways, are the type of undertakings which will give the highest percentage of employment.

Mr. NORRIS. I want to invite the attention of the Senator again to the fact that the questions I have asked have been asked in no critical sense whatever.

Mr. WAGNER. I understand that.

Mr. NORRIS. I want to help, but I also wanted to call attention to what I believe to be the infirmities of the proposition now before us.

Mr. WAGNER. That is as to highways.

Mr. NORRIS. Yes; and as to any other proposition. I am not wedded to highways. If anybody can suggest any other method that will afford more jobs, I will follow it; and if the jobs all go into one State, I will follow it; but I should like to have them distributed. I think, everything else being equal, the work should be distributed over the country, because I think if we would give a broader scope along geographical lines in the matter of providing employment the better the results would be. I would not want employment oportunity concentrated in one section, unless that is necessary, although I concede that is better than nothing.

Mr. WAGNER. Perhaps it is a reiteration, but, may I say to the Senator again, an examination of the list of available self-liquidating projects will, I think, persuade him that those projects are pretty well distributed throughout the country. Of course, we know that the worker at the site of a particular construction undertaking is not the only worker who is benefited, but the construction of projects benefits workers in the mines and the factories, and finally agriculture indirectly will have an advantage because of the increased consumption of food.

As to the highway-construction program I will not quarrel with the Senator, because if he will examine a bill that is now on the calendar, reported by the Committee on Manufactures some months ago, providing for direct relief and also for employment, he will see that it contains a provision for $375,000,000 for highway construction. However, I have a practical question in mind; I really want to see legislation enacted. Even though it may not go to the limit to which I would like to see it go, and though it may not be quite as adequate as I should like to see it, I am praying for a start somewhere, and I do not want to be in a position of advocating legislation which I am told ahead of time will not be approved.

Mr. NORRIS. That has something to do with it; I understand that; and I realize that the President of the United States at the beginning was opposed to everything of this kind. He did not want the Federal Government to do anything; he wanted the local charitable organizations to take care of all these problems. I suppose he is convinced by this time that that is an impossibility; in other words, that the will-'o-the-wisp known as prosperity is a good deal farther away than he thought it was. We have been around all the corners that he led us and we have not found it. He is convinced, undoubtedly, by this time that he must enlarge his program somewhat. We ought to pass a bill that will do the work and let him take the responsibility whether he will veto it or not; and if he vetoes it, we ought to pass it over his veto. People are learning every day; the President is a human being and will learn, too, and probably has learned by this time, that his method of meeting the unemployment situation as he started in is entirely inadequate; that it will not accomplish the purpose; and so he will broaden out his ideas. I do not know any reason why we should be afraid to do what we think is right on the theory that he is going to veto it.

Mr. GLENN. Mr. President——

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Does the Senator from Nebraska yield to the Senator from Illinois?

Mr. GLENN. If the Senator from Nebraska will permit me, I should like to make a few brief observations about the highway situation.

Mr. NORRIS. If the Senator would just as lief, I am about through, and when I conclude the Senator can then take the floor in his own right.

Mr. WAGNER. Mr. President, will the Senator from Nebraska yield for a question?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New York?

Mr. NORRIS. I yield.

Mr. WAGNER. Has the Senator, outside of the suggestion of an increased appropriation for highways, any other suggestion to make as to what other Federal public works may be added to this program as to which we may have some assurance that men will be employed at once or within a reasonable time?

Mr. NORRIS. I have not anything else in mind. As I look at it, highway construction is one of the great avenues in which the Federal Government can do good of a lasting kind to the people and give employment to more men for the money expended, I think, than in any other way. It has the additional advantage that it spreads all over the United States. I do not believe, Mr. President, that the depression is going to disappear in the next few months or within the next year. Perhaps it will; we would be delighted if it should; but we ought to fight it like we fought the war.

When we got through with the war we had many things on our hands because we did not know when the war was going to end and we could not take a chance by assuming it was going to end to-morrow and when to-morrow should come if the war did not end find ourselves unprepared to carry it on. And so it is with this fight. We ought to be prepared by providing several years of work. That will have a psychological effect, and that ought to appeal to the President of the United States, who is a great student of psychology, although he probably has lost some of his interest in it because of the failure during the last year or so of a good many of his promises to come true. If we are prepared to meet this emergency by a program that is large enough to meet it, that very fact itself will have a wonderful psychological effect upon the temperament of the people and upon the entire business activities of the United States.

Mr. LA FOLLETTE subsequently said: Mr. President, in view of the fact that some discussion was had of the amendment I intend to propose during the time when the Senator from Nebraska [Mr. NORRIS] was addressing the Senate, I ask unanimous consent that that amendment may be printed at the conclusion of his remarks for the information of those Senators who may desire to study it over the week-end.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment is as follows:

Amendment intended to be proposed by Mr. LA FOLLETTE to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, viz: On page 100, strike out lines 14 through 25; on page 101, strike out lines 1 through 17; on page 102, strike out all after line 7; strike out all of pages 103, 104, 105, 106, 107, 108; on page 109, strike out lines 1 through 5; and in lieu thereof insert the following:

"That it is hereby declared to be the policy of the Congress to provide for the more effective conduct and administration of Federal public-works activities; that, during the period of emergency hereby recognized to exist, public-works expenditures should be largely expanded in order to stimulate production and business activity and to alleviate unemployment; and that in pursuance of this policy it is the desire of Congress that the expenditure of the emergency funds made available by this act shall be

governed, in the discretion of the Administrator of Public Works, provided for in section 2, by the following considerations:

"(1) Facility with which projects may be gotten under way at the earliest possible date.

"(2) Amount of labor that will be employed, directly or indirectly.

"(3) Number and diversity of the industries which will be affected, directly or indirectly, by said projects.

"(4) Value of the projects to the economic and social welfare of the country.

"(5) Economical administration of the work.

"ADMINISTRATION OF PUBLIC WORKS

"SEC. 2. (a) There is hereby established at the seat of government and Administration of Public Works, under the direction of the Administrator of Public Works. The Administrator of Public works shall be appointed by the President, by and with the advice and consent of the Senate. He shall receive a salary at the rate of $15,000 per annum, and his term and tenure of office shall be like that of the heads of the executive departments.

"(b) The administrator—

"(1) Shall maintain the principal office of the Administration of Public Works in the District of Columbia, and such other offices in the United States as in his judgment are necessary.

"(2) Shall cause a seal of office to be made for the Administration of Public Works, of such device as the President shall approve, and judicial notice shall be taken thereof.

"(3) Shall make such rules and regulations as may be necessary to carry out the provisions of this act.

"(4) Shall make annually, at the close of each fiscal year, a report in writing to Congress, giving an account of all moneys received and disbursed by him and the Administration of Public Works, describing the work done by the Administration of Public Works, and making such recommendations as he shall deem necessary. He shall also make from time to time such special investigations and reports as may be required by him by the President or either House of Congress, or as he himself may deem necessary and urgent.

"(5) May appoint and fix the compensation of such assistant administrators and technical and scientific experts, and, subject to the provisions of the civil service laws, may appoint, and, in accordance with the classification act of 1923, as amended, fix the compensation of such other officers and employees as are necessary to execute the functions vested by this act in the Administrator or the Administration of Public Works.

"(6) May make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books, periodicals, and books of reference, and for printing and binding) as is necessary to execute the functions vested in the administrator or in the Administration of Public Works. Such expenditures shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the administrator.

"EMERGENCY-CONSTRUCTION PROGRAM

"SEC. 3. To meet the emergency hereby recognized to exist, there is hereby authorized to be appropriated the sum of $5,500,000,000, to be immediately available for expenditure by the Administrator of Public Works in the manner hereinafter provided.

"SEC. 4. In carrying out the emergency-construction program, the administrator—

"(1) May appoint advisory boards and committees to advise and confer with him. No salary shall be paid to board or committee members, but when attending meetings or engaged in other activities at the request of the administrator they shall be allowed necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government.

"(2) May hold hearings and require, by subpœna, the attendance and testimony of witnesses and the production of books, papers, and documents and may administer oaths. In case of disobedience to any subpœna the administrator may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents.

"(3) Shall submit monthly to the President and to the Senate and House of Representatives (or the Secretary of the Senate or the Clerk of the House of Representatives, if those bodies are not in session) a full and detailed report of the emergency activities and expenditures of the Administration of Public Works, together with a statement showing the condition of the funds administered by him. Such reports shall, when submitted, be printed as public documents.

"SEC. 5. That administrator is authorized to deduct from any appropriation made pursuant to the authorization contained in this act so much thereof as he deems necessary for the expenses of the Administration of Public Works in carrying out the emergency provisions of this act The remainder of any such appropriations shall be available for expenditure for the purpose hereinafter set forth, upon allocation by the administrator in accordance with and in furtherance of the policy set forth in section 1 of this act, so far as the administrator deems feasible.

"SEC. 6. In addition to the regular appropriations for the public works hereinafter specified the administrator may expend for such public works a total of not to exceed $650,000,000 of the amount authorized in section 3 as follows:

"(1) For the preservation and maintenance of existing river and harbor works and for the prosecution of such projects heretofore and hereafter authorized as may be most desirable in the interest of commerce and navigation, and for the prosecution of flood-control projects heretofore or hereafter authorized, not to exceed $200,000,000;

"(2) For carrying into effect the provisions of the public buildings act, approved May 25, 1926, as now or hereafter amended and supplemented, in respect of public buildings within and without the District of Columbia, not to exceed $275,000,000;

"(3) For the construction and reconstruction of forest roads and trails, not to exceed $50,000,000;

"(4) For the prosecution of irrigation, drainage, and reclamation projects heretofore or hereafter approved in accordance with law, not to exceed $25,000,000;

"(5) For repair and remodeling of existing buildings and structures, and for miscellaneous Federal public works, in the discretion of the President, not to exceed $100,000,000.

"SEC. 7. In addition to the regular appropriations for Federal-aid highways, the administrator may allocate an additional $1,000,000,000 of the amount authorized in section 3 for the construction and reconstruction of highways in the manner hereinafter provided, which shall be available for expenditure upon highway projects approved by the administrator, as follows:

"(a) Not to exceed $500,000,000 of such amount shall from time to time be apportioned by the administrator among the several States in the manner provided by section 21 of the Federal highway act, as amended and supplemented, and shall be available for expenditure in the same manner, so far as practicable, as other funds appropriated for carrying out the provisions of the Federal highway act, with the following exceptions:

"(1) The limitation of payments permitted by said act shall be increased to $50,000 per mile, exclusive of the cost of bridges of more than 20 feet clear span;

"(2) Any amounts apportioned to any State not claimed by such State shall be available for payment to States who are able to proceed with construction over and above their apportionment;

"(3) Such funds may be used as a temporary advance to meet the requirements of such act as to State funds, to be reimbursed to the Federal Government over a period of five years, commencing with the fiscal year beginning next after the termination of the emergency, by making deductions from regular apportionments made from future authorizations for carrying out the provisions of such act.

"(b) Not to exceed $150,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of highway bridge construction, without regard to the provisions of the Federal highway act limiting the expenditures of Federal funds to bridges outside certain municipalities.

"(c) Not to exceed $250,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of elimination of railroad grade crossings.

"(d) Not to exceed $100,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of elimination of highway grade crossings and construction of by-pass roads.

"SEC. 8. (a) The administrator may allocate not to exceed $3,750,000,000 of the amount authorized in section 3 for the purpose of making loans to States and their civil subdivisions for (1) construction of Federal-aid highways; (2) construction of other State, county, and municipal highways, streets, and pavements; (3) construction of bridges; (4) construction of water-supply and sewerage works; (5) construction of flying fields, exclusive of purchase of lands; (6) establishing of parks and playgrounds, exclusive of purchase of lands; (7) construction of public buildings; (8) elimination of grade crossings; (9) reforestation and fire prevention, exclusive of purchase of lands; and (10) other construction of a public or semipublic character.

"(b) Loans made under the provisions of this section shall be for periods of not more than 10 years, at a rate of interest three-fourths of 1 per cent above the average rate at the time of making the loan for the bonds issued theretofore under the provisions of this act, but in no event to exceed 5 per cent. No loans shall be made under the provisions of this section except upon the approval of the finance board created by section 10.

"SEC. 9. The administrator may allocate not to exceed $100,000,000 of the amount authorized in section 3 for the purpose of making loans to limited-dividend corporations created solely for the erection of housing, on projects for housing families of low-income levels, such projects to have the approval of the administrator with respect to (1) the financial structure and the limitation of the dividends of the corporation, and/or (2) the limitation of the rentals to be charged, and/or (3) the location and plan of the project with respect to city plans, slum clearance, and the rehabilitation of blighted areas in cities, and/or (4) the replacement of housing now unfit for healthful habitation, and/or (5) the guaranties under State or municipal laws and administration of adequate control, and/or (6) the senior or other financing of the project, and (7) such other considerations and safeguards as the administrator shall deem necessary or expedient. Such loans shall be made upon the same terms and conditions as loans made under section 8, except that such loans may be for periods of not more than 30 years, and may be amortized serially within such limitation of time.

"SEC. 10. There is hereby created an emergency finance board, to be composed of three members, appointed by the President, by and with the advice and consent of the Senate. One of the members of the board shall be experienced in State and municipal finance, one shall be experienced in housing construction, and one shall be experienced in banking and finance generally. All appli-

cations for loans under sections 8 and 9 shall, subsequent to their approval by the administrator, be referred to the board for its approval. In acting upon such applications for loans the board shall take into consideration (1) the financial condition of the borrower and (2) the ability of the borrower to obtain funds at reasonable rates from other sources. No salary shall be paid to board members, but they shall be paid from funds available for the administration of this act a per diem compensation not to exceed $20 for time devoted to the business of the board, and necessary traveling and subsistence expenses or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government. The members of the board shall serve during the continuation of the emergency.

"SEC. 11. Appropriations authorized by section 3 shall remain available until expended or until the index of industrial production, as now computed, of the Federal Reserve Board reaches index No. 95. Thereafter the administrator shall make no new commitments, and shall have the emergency powers conferred upon him by this act only so far as may be necessary to complete contracts already under way and liquidate the emergency affairs of the Administration of Public Works."

One page 109, line 13, strike out "$500,000,000," and in lieu thereof insert "$5,500,000,000."

Mr. ASHURST. Mr. President, although many of those who were objecting to my amendment have left the Chamber, in order to make some contribution to progress on the bill I am willing to withdraw my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Arizona is withdrawn.

Mr. REED. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Pennsylvania?

Mr. ASHURST. I am through and yield the floor.

Mr. REED. Mr. President, in the bill as passed by the House there are a considerable number of authorizations for necessary Army housing. I do not understand that the committee had any objection to these items, but it struck them out along with the remainder of the House provision. In order that the matter may be in conference I am going to offer substantially the same list of items as an amendment to this bill, and I understand the Senator from New York will make no objection.

Mr. WAGNER. Mr. President, may I ask the Senator what is the total of the appropriation involved?

Mr. REED. The total is $15,335,000, the same as in the House bill. I send the amendment to the desk and ask for its adoption.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 114, after line 6, it is proposed to add two new sections, as follows:

There is hereby authorized to be expended not to exceed $15,335,000 out of the fund provided in paragraph (9) of section 4 of this act for the construction and installation at military posts of such buildings and utilities and appurtenances thereto as may be necessary, as follows:

Albrook Field, Canal Zone: Quartermaster maintenance building, $20,000; post exchange, theater, and gymnasium, completion of, $42,000.

Barksdale Field, La.: Noncommissioned officers' quarters, $252,000; officers' quarters, $609,000; barracks, $474,000; hospital, completion of, $225,000; garage, completion of, $830,000; quartermaster warehouse, completion of, $15,000.

William Beaumont General Hospital, Texas: Noncommissioned officers' quarters, $7,000; warehouse, $15,000.

Fort Benning, Ga.: Barracks, $650,000.

Fort Bliss, Tex.: Noncommissioned officers' quarters, $50,000; officers' quarters, $150,000.

Bolling Field, D. C.: Noncommissioned officers' quarters, $54,000; dispensary, completion of, $30,000; post exchange, theater, and gymnasium, completion of, $45,000; officers' mess, $50,000; enlargement of central heating plant to provide for quarters area, $95,000.

Fort Bragg, N. C.: Barracks, completion of, $40,000; noncommissioned officers' quarters, $160,000.

Carlisle Barracks, Pa.: Heating plant, $200,000.

Chanute Field, Ill.: Noncommissioned officers' quarters, $137,000; central heating plant for technical and quarters areas, $200,000.

Camp Devens, Mass.: Roads and sidewalks, $75,000; service club, $30,000; post exchange and gymnasium, $50,000.

Fort Douglas, Utah: Noncommissioned officers' quarters, $15,000.

Dryden, Tex.: Barracks, $20,000.

Duncan Field, Tex.: Quartermaster warehouse, $40,000; quartermaster maintenance building, $20,000; garage, $40,000; fire and guard house, $25,000.

Fort Du Pont, Del.: Noncommissioned officers' quarters, $60,000.

Edgewood Arsenal, Md.: Noncommissioned officers' quarters, $70,000.

Fitzsimons General Hospital, Colorado: Gymnasium, recreation, and social hall, $150,000.

Hamilton Field, Calif.: Officers' quarters, $215,000; noncommissioned officers' quarters, $120,000.

Fort Hamilton, N. Y.: Noncommissioned officers' quarters, $100,000.

Fort Benjamin Harrison, Ind.: Noncommissioned officers' quarters, $120,000.

Hensley Field, Tex.: Noncommissioned officers' quarters, $8,000; officers' quarters, $30,000; roads, utilities, and improvement of flying field, $25,000; replacement of pumping plant, $3,000; sewage-disposal plant, $3,000.

Holabird Quartermaster Depot, Md.: Hospital, $120,000.

Fort Sam Houston, Tex.: Noncommissioned officers' quarters, $150,000; officers' quarters, $350,000.

Fort Howard, Md.: Hospital, $125,000.

Fort Hoyle, Md.: Noncommissioned officers' quarters, $70,000.

Fort Humphreys, Va.: Officers' quarters, $150,000.

Fort Huachuca, Ariz.: Post exchange, gymnasium, and service club, $100,000.

Fort Jay, N. Y.: Noncommissioned officers' quarters, $130,000; barracks, completion of, $70,000; officers' quarters, $125,000; nurses' quarters, completion of, $35,000.

Jefferson Barracks, Mo.: Noncommissioned officers' quarters, $65,000; additions to kitchens and mess halls, $55,000.

Camp Knox, Ky.: Hospital, $200,000.

Langley Field, Va.: Central heating plants for quarters area, $60,000; quartermaster maintenance building, $20,000; fire house, $20,000; barracks, medical detachment, $30,000; garage, completion of, $15,000; magazine, completion of, $10,000.

Fort Lawton, Wash.: Noncommissioned officers' quarters, $30,000.

Fort Leavenworth, Kans.: Nurses' quarters, $60,000.

Letterman General Hospital, California: Two wards, $150,000.

Fort Lewis, Wash.: Barracks, completion of, $30,000; water main, $30,000; noncommissioned officers' quarters, $75,000; officers' quarters, $65,000.

Fort Logan, Colo.: Noncommissioned officers' quarters, $53,000.

Fort McClellan, Ala.: Headquarters, $50,000; recreation hall, $35,000; gymnasium, $45,000.

Fort McPherson, Ga.: Nurses' quarters, $70,000; contagious ward for hospital, $70,000.

Maxwell Field, Ala.: Officers' quarters, $940,000; officers' mess, $55,000.

March Field, Calif.: Barracks for medical detachment, $25,000; contagious ward for hospital, $12,000; bakery, $15,000; laundry, $60,000; enlisted men's service club, $50,000; officers' mess, $50,000; theater, $40,000.

Fort Mason, Calif.: Officers' quarters, $110,000.

Fort Meade, S. Dak.: Riding hall, $25,000.

Fort George G. Meade, Md.: Noncommissioned officers' quarters, $150,000; officers' quarters, $50,000.

Mitchel Field, N. Y.: Noncommissioned officers' quarters, $118,000; bakery, $15,000; incinerator, $10,000; enlisted men's service club, $50,000; theater, $40,000; sewage-disposal plant, $40,000; fence, $31,000; quartermaster gasoline storage, $3,000; magazine, $15,000; officers' mess, $50,000; coal storage and handling system, $70,000; roads, walks, and surface-drainage system, $86,000.

Fort Monmouth, N. J.: Addition to hospital, $75,000; noncommissioned officers' quarters, $170,000; band barracks, $35,000.

Fort Myer, Va.: Barracks, $100,000.

Fort Oglethorpe, Ga.: Noncommissioned officers' quarters, $120,000.

Fort Ontario, N. Y.: Noncommissioned officers' quarters, $50,000.

Plattsburg Barracks, N. Y.: Additions to barracks, $25,000; barracks, $255,000.

Pope Field, N. C., for the Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

Post Field, Okla., for Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

Presidio of San Francisco, Calif.: Noncommissioned officers' quarters, $60,000; addition to headquarters, $50,000.

Randolph Field, Tex.: Barracks, completion of, $56,000; gymnasium, completion of, $70,000; road and utilities, $243,000; completion of chapel and school, $50,000.

Raritan Arsenal, N. J.: Noncommissioned officers' quarters, $75,000.

Walter Reed General Hospital, D. C.: Noncommissioned officers' quarters, $120,000; addition to nurses' quarters, $300,000.

Rock Island Arsenal, Ill.: Noncommissioned officers' quarters, $15,000.

Rockwell Field, Calif.: Noncommissioned officers' quarters, $234,000; officers' quarters, $266,000.

Fort Winfield Scott, Calif.: Noncommissioned officers' quarters, $140,000.

Selfridge Field, Mich.: Gymnasium and theater, $80,000; garage, $40,000; quartermaster maintenance building, $20,000; post exchange, $45,000; officers' mess, $60,000; enlisted men's service club, $50,000; bakery, $15,000; roads and utilities, $75,000.

Fort Sill, Okla.: Barracks, $875,000; noncommissioned officers' quarters, $72,000; officers' quarters, $75,000; gun sheds, $48,000; stables, $30,000; vehicle shed, $10,000.

Fort Snelling, Minn.: Quartermaster warehouse, $65,000; barracks, medical detachment, $40,000.

Fort Totten, N. Y.: Noncommissioned officers' quarters, $30,000.

Fort Wadsworth, N. Y.: Officers' quarters, $75,000.

Fort Francis E. Warren, Wyo.: Noncommissioned officers' quarters, $120,000.

West Point, N. Y.: For addition to hospital, $250,000; barracks for service detachment, $250,000.

Fort George Wright, Wash.: Noncommissioned officers' quarters, $60,000.

SEC. 2. There is hereby authorized to be appropriated not to exceed $7,165,000 to be expended for the construction and installation at military posts, and at airports and landing fields, of such technical buildings and utilities and appurtenances thereto as may be necessary, as follows:

Albrook Field, C. Z.: Technical buildings and installations, completion of, $293,000; gasoline-storage system, completion of, $25,000.

Barksdale Field, La.: Hangars, $360,000; headquarters and operations buildings, completion of, $89,200; gasoline-storage system, completion of, $20,000; paved aprons, $100,000.

Fort Benning, Ga.: Hangar, combination, $88,000; gasoline-storage system, $10,000; improvement of landing field and building area, $25,000; heating plant, $20,000; paved aprons, $20,000.

Benton Field, Alameda, Calif.: Completion of shops, including assembly and test hangars, dope storage, heating and engine test block, $605,500; depot warehouse, $500,000; administration building, $800,000; railroad spur, $8,000; quartermaster warehouse, maintenance and salvage building, $35,000; garage, $48,000; fire and guard house, $30,000; pier, $125,000; paint, oil, and dope storage and oil reclamation, $35,000; gasoline-storage system, $20,000; paved aprons, $80,000.

Fort Bliss, Tex.: Operations building, $10,000.

Bolling Field, D. C.: Paved aprons, completion of, $22,800; heating plant for technical area, completion of, $78,000; field shops, completion of, $6,000; improvement of landing field and building area, $615,000.

Chanute Field, Ill.: Hangars, $170,000; paved aprons, $30,000; improvement of landing field and technical area, $15,000; enlargement of central heating plant and steam lines, $185,000.

Dryden, Tex.: Paved aprons and hangar floor, $15,000.

Duncan Field, Tex.: Depot administration building, $60,000; gasoline-storage system, completion of, $15,000.

Hatbox Field, Muskogee, Okla.: Roofing and sidewalls for hangar, and paved aprons, $15,000.

Hamilton Field, Calif.: Headquarters and operations building, to complete, $35,000; improvement of landing field and building area, $120,000.

Langley Field, Va.: Remodeling two hangars into shops, and for ceilings in and additions to hangars, $91,000; gasoline-storage system, completion of, $21,000; bomb storage, $19,000; improvement of landing field and building area, $25,000; machine-gun range, $6,000.

Luke Field, Hawaiian Department: Air depot, plane overhaul and assembly, $200,000.

March Field, Calif.: Gasoline-storage system, completion of, $10,000; aircraft-bomb storage, $5,000.

Maxwell Field, Ala.: Squadron officers' school and/or additions to school building, $150,000; gasoline-storage system, $10,200; improvement of landing field, $100,000; camera obscura, $4,000; bomb storage, $13,000; machine-gun and bombing range, $6,000.

Mitchel Field, N. Y.: Improvement of landing field, $80,000; gasoline-storage system, completion of, $5,000; bomb storage, $13,000; machine-gun range, $2,000.

Panama Canal Zone: Improvement of emergency landing fields at Gamboa Reach and Camp Gaillard, $20,000.

Patterson Field, Ohio: Hangars, headquarters and operations, and heating plant, completion of, $251,300; improvement of landing field and building area, $5,000; gasoline-storage system, completion of, $10,000.

Pope Field, N. C.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000; paint, oil, and dope storage, $5,000.

Post Field, Okla.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000.

Randolph Field, Tex.: Engine-test stands and building, $40,000; oil storage, $15,000; gasoline-storage system, completion of, $10,000; aerial target range, $20,000.

Rockwell Field, Calif.: Hangars, $576,000; Air Corps warehouse, $80,000; operations building, $20,000; remodeling a permanent building for radio, parachute, and armament building, $20,000; administration building, $80,000; photographic building, $36,000; paint, oil, and dope storage, $15,000; gasoline-storage system, $30,000; paved aprons, $95,000; central heating plants, $100,000; improvement of landing field and technical building area, $100,000; camera obscura, $5,000; bomb storage, $15,000.

Schoen Field, Ind.: Grading landing field, $5,000.

Selfridge Field, Mich.: Gasoline-storage system, completion of, $10,000.

Wheeler Field, Hawaiian Department: Gasoline-storage system, completion of, $31,000; paved aprons, $38,000.

Mr. REED. Mr. President, this is simply the usual Army housing provision.

Mr. WAGNER. Mr. President, I am told that the preparations are so far advanced that work can begin almost immediately.

Mr. REED. In many cases that is true. Mr. President, I ask unanimous consent, if the amendment shall be adopted, that the clerk be authorized to correct the total.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania.

The amendment was agreed to.

Mr. REED. Mr. President, may I have unanimous consent that the totals may be corrected?

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ASHURST. Mr. President, I now offer an amendment to that part of the bill which has been stricken out so that the matter may be considered in conference. I ask the clerk to read the amendment.

The LEGISLATIVE CLERK. On page 8, line 10, after the first set of numerals, it is proposed to insert:

Florence, post office, $90,000; Holbrook, post office, $90,000.

On page 8, line 13, to strike out the figures "$905,000" at the end of the line and to insert the figures "$1,085,000."

Mr. ASHURST. Mr. President, these two towns, respectively, are county seats of counties in Arizona, and the need for these buildings is real. This amendment is offered so that the matter may go to conference and may be considered.

Mr. WAGNER. Mr. President, I shall have to object to that particular amendment, because it is contrary to the policy adopted in connection with the bill introduced by me and my coauthors.

Mr. ASHURST. The amendment is to the House text.

Mr. WAGNER. I suggest that the Senator offer his amendment on Monday. I understand that we are going to finish for the day very soon, and in the meantime we may give his amendment a little further consideration, because we have avoided making any specific allocations in the bill.

Mr. ASHURST. I am sure the learned Senator is mistaken. There are scores of proposed buildings mentioned by name in the House text.

Mr. WAGNER. Yes; in the House text.

Mr. ASHURST. That is what I propose to amend. I am proposing to amend the House text so that the item may be in conference. If I could aid the learned and able Senator from New York, who with such skill and pertinacity has pursued this legislation, in facilitating its passage, I would do so.

I am availing myself of the privilege, which every Senator has, of attempting to perfect the part that is proposed to be stricken out. Every Senator has a right to propose amendments to the part proposed to be stricken out; and I am seeking to add two items under the Arizona list, for instance:

Arizona: Bisbee, post office, $135,000; Flagstaff, post office, $165,000; Jerome, post office, $90,000; Kingman, post office, $75,000; Mesa, post office, $90,000; Miami, post office, $110,000; Winslow, post office, $90,000; Nogales, immigration station, $150,000; in all, $905,000.

The House bill omitted to include an item for a post-office building at a county seat, to wit, the town of Florence, and also omitted to include an item of $90,000 for a post office at Holbrook, another county seat. I submit that Senators have the right to offer amendments to the part proposed to be stricken out, and I want a vote on my amendment.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from New York?

Mr. ASHURST. I do not yield for any motion to adjourn or to delay. I simply want a vote on my amendment.

Mr. WAGNER. Mr. President, I want to resist the adoption of this amendment.

Mr. ASHURST. The Senator has a right to vote against it.

Mr. WAGNER. I want to give this matter a little more consideration when there are more Senators present.

Mr. ASHURST. Mr. President, I now claim the floor, and say that the great vice of the United States Senate is that we pay attention to the wishes and requests of absentees. The Senate will not elevate itself in the esteem of the American people if, whenever a Senator rises and proposes any public matter, some other Senator says, "I want to have this matter considered when absentees may return."

If absentees prefer to play golf or to regale themselves at places of amusement rather than earn their salaries, mine is not the blame. Let the Senate be an example of diligence and prudence, and proceed with the business of the country. There are thousands of men in each State who would be willing to come here and work Saturday afternoons and consider it a great privilege to do so.

I have a right to a vote upon my amendment, and I ask for a vote. I shall take my chances now. I object to absentee control of the Senate. I object to the Senate adjourning to meet the wishes of dilettante statesmen who want to disport every afternoon on the golf links. Here is their place. Here is where they are sworn and paid to stay.

These remarks that I have just now made have been withheld too long. They say our Rome is burning. Aye, sir; it is burning, it is burning on the Capitoline Hills, and I do not propose to be a party to it.

Let the Senate proceed with diligence to earn its pay. Then we shall have a right to claim some small modicum of the esteem of the American people. I have been impatient all too long with these adjournments Saturday afternoon in order that statesmen may go upon the golf links or go to the ball games.

This is the time, this is the place, this is the hour to show statesmanship. I resent, as unworthy of the Senate, the suggestion that we ought to adjourn for Saturday afternoon. The people will adjourn us soon enough if they find out what is going on here.

Now I think the Senator from New York ought to let us have a vote on my amendment. If it is carried, I shall be glad of it. If I am beaten, I shall have no complaint to make; and I ask for a vote.

Mr. WAGNER. Mr. President, I suggest the absence of a quorum.

Mr. FLETCHER. Mr. President, before the Senator does that, let me suggest this——

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

Mr. McNARY. Mr. President, will not the Senator from New York withhold that suggestion?

Mr. WAGNER. I will withhold it.

Mr. FLETCHER. I was going to suggest that my friend from Arizona is letting his zealousness rather carry him beyond limits. For instance, the Senator makes a motion to amend the bill. He offers certain amendments. He has a right to do that, of course, and to discuss those amendments. The Chair was about to put the question as to whether or not the amendments should be agreed to when the Senator from New York rose. He had a right to do so. The Senator from Arizona can not hold the floor and prevent discussion of his amendments. He says, "I have the floor," and insists upon a vote. Of course the Senator from New York has a right to debate the matter.

Mr. ASHURST. Why, the Senator from New York certainly has that right; but what he said carried with it the suggestion that we vote on Monday.

Mr. FLETCHER. Of course, that is another matter.

Mr. ASHURST. That is the only matter I am talking about.

Mr. FLETCHER. I think the Senator from Arizona is correct in his position that the House bill is subject to amendment, and I do not see that it would do any harm to the bill to put in two additional post offices. I really do not believe any of those post offices will stay in this bill.

Mr. ASHURST. Well, if any stay in, my two will.

Mr. FLETCHER. I hope the Senator is right about that, but I do not think he can absolutely assert that as a positive fact.

In the first place, the House bill goes to conference along with the Senate bill, if we adopt the Senate bill as an amendment, and the whole matter will be in conference; and so the Senator has a right to add other building projects, if he can, to the House bill. So far as I am concerned, I think we might as well put them in. I do not think any of them are going to stay in.

Mr. ASHURST. They may not stay in. Possibly, if I were on the conference committee, I would be guided, as I usually am, by the wisdom and the statesmanship of the junior Senator from New York; but I said in the beginning, when I opened my remarks, that I simply wished these two items to be in conference, so that if and when the conferees agree to the House bill, these two places would be considered.

Mr. McNARY. Mr. President——

Mr. ASHURST. Just a moment. I take back nothing. I neither apologize nor weaken nor retreat from my assertion that there is falling upon the Senate a flail of indignation; and that indignation is just when Senators disappear, dissolve, and leave their posts on Saturday afternoon.

Mr. DILL. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. DILL. I want the Senator to yield that I may commend him for doing something that should have been done here months ago. It is the height of ridiculousness that the Senate must run away every Saturday afternoon.

Mr. ASHURST. Mr. President, I thank the Senator. I should dislike to be a private in an army that ran off every Saturday afternoon.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. ASHURST. I yield the floor to the Senator.

Mr. McNARY. Mr. President, I find myself much in sympathy with the able Senator from Arizona. If we are to amend the House text, I should support heartily his projects. I am just curious what answer he will give to this proposal:

I very much desire to have an executive session to take up two contested nominations, namely, the chairman of the Shipping Board and the member of the Federal Trade Commission.

Mr. ASHURST. Mr. President, I yield for any purpose as long as it does not contemplate an adjournment and a lackadaisical disregard of public duty. I yield for any purpose that proposes that the Senate shall go ahead and work.

Mr. McNARY. I was suggesting to the able Senator that his motion be pending on Monday. We can then go ahead with our executive session and clean up the calendar of contested cases if that is agreeable to the Senator.

Mr. ASHURST. Yes; that is quite agreeable.

Mr. McNARY. I do not want to impose it on the Senator.

Mr. ASHURST. No, Mr. President; I do not seek my own way. I do not care anything about what particular business the Senate transacts so long as the Senate shows some diligence and some application to duty.

Mr. DILL. Mr. President, the Senator knows that when we go into executive session we are going to adjourn. Do not make any mistake about that.

Mr. McNARY. Of course we will adjourn. There are two contests. I do not know how long they will take, but it was rather agreed that they would come up this afternoon. So far as I am concerned, we can go along here indefinitely on this bill; but it was the expression of the Senator from New York and other Senators who had amendments to offer that we should not go forward any further with the bill to-day.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Michigan?

Mr. McNARY. I yield.

Mr. VANDENBERG. May I ask the Senator from New York one question of detail which arose in the Committee on Territories before we leave the bill for the day? I call his attention to page 101, line 17, where the House text has been amended obviously for the purpose of broadening it so as to include Puerto Rico. Was it the intention to exclude Hawaii?

Mr. WAGNER. No; it was not.

Mr. VANDENBERG. The Senator would have no objection, when we reach it, to including the word "Territories" throughout the bill?

Mr. WAGNER. Not at all. That ought to be corrected.

Mr. VANDENBERG. I thank the Senator.

PRODUCTION OF SILVER

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Nevada?

Mr. McNARY. I do.

Mr. PITTMAN. There has been a great deal of discussion in the Senate during the last six months and throughout the world, I may say, with regard to what is called the silver problem. I regret to say that it is not generally understood. Many conceive that it is an attack on the gold standard. It is entirely an exchange proposition with which some of us have been dealing.

In February a year ago I introduced a resolution, which was referred to the Foreign Relations Committee of the United States Senate, which requested the President of the United States to call or obtain an international conference for the purpose of having governments agree, if possible, to suspend or abandon the policy and practice of debasing and melting up silver coins and selling the silver bullion derived therefrom on the market of the world. That resolution was unanimously approved by the Foreign Relations Committee, and unanimously adopted by the United States Senate. It was approved by legislative action of 11 States. The purpose was approved by the International Chamber of Commerce that met in Washington. Action by the International Chamber of Commerce was recommended by the United States Chamber of Commerce. The purpose was approved by the commercial bodies of many of the States.

All that I bring this up for is to disclose the fact that it was recognized that the depreciated purchasing power in our country of the depreciated silver money of other countries in comparison with our gold standard has raised an exchange problem that bore and is bearing very materially upon our export trade.

That was conceded. The cause of the sudden decrease in the price of silver was practically conceded. It was due to the debasing of silver coins and the melting up of silver coins that were in circulation in other countries. It was admitted that the mine supply had not increased, but, as a matter of fact, had decreased.

There was no way by which we could stop the British Government for India, for instance, from melting up its silver coin and dumping that silver on the market of the world, except by an international agreement which the British Government for India would find to its interest. The secretary of the treasury for India stated that he would be satisfied to limit the annual amount he would throw on the market of the world if the producers of silver would also limit themselves to a certain extent. It became absolutely essential to stop the dumping of silver, because India has probably over a billion ounces of silver in the form of silver coins which can be dumped. The world demand for silver has never been in excess of 250,000,000 ounces, and mine production has never been over 250,000,000 ounces. But when they adopted the policy in India of melting the silver coins and dumping on the market of the world the silver, with that enormous supply back of it, it destroyed confidence in it altogether, and everybody started to dumping, and the price of silver from 1929 to the present time has dropped over half. It dropped from 62 cents an ounce to 28 cents.

That affected the miner, of course, but the effect on the miner was insignificant, because our mining operations in this country are small by comparison with other industries. But, as was certified by the British economic commission, and by all the great industrialists and shippers of the world, many countries value their silver money at par as we value our silver dollars at such par, as well as 10-cent pieces and quarters and 50-cent pieces. But we value the silver money of other countries only at the value of the silver in the coin measured by the world market price. In other words, our own dollar to-day is worth only 23 cents, because it has seventy-eight one-hundredths of an ounce of silver in it, and silver is 28 cents an ounce; but that dollar circulates for a dollar. The Chinese dollar, however, which is of the same size as our dollar, does not circulate in our country, and when the Chinese wish to buy our products, they have to buy exchange. They have to give four and a half of their silver dollars for one of our dollars with which to buy our products, and they have ceased substantially buying our products. Worse than that, that condition has acted as the highest tariff wall in the world, over 400 per cent, with the result that there has been an enormous increase in cotton mills in China, they have increased their wheat fields enormously, and their flour mills tremendously. They have practically ceased to import cigarettes at all, because they buy their tobacco and take it over there and manufacture cigarettes.

Mind you, since 1929 our exports of raw cotton to China have almost trebled, but our exports of piece goods have dropped down half. Our greatest market for raw cotton was England. What is the result? To-day our exports of cotton to England are one-third in value what they were in 1929, because, as the British economic report shows, Great Britain's exports of cotton piece goods to China fell from 210,000,000 linear yards in 1929 to 64,000,000 linear yards in 1930, and consequently she had to reduce her factory capacity, as we did in the United States, with the result that there was not the demand for our raw cotton.

I am only bringing this to the attention of the Senate to show that all great economists in all countries realize that that has a depressing effect on trade and commerce.

Our exports of lumber to China have fallen off 50 per cent since 1929. Our exports of flour to China have fallen off 50 per cent since 1929. Our exports of automobiles to China have fallen off more than 50 per cent in that time. We have not only lost our market but we are bringing about a condition which will make it a permanent loss, and China is the greatest potential market for the United States in all the world. It is one market we can win, and we can win it because the Chinese trust us, and we are about the only people in the world they do trust, because we are closer to them, as far as trading is concerned, than any other nation, for the reason that for years to come they will have to use the things we produce in order to build up. But we have neglected that situation, and we are still neglecting that situation, under the influence of prejudice, because some imagine this silver question has something to do with the Bryan issue of 1896. It would seem that people who are interested in commerce and trade and exports of this country would try to ascertain facts, and not deal in imagination.

Can it be imagined, for instance, that all of the great commercial bodies of the Pacific coast would indorse the effort to restore the purchasing power of silver money, not in the United States but the purchasing power of silver money of other countries, in purchasing products in our country, if there were not something to it? Yet it is almost impossible to persuade those who are responsible for legislation, both in the executive branch and in Congress, to get out of their minds the impression that there is not some selfishness in this matter.

Finding it almost impossible to get an international conference on this subject, I finally introduced a bill in the Senate which will tend to meet the situation—just tend to meet the situation.

We could not get the miners of the United States to agree to restrict their production of silver, because 80 per cent of the silver produced in the United States is not from silver mines; it is a by-product of copper mines and lead mines and zinc mines, and the men who own those mines are not going to reduce their capacity below the demand for their material just because there are a few ounces of silver mixed in with the principal metal. So we could not do it in that way. But we found another way to do it, namely, to let the Government of the United States take the production of silver in the United States for a period of time and pay for it at the world market price with silver certificates, in other words, certificates of deposit.

Mr. FESS. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. FESS. The Senator said that it seems impossible to get an international conference. I am of the opinion that that is not impossible unless our friends across the sea would refuse to go into a conference. I think the Senator's posi-

tion would be strongly supported on this side of the aisle. Has the Senator read the plank in the platform recently adopted at Chicago on that question?

Mr. PITTMAN. Mr. President, platforms are rarely definite in their meaning, and when they cross the sentiments and sympathies and desires of Government officials, they are generally set aside.

This body adopted a platform in February a year ago by unanimous vote, every Republican Senator, including the Senator from Ohio, who has just asked me a question, voting that it was the sense of this body that the President should call an international conference for the purpose of solving the silver money problem. That platform was adopted in February a year ago, but the President has not responded to that platform.

I have read the plank in the recently adopted Republican platform.

Mr. FESS. May I read the platform plank?

Mr. PITTMAN. I wish the Senator would, because it was so indefinite I can not remember it.

Mr. FESS. The plank was this:

> We favor the participation by the United States in an international conference to consider matters relating to monetary questions, including the position of silver exchange problems and commodity prices, and possible cooperative action concerning them.

That was unanimously adopted in the committee, and also by the convention.

Mr. PITTMAN. That is an amendment of the platform which we adopted when we adopted the resolution here unanimously, for which the Senator from Ohio voted.

Mr. FESS. I would think that if the Senator's leadership would include that in the platform to be adopted—and I have no doubt he can bring that about—there will be no difficulty in having the conference, if the powers of the world will agree.

Mr. PITTMAN. Mr. President, the platform we adopted in the Senate by unanimous vote requested the President to initiate proceedings. We requested the President of the United States to call the conference. The plank the Senator has read states that the Republican convention favors our Government participating in conferences dealing with monetary questions. They did not favor the President calling a conference.

Why did they not put in the plank the very frank statement that they favored the President initiating such a conference. It was because the President does not want to initiate such a conference. It is because the President has never wanted to initiate it. That is true. That is not an inaccurate statement.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. SMOOT. I think that is too broad a statement to make. I know that the President has taken up with foreign countries the question of a conference on silver.

Mr. PITTMAN. I admit that.

Mr. SMOOT. I know the countries he has already approached, and I know that up to the present time he has not received a favorable reply.

Mr. PITTMAN. Very well; we will admit all that for the sake of the argument. But let us take the history of this problem.

I said that my criticism was this, if it may be called a criticism, though it was not a criticism; it was merely a statement of fact.

In February a year ago we passed that resolution unanimously. It was reported out of the Foreign Relations Committee unanimously. Senators time and time again on the floor have asked me, when I was discussing the question, about the matter. Let us see what happened. Let us see what is the real history of the transaction.

I was directed by the subcommittee of the Committee on Foreign Relations to go to China for the purpose of ascertaining whether or not the National Government of China and the Government of Japan not only needed this action, but whether they were in favor of it; also to find out from the chambers of commerce and business men and bankers over there whether the assertion in the report we made, that our exports were being destroyed by reason of that exchange value, was true or not. I found out that it was true. I found out that China was anxious to have an international conference. I found out that Japan was anxious to have an international conference. What happened?

On the day before I sailed from Seattle, about the middle of May, a statement was issued from the White House by the Assistant Secretary of State, Mr. Castle, I believe, in which he stated in effect that the President of the United States felt that some other government more interested in silver than was the United States should initiate the conference and that our Government would participate. That is the same expression that is used in the platforms to which I have referred.

I arrived in China on the first day of June. To show the interest that the National Government of China had in the matter at that time, I was met by members of their cabinet. We went right into consultation. They told us that the life of the National Government of China depended upon the restoration of the price of silver, that they could not pay their foreign debts with the exchange value of their money as it was, that they could not pay the interest on their debts, that they could not carry out their program of road building and railroad building because the taxes they collected were in silver and when they exchanged it for gold it took $4.50 of silver to get $1 of gold.

Mr. SMOOT. Mr. President, does the Senator know why China declined to call a conference?

Mr. PITTMAN. Yes; and I will tell the Senator.

Mr. SMOOT. And does the Senator know why Mexico declined to call a conference?

Mr. PITTMAN. Yes; and I will tell the Senator in just a moment. I had not intended going to the national capital of China for four days. There was in the conference that we had the day I arrived there a representative of our Government. In every conference that I had except two, which I slipped away to have, there was a representative of our Government. What happened? I decided to go immediately to Nanking, the capital, because the Minister of Finance would be there. On the day I arrived at Nanking the morning newspapers carried a telegram addressed by the President of the United States to the senior Senator from Utah [Mr. SMOOT] in Salt Lake City. I am relating these coincidences, which may not mean anything; but, nevertheless, I am relating them.

Mr. SMOOT. I can not connect it in any way, shape, or form. I never received a telegram from the President in my life in relation to China or Mexico. There is certainly something wrong, I will say to the Senator.

Mr. PITTMAN. Just a moment, and the Senator will find out there is nothing wrong. A telegram was addressed by the President of the United States to the senior Senator from Utah in Salt Lake City. I think it was June 2 or June 3. I am sure it was one or the other of those days. In that telegram the President of the United States said:

> I am now able to inform you that from informal conferences with the representatives of certain governments whose participation in the conference I deem essential that they oppose the holding of a conference at the present time, and therefore, in effect, it can not be held.

That, mind you, was in the morning papers when I arrived at Nanking, in China. Instantly Mr. Soong and the President of China and other cabinet officers said:

> There is no use having any further conference on the matter. If the United States is not going into an international conference by reason of the objection of certain governments, then we might as well drop the question.

But that was not all. About two weeks later the National Government of China was in such dire distress by reason of the exchange situation that Mr. Soong, the Minister of Finance, and other distinguished financial leaders there came to my office in the hotel and asked me then if China called such a conference, would the United States participate. I said that the last word I heard on that subject was the statement coming from Mr. Castle on behalf of the White House, that if some other government more in-

terested in silver than the United States called it, we would participate; and I said I thought we would.

What happened? The next day came another statement from the White House, and what was that statement? It was that the administration did not believe that China was a proper government to issue such a call. Now we know from the statement of the senior Senator from Utah [Mr. SMOOT] that there are only two countries that had asked for a delay, because the senior Senator from Utah has heretofore stated that one of them was Great Britain and the other was possibly France. It has been stated on the floor of the Senate time and time again by me and by other Senators that a conference participated in by Canada and the United States and China and Australia and South American countries would have such a power with regard to trade and commerce and the regulation of exchange as between those countries that Great Britain could not stay out of it nor could France stay out of it.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Minnesota?

Mr. PITTMAN. I yield.

Mr. SHIPSTEAD. The Senator has not mentioned that in the month of June there was published in the English press a notice which, as I remember it, was issued by the White House, saying that it was opposed even to discussing the silver question until the moratorium had been agreed to.

Mr. PITTMAN. That was published and I do not know that it was ever denied. However, that is newspaper matter and I am only discussing things now within my personal knowledge.

I will ask the junior Senator from Utah [Mr. KING] to state right now the situation with regard to the message of the President wherein he said something about other governments.

Mr. KING. Mr. President, if the Senator from Nevada will yield for that purpose——

Mr. PITTMAN. I yield.

Mr. KING. Mr. President, I shall briefly reply to the Senator. As he has stated, the President of the United States sent a telegram to my colleague, the contents of which were textually as stated by the Senator from Nevada. Certainly the telegram was susceptible of no other construction than that nations whose presence at an international conference was necessary had declined or refused to attend a conference called for that purpose. Shortly after the date of the telegram I returned to Washington and immediately called at the State Department for the purpose of ascertaining what governments, if any, had refused to attend an international silver conference in the event that one were called. From the information which I had received from various countries and from sources which I regarded as reliable, I could not believe that any important nation had refused to participate in a conference called to consider the silver question. At the State Department I was referred to the Assistant Secretary of State, Mr. Rogers, who, it was stated, was in charge of that branch of the department to which inquiries regarding silver, or an international conference regarding the same, were referred. I produced a copy of the President's telegram and requested to see the correspondence or communications between our Government and other governments in regard to the silver question or to an international conference; and I also asked the Assistant Secretary what nation had refused to participate in a conference if one were called or had objected to such conference being assembled.

The Secretary's statement, as I understood it, was that no nation had refused to attend a conference called for the purpose of considering the silver question. I specifically mentioned Great Britain and France and asked whether the Governments of these countries had declined to attend a conference for the consideration of the silver question. The Assistant Secretary replied that France was indifferent in the matter, but had signified her willingness to attend a conference if one were called. With respect to Great Britain, he said in substance that the position taken by Great Britain was that pending the settlement of the Indian question her Government hoped that no conference would be called. Reference was made to the round-table conference that was to be held in October—and my interview with the Assistant Secretary was before October—and as I understood the Assistant Secretary, Great Britain preferred that no silver conference be called pending the round-table conference meeting in London in October. I then inquired of the Assistant Secretary if Great Britain or any other country had refused to attend a silver conference if one were called and his answer was "no."

Mr. PITTMAN. I thank the Senator.

Mr. KING. May I allude to one further matter. Senators will recall that in May of last year the International Chamber of Commerce convened in Washington. At that conference a resolution was adopted which, in substance, declared that because of the serious consequences of the present silver situation to the economic condition of the world, a world conference should be called during 1931, at which all interested parties might be heard for the purpose of seeking a solution to the silver problem; resolution also urged the international committee to bring the matter, namely, the convening of an international silver conference, to the attention of their respective governments.

One of the influential delegates to the International Chamber of Commerce conference was Doctor Pei, who represented the Chamber of Commerce of China. I might add that Doctor Pei was at that time and is now, so far as I know, president of the Chinese Bank of London and of a bank in Shanghai, China. Immediately after the conference adjourned he went to London and there conferred with the officials of the British Government with respect to the calling of a silver conference and the attitude of the British Government in respect to the silver question.

I should add that Doctor Pei took an important part in the meeting of the International Chamber of Commerce conference and offered a resolution which was the basis of the one adopted declaring in favor of an international conference to deal with the silver question. Several weeks after Doctor Pei's departure from the United States he communicated with me from London and stated in substance that the British Government was not opposed to an international silver conference being called, but preferred, in view of the near approach of the round-table conference, that such silver conference should not be held in advance of the Indian conference in October. As I recall, in his communication he stated that if it were not for the Indian situation he believed that the British Government would call the conference; but, notwithstanding the Indian situation, if some other government called the conference the British Government would participate.

I believe that the Prime Minister of England would look with favor upon silver's rehabilitation. In Mr. Wagel's book, recently written, he quotes a statement made by Mr. MacDonald which is indicative of his attitude toward the silver question. The statement is in the form of questions and is substantially as follows:

> * * * Is finance to be based upon one certain metal? Is credit to be controlled by the supply, demand, and distribution of that particular metal? Is the policy, theory, and practice which we accept and express in our coinage to thwart our commercial welfare? * * *

I submit that these questions indicate that Mr. MacDonald does not believe that the gold standard is adequate, but that a plan should be adopted that would broaden the metallic base upon which to rest the world's currencies and credits.

I repeat, having trespassed upon the time of the Senator, that, so far as I can learn, no government has refused to take part in any conference called to consider the silver question.

Mr. PITTMAN. Mr. President, that is the history of that matter. Let me tell the Senate one other thing.

Mr. SMOOT. Mr. President, before the Senator proceeds may I ask my colleague a question?

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Nevada yield to the senior Senator from Utah?

Mr. PITTMAN. Certainly.

Mr. SMOOT. I want to get the whole story so I can understand the facts. Did the State Department say anything in relation to Mexico refusing to call a conference?

Mr. KING. No.

Mr. SMOOT. I wanted to be sure about that.

Mr. KING. I asked the question categorically if any nation had refused, and Mr. Rogers said "No."

Mr. SMOOT. That would include Mexico.

Mr. KING. I did not mention Mexico specifically.

Mr. SMOOT. But I say it would include Mexico.

Mr. KING. I think so; but I did mention specifically Japan, France, and Great Britain.

Mr. PITTMAN. Mr. President, I wish to show the attitude of Great Britain. I am not going to call attention to all the unofficial statements made by great industrialists and financiers and economists of Great Britain, because they are all in a letter which I am going to file, some written by members of the House of Parliament, all agreeing that an international conference on this subject is demanded.

Great Britain pays more attention to her foreign commerce than we do. Great Britain realized that she had lost a large proportion of her trade with China. When British exports of cotton piece goods dropped off from 210,000,000 linear yards in 1929 to 64,000,000 yards in 1930, it aroused the British people, and they created an economic commission, headed by Sir Ernest Thompson, and composed of the ablest experts in England.

Mr. DILL. Mr. President, will the Senator yield?

Mr. PITTMAN. Yes; if it will not break up the present line of thought.

Mr. DILL. The question I desire to ask is on the subject which the Senator is now discussing. I should like to get the Senator's understanding as to what England is doing now as to the dumping silver from India on the world market?

Mr. PITTMAN. The Indian Government is still dumping.

Mr. DILL. Does the Senator know at what rate?

Mr. PITTMAN. It can not be stated definitely, but it is at about the same rate, which would amount to about 35,000,000 ounces a year.

Mr. President, Great Britain created this commission to go to the Orient and find out what was the matter with her export trade with China. The commission spent £80,000 in their work and remained six months, and they have written the most comprehensive and searching report that I have ever read on the subject. Let me read a sentence or two from the report.

> Great Britain has so large an interest in China's trade that we trust she may be among the foremost to take action with a view to ascertaining what can be done by international agreement to raise the value of silver. We should be among the first to endeavor to arrive at an international understanding for reestablishing silver as a standard basis of credit. The flow of gold to America and France and the sales of silver by India are all factors in a serious situation. The probable shortage of gold in the near future and the overproduction of silver at the present time have raised issues that can not be ignored. There would appear to be no relief from present world conditions unless and until the fundamental matter of currency receives consideration. Upon some solution of this problem hangs the future of international commerce.

That is from the report of the British commission. Is it possible that when this official report comes in, that there is no desire on the part of the British Government to do anything? I should like to read the entire report, but I will merely read a few more lines from it.

I had some correspondence with Mr. Ogden Mills on this subject, and I am going to place the whole correspondence in the RECORD. It deals with the silver problem from the viewpoint of the Treasury Department and from the viewpoint of those in this body who differ with the department. If there is any Senator who desires to familiarize himself with this subject, I take it that this correspondence which has gone on for several months will not only give him the viewpoint of the Treasury Department, will not only outline the issues, but will give the arguments and the facts, and I shall ask later that it may be printed in the RECORD. The report of the British economic commission to the Far East is so valuable that I will read a few more lines from it:

> There exists in China to-day one outstanding problem which faces all nations desirous of selling their goods in the China market. The deplorably low silver values, and the consequently much reduced buying of the vast populace, are factors contributing to restrict the increase of imports into China from foreign countries. Finding it increasingly difficult to buy (for payment in gold) goods from abroad, China will be driven to discover ways and means of producing her own requirements. Should she continue to remain on a greatly depreciated silver basis for some years, it is obvious that she will of necessity not only quickly enlarge her industrial capacity and manufacture goods now made in foreign countries, but will be able to export many of such goods to markets abroad now being served by Great Britain. The potentiality of China with her cheap labor, low standard of living, and depreciated currency is too obvious to require special emphasis. Once a country is driven in on her own resources there arises the possibility of a market being permanently lost. The first and foremost problem for Great Britain is that of supplying China with manufactured goods, but it does not stand alone. Any falling off in trade automatically brings about a corresponding reduction in the income of the British ships from freight, and, concurrently, a reduction in insurance premia payable to British companies.
>
> Consideration of China's currency problem in another direction seems desirable. With every move downwards in silver values China has to bear increasing financial burdens arising from the payment in gold of interest on foreign loans. She has to meet these obligations by imposing new duties which in their turn further restrict imports. China's funded debt due to foreign countries in principal and interest on the 1st of January, 1931, stood at £202,000,000. In addition, there is a considerable floating debt. A very large portion of these obligations is due to British subjects and institutions. If silver falls still lower or even remains at the present level, payment of interest on foreign loans might be affected, much damage to British interests being caused.

Here is more proof from this British report as to what China wanted. I call attention particularly to this statement in this report:

> The governor of the Bank of China is in touch with the International Chamber of Commerce. He has called the international chamber's attention to the serious handicap imposed on China's external trade by the continued depreciation of silver and has stated that the plans for the consolidation of Chinese foreign debts have been considerably disturbed thereby. He asks for an early international conference to consider the question. The response to this request has been favorable, and as a preliminary the executive committee of the International Chamber of Commerce adopted a resolution calling on all national committees and members to urge their governments to take the silver problem into their early consideration in consultation with other governments, including the Chinese Government.

So it is disclosed that the British mission sent to China found that it was the low price of silver that was destroying the exports of Great Britain to China, and they found there was necessity for immediate international action for the purpose of restoring the purchasing power of silver. They quote in this report the president of the Bank of China, who was deeply disturbed about the matter and was in consultation with the International Chamber of Commerce and with other governments, begging for an international conference so as to save the National Government of China. The fall or disruption of the National Government of China which took place recently was caused by the low price of silver, because, as Mr. Soong told me, no government in China could continue to exist with the exchange value against its silver money such as it was. They could not carry out any program; they could not pay interest on their debt; they could not establish credit; they could not borrow any more money abroad; they could not buy rails for their railroads; they could not buy engines; they could not buy cars; they could not buy road machinery; they could do nothing to carry out their program; and they had to fall. Yet for over a year, with a unanimous expression of opinion on the part of the Senate to the President of the United States that something be done, he has done nothing, when our trade with China has suffered more than has the trade of any other country unless it be that of Great Britain, and that is because both of us were on the gold standard and the exchange of silver for gold was four and a half to one.

Nothing at all has been done. Bowing to other countries! If some other country more interested in silver would call a

conference we would participate! There is not any country in the world as much interested in the restoration of the purchasing power of silver money as we are. We have the largest trade with China and it ought to be many times larger than it is, but it has been cut to pieces, as the report of the British economic mission shows, by reason of the fact that China's silver money was so cheap by comparison with our gold-standard money that the Chinese could not buy from us. It is this Government that should take the initiative. Participate! Why not initiate, when we see our shipments of flour to China fall off 50 per cent since 1929; when we see our lumber exports to China fall off 50 per cent since 1929; when we see our automobile exports fall off 65 per cent since 1929; when we see our exports of canned milk to China drop off 50 per cent since 1929; is it a matter that does not interest us? Of course if the administration does not know what the British economic mission does know and has so emphatically stated, if the administration does not know what Sir Cunliffe-Owen, of Great Britain, and what Sir Henri Deterding know and what all the great industrialists and financiers of Great Britain know, then it is time to get somebody in the Department of Commerce and the Treasury Department who can find out, and, if they can not get the statistics, I will be very happy to mail them the report of the British economic commission.

Let us cease talking about participating if somebody else will do something. That is just about what we have been doing now for two or three years. We are willing to participate, but not to initiate, and so we do nothing. We have not the boldness to call a conference, and yet we would be at a greater advantage if an economic conference were held in the United States than we would if such a conference were held in Europe.

As I say, it seems absolutely hopeless to get the President of the United States to take any initiative in this matter. We need not disguise the fact from ourselves. We know well enough that the Treasury Department has been opposed and is now opposed to it. I know that. I am not speaking as to what attitude the President now takes on it, because I have not conversed with the President, nor do I assume to quote him; but I know the attitude of the Treasury Department.

Of course, this is an international matter, as the British commission says, and a complete and full solution of the problem can be brought about only through international conferences and agreements; but as I told you, there is a steady oversupply of silver flowing into the markets of the world from the melting up of the silver coins of India, and we can not stop it except by an international agreement, and we can not get a conference. Nor can we agree not to produce any more silver, for the simple reason that it is a by-product, as I said before. Therefore to try to meet this oversupply of silver in the world coming from the melting up of the silver coins of India, I introduced a bill which has for its purpose temporarily taking off the markets of the world the silver produced by the mines of the United States.

That would not mean much. We produced last year only 31,000,000 ounces of silver. The world produced last year only 160,000,000 ounces of silver. But if we could temporarily take off the markets of the world the 31,000,000 ounces of silver that we are producing, it would offset the oversupply of 35,000,000 ounces of India. Then we would bring about the status quo that existed in 1929 and prior thereto. We would have the natural mine supply, and we would have the natural demand; and that supply has been uniform throughout the ages—not only uniform in its steady increase of only about 2 per cent per annum but uniform with relation to the production of gold.

There never have been over 14 ounces of silver produced to 1 ounce of gold in a normal year. Nature is as remarkable in that as in everything else. People have an idea that there is an unlimited quantity of silver somewhere, and yet miners have hunted it the world over.

This bill does not cost the Government anything. They buying this silver at the market price, and they pay for it with silver certificates, or certificates of deposit, you might call them, if you want to. It is nothing new. We have to-day $500,000,000 of silver certificates in circulation throughout this country, and they have been in circulation for over 40 years. We have a standard silver dollar lying in the Treasury behind each one of these certificates, it is true, for redemption if the certificates come in, but they rarely come in, because people nowadays prefer to use paper money. They have never depreciated. It is the best money we have, because it is the handiest. It is the dollar bills, mostly, moving around through people's pockets. It is the only kind of money a man can get to-day, probably. It does not increase the price to the miner. He can get just as much gold for his silver as he can get in silver certificates from the Treasury. It means nothing to him, except that it is the only method by which the producers in the United States can meet the demand of the British Government in India that we reduce our export of metal on the markets of the world. It is the only way we can do it.

It does not mean anything in inflation, does it? Why, there are only 2,700,000 ounces of silver produced each month in this country. The present price is 28 cents an ounce. That does not mean $1,000,000 in currency added to the circulation monthly. Our Government, through the Reconstruction Finance Corporation act and the Glass-Steagall bill, attempted to make currency available up into the billions, and they have not succeeded. This would add only a million dollars a month to the circulation. It would move to the producer, and through him to the miner. It would go into the purchase of materials to be used in the mines. It would not be inflation.

Of course, we are met with the objection that "silver is a commodity, and why favor this commodity." It is no more a commodity than gold. Over half of the gold now being produced in the world is used not as money but in the arts and sciences, while, on the other hand, four-fifths of all the silver ever produced in the world and now being produced is used for monetary purposes, and only one-fifth of it is used in the arts and sciences.

But some will say, "It is not money in our country." I will not argue that question. It just happens that we have nearly a billion dollars of silver money in circulation in this country. To-day it constitutes nearly 20 per cent of our money. We are not worried about that. If Great Britain and Germany and Italy and other countries had had one-twentieth of their reserves in silver, as we have, with silver certificates circulating against it, it would have been a tremendous relief from the strain on their gold reserves, which did happen.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. PITTMAN. I am not going to speak any longer on this subject, Mr. President; but I ask leave to place in the RECORD, as a part of my remarks, correspondence with Mr. Ogden Mills, Secretary of the Treasury, covering several months' time, primarily directed to a discussion of the bill which is now pending in the Committee on Banking and Currency, and which I believe is going to receive a favorable report on Monday. I place it in the RECORD for the information that it will furnish to any Senator who desires to vote on this subject. I think every question is discussed. I think the issue is so clearly drawn that it is worth while to read it, and I simply ask that that correspondence go in as part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

UNITED STATES SENATE,
Washington, March 8, 1932.

Hon. OGDEN L. MILLS,
The Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: On February 11 of this year I introduced a bill authorizing the Treasury Department to purchase silver produced in the United States at the market price of such silver, to be paid for in silver certificates of the denominations of

$10, $5, and $1. This bill is designated as S. 3606. The bill was referred to the Committee on Banking and Currency of the United States Senate. I am informed that the bill, according to the custom in such matters, has been referred to you for such comment as you see fit to make.

This is the first time that I have ever written to any department with regard to any bill referred to it for its consideration. I would not do so in this case except for the fact that I deem the proposed legislation of such vital importance that I feel that it should receive your personal consideration.

It is admitted, I believe, by substantially all economists and financiers who have given careful study to the disruption of international monetary exchange that the extreme and unusual low price of silver in its effect upon the exchange value of silver money with the money of gold-standard countries has been a material factor in the depression of international trade and commerce and the consequent oversupply of commodities in the domestic markets.

The subcommittee of the Foreign Relations Committee of the United States Senate, of which I am chairman, and which was authorized to study this and related questions, found as a fact that the depressed price of silver had, through its effect upon international monetary exchange, been a chief factor in the depression of international trade, the extraordinary depression in our exports and the oversupply of commodities in our domestic markets. This report was adopted by the full committee on Foreign Relations of the United States Senate.

At the time of making the report I introduced a resolution wherein the Senate of the United States respectfully requested the President to call or obtain an international conference or conferences for the purpose of having governments agree to abandon or suspend the policy and practice of debasing and melting up silver coins and selling the silver thus derived upon the markets of the world, and, further, to have governments agree, if possible, upon the status and uses of silver as money. This resolution was unanimously adopted by the United States Senate in February, 1931. No action has been taken by the President.

During this session of Congress a number of bills have been introduced in the Senate and the House looking to legislative action by our Government. I hesitated to introduce any bills looking to separate action by our Government so long as there was any encouragement for international action.

One bill introduced in the Senate, however, by Senator WHEELER, of Montana, provides for the free and unlimited coinage of American silver at the ratio of 16 to 1. This bill naturally has received a great deal of support throughout the country. At the time that Senator WHEELER discussed in the Senate his proposed bill I followed him in an address in which I frankly stated that I did not believe that there was any chance for the consideration of such measure at this session of Congress or at any time in the near future.

I also stated in that address, which was very brief, that the committee of which I am chairman has not and does not seek to change or in any manner disturb our gold standard, but rather to eliminate the legislative and executive action adopted by various gold-standard governments injurious to the silver standard of other countries and depressive of the purchasing power of silver money. I personally believe that those governments which are accustomed to using the gold standard as a measure of value and which are so situated that they may maintain such standard should be encouraged in the sustaining of the gold standard. I personally feel also that it is best for those countries which are accustomed to using silver chiefly as money, and which are not familiar with the gold standard or are incapable of establishing it, should receive equal encouragement in the sustaining of their silver standard and in the maintenance of the exchange value of their silver money.

It is unfortunate that so many of our statesmen are unfamiliar with the production, consumption, and use of both gold and silver. I believe that leading economists and financiers of the world realize that the production of gold is not maintaining pace with the demand for this metal as a monetary base. These same economists and financiers, however, do not realize that there is a limit to the supply of silver in the world as well as gold, that its production has not only maintained a parity with the production of gold of about 14 ounces of silver to 1 of gold through the ages, but that the production of silver is not maintaining pace with the monetary demand for this metal.

Again, while gold-standard countries treat silver as a commodity, in fact it is no more a commodity than gold. Nearly half of the annual mine production of gold is used as a commodity in the arts and sciences. Four-fifths of all the silver ever produced and now being produced is used for monetary purposes, while only one-fifth of such production is used in the arts, sciences, and manufactures.

The production of silver in the world in 1931 was less than it was in the pre-war period of 1913. The production of silver is more regular than the production of gold. There are many gold mines, while there are few silver mines. Two-thirds of the silver produced in the world is as a by-product in the mining of other metals, and thus the production of silver is automatically controlled by the demand for such metals.

I can not understand the fear that seems to exist in the financial departments of certain governments that an intergovernmental conference might be dangerous. Such fears are not indulged in by the leading statesmen and economists of such governments. The London conference on disarmament could have adopted policies that would have meant increased militarism, but we were not afraid to take part in such conference because our Government would not have been bound by any determination that we might have considered antagonistic to our interests or to the principles that we hold.

There is no doubt that the extreme and unusual depression in the price of silver is due to the unnatural supply of the metal derived from the debasing and melting up of silver coins by governments and the dumping of such silver on the market of the world, and not to overproduction of mines. No government to-day except the British Government for India is pursuing the policy and practice of melting up silver coins. Undoubtedly every government would be ready to agree to abandon this practice and policy. If nothing else could be agreed upon, this alone would relieve the situation and reestablish to a great extent the price of silver on the law of natural supply and demand.

Our people, as well as the people of the world, however, are becoming impatient with inaction. Legislators are attempting to remedy the situation through individual government action. To meet this demand and to substitute what may be considered sound legislation for proposed acts that will meet too strong conservative opposition, I have introduced the bill I am referring to in this letter.

The first result of the act, if it becomes law, will be to allow the producers in the United States to withdraw from the world supply the American production, which for 1931 will be less than 31,000,000 ounces. In 1931 the British Government for India dumped upon the market of the world 35,000,000 ounces of silver derived from the melting up of silver rupee coins of India. The withdrawal of the American production from the world market would, therefore, to a certain extent offset such dumping from India and tend to stabilize the market upon the basis of natural supply and demand.

The second effect will be to furnish a sound currency for circulation in the United States and use by national banks and Federal reserve banks as a part of their legal reserve. At the present time, as the production of silver in the United States is about 2,500,000 ounces a month, and as silver is 30 cents an ounce, it would add approximately $750,000 a month to our circulating currency.

This must seem infinitesimal when, at the present time, we are seeking, through the Reconstruction Finance Corporation act and the Glass Banking Act, to increase our circulating currency two or three billion dollars almost immediately. This additional currency, I take it, is only an emergency issue that will be withdrawn from circulation as rapidly as conditions will permit, and possibly too rapidly, as has been done in the past.

Certainly the issue of this silver-certificate currency is demanded at the present time, and when the contraction of the currency issued under the acts I have referred to commences to take place, in conjunction with the continual contraction of national bank-note circulation, the small amount of such issue of silver certificates can have no detrimental effect, and may tend to offset precipitate deflation.

The third effect of the act will be to enlarge the legal tender qualifications of the silver certificate. It makes such certificates full legal tender. This adds to their qualifications as a part of the legal reserves of national banking associations and Federal reserve banks. It does not add, however, to any great extent to their value as circulating currency, as the full value of such currency has never been questioned.

We have had silver certificates in circulation since 1878. The first silver purchased and even the silver purchased under the act of 1890 was purchased with gold or currency convertible into gold. Subsequently, it is true, Treasury certificates and gold notes were taken up by an issue of silver certificates which were only redeemable in standard silver dollars and had no gold security. These certificates, however, have always circulated freely and have been accepted without complaint or depreciation. While they are not legal tender in the full sense, they are legal tender for customs dues, imposts, and public dues. This demand for such certificates was ample to guarantee their legal tender value.

Again, the present circulating silver certificates are secured only by standard silver dollars in the United States Treasury and by act of Congress requiring the Secretary of the Treasury to maintain the parity of all currency issued. Under the bill that I have introduced, all of the silver purchased by the silver certificates is held in a special fund, not only for the purpose of the redemption of each dollar certificate by a standard silver dollar, but for the additional security against depreciation.

For instance, at the present time a $1 silver certificate would purchase in excess of 3 ounces of silver. Approximately seventy-eight one-hundredths of an ounce of such silver would be coined into a standard silver dollar, leaving as additional security for the redemption of that silver certificate enough silver to coin three additional silver dollars. In other words, if it were necessary to meet a depreciation of the silver certificate such certificate could be redeemed by four standard silver dollars instead of one. Whether silver goes up or goes down, the entire silver purchased at the market price with the silver certificates would always be in the possession of the Treasury Department in a special fund. I assume that everyone admits that silver has reached the bottom.

This suggested act is the least that our Government can do for the restoration of the purchasing power of silver money throughout the world and the reestablishment of the equilibrium of exchange between gold-standard countries and silver-money-using countries.

Realizing as I do your great ability as an economist and financier and your wide knowledge of these subjects, I have taken the

liberty for the first time since I have been in the United States Senate of requesting a Secretary of any of our great departments to give his personal consideration to a bill that has been referred by a Senate committee to his department for consideration and comment. I sincerely desire to be advised by you with regard to this legislation and as to your views on the various subjects that I have discussed in this letter.

I would be happy to offer any amendments to the legislation that I have introduced that wisdom should seem to require, or to take such other steps looking to the remedying of the unfortunate exchange situation to which I have referred that may be deemed advisable at the present time.

I am inclosing, for the purpose of aiding you in your consideration of this matter, an excerpt from the CONGRESSIONAL RECORD of February 11, 1932, containing a copy of the bill referred to and also certain interpretations of the bill made by me that were filed at the same time.

With expressions of respect, I am, sincerely,

KEY PITTMAN.

THE SECRETARY OF THE TREASURY,
Washington, May 2, 1932.

MY DEAR SENATOR: I have your recent letter inclosing a copy of S. 3606, "to authorize the purchase by the Government of American-produced silver, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes," and requesting my opinion on the present silver situation and the proposed bill.

The bill provides for purchases of domestically produced silver by the Director of the Mint in amounts not to exceed 5,000,000 ounces per month at the current market price for the metal in the United States, and for the issuance of silver certificates in amounts necessary to pay for the purchases. The new certificates and all other silver certificates previously issued by the Government would be given full legal tender status and, furthermore, would be counted as lawful reserve when held by national banks or by Federal reserve banks.

You have indicated very clearly your reasons for urging the Congress to act favorably on the proposed bill. In your opinion the decline in the price of silver has been one of the important factors in the world-wide depression in which the price of silver has also been adversely affected by sales of the metal by countries which are demonetizing silver. Although you believe that the most appropriate solution would be an international agreement to continue the use of silver for monetary purposes wherever possible, you propose the present measure in order that the United States Government may afford some immediate relief.

I am in agreement with you as to the seriousness of the present low prices of silver and of other commodities and of the hardship which has accompanied the decline in the general price level during the past two years. However, I believe that the low prices of silver, as well as of other commodities, reflect conditions which must be remedied by readjustments in basic conditions rather than through the creation of artificial demand.

As I see it, the rapid decline in silver prices to the now record low level is to be accounted for chiefly by reference to the following major factors: (1) World-wide depression accompanied by general declines in commodity prices; (2) sale of silver by governments, more particularly the Indian Government; (3) the effect of the large silver holdings of the Indian Government which overhang the market as a potential increase in the supply already burdensome; (4) maintenance of production at a high level.

The relation of the low price of silver to the international trade of countries on the silver standard has, I believe, not always been clearly presented. Temporarily the fall in the price of silver disorganizes the exchanges and tends to promote exports and discourage imports. But in the long run the international purchasing power of these countries, such as China, is not determined by the value of their silver holdings, but by the value of the raw materials, manufactures, and services which they have to offer foreign purchasers. These do not include silver in an important degree. In fact, China and India are customarily importers, not exporters, of silver.

To the extent that changes in the monetary uses of the metal have been a factor in the depressed price of silver, the problem would seem to be similar to that of a commodity, one of the uses of which has been modified. In such cases a readjustment eventually takes place in the market for the commodity whereby either new uses are developed for the available supply or the supply is adjusted to the reduced demand. I agree, however, that it would be highly desirable if foreign governments could be induced to restore the previous standard of their silver coins.

From the point of view of this country's currency system, it is the opinion of the Treasury that the currency features of the proposed bill do not represent a necessary or sound use of silver. The currency requirements of the country are adequately provided for in the Federal reserve act and by the operations of the Federal reserve system, particularly in view of the recently enacted legislation liberalizing certain provisions of that act. Changes in the money in circulation are determined by the magnitude of the supply necessary to do the country's currency business under the conditions existing at the time. The Federal reserve banks, which have the power to issue currency and extend credit on the basis of discounts for member banks and transactions in the open market, operate to provide the country with a flexible amount of currency which readily adjusts itself to the changing requirements of the public. From the point of view of providing for the country's currency requirements on the most effective and economical basis, the suggested purchases of silver and issue of silver certificates would be entirely unnecessary.

In this connection I should like to point out that the Reconstruction Finance Corporation and the Glass-Steagall bill are not expected to result in a marked increase in the money in circulation, except to the extent that the revival of business may call for increased circulation. These measures are designed to give greater flexibility to our credit system in meeting the unusual liquidation of credit which has accompanied the later stages of business depression and to broaden the base for credit expansion. Although the Glass-Steagall Act provides greater flexibility in the security for Federal reserve notes, an increase in the money in circulation is not necessary for the general purposes of the reconstruction program.

Under the proposed bill the United States would in effect be offering artificial support to the silver market, the benefits of which would accrue entirely to the American silver producers. Public moneys would be expended for a commodity which under the operation of the bill would be a dead asset to the Government. Only a limited amount of silver coin is needed for circulation. It would not be possible for the Government to dispose of the silver without interfering with the major purpose of the bill; that is, the stabilization of the silver market. If, as you assume, the gold standard for our currency is to be continued, the acquisition of large amounts of silver by the Government would in no way improve the Treasury's ability to maintain the proposed silver certificates on a parity with the standard gold dollar. Ultimately the purchases of silver under the bill would in fact tend to lessen its ability to do so.

To authorize silver certificates held by national banks to be counted by them as legal reserves would be inconsistent with the present system of reserves now provided. The reserves of national banks as well as other member banks of the Federal reserve system must by law be maintained in the form of deposits with Federal reserve banks. It would be unsound to make an arbitrary revision of member bank reserve requirements without due consideration for all factors involved, including the effect of such revisions on the structure and operations of the Federal reserve system, particularly since member bank reserve requirements as provided in the Federal reserve act have recently been the subject of study by the Senate Committee on Banking and Currency and by the Federal Reserve Board.

In view of these considerations, I should doubt the wisdom of the bill in question.

Very truly yours,

OGDEN L. MILLS,
Secretary of the Treasury.

Hon. KEY PITTMAN,
United States Senate, Washington, D. C.

UNITED STATES SENATE,
Washington, May 9, 1932.

Hon. OGDEN L. MILLS,
The Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: I am pleased to receive your very interesting letter of May 2 in reply to my letter addressed to you under date of March 8, relative to Senate bill 3606, to authorize the purchase by the Government of silver produced in the United States with silver certificates and at the market price.

I am pleased by your statement, in which you say, "I am in agreement with you as to the seriousness of the present low prices of silver and of other commodities and of the hardship which has accompanied the decline in the general price level during the past two years."

It is also gratifying to read your statement in your letter, wherein you say, "I agree, however, that it would be highly desirable if foreign governments could be induced to restore the previous standard of their silver coins."

I am at a loss to understand why you are interested in the fineness of the silver coins of other countries in view of the position you take in other portions of your letter. If the reduction in the fineness of the silver coins of other countries has in no way affected our trade and commerce, in what manner are we interested? If the restoration of the previous standard of their silver coins would in no way affect our trade and commerce, in what manner are we interested?

It is true that you account for "the rapid decline in silver prices to the now record low level" to "sale of silver by governments, more particularly the Indian Government" and "the effect of the large silver holdings of the Indian Government which overhang the market as a potential increase in the supply already burdensome."

In what way is such supply "already burdensome"? You mean that it is burdensome in that it has beaten down the price of silver? It is evident from your letter that you have so little interest in the production of silver in the United States that you are unwilling to favor any action that will tend to protect it. Your letter would indicate that you believe that the depreciated price of silver and the consequent low exchange value of silver money with our gold-standard money has no material effect upon our export trade. What do you mean, therefore, by the oversupply of silver as burdensome? I have as clearly as possible stated in my letter to you wherein I consider that such oversupply is not only burdensome but has depressed the price of silver throughout the world to the enormous injury of our expert trade with silver-money-using countries.

You are right in your statement that China is an importer and not an exporter of silver. So is India, with the exception of exportations by the Government. These countries, since the begin-

ning of time, have consumed two-thirds of all the silver the mines of the world have ever produced, and are even now, under the most adverse circumstances, consuming substantially the same amount of silver. Of course, these countries do not export silver, because they use it as money, as a representative of values, of wealth, and an instrument of trade and commerce.

It is true that business in China has prospered under the depressed price of silver because it has acted as a prohibitive tariff wall would act in preventing imports by China from gold-standard countries while at the same time tending to increase her exports to such countries. The Bureau of Foreign and Domestic Commerce of our own Department of Commerce discloses this fact quite clearly. China still exports large quantities of silk to us. The exporters, who are largely foreigners, get the gold from us and pay the Chinese producers of silk in silver. Such gold does not remain in the hands of the people of China.

Whilst the great cities of China have been booming by reason of the depressed price of silver, the people of these cities have practically ceased to buy from us. I base this statement upon our trade reports issued through the Department of Commerce and the State Department. If you desire me to quote them, I will take pleasure in doing so.

The British economic report for the Far East for 1930–31 states that the depressed price of silver is destroying British trade in China. The report cites the fact that Great Britain's exports of cotton piece goods to China fell off from 210,000,000 linear yards in 1929 to 64,000,000 linear yards in 1930. In this same report it is stated, "The continued depreciation of the value of silver has enormously reduced the purchasing power of China, and, if it continues, will hasten the growth of industries in China, the manufactures of which will compete with imported products from Great Britain. Reduction in the value of silver also increased the difficulties of China in meeting interest on foreign loans, and so compels her to raise further revenue by increasing import duties."

Sir Hugo Cunliffe-Owen, Bt., head of the British tobacco trust, published an article on this subject in the Financial Times, of London, on September 23, 1931. He says:

"What, then, are the causes of our economic and financial troubles? Put very briefly, they are the appreciation of gold in gold-standard countries and the depreciation of silver in silver-standard countries. * * *

"The fall in commodity prices is common to all gold-standard countries, but no such fall has occurred in China, that vast potential market for British goods, which still operates on a complex silver standard.

"The reason for this distinction is that silver, the Chinese standard of value, is itself regarded by the western world as an ordinary commodity and has depreciated heavily in terms of gold along with the general trend of commodity prices.

"The importance of this fact, from the point of view of China's purchasing power abroad, is obvious, but its effects are severe also in other countries."

This effect upon gold-standard countries of the depreciated exchange value of silver money has been publicly concurred in by such great business men and shippers as Sir Henri W. A. Deterding, managing director of the Royal Dutch Combine; Lord Hunsdon; Sir William Dampier; the Right Hon. L. S. Amery, M. P.; the Right Hon. Sir Robert Horne; Dr. J. Hans, of Vienna; Holger Koefoed, economist of the Norwegian Bankers' Association; Sir Osborne A. Smith, governor of the Imperial Bank of India; and numerous other distinguished economists, financiers, and business men.

As I deem this subject of so much importance, I know that you will bear with me in quoting a few statements from prominent Americans relative to this subject.

President Hoover, speaking before the American Bankers' Association, at Cleveland, October 2, 1930:

"The buying power of India and China, dependent upon the price of silver, has been affected."

Julius H. Barnes, chairman of President Hoover's national business survey committee, in an article written by Mr. Barnes in the New York Times of November 2, 1930:

"The final mistake was made of treating silver as a commodity although it still represented resources and capital and credit to more than half of the population of the world. Silver, which had been a standard money of the world for 20 centuries was in a few months to be treated in the market as a commodity, without mature consideration as to the effect on the initiative and confidence of a thousand million people. A price of silver which fluctuated from $1.35, some few years ago, to 35 cents to-day, and yet symbolizes the credit and resources of a great people, could not but harm the business structure of the world."

Mark Sullivan, writing from Washington in June:

"The purchasing power of all Asia is reduced by the fall in the price of silver. This in turn diminishes the purchasing power of Europe. The final net is reduced volume of international trade, including American exports. The same cause accounts, in part certainly, within Asia, for domestic disturbances, which in the case of China are described in terms of communism and of India in terms of salt."

Wall Street Journal, in a survey of business conditions:

"The trade with China is of vast importance to the commercial nations of the world.

"With the United States alone it amounts to over $300,000,000 a year. Indirectly its trade with the United States is much more. One instance is that of cotton. It is one of England's greatest customers for cotton goods, which England makes from American cotton. The drop in silver means that Chinese exchange must decline. The purchasing power of silver therefore reacts on all countries with merchandise to sell. China is not only a purchaser of goods but a borrower in the money markets of the world."

Dr. Julius Klein, Assistant Secretary of Commerce, in a statement to the subcommittee of the Foreign Relations Committee of the United States Senate, made on June 26, 1930:

"In explanation of the considerable loss in both our import and export trade with China, three principal factors may be emphasized: (1) The renewal of extensive and energetic military activities in north-central China and the Yangtze Valley throughout the first half of 1930; (2) the lower prices obtaining in the world markets for many commodities, and particularly those which figure most importantly in China's exports; and (3) the low price of silver. These three factors, as well as minor contributing ones, all blend into the one general cause for the reduction of China's trade; that is, the reduction in China's purchasing power brought about by them."

And again:

"China being on a silver basis receives all of her income in China in silver, and all she receives from abroad must be paid for in silver, but upon a gold valuation. From our Table II we note that the average dollar value of the Shanghai tael in 1928 was 64.30 gold cents; in 1929, 58.42 cents; in May, 1930, 44.69 cents; and July 22, 1930, 36.74 cents. A simple way to state the problem is the obvious one that, other things being equal, China can not buy as much goods from abroad for 36 cents as it could for 64 cents."

The Irving Trust Co., of New York, in the Mid-Month Review of Business for December, 1930:

"Inasmuch as China is on a silver basis, her purchasing power in terms of imports has been melting away and thus American sales have woefully declined. In addition, the Chinese are suffering from a world-wide decline in the gold prices of the commodities which they export. It seems safe to infer that the silver catastrophe has been a major factor in the unrest in India and economic crisis in China. If so, the full effects of the situation have not yet been witnessed."

Department of Commerce report of February 4, 1931:

"The silver situation continues to be the all-absorbing topic of interest in Shanghai business circles. * * * The outlook is thus uncertain and, combined with continued instability, is reflecting unfavorably upon both the import and export trade."

John Brisben Walker, writing in the New York Times, says:

"The effect on India and China will never be known in its fullest horror. The immediate depreciation of the only stock of money—silver—stopped trade and starved whole provinces. It caused millions of deaths."

H. H. Stevens, former Secretary of the Treasury of the Dominion of Canada, now Minister of Trade and Commerce, in an address to the Canadian Legislature:

"One billion people in the Orient, in China, in India, in the Malay States, and in Mexico are deprived of two-thirds of their purchasing power by the action of the nations. There is one reason for the agricultural and commercial depression which exists to-day all over the world. One-half of the human race is living below the margin of decent living. In fact, millions upon millions in China during the present year have died largely because of the inadequacy of their purchasing power."

J. F. Darling, director of the Midland Bank of London, in an address before the Royal Empire Society of London:

"Gold has been accorded a value more than sixty times that of silver to-day, despite the fact that the relative production of the two metals has been what it now is for the last four or five centuries. Over that long period only 14 ounces of silver have been produced for each ounce of gold. That proportion has shown no change for the last five years, but in the same length of time the price of silver has fallen from 64 to 28 cents an ounce.

"This has been terrific in its effect on the purchasing power of a billion people in the world which in return reacts against another billion. * * * We are fools to put up with it. Common justice, common humanity, and common sense urgently demand that the British Empire take the lead in restoring the equilibrium of gold and silver on which the economic structure of the world rests."

E. Kann, international authority on the currencies and finances of China:

"The sale by governments had a doubly harmful consequence. First, because extra quantities of silver were thrown on the market, irrespective of whether, when, or where these were wanted; and, second, the baneful psychological effect caused by the uncertainty, or rather the certainty, of more coming in the near future. This has been a huge black cloud overshadowing the silver market like an angel of death."

Mr. Chunilal Mehta, of India, addressing the annual meeting of the Bombay Bullion Exchange in January, 1931, said:

"But more important than the 'Rex' scheme for the rehabilitation of silver is the giving up by the Government of India of their policy of silver sales * * *. The Government of India has sold until now approximately 87,000,000 ounces of silver, * * * and it seems that the government policy is not yet revised. These sales of silver by the Government of India and the world knowledge that a further large amount is for sale have depressed the world market to the present low level."

Most of these statements were made practically two years ago. Since that time silver continued to fall rapidly until it reached a price as low as 25½ cents an ounce. It has been below 30

cents an ounce for months. Since these statements were made commodity prices in the United States and other gold-standard countries have followed silver in the downward course, notwithstanding the enactment of the Reconstruction Finance Corporation act and the Glass-Steagall Banking Act. Since those statements were made unemployment in the United States has steadily increased and is now increasing. Since those statements were made our export trade has been steadily decreasing. Our domestic market has followed our export market in its collapse.

We are told that we have overproduction, yet we know that our people are suffering from underconsumption. We know that we have a surplus in this country, and that we always will have a surplus until we open our foreign markets for such surplus. We know that we can never have a profitable domestic market, that is, that commodity prices can never rise above the cost of production until we move our surplus out of the United States.

What is the Government doing toward the restoration of our export trade? The United States Senate adopted a resolution that I introduced over a year ago, requesting the President to take the leadership in the matter of calling a conference for the purpose of removing the causes that are depressing the price of silver and thus increasing our export trade to silver-money-using countries. No conference has been called and probably will not be for some time to come if the present attitude is maintained.

Sir George Shuster, treasurer of India, in refusing to cease the practice of melting up silver coins and of adding to the supply of silver in the world, has challenged the producers of silver to reduce their production. This can not be accomplished in the United States because 75 per cent of our silver production is as a by-product of the mining of other metals. These metals will always be mined when there is a market for them.

We can partially accomplish this demand on the part of Sir George Shuster by taking our production of silver off the market for a period of time under the provisions of the bill that we are discussing.

You contend that there is no more reason why our Government should purchase silver produced in the United States than that we should purchase any other commodity. It is painful for me to reiterate my argument that silver is no more of a commodity than gold and that it is money to over half of the people of the world to whom we desire to sell, and their only money. If the purchase of American silver even with gold—and I do not ask to have it purchased with gold—would restore our export trade with silver money using countries, we would profit by buying the silver if we dumped it in the ocean.

At the present time we could buy the annual production of silver in the United States for $10,000,000. If we limit the purchase to six years, it would only be a small fraction of what we have wasted through the Farm Board; but I do not propose that we shall buy the silver of the United States with gold. I propose that we shall buy it with silver certificates, or certificates of deposit, as they might be termed. It will cost the Government nothing. The issuance of these certificates is too insignificant to even be termed "inflation." We issued over $500,000,000 worth of silver certificates in this country at a time when we had only $1,000,000,030 gold reserve. To-day we have nearly $5,000,000,000 of gold reserves. The $500,000,000 worth of silver certificates that have been in circulation for 40 years or more have not threatened our gold standard nor constituted an inflation. They constitute one of our most practical forms of currency. They are rarely ever surrendered to the Treasury Department for redemption in silver dollars.

Certainly if the purchase clause of the act was limited to six years, you could have no objection. Your argument in such event that maintaining parity might eventually be burdensome must in such a case fail. I have proposed such an amendment to the subcommittee of the Committee on Banking and Currency of the United States Senate.

I have further proposed another amendment, and that is that purchases shall not have to be made at a price in excess of 10 cents an ounce above the average price for the three preceding calendar months. This certainly will prevent any sudden or unusual rise that may affect exchange.

You further object in your letter to the issuance of the infinitesimal amount of silver certificates on the grounds that no further circulating currency in this country is needed. You evidently include in the words "circulating currency" money that is in the banks. That money at the present time is frozen as tightly as the eternal ice of the North Pole. What we are interested in is circulating medium in the hands of the purchasers of this country.

You refer to the Reconstruction Finance Corporation act and the Glass-Steagall Banking Act. The first act was never intended as anything except an increase in the reserve of banks and corporations to prevent failures and receiverships. That is all that it has done and that only to a limited extent.

It was hoped by its authors that the Glass-Steagall Banking Act would induce the banks to borrow from the Federal reserve banks currency to the extent of billions of dollars and circulate it through loans to the people of the country. This desire has not been accomplished. The banks have not availed themselves of the act. No one can blame them. The officers of any bank that would lend money upon any industry that could not pay a profit would be criminally negligent. Any man or corporation that would borrow money and pay interest thereon, who could not earn a profit on it, would be irresponsible. No one can make a profit on industry at present commodity prices. Everyone engaged in industry has more money invested now than he can earn a profit on. Industry could not borrow and banks could not lend. For such reasons the Glass-Steagall Banking Act to date has proven almost useless.

If the Government does not desire to have Federal reserve banks and member banks utilize silver certificates as lawful reserve, then that provision may be stricken from the bill.

I hope that, in view of the amendments that I have offered to make and am willing to make, you will not attempt further to oppose the enactment of such legislation.

With expressions of respect, I am,

Sincerely,

KEY PITTMAN.

TREASURY DEPARTMENT,
Washington, June 9, 1932.

MY DEAR SENATOR: Receipt is acknowledged of your letter of May 9, 1932, with further reference to S. 3606, "to authorize the purchase by the Government of American-produced silver, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes."

Although the proposed amendments to this bill by which Government purchases of silver under its provisions would be limited to a period of six years and to prices not in excess of 10 cents an ounce above the average price for the preceding three months constitute an improvement, the bill would, in my judgment, still be subject to the objections that the proposed operations would prove ineffectual in accomplishing the objects sought by the bill and are not in the interest of the country as a whole.

The conflict between our respective views on this general subject seems to me to be due in no small measure to the fact that much of your argument rests primarily on the assumption that the decline in the price of silver has been an important cause of the contraction in the volume of international trade, and consequently has been an important factor operating to produce and prolong the depression. In my opinion the decline in the price of silver has been primarily a result and not a cause of the depression. This is true even as regards conditions in the Orient. Although admittedly the foreign trade of a silver-standard country is temporarily disturbed during periods of marked change in the value of silver, adjustments to the new value of silver in terms of gold are relatively soon accomplished and the major continuing influences which determine the state of the country's national trade are those conditions which affect the quantity and value of the materials and services which it has to offer in foreign markets. Shrinkage in the foreign trade of China as in that of every other nation during this period of depression has accompanied declines in commodity prices in general, contraction of markets, and decrease in production and trade. Conditions of world depression have affected the markets for silver as they have affected the markets for practically all other commodities.

In this connection, it is interesting to note that despite the temporary obstacle to China's foreign trade which inevitably resulted from the marked decline in the value of silver, adjustments to the new level have apparently been accomplished fairly rapidly although admittedly not without loss and suffering. For instance, while our total exports showed a decline of about 54 per cent between 1929 and 1931, our exports to China declined by less than 27 per cent, and as between the first two months of 1931 and these same months of 1932 our total exports showed a decline of about 36 per cent, while exports to China actually increased by about one-fifth.

As stated in my previous letter, the rapid decline in silver prices to record low levels is to be accounted for chiefly by (1) conditions of world-wide depression accompanied by declines in commodity prices, accentuated in the case of the leading silver markets by seriously disturbed political and social conditions in the Orient; (2) the sale of silver by governments, more particularly the Indian Government; (3) the effect of the large silver holdings of the Indian Government, which overhang the market as a potential increase in the supply of silver, indicated by the prevailing low prices for the metal and already burdensome to the silver market in view of existing conditions of demand; and (4) the maintenance of production at relatively high levels.

In view of the magnitude of the factors which seem to account for the present low level of silver, the withholding from the market of the new silver produced in this country over a period of six years would not be likely to affect basic conditions in the silver markets materially. In my opinion there is little to be gained under present conditions from attempts to lift the prices of individual commodities by artificial means. The experiences of the past years in such attempts have not been particularly successful. Certainly the purchase and withholding from the market of our annual production of silver would not seem to be a very effective instrumentality through which to attempt to revive our foreign trade by means of price manipulation.

Another important point of divergence in our respective views relates to your position that it is inaccurate to consider silver as a commodity. I can not agree with your statement that silver is money for over half the people of the world to whom we desire to sell, and their only money. China is the only country representing any very considerable proportion of the world's population which is actually on a silver standard, and the proportion of China's population to that of the rest of the world exaggerates the importance of China's trade in the aggregate international commerce of the world. Furthermore, as I have already intimated, China's interest is not in a higher price for silver but rather in stable silver.

Clearly your proposal involves two conflicting interests: On the one hand that of the silver industry, which is in higher silver prices; and on the other that of the silver-using countries, which is primarily in stable prices for silver. As to the first, I should, of course, be glad to see improvement in the silver industry, as in all of our industries, operating as they are under conditions of severe depression. I should be loath, however, to single out the silver industry and to extend to it a special Government subsidy involving currency operations which are at best unnecessary and without advantage. To argue that such a subsidy would restore our foreign trade is to overlook the major causes which have brought about the decline.

As regards the interest of such countries as China, I believe that their chief interest, as well as that of any other nations, is in the reestablishment of improved economic conditions generally, as a result of which markets for commodities will be rehabilitated and profitable production on an increased scale will be possible.

Declining silver prices have doubtless exerted a temporary influence favorable to China's export trade and unfavorable to her import trade. Increasing silver prices might be expected temporarily to reverse these effects. In both cases, however, the net result of dislocation in her national economy on account of adjustments to fluctuating exchanges would seem to be adverse.

In conclusion, I wish to emphasize again my belief that the currency feature of your proposal is entirely unnecessary and undesirable. Through the operation of the Federal reserve system adequate provision has been made for the country's currency requirements, and if silver were to be purchased by the Government there would be no need whatever for providing additional currency facilities to accommodate such increase in the demand for currency as theoretically or actually might result from such operations. The artificial character of Government purchases of silver would not be lessened by the effecting of such purchases through the issuance of silver certificates. From the point of view of our monetary and banking system, this issue, even though restricted in amount, would be undesirable and unnecessary.

Very truly yours,

OGDEN L. MILLS,
Secretary of the Treasury.

Hon. KEY PITTMAN,
United States Senate, Washington, D. C.

UNITED STATES SENATE,
Washington, June 17, 1932.

Hon. OGDEN L. MILLS,
The Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: I have the honor to acknowledge the receipt of your letter of June 9, 1932, in reply to my letter of May 9, with reference to S. 3606, "to authorize the purchase by the Government of American-produced silver, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes."

This correspondence between us, inaugurated by my letter of March 8 addressed to you, has clearly defined the issues between us, and has defined not only the scope and purpose of the act, but has served as a complete discussion of the entire silver-money problem.

In your letter, which I am now answering, you contend that the decline in the price of silver has not been an important cause of the contraction of the volume of international trade. You further contend that the decline in the price of silver has been primarily the result and not the cause of depression. You state that this is true with regard to conditions in the Orient.

In my letter to you under date of May 9 I cited published statements by well-known statesmen, economists, financiers, and business men throughout the world expressing opinions diametrically opposed to those held by you.

The first witness to testify before my subcommittee of the Foreign Relations Committee of the United States Senate dealing with our commercial relations with China was Dr. Julius Klein, Assistant Secretary of Commerce, and formerly in charge of our Far Eastern commercial matters. Doctor Klein, on June 26, 1930, in dealing with the effect upon our export trade with China of the depreciation in the value of silver, says:

"China, being on a silver basis, receives all of her income in China in silver, and all she receives from abroad must be paid for in silver, but upon a gold valuation. From our Table II we note that the average dollar value of the Shanghai tael in 1928 was 64.30 gold cents; in 1929, 58.42 cents; in May, 1930, 44.69 cents; and July 22, 1930, 36.74 cents. A simple way to state the problem is the obvious one that, other things being equal, China can not buy as much goods from abroad for 36 cents as it could for 64 cents."

Let me quote a later opinion of our Department of Commerce. I am quoting from the statistics of our trade with China, as found at page 504 of the Commerce Yearbook for 1931, volume 2, entitled "Foreign Commerce." The report says:

"As in all other parts of China, heavy declines in silver exchange reduced purchasing power and curtailed imports."

In reply to your opinion that the decline in the price of silver has been primarily a result and not the cause of the depression, let me call your attention to the statement of Doctor Klein which I have hereinbefore quoted. His statement discloses that the price of silver commenced to fall rapidly in 1928, and that in 1929 the price was approximately 15 per cent below what it was in 1928.

Commodity prices with the exception of probably agricultural products were not falling during that period of time. The decline in the price of silver preceded the decline in the price of commodities. I believe that you will find that in nearly every case the decline in the price of silver has preceded the decline in the price of commodities.

You compare the decline in our export trade to China with the decline in our export trade to gold-standard countries for the purpose of sustaining your argument that the decline in the price of silver was not responsible to any great extent for the depression in our exports to China. I have before me tables prepared by the Department of Commerce relative to our exports to and imports from China for the years 1928, 1929, 1930, and 1931. Our exports to China during such years are as follows:

1928	$165,885,000
1929	155,571,000
1930	112,776,000
1931	114,445,000

In 1928 the average price of silver was 58.48 cents an ounce. In 1930 the average price was 38.46 cents an ounce. During 1931 the price remained comparatively steady around 30 cents an ounce.

To study therefore the coincidence of the fall in the price of silver with the depression in our exports to China we must take the years 1928 and 1930. We find that during that period of time the price of silver declined approximately 34 per cent. The table that I have quoted from, above set out, discloses that during the same period of time our exports to China declined approximately 32 per cent.

Our exports to China did not decline in 1931 below 1930 for two reasons. In the first place, there was no substantial decline in the price of silver. In the second place, our exports of raw cotton and tobacco increased materially by reason of the great enlargement in China of plants for the manufacture of cotton goods and cigarettes.

This development was similar to the developments in Europe, but from different causes, however. The establishment of manufacturing industries in Europe by our own industrialists was due to the high tariff walls erected or proposed to be erected by European countries against our exports. In the case of China it was due to the low-exchange value of their silver money with our gold-standard money. It is true that the Chinese tariff added to the difficulties of the exchange situation.

Let me illustrate the argument I am presenting. Take raw cotton for instance: In 1928 we exported to China $17,743,000 worth of cotton; in 1931, $37,748,000 worth of cotton. That would seem to indicate that our cotton planter had profited by the situation. That is not true, however.

Let us consider our exports of raw cotton to the United Kingdom during the same period of time. In 1928 its value was $198,068,000; in 1930 it was $94,288,000. Our exports of raw cotton to England declined because, as stated in the report of the British Economic Mission to the Far East, Great Britain's exports of cotton piece goods to China fell off from 210,000,000 linear yards in 1929 to 64,000,000 linear yards in 1930. I have quoted in a former letter to you from the report of this economic mission showing that this falling off in exports is attributable by the mission to the low price of silver.

Now, whilst the export of raw cotton has increased and the export of tobacco has been maintained for the reasons I have stated, let us examine the statistics of the Department of Commerce to see how other products have been affected. Take wheat for instance: In 1929 our exports to China of flour were $15,490,000; in 1931 they were $6,467,000. Take iron and steel products: In 1929 they were $7,143,000; in 1931 they were $3,386,000. Take Douglas fir: In 1929, $4,252,000; in 1931, $2,399,000. Automotive products: 1929, $4,619,000; 1931, $1,896,000. Canned milk: 1929, $1,463,000; 1931, $870,000. Petroleum products: 1929, $26,195,000; 1931, $12,027,000.

I know that you will give weight to and be pleased to receive the opinion of the British Economic Mission to the Far East, which filed its report in 1931. This commission was headed by Sir Ernest Thompson, J. P. (chairman), and was composed of distinguished economists and commercial experts. Six months were devoted to this economic study. The report is searching and complete. I herewith set forth the entire statement under the subhead "The Silver Question":

"There exists in China to-day one outstanding problem which faces all nations desirous of selling their goods in the China market. The deplorably low silver values, and the consequently much reduced buying of the vast populace, are factors contributing to restrict the increase of imports into China from foreign countries. Finding it increasingly difficult to buy (for payment in gold) goods from abroad, China will be driven to discover ways and means of producing her own requirements. Should she continue to remain on a greatly depreciated silver basis, for some years, it is obvious that she will of necessity not only quickly enlarge her industrial capacity and manufacture goods now made in foreign countries, but will be able to export many of such goods to markets abroad now being served by Great Britain. The potentiality of China with her cheap labor, low standard of living, and depreciated currency is too obvious to require special emphasis. Once a country is driven in on her own resources there arises the possibility of a market being permanently lost. The first and foremost problem for Great Britain is that of supplying China with manufactured goods but it does not stand alone. Any falling off in trade automatically brings about a corresponding reduction in the income of British ships from freight, and concurrently, a reduction in insurance premia payable to British companies.

"Consideration of China's currency problem in another direction seems desirable. With every move downwards in silver values

China has to bear increasing financial burdens arising from the payment in gold of interest on foreign loans. She has to meet these obligations by imposing new duties which in their turn further restrict imports. China's funded debt due to foreign countries in principal and interest on January 1, 1931, stood at £202,000,000. In addition, there is a considerable floating debt. A very large portion of these obligations is due to British subjects and institutions. If silver falls still lower or even remains at its present level, payment of interest on foreign loans might be affected, much damage to British interests being caused.

"Certain proposed remedies for the decline in the value of silver do not meet China's case. Financial silver-producing interests in their alleged efforts to aid would load her further with this commodity. Such loading would undoubtedly give a momentary fillip to silver prices, and bring relief and joy to silver-producing groups, but has neither virtue nor merit in solving China's currency problem. There is no lack of silver in China. The lack is one of stability in its value.

"Suggestions have been made that the money powers of the world should call a conference with a view to the stabilization of silver at a fixed and definite ratio to gold, and this suggestion should receive the most serious consideration of those nations which trade with China and those which produce or have silver.

"The governor of the Bank of China is in touch with the International Chamber of Commerce. He has called the international chamber's attention to the serious handicap imposed on China's external trade by the continued depreciation of silver, and has stated that the plans for the consolidation of Chinese foreign debts have been considerably disturbed thereby. He asks for an early international conference to consider the question. The response to this request has been favorable, and as a preliminary the executive committees of the International Chamber of Commerce adopted a resolution calling on all national committees and members to urge their governments to take the silver problem into their early consideration in consultation with other governments, including the Chinese Government.

"Great Britain has so large an interest in China's trade that we trust she may be among the foremost to take action with a view to ascertaining what can be done by international agreement to raise the value of silver. We should be among the first to endeavor to arrive at an international understanding for reestablishing silver as a standard basis of credit. The flow of gold to America and France and the sales of silver by India are all factors in a serious situation. The probable shortage of gold in the near future and the overproduction of silver at the present time have raised issues that can not be ignored. There would appear to be no relief from present world conditions unless and until the fundamental matter of currency receives consideration. Upon some solution of this problem hangs the future of international commerce."

As I have stated before, on February 20, 1931, the Senate of the United States unanimously passed a resolution presented by me requesting the President to call or obtain an international conference for the purpose of meeting by agreement the very destructive conditions referred to in the report of the commission just quoted.

Despairing of obtaining action on this matter, I introduced the bill that has been under discussion. Its enforcement would tend to reduce the overproduction, or, more accurately stated, oversupply of world silver. It would tend to meet an emergency such as suggested by the British report until intergovernmental action could be taken. It is in the interest of our commerce and trade. It is only incidentally in the interest of the producer. It neither proposes nor does it give any bonus to the producer. He is paid exactly the same price for his silver with silver certificates that he could obtain in gold in the world market. It is no price-fixing scheme. It is not at all analogous to the purchase of wheat and cotton by the Farm Board. This board had no use for the wheat and cotton it purchased. Our Government has use for the silver and the currency that would be based upon it.

Apparently we can never agree to your theory that silver is a commodity only and nothing else. You state that only one country is really on the silver-standard basis and that is China. I say to you that only two countries are on the gold-standard basis, and those are the United States and France, and the United States alone is on the free gold standard basis.

The British commission has expressed it correctly. It is immaterial what the standard is. The question is what money does the ultimate buyer pay in and what is the value of that money in relation to gold standard money. I again repeat that over half of the people of the world have nothing to purchase with except silver money, and to-day we value that money in exchange for our gold standard money with which to purchase our goods at only 23 cents on the dollar.

You say you can not see that the bill will do much to accomplish the ends that I have in view. I will admit that it will not accomplish as much as is required; but if we can not even get action on this legislation over the opposition of the administration, how can we hope to attempt any fuller accomplishment?

I am advised that a majority of the Committee on Banking and Currency have at all times been in favor of the bill we have been discussing. I am satisfied that your opposition has deterred action on this bill. I hope that you will not only withdraw this opposition but that you will aid us in getting action on the bill.

Sincerely,

KEY PITTMAN.

THE BILL REFERRED TO

A bill to authorize the purchase by the Government of silver produced in the United States, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes

Be it enacted, etc., That silver bullion, the product of mines situated in the United States and of reduction works so located, may be deposited at any United States mint for sale to the United States at any time prior to July 1, 1938; and the Director of the Mint is directed to purchase silver so tendered, not in excess of 5,000,000 ounces per month, at the market price of silver in the United States as of the date of tender, if such market price of silver at such date is not in excess of 10 cents an ounce above the average market price of silver for the three preceding calendar months. The Director of the Mint shall continue to obtain and keep the necessary statistics to determine the price of silver for the purposes of this act, and shall publish the same at least every 30 days, and shall deliver such statement of prices to any person, firm, or corporation tendering silver for purchase by the United States Government under this act.

SEC. 2. The silver bullion purchased under the provisions of this act shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained and the amount of the charges or deductions, if any, to be made; but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under the provisions of existing law.

SEC. 3. Payment for silver bullion purchased under the provisions of this act shall be made in silver certificates, which shall be issued for that purpose in denominations of $10, $5, and $1; and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary for carrying out the foregoing provisions of this act. Silver certificates so issued, and silver certificates heretofore issued, or any silver certificates reissued, shall be legal tender in payment of all debts, public and private, except where otherwise expressly stipulated in the contract, and shall be receivable for customs, taxes, and all public dues. Such certificates, when held by any national-banking association or Federal reserve bank, may be counted as a part of its lawful reserve.

SEC. 4. The silver bullion purchased under the provisions of this act shall be coined into standard silver dollars and subsidiary silver coins sufficient, in the opinion of the Secretary of the Treasury, to meet any demands for redemption of silver certificates issued under the provisions of this act, and such coin shall be retained in the Treasury for the payment of such certificates on demand. The bullion so purchased and obtained under this act, except so much thereof as is coined under the provisions of this act, shall be held in the Treasury for the sole purpose of the redemption of the certificates issued hereunder and in the manner herein provided. Any such certificates or reissued certificates, when presented at the Treasury, shall be redeemed in standard silver dollars, or in subsidiary silver coin, at the option of the holder of the certificates: *Provided*, That, in the redemption of such silver certificates issued under this act, not to exceed one-third of the coin required for such redemption shall be made in subsidiary coins, the balance to be made in standard silver dollars.

SEC. 5. When any silver certificates issued under the provisions of this act are redeemed or received into the Treasury from any source whatsoever, and belong to the United States, they shall not be retired, canceled, or destroyed, but shall be reissued and paid out again and kept in circulation; but nothing herein shall prohibit the cancellation and destruction of mutilated certificates and the issue of other certificates of like denomination in their stead, as provided by law.

SEC. 6. The Secretary of the Treasury is authorized to make rules and regulations for carrying out the provisions of this act.

EXECUTIVE SESSION

Mr. McNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Coolidge	Howell	Robinson, Ark.
Austin	Copeland	Hull	Robinson, Ind.
Bankhead	Costigan	Johnson	Schall
Barbour	Couzens	Jones	Sheppard
Barkley	Dale	Kean	Smoot
Bingham	Davis	Kendrick	Thomas, Idaho
Blaine	Dickinson	King	Townsend
Borah	Dill	La Follette	Trammell
Bratton	Fess	Lewis	Tydings
Brookhart	Fletcher	Logan	Vandenberg
Broussard	Frazier	McGill	Wagner
Bulkley	George	McKellar	Walsh, Mass.
Bulow	Glass	McNary	Walsh, Mont.
Byrnes	Glenn	Metcalf	Watson
Capper	Hale	Moses	Wheeler
Caraway	Hastings	Neely	White
Carey	Hatfield	Norris	
Cohen	Hayden	Pittman	
Connally	Hebert	Reed	

The VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting several nominations in the Army, which were referred to the Committee on Military Affairs.

REPORT OF THE POST OFFICE COMMITTEE

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably the nomination of Willard Gabhart to be postmaster at Harrodsburg, Ky., in place of S. C. Beardsley.

The VICE PRESIDENT. The nomination will be placed on the calendar.

The calendar is in order.

COURT OF INTERNATIONAL JUSTICE

The legislative clerk proceeded to read Executive A, Seventy-first Congress, third session, protocols concerning adherence of the United States to the Court of International Justice, transmitted by the President of the United States on December 10, 1930.

Mr. BORAH. I ask that the protocols may go over.

The VICE PRESIDENT. The protocols will be passed over.

TREATY BETWEEN THE UNITED STATES AND ITALY

The Senate, as in Committee of the Whole, proceeded to consider Executive C, Seventy-second Congress, first session, a treaty between the United States and Italy, signed on September 23, 1931, abrogating article 2 of the treaty between the two countries, to advance the cause of general peace, signed on May 5, 1914, and substituting therefor new provisions in respect of the appointment of members of the international commission provided for in that article, which was read, as follows:

To the Senate of the United States:

To the end that I may receive the advice and consent of the Senate to ratification, I transmit herewith a treaty between the United States and Italy, signed on September 23, 1931, abrogating article 2 of the treaty between the two countries, to advance the cause of general peace, signed on May 5, 1914, and substituting therefor new provisions in respect of the appointment of members of the international commission provided for in that article.

HERBERT HOOVER.

THE WHITE HOUSE, *February 3, 1932.*

THE PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, a treaty between the United States and Italy, signed at Washington on September 23, 1931, abrogating article 2 of the treaty to advance the cause of general peace, signed between the two countries on May 5, 1914, and substituting therefor new provisions in respect of the appointment of members of the international commission provided for in that article.

By article 2 of the treaty of 1914, each Government appointed two members of the commission, one a national and the other a nonnational, and designated the fifth member in common agreement. The treaty now submitted provides for the appointment by each Government of but one member, who shall be a national of the appointing country, and the designation by the two Governments in common agreement of the three other members who shall not be nationals of or domiciled in either country.

Article 2 of the treaty of 1914 further provided a term of four years for the members of the commission and limited the time in which the appointments should be made. Under the treaty now submitted, the term of office of the members of the commission will continue indefinitely, and no limitation is placed on the time within which they may be appointed.

Respectfully submitted.

HENRY L. STIMSON.

DEPARTMENT OF STATE,
Washington, February 2, 1932.

The President of the United States of America and His Majesty the King of Italy, being desirous of modifying the terms of Article II of the treaty to advance the cause of general peace between the United States of America and Italy, signed on May 5, 1914, with respect to the appointment of and other provisions relating to the members of the International Commission constituted in accordance with the provisions of that Article, have resolved to enter into a treaty for that purpose, and have appointed as their Plenipotentiaries:

The President of the United States of America: Henry L. Stimson, Secretary of State of the United States of America; and

His Majesty the King of Italy: His Excellency Nobile Giacomo de Martino, Knight of Grand Cross, Senator of the Kingdom, Royal Ambassador at Washington;

Who, after having communicated to each other their respective full powers found to be in proper form, have agreed upon the following articles:

ARTICLE 1

Article II of the treaty between the High Contracting Parties, signed on May 5, 1914, is hereby abrogated and the following provisions are substituted therefor:

The International Commission shall be composed of five members, as follows:

One member shall be appointed from each country by the Government thereof;

The other three members shall be designated by the two Governments by common agreement. The three members designated by common agreement shall not be nationals of either the United States of America or Italy, or domiciled within the territories of either country, or employed in the service of either Government. The two Governments shall, also, by common agreement, designate one of these three members to be President of the Commission.

At any time when there is no case pending before the Commission, either Government may revoke the appointment of the member who is its own national and may appoint his successor. Either Government may, moreover, at any time when there is no case pending before the Commission, revoke the designation of one or more of the members chosen by the two Governments in common agreement.

Vacancies occurring by revocation or in any other manner shall be filled as soon as possible in the manner of the original appointments. Revocation by either Government of the designation of a member chosen by the two Governments in common agreement shall not become effective except simultaneously with the designation of his successor. The term of office of the members of the Commission shall continue indefinitely.

When the members of the Commission are occupied in the examination of a question they shall receive a compensation which will be mutually agreed upon by the two Governments. Such compensation and also the other expenses of the Commission shall be paid by the two Governments in equal parts.

ARTICLE 2

The members of the International Commission at present in office under the provisions of Article II of the treaty of May 5, 1914, are continued in office in accordance with the provisions of the present treaty.

ARTICLE 3

The present treaty shall be ratified and the ratifications thereof shall be exchanged at Rome as soon as possible. It shall take effect on the day of the exchange of ratifications and shall remain in force during the term of the treaty concluded between the High Contracting Parties on May 5, 1914.

In faith whereof, the respective Plenipotentiaries have signed this treaty in duplicate, in the English and Italian languages, and have hereunto affixed their seals.

Done at Washington this twenty-third day of September in the year of our Lord one thousand nine hundred and thirty-one.

HENRY L. STIMSON [SEAL]
G DE MARTINO [SEAL]

Mr. BORAH. Mr. President, it will be recalled that what was known as the Bryan treaties provided for a conciliation

commission composed of five members. Under the old treaty each country named two members of the commission. One of the persons named was to be a national, the other of a neutral country. Those commissioners so named were to name the fifth member, and they constituted a commission of five.

This treaty is a proposal to change the method of naming the commission in this respect. Under the treaty each nation names a commissioner, and he is to be of the nationality of that nation. Then those commissioners agree upon the other three members, making three neutral members agreed upon by the nationals, instead of the old method where four were appointed and they agreed upon one.

There is one other change in the treaty, that it is made permanent; that is, until notice of abrogation is given, whereas under the old treaty it was to terminate of its own force in a fixed number of years.

Those are the sole purposes and effects of the treaty, to change the method of naming the commissioners and extending the life of the treaty.

The treaty was reported to the Senate without amendment, and the resolution of ratification was read, as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive C, Seventy-second Congress, first session, a treaty signed on September 23, 1931, abrogating article 2 of the general peace treaty with Italy, signed May 5, 1914.

The resolution was agreed to, two-thirds of the Senators present voting in the affirmative.

TREATY RELATING TO MILITARY OBLITAGIONS

The Senate, as in Committee of the Whole, proceeded to consider the treaty (Ex. H, 72d Cong., 1st sess.), a protocol relating to military obligations in certain cases of double nationality which was adopted at The Hague Conference for the Codification of International Law, held in March-April, 1930. Done at The Hague on the 12th day of April, 1930, which was read, as follows:

PROTOCOL RELATING TO MILITARY OBLIGATIONS IN CERTAIN CASES OF DOUBLE NATIONALITY

The undersigned plenipotentiaries, on behalf of their respective Governments,

With a view to determining in certain cases the position as regards their military obligations of persons possessing two or more nationalities,

Have agreed as follows:

ARTICLE 1

A person possessing two or more nationalities who habitually resides in one of the countries whose nationality he possesses, and who is in fact most closely connected with that country, shall be exempt from all military obligations in the other country or countries.

This exemption may involve the loss of the nationality of the other country or countries.

ARTICLE 2

Without prejudice to the provisions of Article 1 of the present Protocol, if a person possesses the nationality of two or more States and, under the law of any one of such States, has the right, on attaining his majority, to renounce or decline the nationality of that State, he shall be exempt from military service in such State during his minority.

ARTICLE 3

A person who has lost the nationality of a State under the law of that State and has acquired another nationality, shall be exempt from military obligations in the State of which he has lost the nationality.

ARTICLE 4

The High Contracting Parties agree to apply the principles and rules contained in the preceding articles in their relations with each other, as from the date of the entry into force of the present Protocol.

The inclusion of the above-mentioned principles and rules in the said articles shall in no way be deemed to prejudice the question whether they do or do not already form part of international law.

It is understood that, in so far as any point is not covered by any of the provisions of the preceding articles, the existing principles and rules of international law shall remain in force.

ARTICLE 5

Nothing in the present Protocol shall effect the provisions of any treaty, convention or agreement in force between any of the High Contracting Parties relating to nationality or matters connected therewith.

ARTICLE 6

Any High Contracting Party may, when signing or ratifying the present Protocol or acceding thereto, append an express reservation excluding any one or more of the provisions of Articles 1 to 3 and 7.

The provisions thus excluded cannot be applied against the High Contracting Party who has made the reservation or relied on by that Party against any other High Contracting Party.

ARTICLE 7

If there should arise between the High Contracting Parties a dispute of any kind relating to the interpretation or application of the present Protocol and if such dispute cannot be satisfactorily settled by diplomacy, it shall be settled in accordance with any applicable agreements in force between the Parties providing for the settlement of international disputes.

In case there is no such agreement in force between the Parties, the dispute shall be referred to arbitration or judicial settlement, in accordance with the constitutional procedure of each of the Parties to the dispute. In the absence of agreement on the choice of another tribunal, the dispute shall be referred to the Permanent Court of International Justice, if all the Parties to the dispute are Parties to the Protocol of the 16th December, 1920, relating to the Statute of that Court, and if any of the Parties to the dispute is not a Party to the Protocol of the 16th December, 1920, the dispute shall be referred to an arbitral tribunal constituted in accordance with the Hague Convention of the 18th October, 1907, for the Pacific Settlement of International Conflicts.

ARTICLE 8

The present Protocol shall remain open until the 31st December, 1930, for signature on behalf of any Member of the League of Nations or of any non-Member State invited to the First Codification Conference or to which the Council of the League of Nations has communicated a copy of the Protocol for this purpose.

ARTICLE 9

The present Protocol is subject to ratification. Ratifications shall be deposited with the Secretariat of the League of Nations.

The Secretary-General shall give notice of the deposit of each ratification to the Members of the League of Nations and to the non-Member States mentioned in Article 8, indicating the date of its deposit.

ARTICLE 10

As from January 1st, 1931, any Member of the League of Nations and any non-Member State mentioned in Article 8 on whose behalf the Protocol has not been signed before that date may accede thereto.

Accession shall be effected by an instrument deposited with the Secretariat of the League of Nations. The Secretary-General of the League of Nations shall give notice of each accession to the Members of the League of Nations and to the non-Member States mentioned in Article 8, indicating the date of the deposit of the instrument.

ARTICLE 11

A procès-verbal shall be drawn up by the Secretary-General of the League of Nations as soon as ratifications or accessions on behalf of ten Members of the League of Nations or non-Member States have been deposited.

A certified copy of this procès-verbal shall be sent by the Secretary-General to each Member of the League of Nations and to each non-Member State mentioned in Article 8.

ARTICLE 12

The present Protocol shall enter into force on the 90th day after the date of the procès-verbal mentioned in Article 11 as regards all Members of the League of Nations or non-Member States on whose behalf ratifications or accessions have been deposited on the date of the procès-verbal.

As regards any Member of the League or non-Member State on whose behalf a ratification or accession is subsequently deposited, the Protocol shall enter into force on the 90th day after the date of the deposit of a ratification or accession on its behalf.

ARTICLE 13

As from January 1st, 1936, any Member of the League of Nations or any non-Member State in regard to which the present Protocol is then in force, may address to the Secretary-General of the League of Nations a request for the revision of any or all of the provisions of this Protocol. If such a request, after being communicated to the other members of the League and non-Member States in regard to which the Protocol is then in force, is supported within one year by at least nine of them, the Council of the League of Nations shall decide, after consultation with the Members of the League of Nations and the non-Member States mentioned in Article 8, whether a conference should be specially convoked for that purpose or whether such revision should be considered at the next conference for the codification of international law.

The High Contracting Parties agree, that, if the present Protocol is revised, the new Agreement may provide that upon its entry into force some or all of the provisions of the present Protocol shall be abrogated in respect of all of the Parties to the present Protocol.

ARTICLE 14

The present Protocol may be denounced.

Denunciation shall be effected by a notification in writing addressed to the Secretary-General of the League of Nations, who shall inform all Members of the League of Nations and the non-Member States mentioned in Article 8.

Each denunciation shall take effect one year after the receipt by the Secretary-General of the notification but only as regards the Member of the League or non-Member State on whose behalf it has been notified.

ARTICLE 15

1. Any High Contracting Party may, at the time of signature, ratification or accession, declare that, in accepting the present Protocol, he does not assume any obligations in respect of all or any of his colonies, protectorates, overseas territories or territories under suzerainty or mandate, or in respect of certain parts of the population of the said territories; and the present Protocol shall not apply to any territories or to the parts of their population named in such declaration.

2. Any High Contracting Party may give notice to the Secretary-General of the League of Nations at any time subsequently that he desires that the Protocol shall apply to all or any of his territories or to the parts of their population which have been made the subject of a declaration under the preceding paragraph, and the Protocol shall apply to all the territories or the parts of their population named in such notice six months after its receipt by the Secretary-General of the League of Nations.

3. Any High Contracting Party may, at any time, declare that he desires that the present Protocol shall cease to apply to all or any of his colonies, protectorates, overseas territories or territories under suzerainty or mandate, or in respect of certain parts of the population of the said territories, and the Protocol shall cease to apply to the territories or to the parts of their population named in such declaration one year after its receipt by the Secretary-General of the League of Nations.

4. Any High Contracting Party may make the reservations provided for in the Article 6 in respect of all or any of his colonies, protectorates, overseas territories or territories under suzerainty or mandate, or in respect of certain parts of the population of these territories, at the time of signature, ratification or accession to the Protocol or at the time of making a notification under the second paragraph of this article.

5. The Secretary-General of the League of Nations shall communicate to all the Members of the League of Nations and the non-Member States mentioned in Article 8 all declarations and notices received in virtue of this article.

ARTICLE 16

The present Protocol shall be registered by the Secretary-General of the League of Nations as soon as it has entered into force.

ARTICLE 17

The French and English texts of the present Protocol shall both be authoritative.

In faith whereof the Plenipotentiaries have signed the present Protocol.

Done at The Hague on the twelfth day of April, one thousand nine hundred and thirty, in a single copy, which shall be deposited in the archives of the Secretariat of the League of Nations and of which certified true copies shall be transmitted by the Secretary-General to all the Members of the League of Nations and all the non-Member States invited to the First Conference for the Codification of International Law.

Germany

GÖPPERT
HERING

United States of America

HUGH R. WILSON

Austria

LEITMAIER

Belgium

J. DE RUELLE

Subject to accession later for the Colony of the Congo and the mandated territories.

Great Britain and Northern Ireland and all parts of the British Empire which are not separate Members of the League of Nations.

MAURICE GWYER
OSCAR F. DOWSON

Canada

PHILIPPE ROY

Irish Free State

JOHN J. HEARNE

India

In accordance with the provisions of Article 15 of this Protocol I declare that His Britannic Majesty does not assume any obligations in respect of the territories in India of any Prince or Chief under His suzerainty or the population of the said territories.

BASANTA KUMAR MULLICK

Chile

MIGUEL CRUCHAGA
ALEJANDRO ALVAREZ
H. MARCHANT

Colombia

A. J. RESTREPO
FRANCISCO JOSÉ URRUTIA

Cuba

Ad referendum.

DIAZ DE VILLAR
CARLOS DE ARMENTEROS

Denmark

F. MARTENSEN-LARSEN
V. LORCK.

Egypt

A. BADAOUI
M. SID AHMED

Spain

A. GOICOECHEA

France

PAUL MATTER
A. KAMMERER

Greece

Ad referendum.

N. POLITIS
MEGALOS CALOYANNI
JEAN SPIROPOULOS

Luxemburg

CONRAD STUMPER

Mexico

EDUARDO SUAREZ

The Netherlands

Exclude from acceptance Article 3:

Do not intend to assume any obligation as regards Netherlands Indies, Surinam and Curaçao.

V. EYSINGA.
J. KOSTERS.

Peru

M. H. CORNEJO

Portugal

JOSÉ CAEIRO DA MATTA
JOSÉ MARIA VILHENA BARBOSA DE MAGALHAES.
PROF. DOUTOR J. LOBO D'AVILA LIMA

Salvador

J. GUSTAVO GUERRERO

Sweden

Subject to ratification by his Majesty the King of Sweden with the approval of the Riksdag.

K. J. WESTMAN.

Uruguay

E. E. BUERO

Certified true copy.

For the Secretary General:

H. McK. WOOD,
Acting Legal Adviser of the Secretariat.

Mr. BORAH. Mr. President, this is a treaty designed to do away with the obligations of double nationality in the matter of military service. Perhaps as brief a statement as I could make of the treaty will be found in the statement made by Mr. Flournoy, the legal adviser of the State Department, which I read:

Mr. FLOURNOY. A brief statement of the substance of this treaty is found in the first three articles. Article 1 is the one in which the United States is principally interested, and especially with regard to persons born in the United States of alien parents. Such persons almost invariably possess not only the nationality of the United States acquired through birth in that country, but also a nationality of the country from which their parents come; so that they have double nationality. The object of this article is to enable such persons, when they have maintained a residence in one of the two countries and are principally attached to that country, in that way having practically made an election of the nationality of that country, to visit the other country for pleasure, business, or for any purpose, without being arrested and either compelled to perform military service or, as often happens, being imprisoned for failure to respond to a call for military service while still residing in the United States.

The question was asked him as to why this treaty was necessary. I was not aware, myself, that such practice was being indulged in by nations generally, but Mr. Flournoy advised me that there are a great many instances arising in which a party born in this country of foreign parents, having thereby a double nationality, in all probability, when going back to the country from which his parents came, is often forced into the military service. This treaty is designed to prevent that from being done.

The treaty was reported to the Senate without amendment, and the resolution of ratification was read, as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive H, Seventy-second Congress, first session, a protocol relating to military obligations in certain cases of double nationality, signed at The Hague April 12, 1930.

The resolution was agreed to, two-thirds of the Senators present voting in the affirmative.

TREATY RELATING TO TRANSPORTATION OF ALCOHOLIC LIQUORS THROUGH CANAL ZONE

The Senate, as in Committee of the Whole, proceeded to consider the treaty (Executive I, 72d Cong., 1st sess.), a convention between the United States of America and the Republic of Panama, signed at Panama on March 14, 1932, which has the purpose of allowing and regulating the transit of alcoholic liquors through the Canal Zone where the exportation of such liquors from the Republic of Panama or the shipment of them between points in Panama is now interfered with by the application of the liquor laws of the United States in the Canal Zone, which was read, as follows:

The President of the United States of America and the President of the Republic of Panama desiring, in accordance with the provisions of Article V of the Convention between the United States of America and the Republic of Panama for the Prevention of Smuggling of Intoxicating Liquors, signed at Washington, June 6, 1924, to modify the said Convention by adding to it an article which shall regulate transit through the territory of the Canal Zone, referred to in Article VI of the Treaty signed at Washington, on November 18, 1903, with respect to the shipment of alcoholic liquors from one point in the Republic of Panama to another point in the Republic of Panama, have decided to conclude a convention for that purpose and have appointed as their plenipotentiaries:

The President of the United States of America, Mr. Roy T. Davis, Envoy Extraordinary and Minister Plenipotentiary of the United States of America to the Republic of Panama; and

The President of the Republic of Panama, His Excellency Enrique Geenzier, Secretary for Foreign Affairs;

Who, having communicated their full powers found in good and due form, have agreed as follows:

ARTICLE 1

No penalty or forfeiture under the laws of the United States of America shall be applicable or attach to alcoholic liquors or to vehicles or persons by reason of the carriage of such liquors when they are in transit under seal and certificate by Panamanian authority from the terminal ports of the Canal to the cities of Panama or Colon or from the cities of Panama or Colon to the terminal ports of the Canal when said liquors are intended for exportation, or between the cities of Panama or Colon and any other points of the Republic or between any two points of the territory of the Republic when in any of these cases the direct or natural means of communication is through Canal Zone territory and provided that such liquors remain under the said seals and certificates while they are passing through Canal Zone territory.

ARTICLE 2

Article 1 of the present convention shall be deemed to constitute an integral part of the convention of June 6, 1924, and as such shall be subject to the provisions of that convention regarding modification and termination.

If the substance of Article 1 of the present convention be incorporated in any treaty which may hereafter be concluded between the United States of America and the Republic of Panama, the present convention shall automatically lapse when such treaty shall come into force.

ARTICLE 3

The present convention shall be ratified by the High Contracting Parties in accordance with the requirements of the constitutions of the United States of America and the Republic of Panama, respectively, and the ratifications shall be exchanged at Panama as soon as possible. The convention shall enter into force on the date of the exchange of ratifications.

In witness whereof, the respective Plenipotentiaries have signed the present Convention in duplicate, in the English and Spanish languages, both of which shall be authentic, and have hereunto affixed their seals.

Done in the City of Panama this fourteenth day of March, in the year of our Lord one thousand nine hundred and thirty two.

[SEAL.] ROY T. DAVIS.
[SEAL.] ENRIQUE GEENZIER.

Mr. BORAH. Mr. President, this treaty relates to the transportation of alcoholic liquors across the Panama Canal Zone by citizens of Panama, such liquors being in bond in process of shipment.

At the present time it seems that a great many controversies arise between our country and Panama by reason of the shipment of liquor belonging to citizens of Panama across the Canal Zone. The treaty provides that such shipment may be made, the liquor being in bond, and that is the sole purpose of the treaty.

I will say that had this treaty come to our attention prior to the Chicago convention, I think it would have formed an ideal platform, putting the liquor question in bond over the election.

The treaty was reported to the Senate without amendment, and the resolution of ratification was read, as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive I, Seventy-second Congress, first session, a treaty with Panama regulating the transit of alcoholic liquors through the Canal Zone, signed at Panama, March 14, 1932.

The resolution was agreed to, two-thirds of the Senators present voting in the affirmative.

NOTIFICATION TO PRESIDENT OF CERTAIN CONFIRMATIONS

Mr. NEELY. Mr. President, on June 15 the Senate confirmed the nomination of Hon. David D. Ashworth to be United States attorney for the southern district of West Virginia and the nomination of Hon. Harry A. Weiss to be United States marshal for the northern district of West Virginia. The President has not been notified of the Senate's action because there have not been two executive sessions, as required by the rules, since the nominations were confirmed. In order to avoid further delay, I ask unanimous consent that the Senate order that the President be promptly notified that the nominations which I have mentioned have been confirmed.

The PRESIDING OFFICER (Mr. HEBERT in the chair). Is there objection?

Mr. McNARY. Mr. President, let me inquire if that situation would be cured by an executive session to-day.

Mr. NEELY. No; it is necessary for the Senate to hold two executive sessions and there has been none since June 15.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. There being no objection, the President will be notified of the confirmation of the nominations referred to.

UNITED STATES SHIPPING BOARD—T. V. O'CONNOR

The legislative clerk read the nomination of T. V. O'Connor, of New York, to be a member of the United States Shipping Board.

Mr. McKELLAR. Mr. President, it is always a very unpleasant duty to object to the confirmation of any person whom the President sees fit to appoint, but in this case I think the Senate would be derelict in its duty in confirming a man so utterly unfitted for the performance of the duties of this high office as is Mr. O'Connor. Through a number of years he has appeared before our committee, and I doubt whether we have a more incompetent man performing any duties of like kind in the country.

One of the most flagrant things Mr. O'Connor and his associates on the board have done was the absolute loss of $22,000,000 through lending a trust fund in the Shipping Board to various shipping companies at a ruinous rate of interest. It is almost impossible to conceive that the president of any board intrusted with an enormous fund to be loaned out to shipping companies for the purpose of building ships would have entered into any such contract, and yet we find that the loss in interest rates alone amounts to at least $22,000,000. It is not necessary to read all the items, but I want to give some examples.

On July 10, 1931, the Dollar Steamship Line borrowed $5,287,500 at an interest rate of one-fourth of 1 per cent, and I want to give the excuses Mr. O'Connor offers. He offered two excuses, and the first one he offered I shall state; but first I want to read a provision found in the Jones-White Act:

All such loans shall bear interest at rates as follows, payable not less frequently than annually: During any period in which the vessel is operated exclusively in coastwise trade, or is inactive, the rate of interest shall be as fixed by the board, but not less than 5¼ per cent per annum. During any period in which the vessel is operated in foreign trade the rate shall be the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except postal-savings bond), and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request. The board may prescribe rules for determining the amount of interest payable under the provisions of this paragraph.

They did not prescribe any rules. It will be seen that an exception is made in reference to postal funds which are borrowed at a rate, I believe, of not exceeding 2 per cent. It is shown in the act itself, as equivocal as it is, as involved as it is, apparently purposely involved, that they did not intend to go below 2 per cent at any rate because they specifically excepted those obligations of the Government. It appears that occasionally the Government has to accept bills at a discount of one-fourth or one-eighth or one-half of 1 per cent, depending on the value of call money at the time.

When the act was passed we were lending money at 4½ per cent, and it is shown by the debates in both the House and the Senate that the purpose of the act was to lend the shipping companies money at about the same rate of interest, probably one-eighth of 1 per cent more than the rate of interest at which the Government got the money.

The purpose of it was to make it about 3½ per cent, that being the amount the Government got, and that was the argument in both the Senate and the House at the time. Yet the chairman of the Shipping Board got certificates from the Secretary of the Treasury with these remarkable figures, one-fourth of 1 per cent; the next contract, with the Export Steamship Corporation, in 1931, at three-eighths of 1 per cent; the Oceanic Steamship Corporation, $5,850,000, at three-eighths of 1 per cent.

Mr. HOWELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennesee yield to the Senator from Nebraska?

Mr. McKELLAR. I yield.

Mr. HOWELL. I would ask the able Senator for what period of time these loans were made.

Mr. McKELLAR. They were made for 20 years, and the difference between these rates on these several loans which I have enumerated on page 11715 of the RECORD of May 27, and what we should have received, amount to the enormous sum, in those 20 years, of $22,000,000. We are losing over a million dollars each year.

A man who is so incompetent as that should not be the chairman of the Shipping Board. By the way, I digress here long enough to give the first excuse Mr. O'Connor made for those remarkable rates. I happened to be examining him at the time, and he said, referring to me, "Senator, you caused all that." I said, "I caused all that?" He said, "Yes; you objected to an amendment to a bill which the board presented to the Congress to change that rate of interest."

Fortunately, the RECORD was just the other way. Fortunately, as the CONGRESSIONAL RECORD proved, the Shipping Board offered a bill over in the House and it passed the House without a word as to the change of rate, and when it got over to the Senate and before the Committee on Commerce my distinguished friend, the junior Senator from Michigan [Mr. VANDENBERG], learned in some way of these indefensible rates and offered an amendment in the Senate to correct it by charging 3½ per cent, as it was his duty to do. The Shipping Board and Mr. O'Connor had nothing to do with it, but it was done in the Senate, after the bill had been passed in the House without the provision by the Senator from Michigan, who is present here this afternoon and will verify what I am now saying. That was Mr. O'Connor's first excuse.

Mr. VANDENBERG. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. VANDENBERG. The Senator's chronology is entirely correct. I think perhaps it should be said that after I had brought this matter to the attention of the Shipping Board, thereupon the Shipping Board very readily expressed its willingness to have the situation corrected, which, in my judgment, the Shipping Board should have brought to the attention of the Congress, instead of Congress having to bring it to the attention of the Shipping Board.

Mr. McKELLAR. Of course, and I thank my friend for having called attention to it.

Mr. WHITE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Maine?

Mr. McKELLAR. I yield.

Mr. WHITE. Is it not proper also to state in this connection that the first certificate which came to the Shipping Board, fixing a rate of interest less than 3 per cent, came on March 31, 1930, and that this legislation was reported to the Senate within a very few days thereafter with the approval of the Shipping Board?

Mr. McKELLAR. Oh, no; the Senator is mistaken about that. It first came in the form of an amendment offered by the Senator from Michigan [Mr. VANDENBERG], as I recall, about June 2. When confronted with those facts, the same chairman of the board said, "Well, you would not let our bill go through." It seems he had some other bill in which he was interested. I had introduced an amendment to which he was very much opposed, and he met me in the hall and wanted to talk about it, but I turned away from him and told him I did not engage in trading and trafficking in legislation. That was the most he said, and yet he said that these losses were experienced because of the delay between June 2, when the Senator from Michigan caught this monstrosity, and the following January when the rate was changed.

As a matter of fact, there were but two loans made between June and the following January, when the interest rates were changed, and those were made at 3 per cent, notwithstanding what Mr. O'Connor had said that the law obligated them to accept these ridiculous rates of interest. When asked why they accepted the particular rates of interest, he could not explain. He was asked, "You did not have to loan the money?" He said, "No." "Why did you lend the money on that day when you felt you had to follow this remarkable statute?" He said, "Well, we just did." They could have fixed any day when it went into effect, but instead of that they just fixed the day when the smallest rate of interest went into effect.

I asked this question in the course of the investigation: "Mr. O'Connor, how does it happen you loaned to some at one rate and to some at another rate?" I asked one other witness, "How did it happen you did not get the lower rate?" I found one was paying an interest rate of 1½ per cent, when favored corporations, like the Export Corporation, was getting it at one-fourth and three-eighths of 1 per cent. He said, "We were there trying to get it at the lower rate, but they did not lend it to us at that rate. We had to pay 1½ per cent." He felt greatly wronged because they were charging him 1½ per cent when they were lending to favored corporations at lower rates, and the Export Corporation seems to have been one of the favored, because they got the very lowest rate of interest.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. I yield.

Mr. VANDENBERG. I want to be sure of the situation as I recall it. I completely agree with the Senator's reminiscence that the interest arrangement was an utter outrage on the Treasury of the United States and was indefensible in any way, shape, or manner. So far as the Shipping Board was concerned, technically it was bound by the terms of the law to make all loans on the basis of the certificate furnished by the Treasury Department.

If this section of the law was as outrageous as the Senator and I both agree that it was, though it has since been corrected as the Senator has indicated, I think the primary responsibility was on the Treasury of the United States, even before it was upon the Shipping Board, to have checked against any such back door to the Treasury, and that primary responsibility rests upon the Treasury for neglecting to have notified Congress that the change should have been made, and that technically and constructively the Shipping Board was bound to make the loans on the basis of the Treasury certificates.

Mr. McKELLAR. I agree with the Senator that the Treasury Department was derelict in its duty. The first obligation was upon the head of the Shipping Board. He was the man primarily intrusted with this trust fund. He above all others was responsible for this ridiculously low rate of interest and this enormous loss of $22,000,000 to the American taxpayers in the loans that were made.

Mr. HOWELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I yield.

Mr. HOWELL. I would like to ask the able Senator if the Shipping Board could have been compelled to make the loans?

Mr. McKELLAR. Oh, no; there was nothing in the world to compel them to do so.

Mr. HOWELL. It was in their discretion?

Mr. McKELLAR. Oh, yes; it was a matter in their discretion. They did not have to make the loan at all. They could have made it any day they pleased. They could have selected the day. If they wanted, in the interest of the Government, to have the loan made at 3½ or 3¾ or 3⅜ per cent under the Jones-White Act, that was reasonable enough. Everybody else was paying the same. They could have arranged when the interest rate went into effect and thus protected the Government in the matter. If Mr. O'Connor had been a faithful chairman of the board looking after the interests of the Government, he would have refused to make any loan except upon a reasonable rate of interest, as he had the right to do.

Mr. WHITE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Maine?

Mr. McKELLAR. I yield.

Mr. WHITE. I have no purpose and no desire to defend the rate of interest in some of these loans, but I do think it is fair to all concerned that the responsibility for them should be rightly placed. In my opinion the responsibility rests upon the Congress of the United States for the legislation. We wrote into that law the rule which should determine the rate of interest. Now, as a matter of fact, the first certificate from the Treasury Department to the Shipping Board calling for a rate of interest less than 3 per cent came on the 31st day of March, 1930. Within three weeks, certainly within less than a month thereafter, legislation was reported to this body changing that mandatory provision of law with respect to the rate of interest, fixing a minimum rate of interest at 3½ per cent, and that legislation rested in this Chamber for more than 10 months without enactment. If the responsibility is on anyone it is on the Congress of the United States and not upon the administrative officer.

Mr. McKELLAR. Oh, Mr. President, I have just stated to the Senate that there were but two loans made while the legislation was pending and neither one was made according to this act. If the position of the Senator from Maine is correct, then Mr. O'Connor violated the very law to which the Senator refers, because while that law was in force and while the other proposal was before the Congress for a greater rate of interest, Mr. O'Connor and his board let but two contracts and they charged 3 per cent without regard to their opinion about the law. So it makes no difference

which horn of the dilemma Mr. O'Connor takes, if he is trying to hide behind this makeshift of an interest rate, he violated it because he made two loans at 3 per cent while that was going on.

When Mr. O'Connor found that none of those excuses could be availed of he offered another one. What was that one? It was that they had gotten an informal opinion from the Attorney General of the United States that the first law, this equivocal provision about interest, required him to accept the certificate of the Treasury Department and he could not get around it. Mr. President, I have that provision here. I do not know whether the Attorney General ever rendered that opinion or not. A paper purporting to be an opinion to somebody else, an informal opinion as it was called, not signed by anyone, was indeed brought forth.

But the board never followed that opinion, never paid any attention to that opinion, and under that opinion, even if they had followed it, they would not have agreed to any of these rates of interest because that opinion specifically states they did not have to do it, that they need not make the loans at all if they wanted to refuse to do so, that they could reject the loans as they pleased, and it was not necessary for them to make them. Instead of it being a defense, that opinion is an absolute conviction of those people for permitting this rate of interest. I asked this question:

> The amount of the loan to the Dollar Line was $5,280,500 and the rate of interest was one-fourth of 1 per cent. How did that happen?

Mr. O'Connor replied:

> It happened as a result of a decision passed by the Attorney General and by a certificate from the Treasury Department that that was the rate of interest that day, and we had to lend the money out at that rate.

I digress long enough to say that while the bill was pending here they disregarded it entirely. Mr. O'Connor disregarded it and let the money out at 3 per cent; he made a contract with them at 3 per cent. He had a right to make the contract at any other time he pleased. He had the right to fix the rate of interest before he ever entered into any kind of a contract.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. Certainly.

Mr. VANDENBERG. I know the Senator wants to be entirely fair about it and our views are not very far apart. I have not examined my files, but my recollection is that I had one or two letters from the Shipping Board—I do not remember whether from Mr. O'Connor personally—during the pendency of my measure, urging that it be pressed because of the fact that certain loans were pending. I think that should be stated for the RECORD.

Mr. McKELLAR. I think that is true. I think after the board found that these remarkable rates of interest were known and were public property they undertook to hedge by asking for a so-called change in the law.

Let us go back now to the Attorney General's opinion. I said, "The Shipping Board was not compelled to loan money to any company." Mr. O'Connor assented that that was so. The responsibility of the Shipping Board for this interest rate is sufficiently shown in the comments at the end of a statement in the CONGRESSIONAL RECORD of May 27, 1932, at page 11372. The RECORD gives the whole matter, and shows that this man, who permitted this state of affairs, this raid upon the Treasury without authority of law, should not be confirmed.

The total amount of loans, made at interest rates ranging from one-fourth of 1 per cent to 3⅜ per cent, exceed $111,250,000.

Think of it—at rates of interest of one-fourth per cent, three-eighths per cent, one-half per cent, three-quarters per cent, five-eighths per cent, and 1 per cent we were lending money to shipping companies, and the Shipping Board was accepting these low rates of interest!

By the way, Mr. President, it is in accordance with the request of the Shipping Board, I understand, that a bill is now pending in the House of Representatives to declare a moratorium on these infinitesimal rates of interest, so that the shipping companies will not have to pay any interest for some time. I understand further—I do not know whether it is true—that the Shipping Board is seriously considering the question whether or not they themselves have not the right to extend such a moratorium. Yet we are asked to confirm the nomination of the man who was more responsible for it than anybody else, because he is the chairman of the Shipping Board.

Now let us see what the loss has been. The loss to the United States on interest account alone, for these loans, first, when compared with the 3½ per cent rate, prescribed as a minimum, will be over $18,000,000. In the next place, when compared with the amount the Government paid for the money—and the Government borrowed the money to lend to them—the loss will exceed $22,000,000. The interest rates on the loans were ¼ per cent, ⅜ per cent, ½ per cent, ⅞ per cent, 1 per cent, 1¼ per cent, 1½ per cent, 1⅞ per cent, and so forth. The record reveals the fact that the public officials concerned recognized that Congress never intended to allow the payment of such low rates, and that if these rates are legal the United States is the victim of complex language and highly technical rules controlling its application.

Again, as to the basis of such rates, it is claimed that the use of such low rates was due solely to the language of the law which I have quoted [reading]:

> During any period in which the vessel is operated in foreign trade the rate shall be the lowest rate of yield * * * of any Government obligation * * * outstanding at the time the loan is made by the board.

Let me now refer to departures from this test. Notwithstanding the explanation thus given, there appear in the list above, the following variations in the tests or rules applied: (a) Some loans, though made subsequent to the 1928 act entirely ignored this language of the law, and by its voluntary act expressly agreed on and fixed the rate of interest in the loan agreement, without certification of interest rate from the Secretary of the Treasury, and without respect to any test or "yield" (on whatever basis interpreted) prescribed in the law. At least as to five of the contracts there was a disregard of the statutory rate of interest.

Not only was the interest test prescribed in the law thus entirely ignored but the rate of interest thus voluntarily fixed by the board (not by accident or by oversight, but by formal resolution dealing specifically with the interest rate) was so low as the abnormal rate of one-half of 1 per cent per annum—and that for a period of 20 years! The average rate on the public debts of the United States is nearly eight times that rate.

Here was an official in charge of a sacred trust fund for building up the merchant marine of the United States lending the Government money at what? At one-eighth of the rate of interest that the Government had to pay for that money when it borrowed it, and it had to borrow it, and yet the Senate of the United States, the constitutional body that has to give its sanction to any appointment of this kind, is called upon to confirm the appointment of an official who participated in such transactions.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. I yield.

Mr. VANDENBERG. My recollection is that some one member of the board at the time of my original disclosure was particularly and personally charged with the responsibility for the loan section of the board. Does the Senator have any information as to what commissioner that was? I am very sure it was not Mr. O'Connor.

Mr. McKELLAR. I do not know, but Mr. O'Connor was chairman of the board; and, of course, it was all done with his knowledge, approval, and consent; and, as shown by testimony before the Committee on Appropriations, he took the responsibility; he was familiar with every detail; he made excuses in every way; he did not say that there was

any other member concerned about it, except as the board in general was concerned.

I wish to say that I think that not only should the Senate not confirm Mr. O'Connor but it ought not to confirm any member of the board who was responsible for this loss to the Government. In my judgment, they were unfaithful trustees.

Mr. VANDENBERG. Mr. President, I will say to the Senator, and then I will not interrupt him again——

Mr. McKELLAR. I am delighted to have the Senator interrupt me whenever he wishes.

Mr. VANDENBERG. That while I might not be impressed by his challenge of the administration of the law prior to its change by Congress, I am wondering whether or not the Government would not still be loaning money to shipping companies for almost nothing if I had not happened to stumble upon the circumstance or if some other Member of Congress had not happened to have stumbled upon it.

Mr. McKELLAR. I am just as certain as that I am standing here talking this afternoon that the Shipping Board, under the leadership of Mr. O'Connor, would be lending to the shipping companies of the country money at this ridiculous rate of interest right now if the Senator from Michigan [Mr. VANDENBERG] had not in some way—I do not know how, and I do not think he has explained how—as a member of the committee discovered the fact that these ridiculously low rates of interest were being charged and brought it to the attention of the country through his amendment. I know that the money would be loaned to-day just as it was then, and instead of $22,000,000 by this time we would probably have lost $100,000,000. Of course $100,000,000 does not mean much; our Budget has just been balanced; we know that putting a billion dollars' additional taxes on the American people does not mean very much, but just listen to how much it means to a shipping company such as one to which I have referred that is drawing a subsidy from the Government, a two-way subsidy, one involving money from this fund and another in the way of a mail subsidy.

The vice president of that company testified before our committee that the company was worth from $200,000,000 to $250,000,000; that it did not owe any bonded indebtedness; that it was paying dividends; that it was making money; that it was going on as usual; that it was discounting its bills; and yet the Government was lending it money at a fractional per cent interest, and in addition giving it over $1,200,000 as a bounty or subsidy, and, incidentally, that particular company flies more foreign flags than it flies American flags. That is what we are doing.

TAX ON GASOLINE AND LUBRICATING OIL

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I yield.

Mr. SMOOT. From the Committee on Finance I report House Joint Resolution 435, to amend the revenue act of 1932, and ask unanimous consent for its present consideration.

Mr. McKELLAR. I will ask the Senator if it will take any time?

Mr. COPELAND. Mr. President, I wish the Senator would not ask that the joint resolution be considered at this time.

Mr. SMOOT. I will say that if it is not passed to-day and made a law, then for every day thereafter there will be a loss on the tax imposed on gasoline under the recently passed tax law.

Mr. COPELAND. The Finance Committee is going to meet at 9 o'clock, as I understand, on Monday morning. I have had, and I think other Senators have had, protests from small dealers, and I think that before this matter is finally concluded by the Senate the Finance Committee should take into consideration the protests which have been entered against it.

Mr. SMOOT. I want to say that the condition in regard to gasoline and lubricating oil is exactly the same as the condition concerning rubber tires and tubes, and the Government will get no tax revenue for some time unless the change is made as provided in the joint resolution. We want to make the tax payable by those who hold the gasoline, and they are the ones who ought to pay it. If the Senator desires to object, of course, that is all right; I am perfectly willing that he should do so.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Oklahoma?

Mr. McKELLAR. I yield.

Mr. GORE. I will say to the Senator from New York that I understand the joint resolution exempts the small dealers.

Mr. SMOOT. It does.

Mr. GORE. Dealers having less than 25,000 gallons of gasoline are exempt.

Mr. SMOOT. It exempts every dealer having less than 25,000 gallons of gasoline and less than 1,000 gallons of lubricating oil. It protects every little dealer.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. One at a time. The Senator from Tennessee has the floor.

Mr. McKELLAR. I yielded to the Senator from Utah. I am perfectly willing to wait; I am a little tired now.

Mr. SMOOT. Mr. President, I have asked unanimous consent for the present consideration of the joint resolution.

The PRESIDING OFFICER. Is there objection?

Mr. WHEELER. Mr. President, I have not been able to find out what the proposition is. I can not tell whether or not I will object until I hear the measure read.

Mr. SMOOT. It involves exactly the same proposition as was before us in relation to rubber tires and tubes. In this case the tax will not apply to any holder who has less than 25,000 gallons of gasoline; but wherever it has been purchased or transferred by the big companies—and they transfer it by the millions of gallons—and is held by them, the tax will be applicable to them. Under the tax bill as it passed, there would be no tax paid at all.

Mr. COPELAND. Mr. President, I know nothing about it whatever, and I do not care anything about it; but when I receive telegrams from my State such as the brief one which I shall read, I feel that the matter deserves our attention. Here is a telegram dated to-day:

NEW YORK, N. Y., *June 17, 1932.*

Hon. ROYAL S. COPELAND,
Senator from New York, Senate Office Building:

This company is a New York corporation engaged in distributing gasoline from its terminal in Green Island, N. Y. It is not a producer or importer of gasoline under section 617 of the new tax law, but would be affected by proposed amendment taxing persons storing more than 25,000 gallons. This amendment is discriminatory in favor of the large oil companies for this reason. Large producing companies can always pass tax on to purchasers, whereas small independent companies who purchase cargoes in June, 1933, for distribution will pay tax to producers in that month and will be unable to collect the same from their customers in July, 1933. Proposed amendment thus results in equality and greatly favors large major oil companies. As New York citizens and taxpayers, we request you to oppose this amendment in the Senate. Its result is to burden the small independent distributors with 13 months of this taxation against the 12 months' duration intended by Congress and still operative in the case of the major companies who are producers as well as distributors.

HARTOL TERMINAL CORPORATION.

Mr. President, I have no disposition to delay this matter beyond the meeting of the Finance Committee on Monday. If at that time it is found that these small producers are taken care of, I have not a word to say; but for the present, Mr. President, I object.

Mr. SMOOT. Mr. President, I ask leave to withdraw the report, so that the joint resolution may go back to the Finance Committee.

Mr. McKELLAR. If it is going to take any more time, I will not yield any further.

Mr. McNARY. Mr. President, a parliamentary inquiry: Was objection made to the request of the Senator from Utah?

Mr. COPELAND. Yes; I made an objection.

The PRESIDING OFFICER. The Chair understood the Senator from New York to object to the request.

UNITED STATES SHIPPING BOARD—T. V. O'CONNOR

The Senate, in executive session, resumed the consideration of the nomination of T. V. O'Connor, of New York, to be a member of the United States Shipping Board for a term of six years from June 9, 1932.

Mr. McKELLAR. Mr. President, to show how Mr. O'Connor and his board acted in reference to these contracts that were made, it is found that in some of the contracts that I have already enumerated the rate was determined by the coupon interest rate of the security, used as a test; that is, the rate of interest the obligation yielded on the basis of its initial sale by the United States, when issued; in other words, the rate paid by the Government. On the other hand, the board sometimes applied a rate, as in items 1, 2, 3, 4, 10, 12, 13, 18, and others, which rate was determined by the market price of the obligation used as a test, as of the day the loan was made, and as revealed in transactions between third persons, hence having no bearing whatever in determining or revealing the interest cost of that obligation to the United States.

In item 1, for instance, the "obligation" bore on its face and (as it was issued at par) actually cost the United States an interest rate of 3½ per cent, and yet it was certified in support of an interest rate of one-fourth of 1 per cent—at a time when the public debt of the United States was costing the Government nearly sixteen times that rate.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. I do.

Mr. VANDENBERG. Would not that be a challenge to the Treasury, which issued the certificate, rather than to the board, which paid the money?

Mr. McKELLAR. Yes; but my heavens! The board, as trustee, had this $175,000,000, or $325,000,000 I believe it is now, in its hands. When an interest rate like that was certified to it, where was the counsel of the Shipping Board, the man that the American Government is paying $18,000 a year to pass upon these questions? It was the duty of the Shipping Board to present such a matter to its counsel; and, if it had done it, and if the counsel was worth one-third—nay, if he was worth one-sixth—of what we were paying him at the time, he would have advised the chairman of the Shipping Board against any such rate of interest. In other words, we were lending this money out at one-sixteenth of the rate of interest the Government was paying, in some instances!

Although the law used complex terms in prescribing an interest test, it made possible an application of the rule of reason by also providing, immediately following the complex language—section 301 (d):

> The board may prescribe rules for determining the amount of interest payable under the provisions of this paragraph.

Thus supplementing the control resulting from the fact that the grant of any loan was wholly discretionary. The board, however, did not exact any rule covering the point. It did not have to make any rule. It did not have to lend a dollar of this money unless the borrower complied with its terms.

Now, as to the recommendation of the Secretary of the Treasury; and I call the attention of the Senator from Michigan to this: The Secretary, believing that the rates certified were not in accord with the intent and policy of Congress, suggested that the board arrange the loans on the basis of a contract interest rate and thus obtain a reasonable and a substantially uniform rate of interest.

Mr. VANDENBERG. What was the date of this particular transaction?

Mr. McKELLAR. This was early, when the Shipping Board first made the application for a certificate. The Treasury Department—and, as I remember the testimony, Mr. Mellon—said that it was virtually inconceivable that this money should be lent on any such rate of interest as that. He certified the lowest rate of interest, but he did not pass upon whether it was proper to lend the money at that rate, except to say to the Shipping Board that it ought to be changed. That was in the early stages of the matter; and yet they introduced the bill in the House without saying a word about it; and if it had not been for the unusual and splendid services of the Senator from Michigan [Mr. VANDENBERG], it would not have been caught up with to this date.

Mr. VANDENBERG. That is what I was getting at. This was before I submitted my proposal?

Mr. McKELLAR. That was before the Senator's proposal.

The board explains its abandonment of this suggestion by a legal opinion from the Attorney General, which on its face expressly mentions it is "informal." Assuming it had been a formal opinion, intended as a basis of final action——

Mr. DAVIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Pennsylvania?

Mr. McKELLAR. I do.

Mr. DAVIS. I notice in the hearings before the Subcommittee on Appropriations of the United States Senate, on April 15, page 784, that the chairman of the United States Shipping Board sent to the Attorney General Senator VANDENBERG's letter; and then further, on page 787, on July 7, in response to a request of Secretary Mellon, Chairman O'Connor went to Secretary Mellon's office, and there they discussed the matter; and in that particular communication from the chairman to Commissioner Cone he said that the Secretary of the Treasury was very friendly to the increase in rates; and all through this hearing I find that Mr. O'Connor himself was anxious to increase the rate of interest.

Mr. McKELLAR. Oh, no, Mr. President!

Mr. DAVIS. I do not think we should place all of that responsibility upon Mr. O'Connor, because it will be noticed at the bottom of page 787 that Mr. O'Connor said, in answer to a question of the Senator from Utah [Mr. SMOOT]:

> This letter is addressed to the committee on construction loans, Commissioners Cone, Plummer, and Benton.

Those three commissioners were the committee on construction loans, and I hardly think it is fair that we should charge it all up to Mr. O'Connor.

Mr. McKELLAR. Well, if just one-third of it was charged to Mr. O'Connor—and, of course, he is chargeable with one-third—it would be ample to prevent his confirmation in this body, if we protect the interests of the Government.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Montana?

Mr. McKELLAR. Yes; I yield.

Mr. WHEELER. I have not got this quite clear in my mind. At what rate of interest did they loan money to the shipping companies?

Mr. McKELLAR. I will give that to the Senator again in just a moment. I do not think I went into the matter as thoroughly as I should. I will give it to the Senator.

There were a great number of these loans. Remember, there was $112,000,000 lent out. Of course, $112,000,000 is just a little money for the United States Government, notwithstanding the fact that we have not any in the Treasury, and notwithstanding the fact that we are three billions behind for this year alone. One hundred and twelve million dollars is not much, but that is what Mr. O'Connor paid out to the shipping companies at these rates of interest:

Dollar Steamship Line, $5,287,500 at one-quarter of 1 per cent. That line does not need any such largess as that. It does not need any such subsidy as that, and yet that is what was done.

The Export Steamship Corporation—Mr. George Herberman—$1,705,000 at three-eighths of 1 per cent.

The Oceanic Steamship Corporation, $5,850,000 at three-eighths of 1 per cent.

The Export Steamship Corporation—Mr. Herberman's company, again—$1,725,000. Why, he had to pay one-half of 1 per cent interest this time. If any Member of this body wanted to borrow money, he could not borrow it for less than 6 per cent, probably; but Mr. O'Connor, having un-

limited funds of the American Government, acting as trustee, lent out this money to Mr. Herberman, of the Export Steamship Corporation, at one-half of 1 per cent for 20 years, if you please—20 years.

Mr. WHEELER. Mr. President, the reason why I asked the Senator to repeat that was because of the fact that I thought he must be in error. I could not conceive that that was true.

Mr. McKELLAR. It is inconceivable, as the Secretary of the Treasury said; and I am going to read his statement in just a minute. The Senator from Pennsylvania called my attention to it, and I want to read it; but I want to get before the Senate these rates of interest and the great amount of these loans, and I am glad the Senator asked me that question.

I will read just a little further:

United States Lines, $7,875,000 at one-half of 1 per cent.

Again, United States Lines, $7,875,000 at one-half of 1 per cent.

Motor Tankship Corporation—that was not such a big corporation; it did not have so much influence—and this board actually charged it the enormous rate of seven-eighths of 1 per cent interest.

The Dollar Steamship Lines: Something must have happened to old man Dollar. He got the first $5,287,500 at one-quarter of 1 per cent; but a little later, on October 1, 1931, he got another $5,287,500, and had to pay the enormous rate of 1 per cent for 20 years.

The next one is a loan to the Export Steamship Corporation, Mr. Herberman, of $1,725,000 at 1¼ per cent.

New York & Puerto Rico Steamship Co., $1,896,000 at 1¼ per cent.

Export Steamship Corporation, $1,725,000 at 1½ per cent.

Motor Tankship Corporation, $1,260,900 at 1⅞ per cent.

Oceanic Steamship Co., $5,850,000 at 2 per cent. I think it was the Oceanic Steamship Co.'s vice president that I asked a question about this interest rate. When I found that he had to pay the enormous sum of 2 per cent interest on the money that he borrowed for 20 years I asked him where he was when the one-quarter of 1 per cent money was going around. He said he was standing in the door, but he could not get any of it; that he had to pay 2 per cent for his.

Now I come to the Tidewater Co. The Tidewater Associated Transportation Co. borrowed $1,301,000 at 2⅜ per cent.

The Motor Tankship Corporation, $1,260,900 at 2⅜ per cent.

The Atlantic, Gulf & West Indies Lines, $3,262,500 at 2⅜ per cent.

The Bulk Transportation Co., $396,750 at 2⅜ per cent.

The Dollar Lines got a batch of only $225,000 at 2⅝ per cent, and they were actually compelled to pay it back in 15 years.

Mr. WHEELER. Mr. President, will the Senator yield for a question?

Mr. McKELLAR. I yield to the Senator.

Mr. WHEELER. Will the Senator tell me what provision there is in the law, if any, that permits the Shipping Board to do that?

Mr. McKELLAR. The Senator may not have been in the Chamber when I referred to the fact that the law provided that they should lend this money, up to the time of the passage of the Jones-White Act, which was May 22, 1928, at 4½ per cent. Heaven knows that was cheap enough. That was cheaper than anybody else was borrowing money for, except the Government, and the Government had to pay an average of a little less than 3½ per cent, about 3.39 per cent.

A bill was introduced, and it was said that the Government ought to favor these companies, that they were charging them too much, that we ought to let them have the money at the same rate the Government paid for it, so this remarkable interest provision was inserted in the Jones-White Act. I want to say that it is the most remarkable provision of law I ever saw on the statute books in my 21 years of experience. I will not characterize it; I will just read it, and let other Senators characterize it. I am just going to read the act, but it is like some other instruments I have seen, it would take a Philadelphia lawyer to construe it after I read it. But let every Senator pass on it as he will. Listen to it.

All such loans—

Mind you, the purpose was to bring it down to within one-eighth of a per cent of what the Government paid for money generally. It was argued on the floor of the House and it was argued on the floor of the Senate that it would mean a reduction of about 1 per cent, that it would bring the interest rate that these companies paid down to about 3½ per cent, and this is the way they propose to do it. Instead of saying that the rate of interest should be 3½ per cent, instead of finding out what the average rate of interest was, and applying that rate, they applied it in this way:

All such loans shall bear interest at rates as follows, payable not less frequently than annually: During any period in which the vessel is operated exclusively in coastwise trade, or is inactive, the rate of interest shall be as fixed by the board, but not less than 5¼ per cent per annum.

If a company was engaged in doing American business, the interest was 5¼ per cent, but if it was engaged in doing foreign business, this is the provision:

During any period in which the vessel is operated in foreign trade the rate shall be the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except postal bonds)—

Everybody knows that postal bonds bear a 2 per cent rate, or about that. So it was shown that it should not be less than that, by the use of the words "postal bonds." I read further—

and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request. The board may prescribe rules for determining the amount of interest payable under the provisions of this paragraph.

That is a very involved statement.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. WHITE. The Senator spoke of this as being the most extraordinary piece of legislation he had ever seen. I can not help calling his attention to the fact that practically a year after this was written into the law the Senator voted for identically the same provision in the cooperative marketing act, by which the rates to be paid by farm cooperatives was fixed.

Mr. McKELLAR. That may be true. The farm marketing act was copied from this, I have no doubt, but that provision was never called specifically to my attention. I have no defense on that ground, for a man ought to know what is in a bill when he votes for it; but it was there, and when I voted for it I made a mistake about it. The farmers never got money at that rate. I think there were 11 insolvent cooperative associations in the country dealing in cotton, and they may have gotten it. They have been engaged in gambling on the cotton market in New York and in other places, spending the Government's money in the same way that the Shipping Board has been spending the Government's money, possibly in a little different way but almost as indefensible. It may have been that those associations got money at that rate, but no farmer in this land had the advantage of any such rate of interest. There was no farmer in this land who did not have to pay all the way from five to sixteen and perhaps eighteen times as much for any money he got. The associations, the favored associations, which the Government had set up to take over the cotton business—and I am speaking of cotton associations and cooperative cotton associations—may have gotten it, favored by the Government, just as these shipping companies were favored by the Government. They may have gotten it, but not a farmer in the United States ever got such a rate.

If what I have to say about it should ever be read by any farmer who ever got any such rate, I hope he will write

Members of the Senate and tell them; but I know that no farmer ever got such a rate as this.

Mr. BLAINE. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. BLAINE. As I recall, when the marketing act was before the Senate it was I who offered the provision relating to the interest rate——

Mr. McKELLAR. I did not know that. I thank the Senator for calling my attention to it.

Mr. BLAINE. To make it correspond to the rate of interest charged under the jurisdiction of the Shipping Board. But after that provision had been written into the law, then they rigged up a situation by which they deprived the cooperatives of money at that low rate of interest.

Mr. McKELLAR. I understand some cooperative did get money at a small rate of interest. I imagine they were like the shipping companies favored by the Shipping Board. Some of them were favored, and some of them had an entrée into the administration of the Farm Board, and may have gotten money at the low price, but no man who toils with his hands and makes his living by the sweat of his brow, no farmer, ever got any such rate of interest from the cooperatives who loaned money to him.

Mr. BLAINE. The Senator is correct in that, and, moreover, the money was not loaned to the cooperatives at the rate of interest to which they were entitled.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McKELLAR. In just a moment. Will the Senator from Wisconsin explain what rate of interest the cooperatives paid?

Mr. BLAINE. The cooperatives were charged a rate of interest according to the rules of the Stabilization Corporation, or some other organization that was set up and loaned the money to the cooperatives.

Mr. McKELLAR. Does the Senator recall what the rate of interest was? I had not investigated that feature of it. Does the Senator recall what the cooperatives paid?

Mr. BLAINE. They paid a very high rate of interest, with a very few exceptions, but I do not recall any cooperative that received rates of interest as low as those offered by the Shipping Board.

Mr. WHITE. Mr. President, will the Senator from Tennessee yield?

Mr. McKELLAR. I yield.

Mr. WHITE. As a matter of fact, under the operation of the farm marketing act, out of the revolving fund set up, there has been loaned to these cooperatives, roughly, $928,000,000, and the average rate of interest on those loans is 1.7 per cent, and the interest rate on some of the loans has been as low as one-eighth of 1 per cent. That is the fact about that.

Mr. McKELLAR. Mr. President, if that is the fact about it, the cooperative associations, these 11 insolvent cooperative associations to which the Government loaned that enormous sum, have treated the farmers more outrageously than ever I thought they had done. That is the only way to describe it, because they have loaned money to the farmers at 5½ and 6 per cent, and sometimes even at higher rates than that, I am informed.

Mr. WHEELER. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. WHEELER. I would like to ask the Senator from Maine if he places the construction upon this act to the effect that it permits the loaning of money to these shipping companies at one-eighth of 1 per cent?

Mr. WHITE. I thought I might say something about this, and I do not like to interrupt the Senator from Tennessee——

Mr. McKELLAR. I will ask the Senator not to make a speech, but I would be very glad to have him answer the question.

Mr. WHITE. I am bound, in truthfulness, to say that this provision of law has worked out differently from what I ever anticipated it would work out, but I do not hold responsible for these low rates of interest the administrative officers. I think the responsibility rests upon the Congress, for we wrote into the statute, not the rate of interest but the arbitrary rule by which the rate of interest should be determined. The rate of interest was different from what any of us anticipated, but I do not think that invalidates the law. It may impeach our judgment as legislators.

Mr. WHEELER rose.

Mr. McKELLAR. Mr. President, before I yield to the Senator from Montana, I want to say that the first answer to what the Senator from Maine has said is that the Congress is not responsible for it because it did not know anything about it; and the chances are a hundred to one that they never would have known anything about it if it had not been for the astuteness and the devotion to public duty of the distinguished junior Senator from Michigan [Mr. VANDENBERG], who caught up with it. It was never stated by the board to any Member of Congress until a Member of Congress happened to find it out; and then it was admitted that the rates of interest were indefensible, and excuses were being sought in every way.

The other answer to it was that the board did not carry out the law. They loaned to some companies at a quarter of a per cent, and three-eighths of a per cent, and half of a per cent; and they loaned to other companies during the same period, and especially between June, 1930, and January, 1931, they made loans, where the rate was fixed by contract, and they could have fixed the rate of every one of the loans by contract at 3 per cent because they had a right under the law to do so.

I now yield to the Senator from Montana.

Mr. WHEELER. I am not quite clear in my own mind—and perhaps it is my own fault—as to how, even under the statement of the Senator from Maine, the board could lend money at one-eighth or one-quarter of a per cent.

Mr. McKELLAR. One-quarter of a per cent was the lowest.

Mr. WHEELER. I am not clear as to how they could arrive, even under the law and under the Senator's statement, at the figure of a quarter of a per cent.

Mr. McKELLAR. I will tell the Senator how it was. Wealthy men in various parts of the country having money that they did not want to lend out to private parties, especially in these troublous times, would lend it to the Government at a quarter of a per cent, or three-eighths of a per cent, and the Government issued bills for it. It was not an interest rate; it was a discount rate. The Government just accepted the money and paid this nominal rate of interest while it used the money. Wealthy men, wealthy institutions, who did not want to put their money even in bonds, and did not want to put it out in business, and did not want to put it out for any industrial purpose, or any other purpose, believing the Government to be the safest depository, would lend the money to the Government on the Government's bills at a discount of a quarter of a per cent, and that subterfuge was used by the chairman of the Shipping Board and his associates for fixing a rate of interest for 20 years at the low figure I have mentioned.

These bills, as they were called, where the Government accepted the money and paid that small rate of interest, were for a very short period of time, perhaps 30 days or 60 days, or on demand. The bills were not in that sense obligations of the Government. They were not the kind of an obligation of the Government that was referred to in the act, as is shown by the exception that was made, that the board was not to consider the 2 per cent interest on postal bonds.

Mr. WHEELER. I think the Senator is absolutely correct, and I think it is quite clear from the Senator's statement that what these men did was to violate the provisions of the law itself.

Mr. McKELLAR. Of course.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield further to the Senator from Montana?

Mr. McKELLAR. Certainly.

Mr. WHEELER. I think any of these executive boards that come in here and admit that they loan money in viola-

tion of the provisions of law and through means of a subterfuge, instead of being here asking for confirmation, ought to be investigated. In fact, what ought to happen is that they should be impeached. If the Senator will pardon me further——

Mr. McKELLAR. I am glad to yield.

Mr. WHEELER. I think one of the wickedest things that has come to my attention since I have been in the Senate is the way of these men going out and loaning Government money for a 20-year period for one-fourth of a per cent. It is not only wicked, but in my judgment it is unlawful under the provisions of the act and can not be justified. I think the Senator, or whoever brought it to the attention of the Senate, deserves the praise of the Senate. I am surprised that the President of the United States would have the temerity to send the names of these men in and ask that they be confirmed.

Mr. McKELLAR. I understand the President has the record of Mr. O'Connor and that it was not sent in with his nomination. It seems to me if that is true, though I do not know whether it is true or not, that record ought to be sent to the Senate so we might examine it.

I want to propound a question to my friend, suggested to me by something he just said. If Mr. O'Connor was the president of a corporation and secretly loaned a trust fund at any such rate of interest as one-fourth of 1 per cent, and he had given a bond faithfully to carry out his trust, why would he not be liable as a matter of law?

Mr. WHEELER. I would be inclined to think that he would be liable. I would like to ask the Senator whether the Attorney General of the United States was ever asked by the Shipping Board to render an opinion before they loaned this money?

Mr. McKELLAR. No; it seems not. If the Senator will pardon me, I have the facts right before me in reference to that matter and they come next in the statement I am endeavoring to make.

The chairman of the Shipping Board first tried to hold me responsible for these rates because I would not agree to an amendment to some bill that he wanted adopted. When he found that I would not agree to that, he then fell back on the act and said he was compelled by the act to do it. When he found that was not a good excuse, that he did not have to lend the money at any specific rate of interest, but could have waited until such time as he chose to do it, then he fell back on what was called an informal opinion of the Attorney General, and I want to give the facts about that right now.

The Secretary of the Treasury, believing that the rates certified were not in accord with the intent and policies, suggested that the board arrange the loans on the basis of a contract interest rate and thus obtain a reasonable and a substantially uniform rate.

Remember, Mr. O'Connor first said he was bound by the certificate of the Treasury. Instead of that being the case, the Secretary of the Treasury did not approve of that rate and suggested another rate under the law providing for a reasonable rate.

The board explains its abandonment of this suggestion by a legal opinion from the Attorney General, which on its face—by the way, it was just a copy of something. Whether it was a real opinion of the Attorney General nobody knew. On its face it expressly mentions that it is "informal." Assuming it had been a formal opinion, intended as a basis of final action, the fact remains that such judicial or quasi-judicial bodies as the Interstate Commerce Commission and the United States Shipping Board are not, for reasons too obvious for comment, subject to or estopped by rulings or opinions of the Attorney General, hence responsibility can not be transferred to the Department of Justice. Such quasi-judicial bodies are charged with direct interpretation of laws affecting matters in their jurisdiction, subject only to judicial decisions as precedents, and subject to reversal only by the courts when wrong.

I digress long enough to say that Mr. O'Connor first tried to turn it off on me and made a woeful failure. The Senator from Michigan [Mr. VANDENBERG] gave the facts that show it was a libel upon me for the suggestion to be made. Then Mr. O'Connor undertook to place the blame on the Secretary of the Treasury and we produced his own letter from the Secretary of the Treasury in which the Secretary of the Treasury recommended another course. Then he attempted this subterfuge and that subterfuge, and finally came to the Attorney General and tried to put it on the Department of Justice. That could not be done. Mr. O'Connor had the services of an $18,000 a year lawyer, reputed to be a very excellent lawyer, receiving more than the Attorney General received. He ought to be a good lawyer. The Attorney General gets $15,000 a year, while the attorney for the Shipping Board gets $18,000 a year. Where was the attorney for the Shipping Board when the chairman was about to turn over to these shipping companies $22,000,000 of money belonging to a sacred trust fund? Where was his opinion? He was as silent as the grave. So far as the record shows he was never asked for an opinion. Yet Mr. O'Connor tried to "pass the buck" to the Department of Justice—first to the legislative branch of the Government and next to the Department of the Treasury and finally to the Attorney General.

Although the opinion previously mentioned is cited by the board in support of the procedure it followed, resulting in these abnormal rates, that opinion deals only with the right of the board to impress a higher rate on the borrower, and does not remotely negative the right of the board to refuse the loan; nor is it inconsistent with the applicant availing himself of the fundamental right of the citizen to waive a provision of civil law for his benefit and to enter into contract obligations accordingly—a basic right which obviously underlaid the recommendation of the Secretary of the Treasury.

Mr. O'Connor took the Dollar Line, which certainly needed no gift from the Government, and made this loan to them. It is one of the wealthiest corporations in the land, yet it received money at these low rates of interest, borrowing enormous sums, getting subsidies of millions of dollars a year from the Government with a bankrupt Federal Treasury. It got the money at these low rates without any complication, and the board counsel never was asked for an opinion. The Dollar Line got that loan secretly; it was disclosed to no one. I would not like to say this was a fraudulent transaction, but it is about as near a fraudulent transaction as I have ever known of not to be one.

Mr. WHEELER. In other words, if it is not fraudulent, it has all the earmarks of being fraudulent.

Mr. McKELLAR. Yes; it has all the earmarks and all the appearances of being fraudulent. It certainly is fraudulent in law whether intended to be fraudulent or not.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Montana?

Mr. McKELLAR. Certainly.

Mr. WHEELER. I rose to say to the Senator that I think the facts he has uncovered here are such that as a matter of fact a further investigation ought to be made into the matter to discover whether or not there was not actual fraud and corruption in the lending of this money to the different shipping companies. I am not blaming the shipping companies for getting the money at as low rates as they could, but it is inconceivable to me that men intrusted with the custody of Government funds should act in the way these men have and loan the money out with such recklessness, without there being something at the bottom of it that has not been disclosed.

Mr. McKELLAR. The poor, drought-stricken farmers down in my State and in various other States are borrowing money at 6 and even 8 per cent, and glad to get it—giving collateral, too, much better than was given here, because the Government loaned to the amount of three-fourths of the value of the ships that were built—not only three-fourths of the value of the ships built but of all the improvements on those ships, including the furnishings, the kitchen ware, the table ware, and I understand that in one case they

furnished three-fourths of the necessary money to build a hotel in a foreign port, and that was loaned at one-fourth of 1 per cent interest.

While the Government is treating these favored corporations in that way, what is it doing to the people to whom it loans money elsewhere? It is charging 6 per cent, and in some cases 8 per cent, and the people are glad to get it. It is indefensible that money should be loaned to these shipping companies at these low rates. I do not see how any Senator believing in a fair deal for his country can vote his approval of an unfaithful officer who would lend this money out secretly. Just remember that. It was never brought to light until the Senator from Michigan [Mr. VANDENBERG] brought it to light through the introduction of an amendment to a bill that endeavored to correct it, and did correct it finally.

Even now the shipping companies get the money cheaper than any other class of our citizens can borrow. They get it at 3½ per cent, or at the same rate the Government pays for its money. Yet the members of the Shipping Board secretly, behind closed doors, made a contract to loan this money for 20 years at one-fourth or three-eighths of 1 per cent under an illegal interpretation of the law and without even asking their own counsel for an opinion. That should have been the first thing Mr. O'Connor thought of doing as a faithful trustee when he was asked for a loan. The first thing he should have done would have been to call in his lawyer and ask for his opinion, because he had a lawyer whom he was paying $18,000 a year. But he did not even ask his lawyer for an opinion when he was making this loan of $22,000,000 of his Government's money under these long-time contracts.

Mr. President, I do not believe I can conclude this afternoon. This is a very important matter. I think it is one of the most important matters that has come before the Senate in the form of confirmation of nominations. I think as a matter of principle and as a matter of right and as a matter of justice the nominee should not be confirmed. I would like to ask the Senator from Oregon [Mr. MCNARY] if he can see his way clear to letting it go over until next week, when we can probably finish it in a short time. I will try to make my remarks more concise then and get through quickly.

Mr. MCNARY. Mr. President, I have no desire nor has any other Senator to press the able Senator from Tennessee, who has been ill. It probably could be arranged for us to continue the discussion of this matter after 5 o'clock on Monday. How long does the Senator think it will take him to conclude?

Mr. MCKELLAR. I do not think it will take me very long to conclude.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. MCKELLAR. Certainly.

Mr. COPELAND. Would the Senator be willing that I should make some response to what he has said thus far?

Mr. MCKELLAR. That would be agreeable if the Senator, before he proceeds, will let me read a letter.

Mr. MCNARY. Is it the desire of the Senator from Tennessee to have a vote to-day?

Mr. MCKELLAR. Oh, we can not get a vote to-day. That would be impossible.

Mr. MCNARY. That question has been propounded to me many times, and I should like to know in order that I may inform Members who may desire to leave the Chamber.

Mr. MCKELLAR. It will be impossible to get a vote this afternoon. I know of two or three other Senators who wish to submit some argument in connection with the nomination.

Mr. MCNARY. Does the Senator from New York desire to proceed to-day?

Mr. COPELAND. I understand the Senator from Tennessee wishes to read a letter before I proceed.

Mr. MCKELLAR. I want to invite the attention of every Senator to this letter. It absolutely disposes of the so-called certificate from the Treasury Department. It is written by Mr. O'Connor himself to Commissioner Cone and is dated July 7, 1930. This is what Mr. O'Connor says:

> In response to a request of Secretary Mellon, I visited his office this afternoon and had a conference with the Secretary, the Assistant Secretary, Mr. Hope, and the solicitor concerning the letter of July 1, which I had written them with regard to the interest rate on construction loans, in which it was suggested that the opinion of the Attorney General be obtained concerning the interpretation of the law as to the "yield" of Government securities.
>
> The Secretary was very sympathetic and anxious to do something to protect the Government against loans at ridiculously low rates of interest.

Here we have the chairman of the commission conferring with the Secretary of the Treasury, and the Secretary of the Treasury saying to the chairman of the committee that these were "ridiculously low rates of interest."

> He thought that a request on the Attorney General for an opinion would undoubtedly bring a confirmation of the position which they had taken, notwithstanding they felt that it was not the intention of Congress that money should be loaned at such low rate as results from the position taken in the past.
>
> They suggested—

That is, Mr. Mellon and Mr. Hope—

> that the Shipping Board should take the position that 3 per cent would be the rate, and that it be handled as a matter of agreement between the borrower and the Shipping Board, in which event nobody would be allowed to complain.

That is Mr. O'Connor giving the statement of the Secretary of the Treasury. I am glad the Senator from Michigan is present, because he asked the question if the Secretary of the Treasury was not more to blame than the chairman of the board. Here is the Secretary of the Treasury saying that the chairman of the Shipping Board should make a contract rate instead of lending money at a rate of interest which was comparatively nothing.

> And in view of the fact—

This is Mr. O'Connor writing—

> And in view of the fact that the administrative officers would be a party to loaning money for 20 years at a ridiculously low rate, which loans we were not bound to make at all under the law, that the parties thereto agree to a specific rate.

Here is the chairman of the Shipping Board saying that they did not have to make any loan under the law and the Secretary of the Treasury advised him that the rate ought to be specified by contract. Why did he not do it? Instead of following the advice of the Secretary of the Treasury, instead of following that which Mr. O'Connor himself said was right, he listened to the siren voice of friends who wanted the money at low rates of interest, and he loaned it to them at the expense of the American public.

> They also suggested that in such case it would be better for the Shipping Board not to ask for a certification from the Treasury.

They did not have to ask for a certification of the Treasury; there was nothing in the law that obligated them to do so:

> They also suggested that in such case it would be better for the Shipping Board not to ask for a certification from the Treasury, but to proceed to fix a rate by agreement between the borrower and the board without such certification.
>
> In other words, they thought that a ruling by the Attorney General would make it all the more difficult to handle the matter in this way, as the Attorney General would undoubtedly sustain the position which the Treasury felt they were forced to take as to the interest under the law.
>
> T. V. O'CONNOR, *Chairman.*

It was the advice of the Treasury Department, and afterwards the advice of the Department of Justice, in the informal opinion of the Attorney General, that the board had a right to make contract with them, the shipping companies, and ought to do it. Yet he disregarded that advice and continued secretly to make contracts at these ridiculously low rates of interest, costing the American people and the American Government $22,000,000 on the amounts that were loaned.

It is indefensible. No man should be restored to an office of this kind who has so flagrantly violated his duty to the American people and to the American Government. He is

an unfaithful trustee and his nomination ought not to be confirmed by this body.

I do not know how Senators feel about it; I have talked to practically none of them concerning it, but my own view is that no man who loves his country and wants to see its rights protected, especially at a time like this, would have taken such action. We ought to be careful about placing in office, especially offices to which such tremendous powers are attached, to injure the Government, men who fail to carry out the duties of trustees.

Mr. WHEELER. Mr. President——

Mr. McKELLAR. I yield to the Senator.

Mr. WHEELER. I merely wish to make an observation. While they were drafting the Republican platform in Chicago one thing they ought to have done was to put a plank in the platform praising the services Mr. O'Connor and the other members of the Shipping Board had rendered the country by loaning to shipbuilders money at low rates of interest.

Mr. McKELLAR. Mr. President, I will merely say to the Senator that I feel so keenly that the nominee in this case is not the kind of a man we should confirm as chairman of the Shipping Board that I do not think we ought to look at it from a partisan standpoint. I feel regretful, sir, that any man should have disregarded his duty as Mr. O'Connor has disregarded his. It is very regrettable when any trustee is found to be unfaithful; but the indisputable facts in this record show that he has been an unfaithful trustee; that he has violated the obligations of his office; his nomination ought not to be confirmed, and I hope that it will not be confirmed.

Mr. President, I have not concluded, but I am worn out, and I hope the Senator from New York may now go on, if he desires to do so, and I will continue at another time.

Mr. COPELAND. Mr. President, let me inquire of the Senator from Tennessee if he will be willing that on Monday we conclude this matter?

Mr. McKELLAR. I do not want to make a positive statement about it, but I will do my best. I merely want to put the facts before the Senate and let every Senator vote as he sees fit.

Mr. WALSH of Massachusetts. Mr. President, will there be a vote on this question to-day?

Mr. McKELLAR. There will not be a vote on it to-day.

Mr. COPELAND. There can be no vote to-day, as I understand. I thought I would reply to some extent to what the Senator from Tennessee has said, so that the record might be complete, and then on Monday the Senator from Tennessee will complete his argument.

Mr. McKELLAR. I think there may be others who want to speak; I think there will be, and we must not preclude them; but I promise the Senator from New York that I will hurry the matter along in every way I can.

Mr. WALSH of Massachusetts. I hope the Senator from New York will analyze the objections that have been made and answer them seriatim.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to his colleague?

Mr. COPELAND. I yield.

Mr. WAGNER. Is it the purpose to continue this discussion on Monday morning or to take some time later in the day for it?

Mr. COPELAND. The Senator from Oregon suggested that at the close of the session on Monday we would have an executive session. There will be no interference with my colleague's bill which is now pending.

Mr. WAGNER. I was going to suggest that perhaps we could agree upon a time when we would vote on this nomination.

Mr. COPELAND. Of course, that is for the Senator from Tennessee to say.

Mr. McKELLAR. Mr. President, there is another Senator who is not now present who I know wants to be heard, and in his absence I could not consent to such an agreement.

Mr. WAGNER. I was speaking as one who is in favor of the nomination.

Mr. COPELAND. Mr. President, I understand; but I am sure there will be time arranged so that it will not interfere with the orderly discussion of the relief bill which, to my mind, is the most important matter before us.

Mr. WAGNER. I thank my colleague.

Mr. COPELAND. Mr. President, I know the sincerity of the Senator from Tennessee. No one in the Senate respects him more highly than do I. Through the many years we have been here together we have seen eye to eye on occasions and have been in opposition to each other on other occasions, but our friendship has been unchanged always and I know it will be, no matter what may be the outcome of this particular issue.

Mr. President, there can be no doubt that the American merchant marine is the pampered child of the United States Government. There is no wonder that it is, and for my part I am glad that it is. When the great World War came on, we found that we had under the United States flag 15 ships in transoceanic traffic. Except for the providence of God, I know not what might have happened when we found it necessary to send the American Expeditionary Forces to Europe. In our harbors were certain German ships, among others the ship now known as the *Leviathan;* that one ship, which belonged to the Germans, carried 275,000 of our boys across to help our allies; and I have no doubt that that act had very much to do with the winning of the war.

The cry during the war was ships, more ships, more ships. That was the demand of our allies; it was the demand of our military leaders; it was the demand of the President and the demand of Congress that ships should be built. As a matter of fact, many ships were built; 2,500 ships were built, aggregating ten and a quarter million tons of shipping. Most of those ships were built hurriedly, hastily, imperfectly. When the war was over, we had and still have hundreds of ships, useless gestures, ships that have no maritime value, ships that have no sale value, ships that have no scrap value.

We organized the Shipping Board, and under it the Fleet Corporation. We set out to establish lines of service between the various ports of the United States and foreign ports. Those lines, to begin with, were operated by the Government—expensively operated. The losses in operation were tremendous, and the appropriations necessarily were enormous.

Every effort has been made to sell the ships acquired by the Government. It was the declared policy of the Jones-White Act that the ships should be disposed of to private parties at the earliest possible moment. That was in the act of 1920, and it was reinforced later by the Jones-White Act.

Many Members of the Senate felt that the cheapest and best way to get rid of these ships was to take them out to sea and sink them. It was a great problem; but the Congress proceeded with the matter, every argument was used and every effort was made to build up an effective American merchant marine. I know the pride I felt in taking part in the proceedings when there was pending here what was known as the Jones-White bill. The Senator from Washington [Mr. JONES] and the now Senator from Maine [Mr. WHITE], then a Member of the House, were the parents of that bill.

It was very soon determined that it was necessary that these various lines of vessels should be reinforced. Some of the ships we had taken over from the Germans and acquired in other ways were growing old. It was not possible to balance these various lines and put them in shape to operate successfully in competition with the ships of nations of the Old World. In the Senate every single thought afterwards written into law was aired and discussed, and conclusions were reached which finally were adopted by almost unanimous vote, and the merchant marine act, the Jones-White Act, became the law.

At that time it was determined that construction loans should be provided. The first appropriation we made, known as the regional fund, was $125,000,000. It was not intended that in the loaning of this money profit should be had by the Government. It was intended that every effort should be made and every encouragement given to get the operators of the various American lines to build more ships to balance the lines and services which had been established.

Mr. McKELLAR. Mr. President——

Mr. COPELAND. I yield to the Senator from Tennessee.

Mr. McKELLAR. The Senator from New York took part in the passage of that act. The Senator will remember that the purpose of putting in this interest-rate provision was stated on the floor of the Senate in argument—that it was to let the shipping people have the money at the same rate of interest at which the Government got it. I desire to ask the Senator if he ever dreamed that the Shipping Board, under that provision of the law, would lend money at any such ridiculous rates as one-quarter of 1 per cent or three-eighths of 1 per cent.

Mr. COPELAND. In answer to the Senator, I will say that I was not concerned about what the rate of interest would be. I was concerned and helped to write a law which would make certain that the money advanced should be returned. Every safeguard was thrown around the return of the money.

In the first place, not to exceed three-quarters of the cost of the ship was to be loaned by the Government. In other words, we did not go into any fly-by-night transaction. In order to build a $4,000,000 ship the operators must invest a million dollars of their own money before they had any loan from the Government. Then the rate of interest was fixed by law; and we might just as well refer to that now.

I find that in section 301, Title III, providing for the construction loan fund, the arrangement was made about these loans, first that they should be for 20 years; that the amount loaned should not exceed three-quarters of the cost; and that this sum of $125,000,000 thus set aside should be known as the construction loan fund. I read from the act:

> The board may use such fund to the extent it thinks proper, upon such terms as the board may prescribe, in making loans to aid persons citizens of the United States in the construction by them in private shipyards or navy yards in the United States of vessels of the best and most efficient type for the establishment or maintenance of service on lines deemed desirable or necessary by the board.

Now, I read from subsection (d) of the law relating to these loans:

> (d) All such loans shall bear interest at rates as follows, payable not less frequently than annually: During any period in which the vessel is operated exclusively in coastwise trade, or is inactive, the rate of interest shall be as fixed by the board, but not less than 5¼ per cent per annum.

Now, we come to the matter which has been referred to by my able friend from Tennessee, and I quote from the law:

> During any period in which the vessel is operated in foreign trade the rate shall be the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except postal-savings bonds), and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request. The board may prescribe rules for determining the amount of interest payable under the provisions of this paragraph.

Mr. President, I do not know what other Senators have in mind. So far as I was personally concerned, I had in mind one thing. That was the upbuilding of the American merchant marine; and this quotation from the law shows what the Congress of the United States, after study and debate, determined should be the rate of interest.

The Senator from Maine has called attention to the sacredness of this particular rate of interest. He has mentioned various farm-loan acts, the farm relief bill, the bill which relieved the farmers of almost everything they had left when it became law. Last week and the first part of this week we had before us Senate bill 4536, a bill to amend the agricultural marketing act, approved June 15, 1929; and on page 11 of this bill, beginning at line 12, I find this language:

> There shall be withdrawn from the stabilization fund for any agricultural commodity * * *; repayments into the revolving fund of advances made from the revolving fund to the stabilization fund, together with interest on such amounts at a rate of interest per annum equal to the lowest rate of yield (to the nearest one-eighth of 1 per cent of any Government obligation) bearing a date of issue subsequent to the time the advance is made by the board, as certified by the Secretary of the Treasury to the board upon its request.

That is the language that we used in the Jones-White Act. I do not remember who originated the language or wrote the language in the first place; but it seems to have become sacred to our institutions, and was repeated in the farm relief act and was written in a bill which we considered no later than this week. Within a few days' time we proposed to have money returned at a rate of interest which should be "the lowest rate of yield to the nearest one-eighth of 1 per cent of any Government obligation."

That is exactly what happened with reference to the law which we enacted. That was the law.

Under the terms of that law the board entered into contracts. Those contracts were recited in the CONGRESSIONAL RECORD of May 27, 1932. Beginning at page 11370, my distinguished friend from Tennessee had printed a statement of loans by the United States Shipping Board at interest rates lower than 3½ per cent, compiled May, 1932, from official statements of the board by John Nicolson. I find in this list of contracts 32 separate and distinct arrangements made with shipping lines. Now let me speak about them.

The Senator from Tennessee spoke about the loan to the Export Steamship Corporation, No. 4 in this list. If a shipping line desired to make a loan, it applied to the Shipping Board; and the Shipping Board, after a study of the application, determined the merits of the case, the ability of the corporation to repay the money, and particularly the ability of the corporation to operate successfully a line of American ships. After these facts had been determined, the Shipping Board made a contract. That contract was made in accordance with the law; that while the ship was building, before it was documented, as it came from the brain of Jove, full panoplied and perfect in every form, as it were, until it was ready actually to serve the country in interoceanic trade, it had to pay 5¼ per cent per annum according to the law. Then, when it was documented, it was the business of the board to apply to the Secretary of the Treasury to find out what should be the rate of interest upon the construction loan. The rate of interest while the ship was in foreign trade was to be fixed by the Secretary of the Treasury.

It was customary, and, indeed, the law, to ask the Secretary of the Treasury for the rate which should be charged on the loan. Mind you, the Shipping Board did not make the rate; the Secretary of the Treasury determined what the rate was to be.

I hold in my hand, for instance, a letter, which happens to be the only one I have in my possession, but there is on file in the Shipping Board a report from the Secretary of the Treasury covering each and every instance where a loan was made.

This is what the Treasury Department wrote to the Shipping Board with reference to one particular transaction:

> Hon. T. V. O'CONNOR,
> *Chairman United States Shipping Board,*
> *Washington, D. C.:*
>
> In compliance with telephone request of Mr. Fitch to-day, I hereby certify that the interest rate as of April 1, 1930, for loans by the board from the construction loan fund pursuant to the provisions of subsection (d) of section 11 of the merchant marine act of 1920, as amended by the act of May 22, 1928, is 2¾ per cent per annum, interest payable semiannually.
>
> This rate is the lowest rate of yield (to the nearest one-eighth of 1 per cent), of any obligation of the Government bearing date of issue subsequent to April 6, 1917 (except Postal Savings bonds), and outstanding on March 31, 1930. The particular obligations concerned are the 4⅞ per cent Treasury certificates of Series TM 1930, which on March 31, 1930, were quoted at 100$\frac{13}{32}$ to 100$\frac{14}{32}$, giving a yield rate as computed by the Government actuary of 2.756 per cent.
>
> By direction of the Secretary,
> Respectfully,
>
> WALTER E. HOPE,
> *Assistant Secretary.*

Mr. President, in every instance the Secretary of the Treasury certified to the Shipping Board how much the rate should be.

Mr. WHITE. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from New York yield to the Senator from Maine?

Mr. COPELAND. I yield.

Mr. WHITE. May I call attention to the fact that that certificate is the first one from the Treasury Department which fixed a rate less than 3 per cent, and that it was immediately thereafter that the matter of the rate was taken up in the Shipping Board, and immediately thereafter the Senator from Michigan [Mr. VANDENBERG] introduced his amendment fixing a minimum of 3½ per cent, which legislation had the approval of the Shipping Board.

Mr. COPELAND. I thank the Senator. He has stated the facts,

Mr. President, I am not going to evade the suggestion made by my friend the Senator from Tennessee where he asked as to why they did not get busy on this matter before. I shall come to that, and I speak of it now to notify the Senate of my intention.

I am a member of the Committee on Commerce, and have been for a great many years. There came to us from the House on the 6th of January, 1930, House bill 7998. That was a bill to amend subsection (d) of section 11, the very subsection to which I have just made reference. The bill came to us from the House with the same language in it which I have quoted as having been found in the act of 1928 with reference to loans, that is, that it should be the lowest rate of yield, to the nearest one-eighth of 1 per cent, of any obligation bearing date of issue subsequent to April 6, 1917.

Mr. McKELLAR. Mr. President, is that the bill in which the Senator from Michigan afterwards changed the rate of interest?

Mr. COPELAND. It is, and of that I shall speak now in some detail.

Mr. McKELLAR. I want to call the Senator's attention to the fact, while he speaks of that, that when the matter first came up, Mr. O'Connor said that the Shipping Board had caused a change in the interest rate in the House bill, which had been introduced at their request.

Mr. COPELAND. I thank the Senator. I want to have the record perfectly clear. I do not want to evade anything. I want the Senate to have the exact facts.

This bill passed the House on February 28, 1930.

Mr. McKELLAR. What is the number of the bill?

Mr. COPELAND. It is House bill 7998. On the legislative day of January 6, but the calendar day of March 1, 1930, it was referred to the Committee on Commerce.

The bill received the very earnest attention of the Committee on Commerce, and the Senator from Michigan [Mr. VANDENBERG] called attention to the extremely low rate rewritten into this bill from the merchant marine act of 1928. He impressed his views upon the committee, and communicated with the Shipping Board, and finally offered an amendment, which was accepted by the committee, striking out the language found in lines 7 to 14, inclusive, which language was a repetition of the language found in the law of 1928, and in place of it used this language, "as fixed by the board, but not less than 3½ per cent per annum," so that it would read:

> During the period in which a vessel is being constructed, equipped, reconditioned, remodeled, or improved, and/or during any period in which such vessel is operated in foreign trade, the rate shall be as fixed by the board, but not less than 3½ per cent per annum.

Mr. President, when this bill was pending in the Senate, on my motion an amendment was accepted to the effect that this should apply to "contracts hereafter made." I speak of that because from time to time in his able address to-day the Senator from Tennessee referred to contracts apparently made after the enactment of this legislation, but the law as it finally passed related only to contracts made after the enactment of the law.

I am going now to make reference to the history of the bill to which I referred a moment ago, House bill 7998; I want to make reference to the senatorial history of that bill, and I do not do this to be disagreeable, but I want the RECORD to show the facts.

The Senator from Michigan [Mr. VANDENBERG], from the Committee on Commerce, on the 21st of April, the calendar day of April 24, 1930, reported the bill from the committee, and it went upon the calendar, where it was known as Calendar No. 520, and for the sake of the RECORD, in case somebody wants to know, it was in the Seventy-first Congress, second session, and the report is No. 522.

In all good fellowship, I want the RECORD to show what happened to that bill. The Bible tells us that Job said, "Oh, that mine adversary had written a book." Of course there is no particular application of that, but the RECORD is wonderful in sometimes calling attention to our shortcomings.

This bill (H. R. 7998) to amend subsection (d) of section 11 was called up on the 12th of May, 1930. I quote now from page 8758 of the RECORD:

> Mr. McNARY. Mr. President, it is my purpose to object to the present consideration of the bill.
>
> Mr. McKELLAR. Yes; I want to object to it, too.

Mr. McKELLAR. In order that the record may be complete let me read from page 8758 of the RECORD of the same day, May 12, 1930. The Senator from New York asked that the bill be recommitted. He stated, and I quote from the RECORD:

> This bill is one which met with unanimous opposition among shipping men in my section of the country and, I understand, elsewhere. My own inclination would be to have the bill recommitted to the committee.

I am glad to have my record presented, and I am just as glad to have the Senator's position noted at the same time.

Mr. COPELAND. It is only fair that it should be. Now, let us have the record entirely complete.

Mr. McKELLAR. All right; I have it here, too.

Mr. COPELAND. I read from page 8758 of the CONGRESSIONAL RECORD of May 12, 1930:

> Mr. COPELAND. Mr. President, I find that among the amendments offered to this bill is one which met unanimous opposition among shipping men in my section of the country and, I understand, elsewhere. My own inclination would be to have the bill recommitted to the committee.
>
> Mr. McNARY. Mr. President, it is my purpose to object to the present consideration of the bill.
>
> Mr. McKELLAR. Yes; I want to object to it, too.
>
> Mr. COPELAND. Mr. President, if the Senators will withhold their objection for a moment, I wish to ask unanimous consent that the bill be recommitted because there are certain steamship lines which should be heard before the bill is placed upon its passage. I do not know whether that is agreeable to the Senator from Oregon or not, but, in my opinion, that is what should be done.

Objection was made and the bill was not acted upon that day. My objection to the bill, which I voiced there, was founded upon the fact that the contracts had been made, arrangements had been made for funds, and the shipping lines did not wish to have a retroactive law. Later the objection which I had to the bill, which was that it ought not to apply to contracts already made, was cured in the Senate by the adoption of the amendment which I proposed that it should not apply to contracts already made.

Now I must be very careful to get the record complete.

Mr. McKELLAR. The Senator will find the next date when it was brought up was June 2, 1930, at page 9856 of the RECORD.

Mr. COPELAND. That is correct. I am glad the Senator is so accurate. At the point indicated by the Senator from Tennessee I find the following:

> The bill (H. R. 7998) to amend subsection (d) of section 11 of the merchant marine act of June 5, 1920, as amended by section 301 of the merchant marine act of May 22, 1928, was announced as next in order.
>
> Mr. COPELAND. Mr. President——
>
> The PRESIDENT pro tempore. The bill has heretofore been considered and the amendments have been agreed to.
>
> Mr. COPELAND. Mr. President, we now have before us the bill proposing to amend the merchant marine act. I have discussed

with the junior Senator from Michigan [Mr. VANDENBERG] a proposed amendment. Is he prepared to offer the amendment now?

Mr. VANDENBERG. I have no objection to the amendment suggested to me in personal conversation with the Senator from New York, if he refers to the amendment which would still leave a fixed minimum interest rate, but which would restore the proposal that the loans shall be made under a fixed rule by the board. Is that what the Senator from New York has in mind?

Mr. COPELAND. Yes.

Mr. MCKELLAR. Mr. President, this is a very important bill, and I ask that it may go over.

Mr. VANDENBERG. I think the bill might just as well go over.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. MCKELLAR. Now, if the Senator will turn to a later date, December 15, 1930, when it was brought up again, he will find that between June 2 and December 15, when that bill went over from one session to the other, there were but two loans made by the Shipping Board. They were not made under this interest provision, but were made under a contract rate at 3 per cent, as the board had a right to do. Certainly no harm was done by letting the matter go over. As a matter of fact, it seems to have been rather the unanimous opinion of the Senator from New York, the Senator from Michigan, and the Senator from Tennessee, myself, that under the circumstances it ought to go over, and it did go over.

Mr. COPELAND. At any rate, it went over, and it was the objection of the Senator from Tennessee that put it over.

Mr. MCKELLAR. Oh, no; it was just as much the objection of the Senator from New York and very much more the objection of the Senator from Michigan, because he had the bill in charge. I do not know whether he just yielded to the Senator's pleadings, or possibly to my pleadings, but anyhow we were all three agreed, and I do not see how the kettle can call the pot black under these circumstances, when all three of us agreed to it.

Mr. VANDENBERG. Mr. President, I was neither the pot nor the kettle!

Mr. MCKELLAR. I agree to that; because I think if anybody should be called that it should be the Senator from New York and myself.

Mr. WHITE. Mr. President, may I inquire if this is a case of all three of the Senators being "partners in crime"?

Mr. MCKELLAR. No; I think we were partners in a very just desire to get rid of a rate of interest or a provision in the law that ought never to have been in the law for any purpose whatsoever.

Mr. COPELAND. Mr. President, as one of the "kitchen utensils" I desire to observe in this connection that on the 2d of June this bill should have passed—certainly from my standpoint it should have passed because I was satisfied. I was not interested in the interest rate. I was in the fullest accord with that change and I think we owe a great debt to the Senator from Michigan [Mr. VANDENBERG] for it. I was in fullest accord with that change, but my objection, which was that it should not apply to contracts already made, was answered so I wanted the bill to pass.

Mr. MCKELLAR. The Senator is mistaken in his recollection. Let me read the Senator's statement made on that same day:

Mr. COPELAND. I suggest to the Senator from Michigan that he perfect the bill with all the amendments which have been agreed to except the pending amendment.

The PRESIDING OFFICER. The Chair will state that the amendment of the Senator from Tennessee is not pending—

I did not even have an amendment pending to the bill. It has not yet been offered.

Mr. COPELAND. I have not reached that date yet.

Mr. MCKELLAR. I expect I anticipated the Senator.

Mr. COPELAND. The Senator has thrown his kitchen utensil out of the window before its time. I want to refer a little more to June 2. The bill should have passed on the 2d of June, and it would have passed except for the objection of the Senator from Tennessee.

Mr. MCKELLAR. And the Senator from New York and the Senator from Michigan.

Mr. COPELAND. The Senator from Michigan can speak for himself. When he said "I think the bill might just as well go over," he no doubt knew the Senator from Tennessee so well that he believed it might as well go over because the Senator from Tennessee was against it.

Now, we come to the next date, which the Senator from Tennessee has anticipated, December 15, 1930. We can not blame the Senator from Tennessee for this unless he was responsible for the act of his agent. On the request of the Senator from New Mexico [Mr. BRATTON], who was in sympathy with the purposes of the bill, but unwilling to have it passed in the absence of the Senator from Tennessee, he raised the objection and the bill went over.

Now, we come to January 13, 1931. Am I right in that?

Mr. MCKELLAR. No; the Senator omitted to say that the very next day the bill came up.

Mr. COPELAND. The next day?

Mr. MCKELLAR. Indeed, after the Senator from New Mexico [Mr. BRATTON] had objected on my behalf—I came into the Chamber later—it seems, and the request for the consideration of the bill was renewed and then the bill went over. On the very next day, December 16——

Mr. COPELAND. Just a moment, so we may have the record straight. The Senator calls attention to page 605 of the RECORD, where Mr. MCKELLAR said:

I desire to offer an amendment to the bill.

Mr. MCKELLAR. Yes; and the RECORD shows the following:

Mr. MCKELLAR. Mr. President, I desire to offer an amendment to the bill.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

Mr. HOWELL. I ask for the regular order.

Thereupon the bill went over. The very next day, as shown at page 788 of the RECORD, the Senator from Michigan [Mr. VANDENBERG] did not call up the bill, but placed in the RECORD a letter from Secretary Mellon to Chairman O'Connor, and said:

I apprehend that the theory of the Jones-White law was that the Government should loan its credit to the new American merchant marine at cost; which is to say, without profit or loss. But the existing arrangement spells inevitable loss. Our average cost of public money over the years is about 3½ per cent. On every million dollars loaned at 1.7 per cent for 20 years, the loss to the Government in that period is $360,000. Inasmuch as the loans are large, the loss also will be large.

When I called this situation to the attention of the Shipping Board several months ago the board promptly recognized the jeopardy. It joined me in the demand for relief. The pending bill, recommended by the Commerce Committee, resulted.

Mr. COPELAND. That is right. Now, to continue the record, I come to January 13, 1931. That is about a year after the bill was first introduced in the House. I find this astonishing statement at page 2067 of the RECORD. The bill was before the Senate at the time:

Mr. MCKELLAR. Mr. President, if the Senator will yield to me, I just want to say that I have never at any time interposed any objection to his bill.

Mr. MCKELLAR. Read on now.

Mr. VANDENBERG. That is correct.

I just want to keep the record straight. I am quoting from the same RECORD.

Mr. COPELAND. I know the Senator is; but I think the Senator from Michigan was in rather a kindly mood that day.

Mr. MCKELLAR. He always is.

Mr. COPELAND. Yes; he is.

Mr. MCKELLAR. Before the Senator leaves that, will he let me quote just a little bit more from the RECORD? I read from the same page of the RECORD:

Mr. MCKELLAR. Mr. President, if the Senator will yield to me, I just want to say that I have never at any time interposed any objection to his bill.

Mr. VANDENBERG. That is correct.

Mr. MCKELLAR. What I did was to propose an amendment, which has been pending for probably nearly a year, and the Senator felt that he could not accept that amendment. I think the Senator's bill ought to pass. I have always told him that.

I think there is a condition which ought to be corrected, and which ought to be corrected right away, and that view has led me to withdraw my amendment.

I am not expressing any discontent with my amendment; I would very much prefer that the Senator should accept it and that it should be adopted, but I understand the legislative situation, and I am making no complaint of the Senator about that. I think his bill ought to pass, and I hope it will pass as soon as possible.

Mr. VANDENBERG. The Senator correctly states his position, as I understand it.

Mr. ROBINSON of Arkansas. Mr. President, the Senate committee apparently proposed a number of amendments to the bill.

Mr. VANDENBERG. I may say to the Senator that the bill as it came to us from the House—

And so forth.

Mr. COPELAND. Mr. President, without any malice or desire to be disagreeable, the fact remains that in his enthusiasm to have enacted into law a prohibition against loans to shipping lines flying foreign flags, the Senator from Tennessee made use of this vehicle time after time so that the passage of the bill was delayed by his intervention. I say that in all kindness and we will leave it at that.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I yield.

Mr. VANDENBERG. Is it the Senator's desire to continue the discussion this evening or would he prefer to conclude his remarks on another day?

Mr. COPELAND. I will conclude in a few moments. I merely wish to say a few more words in closing, because I have no right to keep Senators here.

Mr. O'Connor has been a member of the board for a good many years. He comes from my State; and six years ago President Coolidge did me the honor to discuss with me the question of his reappointment. Within an hour after that discussion Mr. O'Connor's name was sent to the Senate. By the very nature of my position as a Senator from New York, a State which has the greatest port in the world, the center of the operations of the American merchant marine, it has been my business to acquaint myself with the activities of the Shipping Board, and, so far as I could, to further the welfare of American shipping.

During the years I have been in the Senate—about 10 years—I have had constant contact with the Shipping Board. Without criticism of the men now upon the board, or who have been upon the board, there have been dissensions in the board. Almost beyond the memory of man there have been two groups, two cliques, in the board. I do not undertake to say why; I do not know why; but they have existed. For most of the time certainly Mr. O'Connor has been in the minority group. I have felt at times that there were jealousies. I am speaking about a long time ago now, because I do not want to reflect upon the men who are now serving on the board. I can not undertake to analyze the reasons or to diagnose the case as regards the conditions existing in the board, but there has been that division. Mr. O'Connor, as I have said, has been almost invariably in the minority. He has had the cordial and loyal support of the President of the United States, no matter who that President might be. He has served now, if my memory is correct, under three Presidents. I have not observed anything in his personal or official conduct that would lead me to doubt him in the least. I think he is an honest man. There have been many times when I was out of sympathy with a policy which he contended for, but I thought all the time that he knew more about it than I did.

Mr. President, as a last word to-day—I hope to speak again upon the matter on Monday—let me say that if there is one man on the board who has fought the fight for higher interest rates, that man has been T. V. O'Connor. I do not care whether he may have been stimulated to do that. Any one of us in official life knows that from time to time he has to be jogged a little bit from policies which he has followed for a long time. We have to have called to our attention the significance of things which we have come to disregard. If one goes into a household, I do not care where it is, he is likely to say, "For Heaven's sake, why do you not hang this picture over there or put that piece of furniture over here?" But we become accustomed to things as they are. It may be that during all these years, and I think it to be a fact, it was felt that the board was carrying out exactly what it thought to be the law; and it was the law. But whether stimulated by the Senator from Michigan [Mr. VANDENBERG] and others when this matter was brought to their attention, who was the man who rose at once; who was the man who dealt vigorously with the question? It was the chairman of the board, Mr. O'Connor. He was not a member of the finance committee of the board; Admiral Cone and Mr. Denton were those men; but he demanded that there should be found a way to deal more effectively with the question of interest rates.

On Monday, if it shall be necessary, I shall show that there was a conference held in the office of the Secretary of the Treasury where there was discussed how they might arrange this matter of interest, regardless of what the letter of the law might be, and where it was decided that by contract, when the first loan was made or the agreement to make it was made, they might say then what the rate should be, and not the low rate provided for by the law but a rate sufficient to provide for the ordinary return upon money.

Mr. President, I say that Mr. O'Connor is worthy of his high office; he has not been found guilty of one charge of dereliction; in my opinion, his nomination should be confirmed, and he should be allowed to continue his useful service to his country as chairman of the Shipping Board.

PUBLIC-WORKS PROGRAM—ADDITIONAL AMENDMENTS

The Senate resumed its legislative session.

Mr. BULKLEY submitted three amendments intended to be proposed by him to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which were ordered to lie on the table and to be printed.

CONDUCT OF VETERANS IN WASHINGTON

Mr. SCHALL. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in to-day's Washington Times written by Elsie Robinson. It contains a thought worth reading.

There being no objection, the article was ordered to lie on the table and be printed in the RECORD, as follows:

GRIM, STANCH, THEY BEAR IT MANFULLY—COMMANDER'S ELOQUENT PLEA FORESTALLS ANY ATTEMPT AT DEMONSTRATION

By Elsie Robinson

Terror poured itself into Washington yesterday.
Dragged its soundless horror through the lovely avenues—
Sprawled its cold shadow across the flower-filled parks—
Crawled and slithered around the stately mansions—
Oozed across the guarded threshold of the White House—
Wrapt its icy coils, tight and tighter, about the Capitol itself.
Terror, of a kind it has never known before, gripped Washington.
And then a wonder incredible—never to be forgotten!

The Capitol—velvety acres before it, dark trees massed against a fragile sky. Vast, white steps rising tier upon tier, endlessly, up and up and up to the proud, pillared portico.

DARKENED GROUPS

All gleaming white and flashing gold and glimmering blue, that splendid scene. But a small darkness began to trickle and gather and clot upon the face of that radiance.

A darkness of men—

Ragged men, their ribs protruding through their tattered shirts—

Limping men, their scarred feet shuffling in broken shoes—

Desperate men, with eyes curiously blank, as though they had seen too much agony to register anything ever again.

The bonus marchers were on the move.

They were coming up to the Capitol to hear what the Senate voted about their bill.

Coming up by ones and twos, in groups and squads—in hundreds and thousands, out of the garbage dumps and littered wastes where a grateful Nation has housed them for the last two weeks.

Coming very quietly, looking neither to right nor left.

But the terror spread as they came.

What would they do, these men with the long, sloughing stride, the battered, fighting faces? What frightfulness would happen when they heard—as hear they must—that the Senators had beaten their bill?

THE COMMANDER

Eight o'clock. Very dark now. Arc lights on with the waiting faces green disks beneath them. Booming flash lights. Crackling silence. Some one started the Marine Band to playing, nervously.

And now—

The police are beginning to close in, down all the corridors, are moving up and down the boulevard. But none of them are in with the men. In one great block of darkness they sit alone. Above them the brilliant arcs turning its crimson into bars of blood floats their great flag.

And now—

There is a sudden movement under the portico. The crowd of waiting reporters and spectators parts and a man hurries through. Standing beneath the flag, face gutted with fatigue, the young commander waits. So briefly it comes—that smashing of 20,000 dreams.

"They've licked it."

The listening face seems to waver for a second, the clenched fists steady themselves against the swaying thighs. Then, saber swift, he answers:

"Tell them we are disappointed but not discouraged. This will not make a particle of difference in our plans. We shall stay and we shall win! And this act, instead of disheartening us, will serve a good purpose, for it will make the Nation understand that the men who are supposed to represent the common man are not fit for their great duty."

A spit handful of words, then he wheeled, leaped down the steps into the glare of the arc, and faced the men.

BUT NOT DEFEAT

Faced them and told them quickly that the bill was killed. Here was a failure but not defeat.

A gasp—the whole mass rose—but still he held them. Held them with a challenge. He cried:

"They've shown their stuff; now show yours.

"Take it on the chin! They've said you'd riot. They'll be justified and excused if you riot. You've held yourself steady through all the days; you've made the whole Nation believe in you in spite of everything they could say against you. Justify this Nation's faith.

"You aren't going home, but you are going back to that camp. Get up! Don't look back. Walk down these steps and form in line, and as you go sing 'America'!"

PAYMENT OF WAR DEBTS TO THE UNITED STATES

Mr. SCHALL. Mr. President, I ask unanimous consent to have inserted in the RECORD two news items that appeared in the Washington Herald on June 17, 1932, and in the Washington Times on June 19, 1932, in the form of a suggestion to the United States coming from the Lausanne conference that we should aid Europe settle her troubles, which means in effect that we should cancel her debts to us.

The news item is similar to many others that have been circulated in this country for several years, all calculated to confuse the public mind about the status of Europe's debts to us.

During the war we loaned England $4,715,000,000; France, $4,400,000,000; Italy, $2,150,000,000, and other nations, 12 in all, smaller amounts. We made separate arrangements with each country how this money was to be repaid. America issued bonds and sold them to the American people to raise this money and agreed to pay these bonds when due and agreed to pay an average of 4 per cent or more in interest until they are paid in full.

At no time when these loans were negotiated was it understood that the foreign countries were not to repay us, that repayment depended on German reparations, or that there were any conditions attached to the repayment of them. Europe was anxious and glad to get help from us to maintain her credit to carry on the war, to rebuild afterwards.

When the war was over, our foreign creditors hesitated to begin repayment; delayed in the matter of refunding the debts in the form of bonds as they agreed to do. They intimated that we had not done our duty, as we did not enter the war sooner; we had stayed out at their expense and thereby caused heavier burdens to rest on them. This argument was freely advanced.

Then they argued that we should enter into negotiations tending toward debt adjustments. The European nations had loaned each other money with which to buy war material from each other. For instance, France bought goods from England for which England extended France credit. England bought goods from France for which France extended England credit. Likewise, Italy bought goods from each of these nations and for which each of them extended Italy credit, and they in turn bought goods from Italy for which Italy gave them credit and so on among each of our Allies.

Those nations met and agreed to offset each others' debts and to pay cash or with bonds for any difference that any of them owed the others.

However, it is manifestly unfair to the United States to include us in any such arrangements. We paid cash for our soldiers over there, for our ships to transport them in, for materials we bought for them, for transportation to the front to fight their battles, in short for everything we got from them for which we agreed to pay them, we paid in cash. Hence, there could be no debts to offset in so far as we were concerned. Any arguments to that effect are false propaganda tending to hurt us and to confuse the public mind to cause it to demand that we recede from demanding our just dues and prejudice our rights to collect from them.

The foreign countries demanded reparations from Germany which they compelled her to pay and which she is still obligated to pay. We got none. We had no part in any war-debt negotiations. Nevertheless Europe has circulated falsehoods to the effect that it is the fault of the United States that Germany has to pay reparations; that were it not for the fact that we demand payments from our allies, they would not demand reparations from Germany. The result is all of Europe now brands us as Uncle Shylock and Uncle Sham, after we loaned them money for the war, for their reconstruction period to help them on their feet, and for every purpose for which they needed credit.

While this propaganda has been going on the United States agreed to settle her debts with Europe, dealing with each nation separately, and settled as follows: England owed us $4,715,000,000; we canceled the principal and agreed to take 3.7 per cent interest for a period of 62 years. France owed us $4,400,000,000; we canceled the principal and agreed to take 2.17 per cent interest for a period of 62 years. Italy owed us $2,150,000,000; we canceled the principal and agreed to take 1.1 per cent interest for a period of 62 years. As a total from all our allies we agreed to cancel the principal and to take in return approximately 2 per cent interest for a period of 62 years.

This settlement is most fair to our allies; in fact, grossly unfair to our country in view of the fact that not only do we pay 4 per cent interest on this same principal money which we loaned them to our American bondholders but as the bonds mature we have to pay the principal as well. Our country had to borrow the money it loaned Europe from our citizens and has to repay them whether it collects from Europe or not. No wonder we complain about being in financial straits and unable to pay our own soldiers a bonus.

None of this small settlement has been paid as yet. Instead of paying it our former allies set up further propaganda to cancel this interest also. They plead poverty and distress and tell Germany that she will have to pay her war reparations now that America demands her money. In fact, on this very day Premier Herriot, of France, has demanded of Germany that she pay her war reparations.

Europe, more especially France and England, is anxious to becloud this issue to prevent its debtors from knowing the true facts. They have large sums of money outstanding due to them which they would not want their debtors to demand cancellation on. Hence they are anxious to befuddle the public mind as to the money they owe us so as not to cause their debtors to ask for cancellation. For this reason they are willing to sacrifice our friendship and our influence in order that they may the better gain this end of cancellation in behalf of themselves and their creditors and yet not cause their own debtors to demand similar privileges.

America should demand payment of this small and insignificant debt. Europe ought to pay and can pay.

There being no objection, the articles were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

[From Washington Times of June 18, 1932]

FRENCH PRAISE HERRIOT STAND AT LAUSANNE—OPPOSITION TO CANCELLATION OF GERMAN DEBT HELD VITAL ATTITUDE

PARIS, June 18.—Premier Herriot, returning from Lausanne to-day to preside over a session of the French Cabinet, finds almost universal approval here for the stand he took at the reparations conference yesterday against immediate cancellation of Germany's war-debt obligations.

He will return to Lausanne Monday for resumption of the discussions with representatives of Great Britain, Italy, Belgium, Germany, and Japan, carrying the complete confidence of his ministers and the majority of the chamber of deputies.

It was Herriot's first encounter with spokesmen for the other great powers. Even his opponents of the extreme right conceded he had acquitted himself well in upholding the French thesis that complete cancellation of German reparation payments at this time, without a corresponding concession on the part of the United States, would shortly put Germany in economic leadership of the powers of Europe.

Despite reiterated statements from Washington to the contrary, the French press still clings to the belief that the United States Government is preparing to make a grand debt-cancellation gesture in the near future.

BERLIN, June 18.—Virtually ignoring the new "indeterminate moratorium" granted Germany on all reparation payments by the "big five" of the Lausanne conference yesterday, the German press to-day almost unanimously attacked Premier Herriot, of France, for blocking the Reich's demands for complete cancellation.

[From the Washington Herald of June 17, 1932]

DEBT DELEGATES AGREE ON EXTENSION FOR REICH

LAUSANNE, June 16.—A majority of the delegates to the Lausanne conference were understood to-night to have agreed to offer a project for suspension of the next reparations payment by Germany.

The project will be in the form of a resolution to be presented to-morrow at a private session of the conference, which Prime Minister J. Ramsay MacDonald opened to-day with a warning that speed is necessary to avert a catastrophe.

The delegates were said to have initialed the agreement to present the suspension project, which does not set a specific date for the termination of the period of suspension.

The resolution will provide for suspension until the conference has reached a decision affecting future payments. The next reparations transfer to the Bank for International Settlements is due July 15, after the expiration of the Hoover moratorium year.

LAUSANNE, June 16.—Prime Minister J. Ramsay MacDonald, of Great Britain, opening the Lausanne reparations conference as president, to-day deftly deposited Europe's economic troubles in Washington's lap and arranged a compromise likely to stave off Germany's demand for complete cancellation of reparations.

The compromise, acceptable to Premier Edouard Herriot, of France, proposes that Germany will hereafter not be forced to continue payments on the "nonpostponable" portion of annuities to the Bank for International Settlements, which payments have been reloaned to the Reich.

Britain's Premier is expected to offer the proposal at to-morrow's secret meeting of the "Big Six," when Chancellor von Papen is expected to demand cancellation.

MacDonald, at the opening session to-day, bluntly implied Europe can not settle her troubles without aid from Washington.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 11452) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. AYRES, Mr. OLIVER of Alabama, Mr. DOUGLAS of Arizona, Mr. FRENCH, and Mr. TABER were appointed managers on the part of the House at the conference.

RECESS

Mr. VANDENBERG. I move that the Senate take a recess until 11 o'clock Monday morning.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m.) the Senate took a recess until Monday, June 20, 1932, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate June 18 (legislative day of June 15), 1932

PROMOTIONS IN THE REGULAR ARMY

To be colonel

Lieut. Col. Otis Robert Cole, Infantry, from June 8, 1932.

To be lieutenant colonel

Maj. Emile Victor Cutrer, Infantry, from June 8, 1932.

To be major

Capt. Henry John Schroeder, Signal Corps, from June 8, 1932.

To be captain

First Lieut. John Augustus Barksdale, Quartermaster Corps, from June 8, 1932.

To be first lieutenant

Second Lieut. George John Zimmerman, Corps of Engineers, from June 8, 1932.

MEDICAL CORPS

To be captain

First Lieut. Clarence Woodson Hardy, Medical Corps, from June 15, 1932.

HOUSE OF REPRESENTATIVES

SATURDAY, JUNE 18, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou in whom are the sources of universal power and in whom there is compassion forever, hear us as we pray and forgive our sins. We thank Thee that Thy providence never grows weary. Open Thou, blessed Father, the secrets of Thy nature and teach us how to live in the light of the very best intelligence. Gather us all together in the bonds of sympathy and common desire, that we may labor conscientiously for the good and the honor of our country. Take it into Thy care and under Thy direction; lift up the lowly, cleanse the impure, and enlighten the ignorant. Unto all who find the yoke heavy, lighten the burden; may even dull realities be a blessing to us. Let Thy guidance to-day be a token of Thy goodness and as an evidence of our worthiness. Amen.

The Journal of the proceedings of yesterday was read and approved.

SENATE ENROLLED BILL SIGNED

The SPEAKER pro tempore announced his signature to an enrolled bill of the Senate of the following title:

S. 1525. An act forbidding the transportation of any person in interstate or foreign commerce, kidnaped or otherwise unlawfully detained, and making such act a felony.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER pro tempore. The gentleman from Mississippi asks unanimous consent to take from the Speaker's table the War Department appropriation bill, disagree to all of the Senate amendments, and ask for a conference. Is there objection?

There was no objection.

The Chair appointed the following conferees: Mr. COLLINS, Mr. WRIGHT, Mr. PARKS, Mr. BARBOUR, and Mr. CLAGUE.

POSTAL EXPENDITURES

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert therein a brief letter from the Post Office Department.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MANSFIELD. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following letter:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., June 16, 1932.

Hon. JOSEPH J. MANSFIELD,
House of Representatives, Washington, D. C.

MY DEAR MR. MANSFIELD: The Postmaster General has asked me to acknowledge receipt of your letter of June 13, and to supply you the desired information as to certain postal expenditures.

Ascertained data for the fiscal year ended June 30, 1931, indicates the cost of performing the several services mentioned by you to be as follows:

Computed cost of carrying mail under congressional frank—Senators and Members of the House	$530,298.50
Computed cost of carrying all official mail of the executive departments and other branches of Government service	8,643,300.46
Computed cost of handling second-class mail in excess of the postage received	96,674,617.93
Subsidies paid to shipping concerns under contracts for carrying foreign mails	18,911,474.60
Computed cost of carrying airplane mail to other countries of the Western Hemisphere in excess of the postage received	5,784,435.90

The foregoing data has been abstracted from the cost ascertainment report of the Post Office Department for the fiscal year 1931, a copy of which is inclosed herewith as being of possible interest to you.

Very truly yours,

HAROLD N. GRAVES,
Executive Assistant to the Postmaster General.

AID TO CROP PLANTING

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 263 from the Committee on Rules, which I send to the desk and ask to have read.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 4780, as amended by the Committee on Banking and Currency of the House, a bill to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer fallowing during year 1932.

After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, this is a rule for the consideration of S. 4780, to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer fallowing, during the year 1932, as amended by the House Committee on Banking and Currency. This provides also for advances for livestock and poultry. How much time does the gentleman from Indiana desire?

Mr. PURNELL. I suggest to the gentleman that he yield me some time, and I shall try to get along without using any of it. I am willing to have the rule voted on now and adopted.

Mr. O'CONNOR. Mr. Speaker, I yield three minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES. Mr. Speaker, this measure covers substantially the same purposes sought to be attained in House Joint Resolution 352, which was introduced by me and favorably reported by the Agricultural Committee which is now pending before the Committee on Rules. However, the pending bill covers the matter only for the year 1932. I believe that House Joint Resolution 352 should be enacted at the next session of Congress. The measure now pending will accomplish the same purpose for this session. The bill reported by the Committee on Agriculture is somewhat broader.

There is one suggestion which I think should be made in respect to this bill, and that is what I wish to call to the attention of the members of the Committee on Banking and Currency. I refer to the second proviso, beginning in line 16 on page 2 of the bill:

Provided further, That the Secretary of Agriculture shall give preference in making such loans or advances to farmers who suffered from crop failures in 1931.

I think that language should be stricken out because the measure as broadened covers more than crop production, and besides that, there have been some crop failures in 1932. I can see no good purpose in that language, and, at the proper time, I shall offer an amendment to take it out. I take this time so that the committee might have a chance to consider my suggestion.

Mr. O'CONNOR. Mr. Speaker, I yield five minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I will support this rule but I shall endeavor to secure an amendment to the resolution under the 5-minute rule. I hope that the gentlemen who are interested in the resolution and in this relief will also recognize that some relief is needed by the municipalities and by the people in large centers. I am willing to give additional power to the Reconstruction Finance Corporation. I feel that the Reconstruction Finance Corporation should by this time be able to function smoothly and speedily so as to relieve the conditions in our country. At the time that we advocated the Reconstruction Finance Corporation we were under the impression that we were for a law that would relieve the financial situation of the country, that would relieve not only the railroads and the banks, but the commerce of the Nation. I regret to say that as far as I can learn the Reconstruction Finance Corporation, instead of being a blessing and a help, has been a detriment to business and the well-being of the Nation, and has not improved the existing conditions. Why only recently—during the three days that the Republican convention was being held—five banks were closed in the city of Chicago, one of them yesterday.

Mr. PURNELL. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I have not the time.

Mr. PURNELL. I shall give the gentleman one minute extra if he will yield.

Mr. SABATH. I yield.

Mr. PURNELL. Before the gentleman passes from that point, surely the gentleman does not contend there is any connection between the Republican National Convention in Chicago and the bank failures that occurred there?

Mr. SABATH. I should have said yesterday and the day before yesterday. No; I do not charge the Republican convention as being responsible for the closing of these banks. But what I do say is that Republican policy is responsible for these failures.

Mr. CLARKE of New York. The Democratic National Convention is going to be held there, and it is, perhaps, for that reason that they are closing up. If the Reconstruction Finance Corporation will continue to play into the hands of the few large banks, it may be instrumental in closing all of the small and outlying banks long before the Democratic convention is held.

Mr. SABATH. Instead of the Reconstruction Finance Corporation making the assets liquid, it has frozen them, and it has centralized its activities in such a manner that it is a detriment to the business of this country rather than a benefit or an aid.

I feel that there is an understanding between some of the big bankers of this country and the Reconstruction Finance Corporation. Some of the small banks have had loans from the large banks. The small banks had reason to believe that the corporation would aid them; consequently, they made applications for loans and, in a majority of instances, were assured that the loans which they applied for would be granted. But almost invariably the amounts were reduced 25 to 50 per cent—approximately the amounts owed by the small banks to the large banking institutions. Naturally enough, the loans secured from the Reconstruction Finance Corporation were paid over to the large banks, and after these banks had been paid up, the small institutions or outlying banks were left in a worse position than they were in before obtaining the loans from the corporation.

The Reconstruction Finance Corporation, which was organized to aid all banks, has in reality proved to be relief for the large banks, because these banks have in almost every case called their loans from the small banks the moment the latter obtained loans from the corporation.

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. O'CONNOR. Mr. Speaker, I yield to the gentleman from Illinois two additional minutes.

Mr. SABATH. Mr. Speaker, I feel that something must be done to restore the credit and aid financial conditions in the United States. I fear that under the present management of the Reconstruction Finance Corporation relief is not forthcoming and that it is not carrying out the will of Congress. It is not doing what you and I believed it would do when we created that institution.

Conditions are serious, and, I repeat, something must be done. We were under the impression that the men in charge would extend and rediscount loans in such a way as to enlarge the credit of the business of this Nation. Instead of that they have contracted it.

Now, we are appealing and will continue to appeal for relief for municipalities. Conditions in the urban centers are serious, and we will offer an amendment to this bill so that the Reconstruction Finance Corporation will be authorized to make loans to municipalities where loans are absolutely needed and where those municipalities can give good security.

That relief is needed, and I appeal to you and ask that you aid us in adopting that amendment authorizing the Reconstruction Finance Corporation to grant direct loans to municipalities. This morning I have again received telegrams from the officials and the outstanding citizens of Chicago appealing to Congress to make possible the granting of loans to the States and municipalities; and inasmuch as the provisions in my bill restricted the loans to such municipalities by calling for a guarantee and an assurance of repayment, I feel that it is our duty to comply with these urgent appeals and requests.

The SPEAKER pro tempore. The time of the gentleman from Illinois has again expired.

Mr. RICH. Will the gentleman yield?

Mr. SABATH. If I had the time I would gladly yield, but my time has expired.

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation may be made for crop planting or crop cultivation, including summer-fallowing, during the year 1932, as amended by the House.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 4780, as amended by the House, with Mr. RAYBURN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. STEAGALL. Mr. Chairman, this is a Senate bill, amended by the Committee on Banking and Currency of the House of Representatives. The purpose of the measure is to make clear the legislative intention respecting the provisions of the Reconstruction Finance Corporation act, which provided for the allocation of funds to the Department of Agriculture, to be loaned by the Secretary of Agriculture for crop production during the year 1932, wherever a situation might be found as the result of which farmers were unable to obtain loans or advances for crop production during that period. The Reconstruction Finance Corporation allocated $200,000,000 to be used for that purpose. This provision was the outgrowth of an amendment offered by the able champion of agriculture, the distinguished gentleman from Texas [Mr. JONES].

The Secretary of Agriculture has construed the language of the original bill to apply only to crops to be grown and marketed during the year 1932. It seems he based his calculations, in the main, upon cotton and wheat.

A situation has arisen which makes it necessary that we amend the bill to make plain and to insure the carrying out of the legislative purpose, unless we are to permit the benefits of the legislation to be so restricted that only a minor portion of the agricultural interests of the country may be permitted to share in those benefits.

The larger part of the farm products of the country consists of livestock and livestock products, but under the ruling of the Secretary of Agriculture no loans may be made out of the funds allocated to him for livestock raising. No loans, under his interpretation, may be made upon crops to be planted and cultivated during the year 1932 unless they mature and become ready for market during the year 1932.

Mr. HOPE. Will the gentleman yield?

Mr. STEAGALL. In a moment.

So that what we have undertaken to do is to make clear the thought and purpose, which I am sure all Members of Congress had in the passage of the law. That purpose was that the benefits of the legislation should go to all classes of farmers everywhere, who found themselves in need of the provisions of the legislation.

All the farm organizations favor the amendments provided in the bill before us. The Senate passed a measure providing for loans to be used in crop planting and crop cultivation. The distinguished gentleman from Tennessee [Mr. DAVIS], alert as he always is in the interest of the farmers in his district and of the country, some time back introduced a bill extendng the benefits of the provisions of the original Reconstruction Finance Corporation act to livestock farmers; and the gentleman from Montana [Mr. LEAVITT] introduced an amendment similar to the one introduced in the Senate, covering summer fallowing.

My distinguished colleague the gentleman from Alabama [Mr. HILL] had a situation which called for relief for truck growers and other farmers in his district and in sections of Alabama which were not permitted under the restricted interpretation imposed by the Secretary of Agriculture to share in the funds allocated to him. So, we took the Senate bill and added the language expressed in the measure offered by the gentleman from Tennessee along with the language employed in the measure introduced by the gentleman from Alabama. The measure, as amended, applies not only to crop production, crop planting, crop cultivation, but to livestock, poultry, and for summer fallowing and there can be no misinterpretation of the purposes of Congress to have the Secretary of Agriculture so apply the loans made by him out of the funds allocated for his department from the Reconstruction Finance Corporation funds so that the benefits will extend to all classes of farmers throughout the country.

I now yield to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. I want the gentleman's opinion on the language of the bill providing for crop planting and crop cultivation in the year 1932. Does the gentleman construe this language to mean that loans will be authorized for the planting of winter wheat which would be planted in the fall of 1932 and harvested in the summer of 1933?

Mr. STEAGALL. That is the very question that arose, and the Secretary of Agriculture construed the language "crop production during the year 1932" to mean crops produced and harvested or prepared for market during the year 1932.

Evidently it was the purpose of Congress that loans should be made to farmers to carry on their regular normal farming activities for the year 1932 regardless of whether or not the crops matured during that year.

Mr. JENKINS. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. JENKINS. Can the gentleman tell me whether or not under the Reconstruction Finance Corporation law as it

stands now and in the provisions of the bill before us, provision is made for loans to orchardists?

Mr. STEAGALL. This bill now under consideration accomplishes that particular thing, and that is one of its specific purposes.

Mr. GILCHRIST. Will the gentleman yield?

Mr. STEAGALL. I yield with pleasure.

Mr. GILCHRIST. I recently came back from Iowa. I learned that farmers out there can not get sufficient money to vaccinate their hogs. I see the bill covers livestock production. I am glad to hear the chairman of the committee say it is to be applied to all industry in respect to livestock production.

Would the gentleman construe this language to mean, or to include, the vaccination of hogs as a part of livestock production?

Mr. STEAGALL. I think, unquestionably, a farmer in the situation to which the gentleman refers, would have the right to apply for and receive a loan and to expend it for the purpose indicated.

Mr. GILCHRIST. I thank the gentleman. I supposed it so meant.

Mr. HOPE. Will the gentleman yield further?

Mr. STEAGALL. I yield for a further question.

Mr. HOPE. This bill and the original bill provide that a preference shall be given in making these loans and advances to farmers who suffered from crop failures in 1931.

Mr. STEAGALL. Yes; but I will say to the gentleman from Kansas there is not anything in that connection now to give us any concern for the reason that the funds allocated to the Secretary of Agriculture amount to $200,000,000, and the Secretary up to this time has only used something near $65,000,000. So the Secretary has not encountered any difficulty at the point to which the gentleman refers. There has not arisen any situation requiring exercise of preference.

Mr. HOPE. The particular point I have in mind is that some farmers, particularly as to the winter wheat crop in many sections of the country have suffered a failure of the winter wheat crop in 1932.

Would the gentleman have any objection to an amendment providing that those farmers also should have this preference?

Mr. STEAGALL. I may say to the gentleman that I do not see any necessity for anticipating difficulties in that connection in view of the fact the Secretary of Agriculture has ample funds, as the transactions down to this date indicate, without undertaking to discriminate as between classes that are entitled to the relief.

Mr. MORTON D. HULL. Will the gentleman yield?

Mr. STEAGALL. I am pleased to yield to the gentleman from Illinois.

Mr. MORTON D. HULL. Under the interpretation placed upon this bill by the chairman of the committee, is it not a bill to increase the excess production which is now lowering prices on various farm products?

Mr. STEAGALL. I do not think so. These livestock people have their farms; they have their families; they have got to live; and where they were afflicted by drought and find themselves without any opportunity to obtain advances for the operation of their farms they are entitled to relief which will enable them at least to carry on their farming operations to produce crops for the support of their families.

Mr. MORTON D. HULL. But it will result in the lowering of prices of those products for all engaged in the business.

Mr. STEAGALL. If the gentleman wants me to enter into a discussion of that, I will have to decline for the reason that I have not sufficient time, but I will say this: I have never yet understood how any sane man could lose sleep over the fear that people are going to work and produce an abundance of the necessaries of life. We are working on the wrong end of the problems that confront us when we undertake to treat bountiful harvests, happy seasons, and fruitful soil as a curse to mankind. That is not where our troubles come from, and we will never solve them if we approach them from that angle. The world needs all we can produce from our fields or factories and will consume all we can produce, if only employment is afforded at wages that will enable mankind to live on standards worthy of a great civilization. [Applause.]

Mr. Chairman, I yield five minutes to the gentleman from Tennessee [Mr. DAVIS].

Mr. DAVIS. Mr. Chairman, this is a very important bill, and it is a real emergency measure. I certainly appreciate the sympathetic consideration and cooperation of the Committee on Banking and Currency and the Committee on Rules in reporting out and bringing this bill up.

As you will all recall, section 2 of the Reconstruction Finance Corporation act sets aside $50,000,000, which may be expanded into $200,000,000, for direct loans to farmers for crop production in the year 1932, preference to be given to those areas where they had suffered from the drought. After this act became a law the Secretary of Agriculture issued regulations in which it was apparent that his construction of the law only permitted loans for the production of growing crops, to be secured by liens upon those growing crops, and the liens to be paid out of those crops when marketed. In his regulations he expressly precluded all loans for livestock or livestock production of any kind except for the purchase of feed for the work stock engaged in growing crops. That left entirely out of consideration loans for more than 60 per cent of the farmers of the United States, because the census reports show that more than 60 per cent of all farm production in the United States consists of livestock and livestock products. Livestock raisers and dairymen suffered just as much from the drought and they are suffering just as much from low prices as any other class of farmers. During the drought their pastures dried up; they were unable to grow feed for their stock for the winter or otherwise, and they have been left in a deplorable situation.

For years and years the Department of Agriculture and all farm experts have very properly been admonishing farmers to engage in diversified farming operations, to not rely upon cotton or wheat or any other one crop, but to grow a certain amount of livestock and other products. A large number of farmers are doing that, but under the interpretation placed upon this act they are not entitled to any loans whatever.

As already stated by the chairman of the Committee on Banking and Currency [Mr. STEAGALL], they have only loaned less than $65,000,000 out of the $200,000,000 made available and have stopped making loans for growing crops during this year because there is no further need for such loans.

This is a very important matter. The interpretation made by the Secretary of Agriculture has caused a great deal of dissatisfaction among that large class of farmers who are engaged either exclusively or partially in livestock raising and in dairying, together with a large class of farmers who desire to plant crops and prepare for crops during the year 1932, but which crops are not to be marketed until 1933. They are also left out under the interpretation of the act. I am not discussing whether the interpretation is correct or not. I think it is a strained construction, but it is the construction, and can only be remedied by this very simple bill, which makes this fund available for all classes of farmers who deserve it and who can give the security which is satisfactory to the Secretary of Agriculture. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield three minutes to the gentleman from Montana [Mr. LEAVITT].

Mr. LEAVITT. Mr. Chairman, there is contained in this bill, as has been stated by the chairman of the committee [Mr. STEAGALL], a provision to allow loans for what is known as summer fallowing, a method of cultivation used in a number of the Western and Northwestern States. It has been said in the debate that it was the original intention of section 2 of the Reconstruction Finance Corporation act that loans should be available for all the necessary farming operations of 1932. I am convinced it was not intended by the Congress that those loans should be confined only to those farming operations to produce crops that would be

harvested in the year 1932. But that interpretation has necessarily been made by the Secretary of Agriculture because of the wording of the act, and that has precluded the making of loans for one of the most important parts of the farming operations of some of the States, known as summer fallowing.

In order to meet that situation, I introduced a bill on the 19th of February that was entitled:

H. R. 9538. A bill for the relief of agriculturists using the summer-fallow method of farming.

The language of that bill has been practically incorporated in this bill which is now before us. The Secretary of Agriculture reported on my bill, and in his statement referring to it he said:

The proposed bill is in the nature of an amendment to section 2 of the Reconstruction Finance Corporation act, approved January 22, 1932, and purports to authorize the Secretary of Agriculture to make loans to farmers for summer fallowing during the calendar year 1932. Under the provisions of section 2, as approved, loans are limited to crop production purposes during the year 1932. The department has received a number of requests for summer-fallowing loans, but it has been necessary to advise the applicants, or the inquirers, as the case may be, that there is no authority under existing legislation to make loans for that purpose. If loans are made for the purpose of summer fallowing, they will be made largely in the following States: South Dakota, North Dakota, Montana, Wyoming, Idaho, Utah, Washington, Oregon, California, Nebraska, and Colorado.

The summer-fallow process is necessary to the agriculture of these sections because of the uncertainty of moisture from year to year. It is necessary to prepare a portion of the soil in such a way that it will conserve whatever moisture is available, and make it available again for the production of the crop in the following year.

This bill, therefore, so far as the summer-fallowing feature is concerned, has a favorable report from the Secretary of Agriculture. This principle of recognizing summer fallowing has been included in previous laws authorizing loans to the farmers of that section of the country, and provision for summer-fallow loans has been included. I appreciate the cooperation of the Banking Committee and its chairman in incorporating the provisions of my bill in this Senate bill now before us, in order that it may become law at this session and be immediately beneficial. This bill should have the support of the House.

Mr. STEAGALL. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. HILL].

Mr. HILL of Alabama. Mr. Chairman, there is apparently no opposition to this bill, and there should be none. The chairman of the committee [Mr. STEAGALL], and the gentleman from Tennessee [Mr. DAVIS], have thoroughly explained the provisions of the bill. I do not know that a great deal can be added to their explanation. I want to thank Mr. STEAGALL for his splendid efforts in behalf of the bill. Mr. DAVIS has been indefatigable in his labors for the bill and but for his tireless and persistent work the loans provided in the bill for livestock, dairy, and poultry farmers would not have been included. I call the attention of the committee to the fact that the bill has the unqualified approval of the American Farm Bureau Federation, the National Dairy Union, the National Grange, the Holstein-Friesian Association of America, and various other agricultural and livestock organizations; in fact representatives from the Farm Bureau Federation, the Dairy Union, and the Grange appeared at the hearing on the bill before the Banking and Currency Committee and urged its passage.

As has been stated in the debate, under the rulings of the Secretary of Agriculture, for a farmer to secure any of the money provided in the Reconstruction Finance Corporation act, he must show that the money is not only going to be used for crop production, but he must show further that the crop will mature and be ready for market during the year 1932, and that any lien on the crop can be paid off during the year 1932.

Mr. JENKINS. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. JENKINS. Does the gentleman know whether or not the department, in interpreting this proposition of crop production, includes the crops of orchardists?

Mr. HILL of Alabama. I will say that under the interpretation of the Secretary of Agriculture the orchardist would not be able to borrow any money under the original act, but under the bill now pending there would be no question but that the orchardist could come in and borrow money for the planting of any crop or for the cultivation of any crop or for anything relating to the production of any crop.

Mr. JENKINS. What makes the gentleman think that under this amendment the words "crop production" would be interpreted to include orchardists, if they did not include them in the original bill? It is the same language.

Mr. HILL of Alabama. For the reason, I will say to the gentleman, that the amended bill carries these words "or for crop planting or crop cultivation."

Mr. JENKINS. Yes; but the question is whether the product of the orchard is a crop, or does this language mean products of the soil, such as corn, wheat, cotton, and so forth?

Mr. HILL of Alabama. I would say that, clearly, under "crop cultivation" the orchardist would come in.

Mr. JENKINS. But the gentleman does not know that positively?

Mr. HILL of Alabama. Of course, I could not speak for the Secretary of Agriculture, but I do give the gentleman my conviction based on a knowledge of the facts.

Mr. MORTON D. HULL. I would like to ask the gentleman the same question that I asked the chairman of the committee, Mr. STEAGALL. Is not this a bill to encourage an excess of production when we are already overproduced?

Mr. HILL of Alabama. No; this bill is simply to give the benefits of the original act to all the farmers, whether their crops mature in 1932 or whether they mature after 1932.

Mr. HOPE. Will the gentleman yield?

Mr. HILL of Alabama. Yes.

Mr. HOPE. Is it not the fact that under the regulations of the Department of Agriculture in making these loans, overproduction is actually discouraged because they limit the amount that a man can grow?

Mr. HILL of Alabama. The gentleman is absolutely right. Instead of being an incentive to overproduce, there is an incentive not to produce so much.

There are a number of crops, such as the strawberry crop, which is produced in my district in south central Alabama which does not mature in the calendar year in which it is planted. This crop is planted in August and it has to be cultivated from August until it matures along in the following spring, about March or April. Under the present ruling of the Secretary of Agriculture the producers of such a crop can secure no funds and no benefits whatever under the Reconstruction Finance Corporation act. What the bill would do would be to permit the strawberry growers to borrow money for the planting of their crop, for the cultivation of their crop, or for anything connected with the production of their crop. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman, those of us who voted for the Reconstruction Finance Corporation act will support this measure as a matter of course. It was understood that the terms of the original bill provided for loans to livestock producers and dairy farmers. Since they are excluded by interpretation, it becomes necessary to include them through this amendment.

I want to emphasize, however, that these loans to agricultural producers will be of no real value unless we take more fundamental action. This whole plan of advancing money to farmers and taking chattel mortgages on their products will prove futile as long as purchasing power in the great industrial districts is curtailed as at present.

With prices falling as they have for the past two years, it is possible that all the poultry and livestock, all the orchard crops and dairy products, produced as a result of these loans, will be sold for less than the amount of money loaned. Under such conditions these funds advanced will be gifts rather than loans, for the entire production can not provide repayment.

Can we not see that these measures will be of no benefit until we act to help restore the buying power of Americans?

In the Pittsburgh district more than a hundred thousand competent, willing workers are idle. In all, some 10,000,000 Americans are without employment. They have no income and no purchasing power. They and their families need these agricultural products covered in this bill and would gladly pay a fair price for them, but the breakdown in our industrial system has left them helpless and poverty stricken.

We have heard much of these so-called bonus marchers who have descended upon the Capitol from every corner of the Nation. Why are they here? Because they are out of work! If they were employed, you would hear no plea for payment of the bonus.

One of these stalwart American soldiers told me his tragic story in my office last night. He is one of my constituents, and I have known him for many years. He is a competent electrician and has always been a faithful worker and was never discharged for cause in his life. He spent two years overseas during the World War and had an honorable record. He returned home and resumed work in the steel mills. He married and has three children. During all of 1931 he had five weeks' work. His grocery bills could not be paid, and he could not meet his rent. At last he was forced to apply for charity, and for months he and his family have been existing on the miserable allowance of $1.08 a week.

Think of that, Mr. Chairman! Five American citizens, the family of a soldier, forced to live on $1.08 a week. He should be making forty times that amount by his trained ability to produce wealth.

Until we act to help restore that soldier and others like him to productive employment all bills like this one under consideration will be only as effective as putting sticking plaster on a cancer.

Let us realize the real disease that is before us for remedy and not content ourselves with treating symptoms.

Mr. Chairman, no one can emphasize the gravity of the situation more forcibly than Justice Brandeis and Justice Stone, of the United States Supreme Court, have done in their opinion of March 21, 1932, in connection with the New State Ice Co. case, No. 563, October term, 1931. Here is what they said:

> The people of the United States are now confronted with an emergency more serious than war. Misery is widespread in a time not of scarcity but of overabundance. The long-continued depression has brought unprecedented unemployment, a catastrophic fall in commodity prices, and a volume of economic losses which threatens our financial institutions. Some people believe that the existing conditions threaten even the stability of the capitalistic system.

Paul M. Mazur, associated with the banking house of Lehman Bros., New York, said in his recent book, New Roads to Prosperity:

> Capitalism is unquestionably on trial. None of us who are advocates of capitalism can lightly disregard the disaster that has befallen the world.

Dr. W. B. Donham, of Harvard University, in his recent book "Business Adrift" after reviewing the difficulties confronting us, concludes:

> Not only is the present unemployment emergency more serious than any previous emergency but my whole study of the future of American business indicates that it will require the wisest immediate management by both business and Government to prevent it from turning into a permanent problem of major significance. If something is not done which changes the situation, we may well be facing an immediate major breakdown of capitalism.

Owen D. Young, in an interview printed in the Baltimore Sun on May 18, urges liberal Government aid as a necessity at the present time, and comments on such a policy as follows:

> Do I like this idea of the Government making the start by setting up a credit bridge by which idle material may pass over into new undertakings? Of course I do not. I have spent my life in private business and I have believed that private business could operate the great machine by which our labor and our materials are exchanged and converted into things of use for all of us.
>
> But I am not willing to sit idly by, my hands in my lap, when things crumble and crumble and crumble and finally the point is reached where further crumbling may cause such disaster as this Nation has never known.
>
> If we are too confused and too terrified to act individually, then I say close up ranks and act as a body—which is what happens when the Government steps in.

Daniel Willard, president of the Baltimore & Ohio Railroad, another of America's foremost capitalists, in an address at the University of Pennsylvania, said:

> A system—call it what you will—under which it is possible for five or six millions of willing and able-bodied men to be out of work and unable to secure work for months at a time, and with no other source of income, can not be said to be perfect or even satisfactory. * * * A second problem is bound up closely with the first: The United States is perhaps the richest country in the world in natural and humanistic resources. * * * We have a productive capacity in our mills and factories far beyond our own domestic requirements. At the same time, with all this surplus of wealth and resources, we have millions, so it is said, in dire need of food and clothing. In short, more of everything to eat and wear than we can possibly use—and millions of human beings hungry and cold. These two problems together—unemployment and the distribution of resources—bring into question the very foundations of our political and economic system.

THE MONEY COST OF THIS BREAKDOWN

Mr. Chairman, what are the facts which have led to such statements by leaders who can not be termed alarmists?

Our national wealth in July, 1929, was estimated at between three hundred and fifty and four hundred billion dollars.

To October, 1931, alone, securities listed in the New York Stock Exchange had depreciated sixty billions.

Stocks and bonds not so listed had depreciated twenty-five billions.

Real estate, personal property, and small business had suffered a loss of fifty billions.

The loss in wealth which was caused when the army of unemployed had no chance to add manufactured value to raw materials amounted to fifty billions.

This staggering total of one hundred and eighty-five billions is the loss of national wealth due to the depression.

For the two years 1930 and 1931 the loss in wages due to unemployment was $21,600,000,000.

The estimated loss in income to salaried managers and small business men was $9,000,000,000. The loss in rentals was $4,000,000,000 and the loss in corporation earnings and dividends was $9,000,000,000. The total loss in income for the two years was $43,600,000,000, or an annual loss of $21,800,000,000.

To-day 10,000,000 workers are unemployed and 40,000,000 Americans are in the trenches suffering from privation and want.

It is conservative to say that for every month of 1932 we have lost $2,000,000,000, and will continue that loss for every month present conditions continue.

STABILIZING POVERTY AND MISERY

Mr. Chairman, in the face of such a desperate situation there are those who counsel further deflation to a point which in fact means stabilized poverty and misery. They say that the way out of the present economic morass is by reducing standards of living. They say we have been extravagant as a nation, and that the golden age is past. They argue for wage reductions in public employment and in private industry. They preach the gospel of thrift which pinches every penny and of saving which holds fast to every dollar.

Exponents of that policy in Congress vociferously protest against governmental action aimed to directly increase employment and maintain wage standards. My mail and the mail of every Member is loaded down with letters on embossed stationery demanding drastic reductions in American standards.

The end of the road thus advised is well expressed by the Business Conditions Weekly, published in New York City, in its issue of May 7, 1932:

> There is no need to fear, however, that these problems will not eventually be solved, although it is obvious that their complete solution will require a long period of time. Government ex-

penditures will be finally reduced either through the actual failure of the needed receipts to materialize or because of the people's opposition to the payment of the taxes demanded and the replacement of present officials by men willing and capable to institute the necessary economies. The steadily declining demand for finished goods will ultimately force down prices to a level within the means of consumers. The excessive production or raw materials will sooner or later be eliminated by the cost factor. The consequent rise in raw-material prices, together with the drop in finished-goods prices, will restore the needed price equilibrium. Foreclosures, bankruptcies, repudiations, reorganizations, the scaling down of debts by creditors and the gradual repayment of debts will eventually restore the debt burden to normal proportions.

Mr. Chairman, is that not a black picture? Yet, I submit, it is the sure goal if the road to further deflation is followed.

It means that we must scrap all the gains of science and invention and education for the past 50 years because we do not have intelligence enough to organize and use the wealth-producing facilities already built and ready to our hand. If we accept this course, it will not be because of a poverty of goods but because of a poverty of intelligence.

WAGE CUTS RETARD RECOVERY

We have witnessed the results of brutal deflation. Wage cuts have been made and unemployment has increased. They have not helped but delayed recovery. I do not say that they have not been necessary in many cases, for when demand falls off expenses must come down. A single company can not long continue in business if its expenses exceed its income.

However, good wages are at the bottom of good business. Let us admit that when the railroads, the United States Steel Corporation, and other business enterprises cut the wages of their workers, their action, however necessary, means injury to the public welfare, since it decreases purchasing power and reduces living standards.

If that truth is realized the real meaning of wage cuts by the United States Government will be understood. The hysterical outcry for the slashing of the very moderate wages of Government workers is part of a program to beat down all wage standards to pre-war levels. Such action leads to further cuts in private industry with all the tragic results of such a policy.

Those who have been so loud in their demands for governmental wage cuts are the deflationists who selfishly believe their own interests require a lower standard of living in every American home. The fact is that every wage cut, whether by Government or private industry, helps to perpetuate this depression. Instead of wages in general being too high in 1929, there were too low, and the country would have escaped much of its recent suffering if a greater part of corporate surpluses had been distributed in the form of higher wages. Between 1923 and 1928 wages increased about 1 per cent a year, production increased 4 per cent a year, and profits increased 9 per cent a year.

That fatal lack of balance had a great share in bringing us to the point where the income of the consuming millions would not permit the purchase of the products of the factories.

I say again that although wage cutting in individual cases may be a means of self-preservation, for business as a whole it is a step downward, which must be retraced at the earliest moment possible.

There is a road out of this jungle. We must move upward toward higher standards of living. I stand against these defeatists and deflationists who try to arrogate to themselves all patriotism in their denunciation of those who fight for the happiness of the many and not the few.

That is an old, old practice. Their spiritual ancestors were defeatists in the darkest days of the Civil War. They denounced Lincoln's plans and impugned his motives, pointing out that the opposite course could alone save the Union. Lincoln replied by sending a pledge in three sections which he asked his correspondents to sign.

Lincoln's pledge might well be paraphrased and sent to these present-day defeatists somewhat as follows:

(1) That there is now such unemployment in the United States that its tendency is to destroy the National Union and that in your opinion any constitutional means should be used in meeting this danger.

(2) That no one of you will do anything which will tend to hinder our efforts or lessen the efficiency of Government and industry while engaged in the effort to conquer unemployment.

(3) That each of you will, in his sphere, do all he can to have American workers, while engaged in the effort to suppress this evil, fed, clad, and otherwise provided for and supported.

OLD SLOGANS ARE USELESS

Mr. Chairman, every man here knows that millions are in want, but not because we can not produce the things they need. I will not believe that we must stabilize poverty when we can produce enough wealth to stabilize prosperity.

These advocates of further deflation are harking back to nineteenth century conditions, before science had remade the world, covered the continent with factories, and tied the Nation together by train, automobile, and airplane. Then it was necessary to save and sacrifice so that factories might be built. Now it is necessary to spend so that the products of those factories can be consumed. This country was not extravagant in 1928 and 1929. It was not living beyond its means. It was not using the products created by its own labor. There were surpluses in every line of production, proving that our standards of living were not high enough. With a proper standard for 120,000,000 Americans there would have been no such maladjustment between production and consumption.

I answer the question "Must America be poor?" with an emphatic "No!" I contend that a sane leadership can bring us to greater prosperity than we have ever known and that the road to that goal lies straight ahead.

It will take deliberate action, however. This fatalistic confidence that America will come out of this crisis without intelligent and determined direction means destruction. We can not stand still any more than an airplane pilot can remain stationary 5,000 feet in the air.

We can not hope to get out of this crisis simply through bolstering up the assets of banks. I voted for the Reconstruction Finance Corporation, the Glass-Steagall bank bill, and the home-loan discount bank bill, and I am voting for this amendment to-day as measures which will keep us from sinking deeper but which assuredly can not lift us out of the Slough of Despond.

Constructive action is necessary. Everybody knows we have productive equipment sufficient to supply our 120,000,000 with everything they need. But many of these mills are idle and willing workers are unemployed while they and their dependents are being forced to seek the aid of charity. Our great agricultural districts are in deepest distress because wheat, cotton, corn, and other products are being sold at less than it costs to produce them. The coal, oil, copper, and other great basic industries are depressed almost to the point of ruin. There is an unprecedented deficit in the United States Treasury, and new and strange tax burdens have been enacted.

THE PROBLEM OF PLENTY

What shall we do? First of all, what is it we want? If we can decide the goal, we may then decide the path to pursue.

It is not extreme to say that every American should have food, clothing, and shelter as the basic requirements. Then there should be education and recreation for all of us, with provision for hospitals and other public agencies of helpfulness.

Our problem is the problem of plenty. Productive capacity was expanded until at the peak of consumption in 1929 almost every industry was capable of producing from 30 per cent to 100 per cent more than was consumed. This production was achieved with fewer and fewer workers. In 1910, with a population of 90,000,000, we had 38,000,000 wage earners. At the same rate of production there should have been 51,000,000 wage earners to supply 120,000,000 people in 1930. As a matter of fact, due to increased efficiency in production, about 34,000,000 workers in 1930 would have produced for 120,000,000 people consuming at the same

rate as the 90,000,000 consumed in 1910. Higher standards made work for about 40,000,000 workers where 48,000,000 were asking for a chance to work.

The loss of this purchasing power meant lower volume of business. Cut-throat competition ensued, in which sales regardless of prices became the goal. Soon profits dried up, equipment industries came to a standstill, and labor was discharged. As purchasing power decreased other workers were thrown out of work, and the destructive downward spiral began and has continued to this day.

The majority of American industries are now operating at half capacity and the labor employed is on part-time schedule, still further cutting down purchasing power.

Mr. Chairman, is it not clear that the crisis is like that to which Abraham Lincoln referred in his speech in Pittsburgh, February 15, 1861, when he was on his way to the Capital? "In plain words," he declared, "there is really no crisis except an artificial one."

To-day we must say that this is a man-made depression. No act of God brought this catastrophy. There has been no fire or earthquake or flood. There has been utter disregard of the spiritual values of life, while we blindly worshipped the god of the machine.

What is to be done?

First, there should be immediate relief for those who are suffering most from this collapse of our economic order.

IMMEDIATE HELP FOR HUNGRY

I believe the United States Government should help unemployed Americans and their families. Private charity can not carry the load. Public funds in many States and counties and cities are exhausted and the need grows greater. The last resort, national help, must deal with the national problem.

Denunciation of Federal assistance is not an American answer to that tragic question, "How shall I keep my wife and children alive?" which a vast army of honest workers are asking to-day.

No man who has never faced that question himself has any right to sneer at such desperately driven Americans. No theory of local and State responsibility should chain down the helping hand of the National Government. No fear of establishing a precedent should prevent action in an unprecedented situation.

I know western Pennsylvania and its needs. There is the one-time workshop of the world, where workers produced untold wealth out of mines and mills. To-day those workers are jobless and hungry.

I know employers who have faced bankruptcy in order to keep old and faithful employees on the pay roll. I know merchants who have extended credit to friends and neighbors until they were destroyed themselves. I know citizens who have contributed to relief funds to a greater degree than they could afford in justice to themselves. I know public officials who have obligated themselves in order to get money for an empty treasury.

Still, with such sacrifices which bleed industrial communities white, the need for help grows greater. It is folly to delay action while men grow reckless and desperate. Let the United States answer the cries of distress from its own citizens now as it has answered similar cries from other peoples in the past.

PUBLIC-BUILDING PROGRAM

The next stage in relief should be a public-building program. The socially sound and productive remedy for unemployment is work. Charity is no true answer, but pay envelopes are the basis of prosperity. The cost will be far less than that of prolonged bad business.

Private industry can not furnish employment to-day, for it can not increase its receipts or its borrowings. The United States Government can set the wheels of increased employment in motion through a comprehensive program of public works large enough to strike a real blow at this depression.

I believe bonds should be issued now for construction just as was done in war time for destruction.

Besides the direct action by the United States Government in the construction of its own public works, loans to States and cities should be made through the Reconstruction Finance Corporation.

The President's organization on unemployment relief listed many worthy projects which can be erected now, such as waterworks, sewers, bridges, tunnels, roads and street paving, grade-crossing elimination, buildings, parks, air ports, and so forth.

It is estimated that $2,000,000,000 worth of State, county, and municipal construction, originally planned for 1931, has not been undertaken. New projects for 1932 add another billion. That shows that these necessary public works now ready to go forward during 1932 amount to $3,000,000,000.

Without the help of the Federal Government this great building program will be dropped just at the time it is needed most. A great building program will increase purchasing power and will add to the wealth of the Nation.

There is an outcry against public works on account of the Budget. It is important that the Budget be balanced, mainly because so much emphasis has been laid upon it that failure will affect public confidence. We did not balance the Budget in 1917 or 1918 and no one expected it. To-day it becomes necessary, and in order to do it a great many Members, like myself, voted for a 50 per cent increase in the letter-postage rates and other taxes, which were inherently unjustifiable.

However, expenditures for public works are not current expenses but capital investments, outside the Budget for the year. No industry in the world counts its factory construction as current expenses.

It is true that there would be an annual charge due to interest on bonds and to provide a sinking fund. But millions of workers could be put to work through the use of these funds.

A program of building on the line I have described would so stimulate business that the recovery in values would pay the entire cost many times over. Revived industry could pay the increased amount without any addition whatever to present tax rates.

We can balance the Budget on paper, but actual balancing depends on revenues actually received. Give the workers a chance to balance their budgets and the Treasury's problem will be solved.

Everywhere we hear the plea, "Give us confidence and all will be well."

My friends, confidence depends upon the assurance of an upward trend in employment and prices and sales. Factories have no stocks on hands, and a million and a half retail establishments buy from hand to mouth. The normal replacement of automobiles would have required 3,000,000 cars which have not yet been bought. In 1931 fewer automobiles were sold than went to the junk yard. More badly worn tires are on cars than ever before. Railroads are not buying rails or rolling stock. Why should they buy if prices are likely to be lower next week or next month? What a tidal wave of business would follow the assurance that prices would not be lower but higher next week or next month.

The Federal Reserve Board has been buying Government securities in large amounts with a view to increasing the supply of currency and thus increasing the price level. The Goldsborough bill has for its purpose the continuance of that work until prices have reached the 1926 level.

However, experience thus far proves that an addition to the currency does not necessarily raise prices. It must be in circulation if it is to be effective. If it is hoarded in the banks, there can be no beneficial results.

CONTROL OF PRODUCTION NECESSARY

In any case, there can be no stabilization of prices without stabilized production. No currency control will help industry if producers insist on dumping excess production on the market under a system of blind and senseless cutthroat competition.

Therefore, if we are to win the war against this depression, there must be a way found to correct the evils of excess productive capacity. Furnishing food for the hungry, even creating public work for the unemployed, is like taking care of the wounded on the battlefield. Such action alone never yet won a battle.

If we are to have permanent prosperity, there must be such organization of our industrial system that able and willing workers may have jobs through which they may earn an honest livelihood for themselves and their families.

There is no other way to do that except by controlled production so that output may be balanced by purchasing power.

Control of production means the destruction of the false doctrine that cutthroat competition is the life of trade. The fact is that such competition is the destruction of trade and the destruction of the peace, security, and happiness of all Americans.

Destructive competition, with the uncontrolled production it engenders, has driven the prices of commodities below production cost. It has dissipated capital and bankrupted business. It has forced wages to a starvation level. It has forced the passing of dividends and has pulled down the value of securities.

We have tried to make stark individualism serve in an age of cooperation. The result is the anarchy of present-day conditions.

Mr. Chairman, I repeat that it is essential that the United States Government help to organize the industrial system of the Nation so that every citizen may have an opportunity to earn a decent living. Without that opportunity a free-born American is in worse condition than under slavery.

Under the system of cutthroat competition there can not be security of employment at fair wages nor security of fair return for invested capital. The way must be found without delay to provide for control of production so that it may be balanced against consumption or our entire capitalistic system is downed.

That does not mean reduced production, but it does mean stabilized production. To secure the proper results of mass production and more efficient processes, the American standard of living must be increased, not decreased. There must be enlarged purchasing power and consumption.

There is no necessity for bringing our standards down to those of foreign countries. Our prosperity does not depend on foreign commerce, and the sooner we realize that the better.

Our home market, in our peak period, was 92 per cent of our trade. With a decent living standard for all, we could have absorbed 100 per cent of our production. Under present conditions we should make this Nation a self-contained country, save only for those special products which we can not produce here.

We have built up enormous credits in foreign countries to our own undoing. They are of no value unless we turn them into commodities and services. And when they are turned into commodities and services which can be produced here, it simply means robbing some Americans of a chance to make a living.

If we would realize that the great problem is to supply continuous work for Americans so that they can be secure and prosperous we would soon see the importance of controlling production to meet the needs of an increasing standard for our own citizens.

Free and unrestrained competition is fatal in an age of big business.

EFFECTS OF CUTTHROAT COMPETITION

Under the pressure of vast capital accumulations, and mass production on a tremendous scale, competition has developed a recklessness and ruthlessness undreamed of by the older economists who spoke so blithely of the beneficent effects of competition. The old doctrine of supply and demand has ceased to function as an automatic stabilizer of production and trade.

Supply has run wild as it were. Vast resources have been put into the building of plants to turn out commodities which either were not wanted at all or could be sold only at a loss. In some cases, whole industries have been carried on at a constant loss, and instead of this resulting in eliminating the inefficient producer, as it should have under the old theories, new capital was constantly entering the field.

This failure of competition properly to operate under modern conditions is very well described in an article by Philip Cabot, professor of utility management in the Harvard Graduate School of Business Administration, in an article in the autumn, 1931, issue of the Yale Review. Referring to the law of supply and demand, Mr. Cabot says:

No informed person will deny that, as a method of controlling demand, this law leaves much to be desired. As a method of controlling supply, it is even worse. The theory is that when many manufacturers are producing goods that compete directly, and when the supply so far exceeds demand that the price falls below the cost of the marginal producer, his production is eliminated, the supply is thereby reduced, prices rise, and prosperity is restored. But unfortunately this does not happen. It is true that when oversupply has brought the price below the cost some producers lose money, but their first thought is not to reduce the supply but to reduce the cost, and in order to do so they increase the supply, which forces the price still lower. When this method fails the corporation employing it fails and the owners succumb, but the plant goes into the hands of the creditors, who often put in new capital and new management, and come into the market as new competing producers on a lower cost level, because most of the fixed costs of plant have disappeared. Thus under modern conditions of free competition and almost unlimited capital, when a large number of competing producers oversupply the market, the law of supply and demand may not operate to correct this condition until the fixed plant has been worn out. In the meantime the oversupply may actually have increased, so that even the low-cost producer can not make a profit. To rely upon this law to prevent overproduction is thus like relying on a stomach pump to prevent overeating. It simply doesn't work.

There is no sure way for a producer to reduce the supply of goods in any manufacturing industry except to buy up the plants of his rivals and scrap the less efficient ones. This method, however, is 'conspiracy in restraint of trade,' and when discovered leads to prosecution. Pooling agreements between the producers, which might reach the same result, are illegal and practically unenforceable.

Thus it seems that the freedom of competition at present required by our law has rendered the law of supply and demand ineffective as a stabilizer. It does not prevent, or modify, the swing of the business cycle. In fact, it may even accentuate it. This is a horrid thought and an almost incredible one. The thing has worked so well in the past that we ask what has gone wrong with it now. The answer is that conditions have changed. The supply of liquid capital in the United States threatens to exceed the demand, and, with invention reduced to a science, new methods of increasing production are now rained upon us. The result is that supply in one field after another outruns demand to such an extent that the price appeal on which the law of supply and demand depends has proved wholly inadequate.

Looking into the future, Mr. Cabot sees absolutely no hope except through some method of controlling unrestrained competition:

In such a situation any generalization, or even opinion, regarding the future is hazardous, but it is none the less necessary to attempt some generalization based on our experience. This much seems clear; the principle of free competition, so serviceable in the past, appears now to have developed vices which threaten to destroy us, for when competition is really free, planning for any considerable future period is a waste of time because the plans can not be carried out. In short, freedom of competition under modern conditions means that the chaos in our industrial world will continue. If stability is to be achieved, some freedom must be surrendered. This is a familiar phenomenon. As the world becomes more crowded the freedom of the individual must be progressively curtailed if he is to preserve any freedom, and it now appears that if capitalism is to survive, some freedom must be sacrificed.

The calamitous result of unrestrained competition has also been vividly presented by Thomas L. Chadbourne, New York attorney, who led in the negotiations for the international sugar pact in 1931. Writing in the New York Times of June 7, 1931, Mr. Chadbourne, after reviewing the particular ills of the sugar industry resulting from cutthroat competition of the most destructive kind, had this to say about present-day competition in general:

The old adage, "Competition is the life of trade," contains a half truth, than which there is nothing more dangerous; but recent developments in the commodity situation of the world indicate that unrestrained competition is likely to be the destruction of society and has opened the eyes of the business world to the necessity of at least tempering this worn-out statement by

the addition of one word and making it read in the future, "Enlightened competition is the life of trade."

Enlightenment in a great industry is only obtainable by cooperation, because education of the kind necessary to avoid the serious missteps of over or under production is too expensive to be attainable by the small unit.

The human mind is a powerful lever, and through the history of our capitalistic social structure it has, with self-interest as a fulcrum, lifted immense production loads. Incidentally, during the past two years this lever, with unenlightened self-interest as a fulcrum, has sadly overdone the lifting process in the production of most of the staple commodities.

But self-interest is not the only fulcrum upon which the human mental lever can operate. We see in war time public interest become equally as effective a fulcrum for the lever of production; but the difficulty has always been that self-interest is a continuing interest, while public interest or public service has required the inspiration of national calamity to bring it widely into being, and it fades with the ending of the trouble that inspired it.

Nevertheless, wars—and Heaven knows we have had enough of them, as in 2,500 years of recorded history there have been in this world only 40 years of undiluted peace—have taught us the lesson that people stirred by national spirit will make enormous personal sacrifices for their nations. The world situation which every nation is suffering from now is equal in its ill effects to any war any of the nations has ever had on hand. Millions of men are out of employment throughout the world, and their suffering is longer drawn out and harder to bear than suffering in war time.

Will not this calamitous condition arouse intelligent human beings, equally as much as war, to a necessity for individual sacrifice for the good of all? Will not this calamitous condition instill into the hearts and minds of men the imperative necessity for cooperation just as they have had it when their nations are at war? I know it will at some period. The question is, Can not that time be advanced so as to make the results come quickly enough to save the system under which you and I and our forefathers have lived for so many centuries?

Equally striking is the analysis of our present difficulties by Prof. J. Russell Smith, of Columbia University, writing in the Survey Graphic for July, 1931. The article bears the arresting title "The End of an Epoch." I quote a few sentences from it:

Industrially we are all dressed up with no place to go. We are equipped. We need a market. There is our neighbor's hunger and his near-nakedness. Our next and pressing task is to turn him into a market. To do this we must do something to give him buying power. We are at the end of an epoch—the epoch of free and unrestricted competition. Our system has failed. Six million unemployed prove it. We need a new system.

The name in economic theory of our present industrial system is laissez faire, which means "let alone."

This theory was born in the minds of men who saw industry as a spinning wheel, a hand loom, a cobbler at his bench, a blacksmith at his anvil, a tailor in his shop, a farmer with his scythe, transportation in carts and on horseback, with the canal boat as the great hope. This theory of laissez faire did not work so badly in the first half of the nineteenth century, with new continents being opened up and the young men able to run away from bad employment conditions in cities and settle in Ohio, Indiana, Illinois, Kansas, Iowa, Nebraska, Dakota, Manitoba, Australia, Siberia, or South Africa. It is different in the age of machinery when the continents are all settled. We now see that with the steam hammer and the giant corporations of the industrial city the liassez faire theory is failing more and more to bring economic satisfaction.

Free competition kills purchasing power. What is free competition between unorganized, hungry unemployed men and a billion-dollar corporation? What is free competition in a glutted market? What is free competition when both labor and capital go hungry, as they do now in the American soft-coal industry?

COMPETITION IN BITUMINOUS COAL

Let us look at the bituminous-coal industry. The evil results of cutthroat competition have nowhere been more definitely described and the need of reform more strongly urged than by President Hoover before the convention of the American Federation of Labor at Boston, October, 1930. Referring to the bituminous-coal industry, President Hoover spoke as follows:

In that industry the encroachments of electrical power, of natural gas, of improvements in consumption have operated to slow down the annual demand from its high peak, leaving a most excessive production capacity.

At the same time the introduction of labor-saving devices has decreased the demand for mine labor. In addition to its other difficulties must be counted the effect of the multitude of 6,000 independent mine owners among 7,000 mines, which has resulted in destructive competition and final breakdown of wages.

All these conditions have culminated in a demoralization of the industry and a depth of human misery in some sections which is wholly out of place in our American system. The situation has been under investigation of our Government departments, by Congress, together with commissions and committees of one sort or another, for the past 10 years. The facts are known.

One key to solution seems to me to lie in reduction of this destructive competition. It certainly is not the purpose of our competitive system that it should produce a competition which destroys stability in an industry and reduces to poverty all those within it. Its purpose is rather to maintain that degree of competition which induces progress and protects the consumer. If our regulatory laws be at fault they should be revised.

Mr. Chairman, note particularly the last sentence of this quotation from the President's address:

If our regulatory laws be at fault, they should be revised.

WASTES IN OIL INDUSTRY

The ills of the oil industry are notorious. Here competition produced some of its most destructive effects and, what is still more striking, has led to efforts, urged by the producers, to control production under public supervision.

The difficulties of the oil industry and the need of public intervention are well set forth in a recent article by Walter C. Teagle, president of the Standard Oil Co. of New Jersey, in a volume entitled "A Basis for Stability." He says:

Oil is unlike other minerals because it does not remain just where nature stored it until the time it is brought to the surface of the earth. It isn't the least concerned about property lines established by man above ground. It flows toward the wells, wherever they may be, and that is why one producer may recover oil that really belongs to another producer. Usually the courts hold that the producer who first captures oil and gas on the land above the oil pool is entitled to possess that oil and gas, whether it comes from beneath his own land or from beneath the land of another producer. So when land above a pool is owned by many people, many wells are drilled. The oil is brought to the surface regardless of each landowner's right to it, regardless of whether each producer has a market for it, and regardless of dissipation of gas pressures and accelerated intrusion of water, which will result, sooner or later, in placing enormous quantities of the oil beyond hope of recovery. The lawlessness of scramble is reenacted with the development of every new oil field in which there are many landowners who produce on a competitive basis. Each producer wants to be first to capture the oil. Drilling is done feverishly, carelessly, and extravagantly. Yet this is only the beginning of a chain of reckless, extravagant, and unbusinesslike events. As the oil is produced in greater quantities than are required by the market, it is stored at heavy cost above ground. The producer offers it for sale for whatever he can get, and the law of supply and demand is there to see that he does not get much. Refiners are tempted by bargain prices to buy oil in excess of their needs and to make more gasoline than the market demands.

So there is not only overproduction of crude oil but there is overproduction of refined products, too. This, in turn, leads to overexpansion of marketing facilities and to all the evil practices that creep in when marketers have more products on hand than are required to satisfy public needs. The forces that cause instability in the production of crude petroleum lead inevitably to instability in refining and marketing practices.

The ills of the oil industry are peculiar to that industry and require peculiar remedies. These are modification of antitrust laws, cooperation among producers, and the exercise of the police power of the States.

In the case of oil, the movement for regulated production has actually come to fruition and the principle of control has been supported by the United States Supreme Court. I quote from the United States Daily of May 17, 1932:

The Supreme Court of the United States determined on May 16 that a State has the power and authority to limit the production of oil and gas from the wells of the State to the amount of the reasonable daily market demand and to require ratable production by all taking from a common source of supply.

The proration scheme of limiting oil production as practiced in the State of Oklahoma under its so-called curtailment act and the orders of the State corporation commission thereunder were found not to deprive oil-well owners and operators of any rights under the Federal Constitution.

The decision of the court was handed down in a case in which the proration plan was challenged by the Champlin Refining Co., an integrated organization owning wells, refineries and sales outlets. Counsel for the company had urged, among other things, that the plan operates as a price-fixing scheme, deprives a well owner of his property, and burdens interstate commerce. These contentions were rejected by the court in a unanimous opinion written by Mr. Justice Butler.

Relative to the argument that the company "has a vested right to drill wells upon the lands covered by its leases, and to take all the natural flow of oil and gas therefrom so long as it does so without stated physical waste, and devotes the production to commercial uses," the court stated that "if plaintiff should take all the flow of its wells, there would inevitably result great physical waste even if its entire production should be devoted to useful purposes.

The court recognized that "every person has the right to drill wells on his own land and take from the pools below all the gas and oil that he may be able to reduce to possession including that coming from land belonging to others." It ruled, however, that "the right to take and thus acquire ownership is subject to the reasonable exertion of the power of the State to prevent unnecessary loss, destruction, or waste."

The statute in question prohibits the production of petroleum in such a manner or under such conditions as constitute waste. The term waste is defined to include, in addition to its ordinary meaning, economic, underground and surface waste, and waste incident to production in excess of transportation or marketing facilities or reasonable market demands. It empowers the corporation commission to make rules and regulations for the prevention of such wastes, which it has done under its proration plan since April, 1927.

UNCONTROLLED PRODUCTION IS WASTE

Of particular interest in this case is the broad definition given the word waste. It is defined to include production in excess of transportation or marketing facilities or reasonable market demands. And, while the Oklahoma legislation, as also the court decision, was based on what were declared to be conditions peculiar to the oil industry, it is evident that in many other industries the conditions are possibly no less peculiar, although of a different character, and have the same evil results of waste as above defined.

The questions of overproduction, waste, and excessive competition in the natural-resource industries, particularly oil, coal, and lumber, was made the subject of a prolonged study by a committee of the United States Chamber of Commerce, the chairman of the committee being Matthew S. Sloan, president of the New York Edison Co., and member of the executive committee of the National Industrial Conference Board. This committee reported in 1931, recommending that agreements among producers be permitted under Federal supervision. The recommendation was as follows:

The committee recommends that a tribunal of officials of the Federal Government familiar with natural-resource industries should be authorized to permit agreements for curtailment of production in such an industry during the continuance of a condition of overproduction found by the tribunal to be injurious to the public interest.

These excesses of competition are by no means limited to the United States. They are characteristic of all the industrialized countries of the world. An excellent world picture of this situation has been recently presented by Sir Arthur Salter, former director of the economic and finance section of the League of Nations, and a recognized authority on world economics, in his book, Recovery: The Second Effort. I quote from that book:

The world's economic mechanism has lost its self-adjusting quality. And never was it so much needed. New process succeeds new process; the public taste and demand alter incalculably; and every improvement in the transmission of news and in transport increases both the range and the rapidity of the reactions of every change. The mechanism which adjusts production to new demands; which corrects sporadic excesses of supply; which moves capital where it is needed; which stops, or directs, or expands enterprise; which adapts every activity to this shifting environment, needs to be flexible and rapid. And everywhere we see that it is precisely these qualities which it has been losing.

We can perhaps, here and there, restore the frictionless self-adjusting quality of the old freely working competitive system. But in every sphere which we have examined we find that this alone will not suffice. We need to supplement it by planned direction, by a regulative control. In the sphere of money and gold, for example, we may perhaps remove some of the impediments to the traditional working of the gold standard, such as the sudden imposition of new tariffs; but we can never have a tolerable medium of world trade unless Governments and central banks pursue the agreed objective of a stable general price level through deliberate and cooperative action. In the credit system we may gradually reestablish the confidence of the investor; but we can never avoid the disasters entailed by ill-judged loans unless the great issue houses have at least a recognized standard of conduct and some accepted basis of policy. Programs of industrial production obviously need to be based more upon collective estimates, and to be subject, where necessary, in their execution to some collective influence.

The defects of the capitalist system have been increasingly robbing it of its benefits. They are now threatening its existence. A period of depression and crisis is one in which its great merit, the expansion of productive capacity under the stimulus of competitive gain, seems wasted; and its main defect, an increasing in ability to utilize productive capacity fully and to distribute what it produces tolerably, is seen at its worst. And, in the mood of desperation caused by impoverishment and unemployment, the challenge of another system becomes more formidable. No one can expect that even if we get through now without disaster, we can long avoid social disintegration and revolution on the widest scale if we have only a prospect of recurring depressions, perhaps of increasing violence.

We have before us only the alternatives of collective leadership, collective control, or chaos—not, indeed, quite mutually exclusive; for in practice we shall have something of all three. We must do our best to eliminate the third, and make the best mixture we can of the first two. For this is no simple choice between two alternatives: "Hands off industry by the politician" or "Leave it to the Government"; "private enterprise" or "State control"; "capitalism" or "communism." We evade our intricate and complex task if we think it can be solved by slogans instead of reason.

PROPOSALS FOR INDUSTRIAL PLANNING

Mr. Chairman, that the dissatisfaction with the present results of our competitive system is very widespread is evidenced by the many proposals put forward during the past year or so for a system of national industrial planning. Such proposals have come from some of our most conservative business and political leaders—such as Gerard Swope and Owen D. Young of the General Electric Co., Nicholas Murray Butler, president of Columbia University, and leaders of the United States Chamber of Commerce. A brief statement of certain outstanding proposals of this character, as given in an address by Mr. Grover Whalen, general manager John Wanamaker, New York City, before the Taylor Society, December 4, 1931, may be quoted in this connection:

1. Swope plan: Trade associations, membership in which is compulsory after three years for companies with 50 or more employees; rulings mandatory.

2. United States Chamber of Commerce plan: National Economic Council; power not mandatory, but suggestive.

3. American Federation of Labor plan: National Economics Council; power not mandatory, but suggestive; development of more scientific plan of production.

4. "Forum plan" (Jay Franklin): "United States Incorporated"; 5 per cent of corporation and partnership control of stock of all business to be turned over to Government for five years; key industries to be grouped into regional or national monopolies; dividends to citizens later issued in form of consumption goods at cost.

5. Stuart Chase's plan: "Peace Industries Board"; revival of War Industries Board for 10-year plan; seven members, using coercive, mandatory power; confined to 20 or 30 basic, necessary industries.

6. Matthew Woll-James W. Gerard plan for National Civic Federation: "Business congress" of all existing industrial organizations, in continuous session; no limitations or restrictions; full and complete power, even to fix prices or combine; 10-year plan.

7. Prof. Charles A. Beard's plan: "National economic council," authorized by Congress, to coordinate the highly concentrated industries in finance, operation, distribution, on the basis that business is public-service enterprise. Also "Board of strategy and planning"; each industry governed by subsidiary syndicates.

8. Associated General Contractors of America plan: Grant by Congress of greater power to Federal Reserve Board; bond issues to be authorized for revolving fund for specific construction and improvements; bond issues also for increasing public and semi-public construction; Federal reserve to guarantee solvency of banks and force hoarded capital to circulate; public-debt retirement to be deferred.

In the New York Times of May 8, 1932, Mr. John Corbin, in the course of an article dealing with these various proposals, comments on these striking changes in conservative opinion, and points out that the idea of industrial planning is but carrying out the same principles as those embodied in the Interstate Commerce Commission and other Federal commissions.

Is it possible that such men have gone back on what President Hoover calls "our rugged American individualism"; are flirting with socialism, with communism? To many or most of us it has seemed so. The denunciation of what they propose has been as widespread as its advocacy—perhaps more eloquent. And invariably it rests its case upon the incompatibility of national control with the individualistic genius of our people and with our Government as established under the Constitution. That issue is definite and concrete.

But is it the real issue? In the view of the exponents of national planning, it is not. Though the earliest of them used Russia as their text, as a springboard from which to project themselves into the form of debate, they were careful, when they came to concrete proposals, to base them upon familiar American practice. Thus, what Stuart Chase advocated in his path-breaking article in Harper's Magazine last summer was a rehabilitation of the famous War Industries Board; and one and all of his successors, as we shall see, have likewise proposed, as the primum mobile of industrial planning, a general board or commission

falling into the category of the Interstate Commerce Commission and the Federal Reserve Board.

The fact may or may not endear them to us. Though government by commission has a history in this country of almost half a century, neither the standard historians and economists nor our industrial leaders have arrived at any mature and authoritative opinion as to its value. Yet to anyone familiar with recent decades of industrial history, the briefest of statements should be enough to show that the true background of national planning lies in a pre-war and pre-Bolshevist development of our own American institutions.

REGULATION AN AMERICAN POLICY

Governmental regulation of industry in the United States is thus not to be regarded as a new thing. As Mr. Corbin points out in the article referred to, such regulation arose from the "difficulty of controlling the gigantic new forces set free in the nineteenth century by the industrial revolution," and the recognition that the laissez faire principle in its pure form was not working out for the good of the community.

The movement began in 1887 with the passage of the first interstate commerce act under the Cleveland administration. President Cleveland signed it because he believed there were abuses that could not otherwise be corrected, but it is reported that he expressed his fear of it as being "socialistic."

At first the Interstate Commerce Commission had little authority. Its duty was primarily to observe and recommend. Later, however, its authority was greatly extended, and similar regulatory bodies appeared in other fields of industry—the Federal Reserve Board, the Federal Trade Commission, the Farm Board, and recently, the Federal Power Board, and the Federal Radio Commission.

I have referred thus briefly to these various boards and commissions to indicate that there is nothing new, revolutionary, or socialistic in the idea of Government supervision or regulation such as is suggested in the various proposals for national planning.

All of these plans rest on the thesis that planning involves control, and that the Government, although it may leave the details of planning to industrial associations, must act as final arbiter. Planning and unrestrained competition are incompatible, and no industry or group of industries can be trusted always to respect the public interest unless the public has a certain measure of control. This, the Swope plan, one of the conservative, clearly recognizes. As described by Mr. Corbin:

Mr. Swope proposes "to start from the bottom and build upward." He conceives of our basic industrial units much as the Constitution of 1787 conceived of the 13 States; and he provides for a balanced interplay between "local" self-government in our industrial life and national authority. Not Congress but "organized industry" should "take the lead," coordinating production and consumption "on a broader and more intelligent basis." As this is "impossible under our present laws," the Sherman Act should be suspended to permit it.

Such a plan would "preserve the benefits of individual originality, initiative, and enterprise." But there would be danger of monopoly and of other conspiracies against the interests of the Nation as a consuming whole. The self-governing industrial units must submit all projects openly and freely to some "agency of the Federal Government." Mr. Swope mentions the Federal Trade Commission, but he seems inclined to an "agency" especially created and empowered—a universal national commission, superior to the commissions for the several industries, which shall presumably have some such relation to them as the present National Government has to the several States.

COMPELLING FORCE IS NECESSARY

The recent experience of the cotton textile industry is an excellent example of the failure of big industries to control themselves without outside supervision. The cotton textile industry a year or so ago attempted to obtain an agreement among all the textile mills to restrict night operation in order to prevent destructive overproduction. The idea was an excellent one and had the approval of the administration. But it failed because a few backward-looking mills refused to join in the plan. Mr. Henry P. Kendall, himself a large cotton-mill operator, describes these efforts in the Survey Graphic of March, 1932, and concludes as follows:

Some compelling force must be invoked. It might come through concerted action of the governors of the cotton textile States. It may be that legislation is the only final answer. Certainly, unless the industry itself corrects this fundamental fault of overlong work weeks some outside corrective must be sought.

Dean Donham, in Business Adrift, does not doubt the necessity for legislation. He declares:

Preserve individual initiative? Yes. But should we admit that industrial initiative can not be coordinated with intelligent planning? If so, we shall be fortunate if we retain individual initiative in the face of such shocking waste of community resources, for it may turn out that, from a material point of view, socialism makes possible higher standards of living than capitalism. I should be willing to pay even this price for personal liberty and individual initiative, but do not think it necessary. I believe we can secure competent general business planning without losing liberty and personal initiative. * * * The necessity for some method of making legal agreements which can stop senseless competition, with its threat to the stability of established industrial groups and its shocking economic waste, is becoming more and more apparent. In the course of working out any such reappraisal, legislation is essential.

Here is what Owen D. Young says as printed in the New York Times September 17, 1931:

We can retain in this country unorganized industrial planning and operation; but if we do, its action will necessarily be at times chaotic and we shall, as a result, pay the economic penalty of that disorder, such as we are paying now. * * * Cooperation is required by the great majority of the participants and the coercion of the rest may ultimately be necessary. * * * Every advance in social organization requires the voluntary surrender of a certain amount of individual freedom and the ultimate coercion of the minority. It is not the coercion of the recalcitrant minority but the voluntary submission by the large majority which should impress us.

PRINCIPLES OF CONTROL

Mr. Chairman, from this review of the facts and of present-day opinion regarding the operation of our traditional economic system in this new age, the problem confronting us is made clear. It is to avoid on the one hand the evils of monopoly, and on the other the evils of unrestrained and reckless competition. The problem is difficult but not insoluble. The solution, indeed, is suggested in certain of the proposals made for industrial planning, and while details will have to be worked out, the underlying principles to be accepted and to be followed seem quite clear. These have already been referred to, but may be summarized as follows:

First. Mass production, organized distribution, and other characteristics of present-day industry and finance have sounded the death knell of unrestrained competition. To seek to restore such competition will be a failure and apparent recovery in business from the present depression can be but temporary, because there will immediately be set in motion the same forces of reckless and destructive competition which preceded, and largely caused, the present breakdown.

Second. It is essential that industry obtain a considerable degree of stability, in production, prices, employment, and profits. This can only be done by placing some degree of restriction upon competition, while avoiding the dangers of monopoly. The most logical way of attaining this is to make provision for the organization of the business enterprises in particular industries into trade groups or associations, these associations to have authority to cooperate in general matters affecting the industry as a whole, in order to avoid overproduction and the cutting of prices below the cost of production.

Third. If these associations are intelligently managed, there need be no exploitation of the public; but to avoid such possible exploitation and also to prevent unfair practices by members of the association it will be necessary, of course, to have a measure of governmental supervision and control, but such supervision should be kept at the minimum consistent with the protection of the public interests.

Fourth. The interests of labor must be protected by assuring workers of the right to organize and to bargain collectively, and with the guaranty of fair wages and the right to participate in the increasing productivity of industry.

These principles can be put into force in each of our basic industries without any drastic change in our present form of economic organization.

STABILIZING THE COAL INDUSTRY

The coal regulation bill introduced by Senator DAVIS, of Pennsylvania, and myself meets the need in the bituminous-

coal industry. On January 28 I outlined to the House the provisions of this measure. Since then it has been given the most exhaustive consideration by the Senate Committee on Mines and Mining. For weeks both proponents and opponents testified as to its features.

Certain amendments have been agreed upon clarifying the purposes of the legislation. I believe that the principle of cooperation contained in this bill will solve the vital problem of unrestrained and senseless competition, whose damage has been pointed out by the many leaders I have quoted.

This coal bill will provide an opportunity for curbing the destructive competition which for many years has injured the entire bituminous-coal industry. It provides a maximum of stability with a minimum of governmental regulation and permits the development of supervision through the practical experience of those in the industry itself. Since 1919, due largely to the tremendous expansion during the World War, this basic industry has been totally disorganized.

There is no dissent anywhere as to the destructive effects of the unrestricted competition which now prevails. The coal operators are as outspoken in their condemnation of the present system as the representatives of mine workers.

Many executives of coal companies testified for cooperative and combined efforts in the coal industry but favored private combination through regional sales associations which should fix prices and regulate production. The proposed charter of the Appalachian Coals (Inc.), and the projected agreement for regional selling pools were submitted as possible plans for stabilization.

However, the fact that such a plan of cooperation makes no provision for protecting the rights of the public or the mine workers, and the further fact that there is grave doubt as to the legality of this proposed price-fixing plan, in view of the provisions of the antitrust laws which prohibit all price-fixing combinations, should lead to the enactment of this bill.

The measure specifically legalizes the formation of regional sales associations and marketing pools in the various coal regions. These associations and pools establish price and production schedules, which must be approved by the coal commission created by the measure. This commission consists of five members to be appointed by the President and confirmed by the United States Senate. The necessary expenses will be paid from a fund secured by a levy of one-tenth of a cent upon each ton of coal produced by the companies to be regulated.

SELF-GOVERNMENT AND AN UMPIRE

The principle of self-government within the industry is made operative. The commission has no power to establish price or production schedules nor can it restrict marketing areas through zoning methods. It is believed that if destructive competition within the coal regions can be curtailed through reasonable combination, a considerable forward step will be taken.

Industrial corporations engaged in interstate commerce which do not desire to enter such regional sales associations are required to secure a license from the Coal Commission and file a statement of prices and production for the information of the commission.

The labor provisions are only reasonable guaranties that mine workers shall not be compelled to endure the ruinous competition among themselves which is guarded against as far as it concerns the coal producers.

Where selling pools and marketing associations are organized, it is provided that the workers shall not be deprived of the right of collective bargaining. This right may be exercised either through local or general organizations according to the desire of the workers. This provision goes no farther than the declaration of public policy contained in the injunctive relief bill recently enacted by Congress. There the statement of the public policy is as follows:

> Whereas under the prevailing economic conditions, developed with the aid of governmental authority for owners of property to organize in the corporate and other forms of ownership association, the individual unorganized worker is commonly helpless to exercise actual liberty of contract and to protect his freedom of labor, and thereby to obtain acceptable terms and conditions of employment, wherefore it is necessary that he have full freedom of association, self-organization, and designation of representatives of his own choosing, to negotiate the terms and conditions of his employment, and that he shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

As to individual corporations not members of pools or associations, the bill simply assures to employees the constitutional rights of free speech and assembly, together with a prohibition of discrimination against workers who are members of labor organizations.

While representatives of certain coal operators opposed these labor provisions, it is believed that they are necessary if there is to be a single step made toward stabilization of the coal industry. Nothing can be accomplished if labor is forced to bear the entire burden of reduced costs of production through the power of the most ruthless producers to reduce wages beyond a fair standard, and thus profit at the expense of more humane operators. If the reasonable right of organization is protected, there is basis for the hope that the labor cost of producing coal will be stabilized to some degree, and this will aid in stabilizing the entire industry.

SHORTER HOURS ARE ESSENTIAL

Through collective bargaining fair wages and fair hours of labor may be secured. Improved methods and mechanization have increased production per man to an enormous degree. The reward of all the effort which made this possible should not go to one group or class. Shorter working hours with the maintenance of fair wages will spread this benefit over all groups in the industry. Let operators and workers meet on equal grounds and this inevitable step toward reduced hours will be taken. They can not fail to see that the fact that production has increased 100 per cent during a period while hours were shortened 15 per cent is responsible for much of the present situation. Together they will act for sound remedy.

Representations were made before the committee that the control of prices and production provided in the measure will enhance the cost of coal to consumers.

The depression which to-day menaces the safety and security of this Nation is tragic proof that low prices do not necessarily promote the public welfare. When coal is sold at a price which means eventual bankruptcy for producers and starvation for mine workers, there is no real benefit to the consumer.

The addition of a few cents a ton to the price of coal at the mine, which would transform the coal industry from a national liability into a national asset, would not mean an increase of one-half of 1 per cent to the cost of manufactured products. With possible increased efficiency in distribution, it should not mean any increase in the cost of the coal in the cellar of the householder.

The stabilization of coal on a basis of fair price and fair wage will do more to bring about economic and industrial restoration than many measures now under consideration by Congress.

Each sane observer admits that business confidence will not return until there is assurance of an upward trend of prices and employment. This assurance can only come through wise and businesslike redistribution of buying power. If we can solve the double problem of prices and wages, we can emerge from this depression which to-day palsies industrial and business America.

WILL THE CONSTITUTION PERMIT?

The constitutionality of the measure was brought in question by attorneys representing various coal companies and organizations. The question of constitutionality is always raised whenever an attempt is made to promote the common welfare by meeting new conditions. Yet the Supreme Court, through a long series of decisions, is proving that the test of a law's constitutionality is whether it is in the public interest.

Judge Brandeis well expressed the true situation when he said:

> I see no need to amend the Constitution. It has not lost its capacity to meet new conditions, unless it be interpreted by

rigid minds which have no such capacity. Instead of amending the Constitution, I would amend men's economic and social ideas.

In the Workmen's Compensation Cases (243 U. S. 188, 219) the Supreme Court declared the worker to be "the soldier of industry" and industry as the "joint enterprise of capital and labor." In the Kansas Insurance Case (233 U. S. 389) the court said:

> Government, State and National, has pressed on in the general welfare and our report is full of cases where in instance after instance the exercise of regulation was resisted and yet sustained against attacks asserted to be justified by the Constitution of the United States. The dread of the moment having passed, no one is now heard to say that rights were restrained or their constitutional rights impaired.

I admit that the Supreme Court has held that there can not be direct control over property or definite things which belong to natural persons. In the coal bill we deal only with corporations of which the Supreme Court has said, "while by fiction of law is recognized for some purposes as a person, is not endowed with the unalienable rights of a natural person." (193 U. S. 197–362.)

The fact is that under modern conditions, the individual stockholder in a corporation has no control whatever over his property. The Bethlehem Steel Co. presented $32,000,000 to its executives when only $41,000,000 was paid to the common-stock holders who had no knowledge of the bonuses. Between 1925 and 1928 the common-stock holders did not receive a penny in dividends, yet certain favored executives were paid almost seven millions.

No wonder the Supreme Court said in Two hundred and eighty-second United States Reports, page 19:

> The corporation is a person whose ownership is a nonconductor that makes it impossible to attribute an interest in its property to its members.

One thing is certain, if there is to be control of the production of coal there must be some coercion of minorities. It must be done by the National Government under the commerce clause.

To-day the coal business is dominated by its interstate operations—buying and selling across State lines and transportation across State lines. Mining coal is only a stage in the flow of coal from the mines to the market. Mining serves interstate commerce to fulfill its function.

No State can deal with interstate commerce, and neither can compacts between States, unless Congress should delegate its powers to such compacts. Such action would leave out of consideration the interests of the country as a whole. It follows that the National Congress must act in the vital question of coal control and stabilization. There is power to compel the operator of an airplane to secure a license. Surely there is power to force the operator of a far more dangerous machine—an interstate corporation—to take out a license and comply with proper regulations in the public interest.

I will trust the Supreme Court to decide wisely and justly the vital problem of production control. I agree with Benjamin A. Jacobs, of the New York bar, in his book, Business and the Public Interest, when he says:

> The policy of waiting for the operation of the so-called natural economic laws which has been going on for centuries may be likened to the Spartan custom of exposing a baby on a mountain top to test its vitality. It is a method of many casualties which has bankrupted and destroyed civilizations. The world to-day is too sensitive and complex, its economic processes are too intricate, its nerves are too strained, to stand any more acute depressions without inviting confusion and disintegration. If we await the operation of these so-called immutable and natural economic laws, the patient bids fair to suffer a fatal relapse.
>
> * * * * * * *
>
> Changing societies have changing methods for preserving themselves. The constant din about supply and demand from people who should know better makes me feel as if we were still living in an age when it was regarded as heresy to be treated for a disease on the theory that disease was a divine visitation which must not be interfered with or impeded.
>
> Instead of thinking in terms of a static, inflexible, and fixed order of society wherein past cycles must inevitably repeat themselves, we should see this country as it is, as a growing live thing which can not be kept any longer in the suit that it has worn. The suit is ripping all over. Patching it at one place only creates a rip in another. We must design and create a new suit for this growing youngster; and we must be in readiness to change the suit again and again as growth continues. Patching will not do!

BOTH PARTIES FOR COAL CONTROL

There is no partisanship embodied in this coal bill, as both major political parties have emphatically demanded remedial action.

The 1928 Republican platform with reference to coal legislation declared as follows:

> The party is anxious, hopeful, and willing to assist in any feasible plan for the stabilization of the coal-mining industry which will work with justice to the miners, consumers, and producers.

The 1928 Democratic platform, with reference to coal legislation, declared as follows:

> Bituminous coal is not only the common base of manufacture, but it is a vital agency in our interstate transportation. The demoralization of this industry, its labor conflicts and distress, its waste of a national resource, and disordered public service demand constructive legislation that will allow capital and labor a fair share of prosperity with adequate protection to the consuming public.

This measure gives an opportunity to the coal industry to exercise economic statesmanship in its own field. Its present deplorable situation is due to the lack of constructive policies and plans in the past. There should be sufficient ability and wisdom in this industry, both among operators and workers, to operate successfully the plan proposed in this measure. At least the important issues involved justify this legislative effort to evolve a plan for reducing the manifold evils of cut-throat competition in the bituminous-coal industry.

It may well be made a part of a general relief program for the rehabilitation of the bituminous-coal industry and its restoration as an enterprise profitable to producer, worker, and public will be of nation-wide benefit.

It is true that the control of production necessary to stabilize industry and employment can not be secured by one uniform organization, such as I have outlined, for the coal industry. That form will serve for the great natural-resource industries, but for industries producing standardized, trade-marked products there should be resale price contracts between manufacturer and distributor, without agreement between producers.

Since they manufacture goods which have many rivals for public favor, their industrial control of price and production must always be used at their own peril. If they are given power to protect themselves against the predatory methods of price-cutting retailers, the stabilization of their prices will be in the public interest.

Railroads and power industries demand greater control than others, since they vitally affect all activities in the industrial order.

The essential point is that industries must be kept going and the capital, management, and labor dependent on them must be assured a fair reward. At the same time consumers must be protected against monopoly power. To accomplish that mighty task, there must be clear vision and boldness sufficient to work out the needed adjustments.

Business will have to realize that its problems of unemployment, starvation wages, losses, and bankruptcies are also national problems in which all America is interested. Such questions require teamwork between business and political leadership.

The great question for Members of Congress as well as leaders in industry is, How may be cooperate to meet the problems of this new age of machine production and maintain fair prices, fair wages, and prevent the unemployment which threatens the safety and security of business and the Nation?

UNEMPLOYMENT THE SUPREME PROBLEM

Mr. Chairman, I close as I began. Unemployment to-day threatens the very foundation of our economic system. It is the duty of every American to advocate policies in line with American institutions for remedy of existing conditions.

Sinister interests are making a deliberate effort to demoralize the people and overwhelm Congress so that they may take command and perpetuate their own power regardless of the interests of the public.

Congress, whatever its defects and weaknesses and whatever mistakes it makes, is the greatest bulwark of our democracy. In a time like this only Congress, whose duty is to act in the public interest, and which can act without regard to profit, can break the deadlock.

Let Congress face its responsibility and its opportunity now. We should provide for hungry Americans; inaugurate a public-works program for widespread employment; establish shorter hours wherever governmental power exists and urge similar action upon private industry; uphold high wages and a more just distribution of the national income.

Then, we should act constructively for the coordination of production and consumption and the stabilization of prices along the lines I have outlined.

Through such action we can defeat this depression and prevent its recurrence through a security and a stability which will make the machines of this new age serve the best interests of all of us.

Through such action we can help to cast down the false gods of a cutthroat system and enthrone again the God of our fathers whose purpose for His people is the establishment of brotherhood wherein each individual may have a fair chance for life, liberty, and the pursuit of happiness.

The wilderness of economic conditions lies all around us. We must conquer it with the same vision and courage and faith which enabled our forefathers to master the physical wilderness in their day.

Mr. McFADDEN. Mr. Chairman, I yield three minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, I concur in the statement just made by the gentleman from Pennsylvania [Mr. KELLY] that the measures we have been considering are merely palliatives, and that we will have to get at the fundamentals.

I agree that it will be necessary, before we adjourn, to pass a relief bill of staggering magnitude, containing a vast construction program, authorizing loans for public and semipublic projects, thereby stimulating industry and providing employment in addition to direct relief. I for one shall resist any adjournment until that is accomplished. I have made that statement on the floor many times. I know I am voicing the sentiments of a large number of the Members in so doing.

I asked for a minute or two this morning because I want to point out to my colleagues and friends from the farming districts that I shall accept their judgment of the necessity and usefulness of this measure. It increases the power to the Secretary of Agriculture and increases the channels where loans may be made by permitting loans on livestock, poultry, and dairy farming and crop planting and cultivating, including summer fallowing. If they say it will help agriculture, I shall go along and vote for it. The RECORD to-morrow will show that the rule under which this bill is being considered was called up by a Member from the city of New York, my colleague, Mr. O'CONNOR, a member of the Committee on Rules. The RECORD will show to-morrow that not a single city Member will vote against this bill, because the Representatives of the farming districts assure us that it will aid agriculture. It is by that example, not mere lip service, that many of us from the industrial centers and from big cities are seeking to bring about cooperation between the workers of the city and the workers on the farm. And this is not the first instance of that, nor will it be the last. I merely ask my colleagues from the farming districts when something concerning the city comes up to approach it in the same broad-minded, patriotic manner that we do this. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield three minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, it is interesting to me to read that this bill stresses livestock, poultry, and dairy farming, and if I am not correct in assuming that the measure means what it says—namely, that money shall be loaned to farmers, individually, for crop planting and crop cultivation, I wish to be so informed by the committee. I should like to make some comment this afternoon, inasmuch as I feel so strongly regarding the financial measures which have already been passed this session and the definite results thus far observed.

I fear that before the Congress adjourns we may be obliged to authorize another very large sum to be loaned by the Reconstruction Finance Corporation direct to corporations and even to individuals. Such procedure would very probably be much criticized by the banks of the country; yet these have certainly been saved by the Reconstruction Finance Corporation, as have the depositors in those banks. By it closed banks, too, have been assisted by being allowed sufficient time to liquidate their assets more opportunely.

Yet after these banks—and their depositors—have been saved they have in many instances, apparently, felt that they must proceed in a very guarded manner in making loans during these troubled times. To my mind, one of the most serious decisions with which we are faced during these final days of the Congress is that of whether or not we shall instruct the Rediscount Corporation to make loans direct to the people, who claim that they are now unable to secure loans from their usual banking institutions. Under the Garner bill passed by the House, provision was made for direct loans to corporations, while under a Senate bill now being considered provision is made for direct loans to individuals. We know that the people are appealing to their banks for financial assistance but, after their recent experiences, the banks feel that their first duty is to their depositors and are consequently loath to grant credit on many classes of loans which were formerly approved.

Such banks dare not accept real estate as security, since examiners from the office of the comptroller are prone to criticize loans of this nature and demand that the borrowers' assets in addition to real estate disclose assets in value in approved liquidating securities twice the amount of the loan. The people have not got them now. Under these circumstances we should not too harshly criticize our banking institutions. What would we ourselves do if we were in the place of responsibility occupied by their officers. Theoretically they can loan much money, obtainable from the Federal reserve bank, as a result of the legislation which we have enacted this year, making a good deal of new paper available for rediscount; but they do not wish to assume the responsibility as guarantor of such paper, insisting that a good deal of it is not of a kind which should be acceptable to the Federal reserve and against which currency of the United States should properly be issued.

It is true that the banks have a serious problem, but it is that of the Congress also, and before we adjourn we may be forced to instruct the Reconstruction Finance Corporation to deal directly with individuals in order to revitalize business. In the bill under discussion we are doing this through the medium of the Department of Agriculture, and I again suggest that we do not stress "livestock, poultry, and dairy farming," so that the department may interpret it that the benefits are to be extended merely to these enterprises, when the measure plainly says that loans shall also be made direct to the farmer for crop raising.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Oklahoma [Mr. GARBER].

Mr. GARBER. Mr. Chairman, members of the committee, I regret that the limited time at my disposal will not permit me to yield for interruptions. If, however, at the conclusion of my remarks any time remains, I shall be glad to do so. The proposed amendment to the Reconstruction Finance Corporation act would authorize the Secretary of Agriculture to make loans for crop or livestock production, including poultry, to carry on dairy farming, or for crop planting or crop cultivation, including summer fallowing during the year 1932. Under existing law the Secretary of Agriculture has limited loans for the production of such crops as would mature and be harvested during the year 1932. He is now being severely criticized by the members of this committee because of such construction. The language of the act reads: "For crop production during the year 1932." It will readily be seen that such did not include crop

production for the year 1933. The Secretary is to be commended for his correct construction of the act and his administration in carrying out the purposes of Congress as clearly and expressly stated. I resent such criticism of the Secretary as being wholly unjustified. He has construed and administered the law as liberally as the language of Congress will permit.

The proposed amendment is a new and extended grant of power to the Secretary. It includes loans for livestock, poultry, dairy farming, and crop planting, including summer fallowing during the year 1932. Through this grant of power the Government, through the Secretary of Agriculture, will be loaning money direct to the farmers for the purposes stated in the amendment. Only the existing grave emergency conditions should ever warrant such extension, which when once made, will be cited as a precedent for years to come; but let it be recorded that conditions more serious than those which confronted us during the World War are the sole cause and justification for such extension, which is temporary and for a period of one year only. I am supporting this amendment, but I do so as a last and only resort. Without this assistance the farmers in many districts would be unable to raise a crop next year.

Upon the approval of the pending amendment, the Secretary will be authorized to make loans for the purposes above stated in a total amount of $200,000,000, but even such amount for such purposes is only a palliative, a temporary makeshift, to bridge over a short period, to promote crop production at a loss to the farmers. From the economic standpoint of profit, they would be better off without it. Why not state the truth and face the facts?

PROSPERITY MUST EMANATE FROM THE FURROW

For years we have been insisting that the prosperity of the industrial States had never reached the farmers, and that the industrial interests would have to cooperate in bringing agriculture to an equality with industry, or sooner or later industry would be dragged down to the low level of agriculture. On May 17, 1924, in a speech upon agricultural conditions and the imperative need for immediate relief, among other things, we said:

The temporary prosperity now existing has been exacted from the credit and credit momentum of the farmers given to them by increased credit facilities of recent legislation, but such increased credit facilities have almost been exhausted. While they have been furnishing 40 per cent of the home market, which in turn consumes 90 per cent of all our products, they can not do it any longer. Their purchasing power has been exhausted. The indebtedness contracted by them during the high prices, in response to the appeal of the Government for increased production, remains unpaid. They are no longer able to meet the daily exactions of the high cost of living and high industrial prices, the annual demands of high taxes, and interest charges. They have ceased buying farm implements or making farm improvements or necessary repairs. Even now they are drawing on their last reserve—their remaining equity in their land.

Another year of ruinous prices and the farm will be sacrificed. His farm—"the best home of the family"—will be sold at sheriff's sale and the ancient independence of our once proud agriculture will be gone. What will be the result when 40 per cent of the purchasing power of our home market is gone? Can there be any doubt as to what the result will be? Curtail industrial production 40 per cent and what will you have? You will have closed mines, closed factories, silent mills. You will have millions out of employment, hungry women and children, bread lines, and widespread dissatisfaction and discontent.

What we have been insisting during these years in the Congress and the press has now materialized. During these years, as the prices for farm products have gradually declined, the purchasing power of the farmers has declined, until finally such purchasing power has decreased with the price of farm products to 50 per cent below the normal economic level of 1926; and now, with a purchasing power not even sufficient to meet their current obligations for taxes, interest, mortgages, and the few necessaries of life, the industrial States have lost their greatest market for their products and their industries have been brought down to a level with the industries of agriculture.

We see smokeless furnaces, idle factories, vast armies of unemployed, long bread lines composed of gaunt and haggard men out of employment through no fault of their own—the heads of destitute families. The prophecy made eight years ago has been literally fulfilled.

Mines are closed, factories closed, mills silent, millions are out of employment, hungry women and children in bread lines for food, with widespread dissatisfaction and discontent.

From this great tragedy that stands out in bold relief in the present world-wide depression, we hope the lesson will be learned once and for all that the prosperity of this country must emanate in the first instance from the soil, from the furrow that the farmer plows in the field. You deny a reasonable price for the product that he produces, and sooner or later you will deny prosperity to the country.

During these years of declining agriculture, the farmers were besought to expand and increase their production to win the war, for which they incurred obligations for high-priced implements and labor and lands, and have ever since been engaged in endeavoring to pay off such obligations and maintain their operations. The following table shows the existing total mortgage indebtedness of the farmers:

Farm mortgage debt, January 1

(From Farm Mortgage Credit, by David L. Wickens, agricultural economist, division of agricultural finance, Bureau of Agricultural Economics, United States Department of Agriculture, February, 1932)

United States:	
1910	$3,320,470,000
1920	7,857,700,000
1925	9,360,620,000
1928	9,468,526,000

While farm debts were mounting rapidly upward, farm-land values and farm prices declined enormously. Farm-land values dropped more than $22,000,000,000 in the period 1920–1931, falling from $66,316,002,602 in 1920 (census of 1920) to $44,145,210,966 in 1931, or a decline of $22,170,791,636. The index of farm-land values in 1931 was 106 per cent of the pre-war level, or only slightly above pre-war values. Farm prices declined from an index level of 205 in 1920 to 60 in February, 1932.

How can the farmers ever pay off their mortgage indebtedness with their purchasing power reduced 49.1 per cent? How can they ever be expected to meet their interest payments, taxes, current obligations, and coming-due mortgages? I ask the members of this committee, how is it possible for the farmers to meet their financial obligations with a purchasing power so low that it requires three times the quantity of farm products to pay the obligations than was required at the time they were incurred? That you may see the extent farm taxes have increased, I incorporate the following table:

Index numbers of farm taxation

(1910–1914=100)

[Bureau of Agricultural Economics, U. S. Department of Agriculture]

Year:	Taxes
1914	100
1915	102
1916	104
1917	106
1918	118
1919	130
1920	155
1921	217
1922	232
1923	246
1924	249
1925	250
1926	253
1927	258
1928	263
1929	267
1930	266

This table shows that, assuming the taxes paid by the farmer in 1914 was 100, they had increased to 155 in 1920, and in 1930 they had reached 266.

As a result of war-time price inflation and war-time demand, farm income reached approximately $16,000,000,000 in 1919. From that high level it fell to about $9,000,000,000 in 1921, recovering to approximately $12,000,000,000 in 1925.

During the last eight years, including 1931, the Department of Agriculture estimates the gross income of the 6,000,000 or more American farms as follows:

	Crops	Livestock	Total
1924	$5,167,000,000	$6,170,000,000	$11,337,000,000
1925	5,820,000,000	6,147,000,000	11,698,000,000
1926	6,012,000,000	5,648,000,000	11,480,000,000
1927	5,799,000,000	5,817,000,000	11,616,000,000
1928	6,066,000,000	5,675,000,000	11,741,000,000
1929	6,249,000,000	5,603,000,000	11,851,000,000
1930	5,208,000,000	4,226,000,000	9,434,000,000
1931	2,920,000,000	4,000,000,000	6,920,000,000

It will be noted from this table that farm income held to a fairly even level from 1924 to 1929; that the subsequent loss was about evenly divided between 1930 and 1931, and that income from grain and other crops, falling by 53.4 per cent since 1929, shows a much greater decline than income from livestock, which fell by only 28.7 per cent.

Between 1929 and 1931 farm income dropped from $12,000,000,000 to $6,900,000,000, or a drop of approximately $5,000,000,000 within that period.

How could the farmer pay his bills in 1931 with his total income from both crops and livestock reduced 41.6 per cent below that for 1929 and 40.2 per cent below the average for the five preceding years? The answer is obvious. He could not do it. Losing so heavily during the year 1932 left him without sufficient means to put in the fall crops for 1933, and it is because of these conditions I am supporting this amendment to authorize the Secretary of Agriculture to make loans to the farmers for crop production purposes, to include summer fallowing and fall planting of crops maturing during 1933. His tremendous losses from shrinkage of land values and producing below the cost of production have left him with current financial obligations that constitute a continuous menace and threat of dispossession. During the period from 1926 to 1931, inclusive, 813,604 farm foreclosures were effected, and the owners dispossessed of their lands. I incorporate the following table:

Estimated number of farms transferred by reason of delinquent taxes or mortgage foreclosure, bankruptcies, or other forced sales, by years, 1926–1930

[Statement by Fred Brenckman, Washington representative of the National Grange, before Interstate Commerce Commission, Ex parte 103, Aug. 10, 1931]

Year	Number of farms in United States, total	Number of farms per 1,000 transferred as result of—		Estimated number of farms transferred as result of—		Total
		Delinquent taxes	Foreclosure, bankruptcy, etc.	Delinquent taxes	Foreclosure, bankruptcy, etc.	
1925	6,371,640					
1926	6,355,042	4.2	17.4	26,691	110,578	137,269
1927	6,338,443	5.1	18.2	32,326	115,360	147,686
1928	6,321,845	5.2	17.6	32,874	111,264	144,138
1929	6,305,246	4.7	14.8	29,635	93,318	122,953
1930	6,288,648	5.1	15.7	32,072	98,732	130,804
Total		24.3	83.7	153,598	529,252	682,850

The figures in the above table are made upon estimates furnished by the Department of Agriculture.

The data for the year 1931 is not yet available, but if the increase is the same for that year as it was for 1930, and we have every reason to believe that it will be even greater, the total number of foreclosures will exceed 813,654, or more than three-fourths of a million and more than one-eighth of all the farms in the United States. How will the farmers ever be able to halt the avalanche of foreclosure proceedings that are now being instituted against them in every section of the country? Through the centrifugal force of the vicious circles of this world-wide depression the farmers have been engulfed in the whirlpool of destruction. Through no fault of their own they are engulfed in the maelstrom of economic forces destroying their possessions. They are now making their last desperate effort to survive and escape, but inability to meet their coming-due obligations is a constant menace of foreclosure proceedings and dispossession. One-eighth of their number have already been forced to abandon their farms. The number is rapidly increasing. I call upon every member of this committee to take notice and warning that unless something can be done to save them in their dire extremity and tragic plight the food industries of agriculture will collapse, the entire economic structure will collapse, banks will close, factories and manufacturing establishments yet running will close, and the millions of unemployed, out of money, with no means to supply food for their destitute families, will feel justified in helping themselves to the necessaries of life to prevent starvation. Then law and order will disappear and the guaranties of the Constitution will not protect. God forbid that such a day shall ever come! It would mark the end of progress. From such a precipice all naturally shrink. We should turn our faces courageously to the grim work of restoration before us.

This palliative of loans for crop production embodied in this amendment will only result in additional losses unless supplemented by major legislation. We have now reached the closing days of this session. Approximately only one week remains before us. Just why the Democratic majority in control of the House and of the Agricultural Committee has continuously delayed the reporting and consideration of a major bill for agriculture in its last desperate struggle for very existence does not appear. As yet there is no such bill on the calendar of this House. Democratic leaders have gone up and down the land, and from every rostrum and platform, declaring that only they could be entrusted to rescue the farmers from their financial plight; that if they were entrusted with power, such would receive their immediate consideration; and here it is, the closing week of the session, without the report of a single major measure for agriculture that in any way tends to afford basic and fundamental relief. We have been in session since the 7th day of December, for a period of more than 195 days, without any effective action being taken. Members will recall the assurances to the country and promises made by our Democratic friends when they assumed control of this House in the election of a Speaker, and in the control of all of its committees, including the House Agricultural Committee, from which alone can emanate legislation for agricultural relief. In the flush of their triumph, the distinguished gentleman from Alabama as their spokesman, after a week or 10 days of inactivity, apologized to the country, saying that his party leaders were studying the needs of the country, that the policy committee, a new political agency to save the country, would adopt and bring forth a constructive program embodying the necessary acts of legislation to meet existing emergency conditions; that when given sufficient time, substantial, beneficial, and lasting results would be accomplished, and yet 195 days have elapsed without ever a word from Democratic leaders for agriculture, and without a single major act to even stay the foreclosure proceedings now pending against the farmers, which will result in their dispossession!

Why have they thus been neglected? I do not know. I can not understand it. There may be some plausible explanation; there possibly may be some color of excuse for such delay. If there is, I am unable to recall it. I can not visualize sufficient justification to so neglect and ignore the financial straits of the farmers of the country, which even involves the homes of 30,000,000 people.

Of course this has been a strenuous session, and the House is to be commended for its consideration and approval of the constructive legislative program recommended by the President. The Reconstruction Finance Corporation act, which we now propose to amend, with increased capitalization of Federal land banks and enlargement of discount facilities of the Federal reserve system, the home building and loan act, were all major measures to loosen up and circulate the credit currency of the country. Our Democratic friends are entitled to credit for the enactment of such a constructive program, a program that was and has been approved by the best constructive thought of the country. Democratic and Republican leaders throughout the Nation

have approved such upon its sheer merit as being so much superior to any other recommended as to be unquestioned. Under the conditions of an ordinary depression such legislation would in all probability have been sufficient for recovery, for increased prices, for the restoration of prosperity; but thus far, such results have not materialized, and it clearly appears that agriculture must be included, that we must return to the farm to find the prosperity which we have lost.

Such being apparent to all, the delay of the Democratic policy committee and the Democratic House Agricultural Committee in coming to the rescue of the farmers is indeed to be regretted. This Congress should not adjourn until such major measures are reported, considered, and passed. What has become of the Democratic policy committee which was to direct the legislation of the House for the relief of such conditions as I have depicted? Why the silence of its spokesman within the well of this House? He has used hours of time and pages in the RECORD in recalling the traditions of Jefferson and Jackson and the historical achievements of his party, but not one single plea has he made for legislation to increase the prices of farm products, to restore their purchasing power, and thus enable them to meet their taxes, interest, and mortgage indebtedness! If the Democratic policy committee that was heralded to the country as a great invention, assuring cooperation and effective action for the downtrodden, for the unemployed, for the farmers, ever intended to serve the country, why has it not done so? It has a clear majority in the House to legislate its recommendations, to make a record for the party in the rendition of real service to the country. Why has it failed in this respect? Why has it discontinued to make its recommendations? Why has its spokesman remained silent? With bated breath the country listens; with anxious heart it awaits such action.

What has become of the ferocity of the Democratic majority, of its thirst for the blood of the enemies of labor and and the farmer? What has become of its ringing challenge to the country that it alone is sincere of purpose, with courage sufficient to legislate? Surely it will not be satisfied with loans for crop production which it must know will simply result in additional loss to the farmers unless supplemented by basic legislation. And if such is not forthcoming, will not the farmers be compelled to discontinue production? I ask the Democratic members of this committee if they can expect the farmers to continue their losing fight in producing below the cost of production when their resources, credit, and equities are almost exhausted. Unless they can secure at least the cost of the production of their products, inevitably they will be compelled to discontinue their production. And if you are unwilling to enact the necessary legislation which you have always claimed was necessary, the sooner the farmer quits producing, the less his losses will be. With the exception of such production as will be necessary for the immediate use of himself and family, it would be better for him to quit now than to continue to pile up his losses and increase his financial obligations.

Should not the Democratic policy committee come out openly, frankly, and courageously to the farmers and declare that the Congress will not adjourn until such relief legislation is enacted? Such a word of encouragement would be gratefully received. It would be appreciated. It would evidence the fulfillment at least to some degree of assurances and promises and pledges so frequently made.

I do not know what the dependent millions will do when the farmers discontinue production. Neither do I know what the result will be when they do. Such condition might be very well utilized to put in force the Democratic policy of permitting foreign nations to pay their debts to us in goods. Duties could be reduced to a competitive basis to include the importation of farm products and with a revenue basis, sufficient supplies might be available if the consumers were furnished with wages and salaries with which to buy. If such is the explanation of the refusal of the Democratic majority to report relief legislation for the farmers, they should be sufficiently frank to inform the country. But I am wholly at a loss to understand how the purchase of foreign farm products will help the farmers in this country, increase the purchasing power of their products, or enable them to meet their indebtedness!

The farmers should be rescued from the entanglements of their financial obligations. They should be placed in a position where they will be able to pay with the same quantity of purchasing power which they borrowed and this would insure the payment of obligations which otherwise can never be paid. The dollar of the Shylocks must be brought down to a level with the commodities of the people. It should be stabilized on the all-commodities basis. The fetish of the gold standard that would prohibit any increase in the circulating medium of the country to reestablish former prices should be pulled up, root and branch, and destroyed.

Gold has its place in the monetary system of the world, but it should be made to keep its place. Whenever it becomes insufficient in quantity in any country to afford a basis of circulation, that lack should be supplied with silver. With its traditional background for use as money equal to that of gold, silver should be restored to the place it occupied in 1925, to stabilize international exchange and facilitate foreign trade, especially with the Orient and with countries now off the gold standard.

Unless the purchasing power of the market of the farmers of the country is restored, there can be no return to prosperity. Capital will not invest in wages to the unemployed to manufacture products for which there is no market. Forty per cent of our manufactured products are consumed upon the farm. How can you set the unemployed to work in mines, mills, and factories without a market for their products? A market for such products, then, is necessary; and until you restore the purchasing power of the 30,000,000 people living on the farms of this country so that they can buy the products of labor and capital there will be no market, and you can not expect conditions to improve.

In his address of February 12, 1924, before the National Republican Club in New York City President Coolidge well said:

> The farm has a social value which can not be overestimated. It is the natural home of liberty and the support of courage and character. In all the Nation it is the chief abiding place of the spirit of independence. I do not need to dwell upon the moral requirement for the equitable distribution of prosperity and the relief of distress by the application of every possible and sound remedy. This problem is not merely the problem of the agricultural sections of our country. It is the problem likewise of industry, of transportation, of commerce, and of banking. I bring it to you because I know that in part it is your problem.

In comment upon the above May 17, 1924, I said:

> What is the problem to which the President referred? It is the problem of the rehabilitation of agriculture, its restoration to that plane of equality and prosperity enjoyed by the industries of commerce and labor. It is the most important problem before this Nation to-day. With the exception of providing the essential revenues to keep the Government itself in operation, it is of far higher importance and outweighs the necessity of all other proposed legislation. Of more importance than transportation, of greater necessity than manufacturing, of higher consequence than mining is agriculture, with the family on the farm. Tax reduction is important. Restricted immigration is necessary. The child labor amendment is essential. Likewise the tax-exempt security amendment. But they are as nothing compared to the importance and necessity of relieving our basic industry from its present deplorable condition and restoring prosperity to the farm.
>
> Agriculture is not only the basic industry but the largest industry as well. It is a $75,000,000,000 concern, in which is directly interested not less than 30,000,000 people living and working on the farms. They constitute 40 per cent of the home market, which in turn consumes 90 per cent of our home products. At one time agriculture furnished 50 per cent of the Nation's bank deposits. With the exception of the railroads, it is the largest consumer of steel and iron products. It consumes 50 per cent of the timber products. It is the largest purchaser of leather and textile goods and motor vehicles. It is the greatest single asset of the Nation, and when prosperous furnishes steady employment to more people than any other industry. Whatever contributes to its prosperity and well-being unquestionably benefits all other lines of industry. When the farmers are prosperous the merchant, the banker, the laborer, the mechanic, the professional man, and all lines of legitimate business are prosperous. Legislation, therefore, in the interest of agriculture is not class legislation, but basic and general. It is in the interest of all.

In our search for prosperity, we must return to the farm. Here is the source from which it originated. Here alone can be furnished the continuing vital forces of trade and commerce, as well as the new blood essential to progress.

The purchasing power of the products of the farm must be restored. It is more important that a reasonable return on the investment be assured to agriculture than to industry, than to railroads, than to banks, insurance companies, and any and all financial agencies for profit. For if there is no reasonable return from the furrow in the field, there can be no reasonable return to trade and commerce.

The farmers are not to blame for this depression; labor is not to blame for this depression. Among the many contributing causes is conceded to be the gambling on the stock exchanges and the high-powered loans made by the international bankers. They cleaned this country of its cash in loans to foreign countries and then destroyed its credit by unloading worthless securities in the banks of our country. They gathered up $16,000,000,000 of the savings of the people and loaned it in foreign countries, deducting millions in commissions to themselves. Then they came back with their worthless foreign securities and unloaded them on the banks throughout this country for more commissions. How did they sell these securities? They just simply allotted so many to each dependent bank, which was equivalent to the command "subscribe." Then the banks, to save themselves, were compelled to draw in their loans and curtail their credit; and curtailment and restriction of credit increased and spread throughout the country until it reached the deadly stage of paralysis; and paralysis of credit and confidence is what is the trouble with the country to-day. The $16,000,000,000 in cash which they shipped out of the country, under normal conditions would have been used as a base for a credit of $80,000,000,000 with which to transact the normal business of the country.

The Wall Street banks which, by rigging the market and high-powered salesmen, unloaded on the smaller banks of the country the worthless securities with millions in commissions to themselves, should either be compelled to dig up or close up. Such a financial crime should not be permitted to go without adequate punishment. It has accentuated and intensified the depression. Capital has fled the market place. It is in hoarding and hiding for safety and security. It will not come forth until it is assured of a profit upon its investment and a profit on investment on wages is dependent upon a market, which, in turn, is dependent upon a purchasing power by the 30,000,000 people living on the farms of the country.

Let us hope that even in these closing days, the Democratic majority will give us the opportunity to pass sound, constructive legislation assuring the restoration of normal prices for farm products and a purchasing power necessary to supply the needs of the farmers. Our duty is to the average farmer of 160 acres of land. We must legislate to release him from the financial entanglements in which he has become enmeshed. He is the backbone of the industry. It is his home which is the abiding place of independence and liberty, that contributes new blood essential to the maintenance of our representative form of government. [Applause.]

"Let the farmer forevermore be honored in his calling, for they who labor in the earth are the chosen people of God." (Jefferson.)

"Trade increases the wealth and glory of a country, but its real strength and stamina are to be looked for among the cultivators of the land." (Lord Chatham.)

"The farmers are founders of civilization and prosperity." (Daniel Webster.)

"There seem to be but three ways for a nation to acquire wealth. The first is by war, as the Romans did, in plundering their conquered neighbors—this is robbery; the second, by commerce, which is generally cheating; the third, by agriculture, the only honest way wherein man receives a real increase of the seed thrown into the ground, in a kind of continual miracle wrought by the hand of God in his favor, as the reward for his innocent life and the virtuous industry." (Franklin.)

Mr. McFADDEN. Mr. Chairman, I yield two minutes to the gentleman from Ohio [Mr. MOUSER].

Mr. MOUSER. Mr. Chairman, I ask unanimous consent to proceed for two minutes out of order.

Mr. BANKHEAD. Reserving the right to object, will this raise any controversial question?

Mr. MOUSER. I do not think so.

Mr. BLANTON. Mr. Chairman, upon what subject does the gentleman desire to speak?

Mr. MOUSER. I want to address my remarks for two minutes to the bill that was passed yesterday.

Mr. BLANTON. The gentleman is not intending to touch on any Chicago business?

Mr. MOUSER. I might criticize my own party.

Mr. BLANTON. If the gentleman is going to do that, he will do something that is very deserved.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MOUSER. Mr. Chairman, I am in whole-hearted sympathy with this bill. I believe it will bring direct relief to the farmers. However, I wanted to use the few moments I have to address myself to the bill that was passed yesterday. There is only one way we can take care of the silver situation, and that is by an adequate protective tariff. I severely criticized the tariff bill offered by the majority party of this House, on the ground that I did not feel that foreign nations would consider the rights of American business men who employ labor, in a conference. The best we could get out of it would be the worst of it.

At Chicago the party of which I am a member adopted a plank upon foreign relations which apparently was in keeping with the bill that was passed yesterday; but under the terms of that bill the very fundamental economic rights of the people of this country can be discussed by foreign nations, whose interests are contrary to those of our people. I think that measure was a mistake. I think we ought to legislate for America, and we ought to forget the 7 or 8 per cent of the people who export goods over there and think about the 92 per cent who manufacture here and employ labor and sell their goods in this country. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. McFADDEN. Mr. Chairman, I yield one minute to the gentleman from California [Mr. BARBOUR].

Mr. BARBOUR. Mr. Chairman, this bill provides that loans may be made for crop planting or crop cultivation. Why was not harvesting included? It is just as much a part of producing a crop as planting or cultivating, and some farmers may be able to take care of the planting and cultivating and then need funds for the harvesting. Will the gentleman from Alabama please explain that?

Mr. STEAGALL. That is where our trouble arose. The Department of Agriculture construed the language of the law to apply only to crops grown and harvested and marketed during 1932. We are trying to liberalize it so that loans may be made on crops cultivated during the year, although not completed.

Mr. BARBOUR. But does "cultivated" include "harvested"?

Mr. DAVIS. The act itself says "crop production."

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. McFADDEN. Mr. Chairman, I yield two minutes to the gentleman from Kentucky [Mr. GILBERT].

Mr. STEAGALL. Mr. Chairman, I yield two minutes also to the gentleman from Kentucky.

Mr. GILBERT. Mr. Chairman, this is a good bill as far as it goes, but it does not go very far. I see no objection to it. At the same time, it illustrates how feeble are our efforts when it comes to aiding the greatest and most distressed business we have. It speaks of aiding poultry raising; in fact, it is a chicken feed bill.

I speak not only as friend of the farmer, as the Representative of an agricultural district, but I speak as a farmer himself; as one who lives upon and owns and operates farm lands; as one who finds himself with mortgage indebtedness on those farm lands; and I say to this House that the gentleman from Oklahoma was correct when he said, "We are not putting first things first," but he was woefully wrong

when he laid blame upon the Democratic Party. We have spent the session passing legislation sponsored by a Republican President, which has not solved anything, and which, as usual, put corporations, banks, and industry first. The farmer's plight is due to a Republican tariff system. I do not care to discuss that system generally, but restricted to agriculture it has been withering and destructive. That is now obvious. The farmer who is not in debt is not in trouble. We have encouraged too much indebtedness already. It is the farmer who is overwhelmed with mortgage indebtedness, paying a high rate of interest, provided for him by Congress, being required to pay 8 per cent when he is behind in one of his installments to the Federal land bank, who is in trouble. I am no prophet, nor am I the son of a prophet, but I say to you that at the next session of Congress you will do something for the farmer which is of real value or we will fall into a cataclysm. The tariff system of which I spoke as destructive of agriculture has in the past been of help to industry. But in shortsightedness that advantage to one and disadvantageous to the other—agriculture has been continued until all face a debacle.

In selfishness and greed the superstructure has been built higher and higher and the foundation weakened and weakened until the whole building is tottering to collapse.

Favoritism and greed are facing the destruction wrought by their own folly.

I do not suppose the gentleman from Oklahoma can blame this on the Democrats.

This general readjustment must and will take place, but in the meantime what is to be done with farmers who are being sold out, the ones now in debt? They need our help; not the ones so much as will be helped by this bill.

They must be refinanced at not more than 3 per cent and the Government must stand back of the plan.

This I trust will be our first task when we meet in December.

The gentleman from New York [Mr. LAGUARDIA] is right, and you other city fellows are right, in beginning to realize that you can not any longer prosper on a ruined agriculture. The other day when I asked one of these gentlemen from the metropolis to attend a farm meeting he said, "I would look funny there." Well, he has as much interest in that as the branch of a tree has in the roots of the tree.

We have in this Congress passed legislation for industrial corporations through the Reconstruction Finance Corporation. We have passed legislation for the city home owner in the home loan bank bill, and I am predicting that the first thing the next Congress takes up is some measure for the farmers. To help save their farms and not to help feed their chickens. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. I yield to the gentleman from Georgia [Mr. LANKFORD] such time as he desires.

Mr. LANKFORD of Georgia. Mr. Chairman, there is no better man in the House than the gentleman from Kentucky [Mr. GILBERT] who has just taken his seat, and I am sure that the farmer has no more loyal friend here than he. I heartily approve everything he has just said, with one exception. In concluding his remarks he said that he predicted "that the first thing in the next Congress is some measure for the farmers; to help save their farms and not to help feed their chickens." Of course, this is only a prediction, but my good friend is evidently not a good prophet. I have served here longer than my noble friend, and I regret to say that I have found every session alike in one respect. Real genuine farm relief never comes first; in fact, it has never come at all—either first or last.

When I first came to Congress, I was informed that some matters for the big interests, along with the appropriation bills, must first have the right of way, and that then some real farm-relief legislation would be enacted. Well, the bills for the monopolies and the appropriation bills passed; and then when all seemed just ready for some real farm legislation, the information became current that Congress had about completed its program and that adjournment was near.

All the farmer got was promises, pretty platform pledges, three cheers, and additional burdens. This has been the identical program every session since I came here, and I understand it always has been the program. I am disheartened, sore, and mad, and regret to say I fear it is to be the program at the next session and during the future Congresses.

It certainly has been the program at this session when it seems if anything is ever to be done for the farmer, now is the time. At the beginning we were told that first we must pass the foreign-debt moratorium for the international bankers and the peoples of Europe, then the Reconstruction Finance Corporation act, for the very rich, and then another bill for the bondholders and big bankers who are interested in the Federal loan system.

Several of us bitterly opposed these measures, but of no avail. Wall Street had asked for them; President Hoover had given his approval and the Democratic leadership was shouting, "Me too." Most of the new Members on the Democratic side said they opposed these surrenders to the big interest, but were voting for them as we would do something for the farmer next. I told them they had better oppose all these vicious proposals as I feared—judging from the past—the farmer never would be reached except to saddle additional burdens on him. That is just what has happened. In fact the big interests got all they want with exception of the failure of Congress to saddle the general sales tax on the ultimate consumers. So, realizing they can not get that, they are now shouting for Congress to adjourn and go home. They fear that if Congress remains in session much longer something may be done for the veterans of the World War, the farmer, the laborer, and the private individual citizen. I admit that if Congress is to continue with the same program in the future as in the past, it would be better to adjourn at once. In fact, it would have been better if it had not met at all.

The fact remains, it is a cowardly act for this Congress to adjourn and the Members rush back home, climb on the stump, and begin to make promises galore—promises as deceptive as the ingenuity of man ever worded and which are made only to deceive and never to be kept.

I repeat it is cowardly and even criminal for Democrats and Republicans—and this is to be a bipartisan speech—to pass all this legislation for those who are hoarding the wealth of the country; do nothing for those who need help and are entitled to relief, and then adjourn and rush home to offer promises to an outraged, suffering, bleeding, dying people.

The Republican and Democratic leaders were most harmonious as long as legislation was being put over for the big financial interests of the Nation. No real controversy arose between these leaders in emphatically, discourteously, and even profanely telling those of us that sought their favor in behalf of the farmers that we were silly if we thought Congress was going to even try to do anything worth while for the farmers at this session.

The only breach of harmony between the Democratic and Republican leaders arose when they began to vie with each other in the construction of the tangled web of politics, to endeavor to enmesh the voters into accepting deception instead of legislation and empty, meaningless promises instead of well-rounded-out genuine service.

Now, Democrats and Republicans would have the country believe that if they can only be elected just once more mighty wonders will be performed and the common people will come into their own.

Why adjourn? Why not now do something worth while for the farmer, the laborer, the unemployed, and the ex-service man? Why act the coward now and expect our people to believe we will be true next Congress? Why not now pass my contract plan of controlling the production, marketing, and selling price of basic farm products, or—if it is found not to be good—turn it down and pass something better? If my plan is not the best and if anyone will suggest a better, I will gladly help with the better plan. Why not now pass my producer-to-consumer perishable-vegetable

plan, with its definite certain aid to the farmer, the laborer, the unemployed, and the transportation lines? Why not now solve the transportation question? Why not now? Oh, why not to-night, or to-day, act instead of promise?

Ah, Mr. Chairman, on every side everywhere we will now hear nothing but campaign promises, campaign platforms, and campaign platitudes. There will be promises galore. Promises, promises, promises—promises with undisclosed meaning and promises that mean nothing. I am tired of promises and the people are disgusted with promises. They want men in Congress with definite, well-defined ideas and who stand for certain principles and whose every vote, every speech, and every official act shows them to be loyal to their principles and without shadow of turning.

The people also want and demand candidates for Congress on the outside who seek election against men who are in Congress to stand for definite certain principles and not seek to get in on empty meaningless promises which are made only to get votes and never to be kept.

A man neither in Congress nor out has any right to run in these strenuous, awful times unless he advocates certain well-defined plans for the relief of present suffering, the restoring of prosperity and the perpetuation of the future happiness and security of all our people.

A promise of farm relief is only the ashes of bitterness and despair; the farmer wants a farm-relief program, definite and understandable and which is workable and will do the work. Hundreds of men running for Congress every two years pledge themselves to farm relief, and when elected they do absolutely nothing, stand for nothing, really know nothing about farm relief, and care nothing. This is true of practically all other political promises.

When I criticize the promise maker, I am not at all criticizing any man or set of men who stands for certain, definite, well-defined principles and is not afraid to let the world know where he stands. This man who stands for principles in which he has great faith, is honest, feels he has a mission, and will do his best if elected.

The man I criticize and who should not be elected is he who runs without knowing what he advocates or favors. This kind of a candidate announces without any platform and sometimes never does issue a platform. Then, again, he states at the time of his announcement that he will issue his platform in 10 days or 2 weeks, only to find at the end of the 10 days he does not yet know what he is running on.

This kind of office seeker endeavors to get some one or more persons to tell him what will be catch promises to put in his platform so as to get votes. He usually never takes a definite stand on any well-defined principles. He deals in glittering, meaningless generalities. He says he favors economy, farm relief, lower taxes, sunshine, moonshine, starlight, anything, everything, anywhere, everywhere, just so he can get a few votes. Generally he claims he is pushed into the race by hundreds of enraged and rightfully indignant voters, that he did not at all want to run, and that he felt it was his duty not to run, but just could not resist the tremendous pressure of those he believed to be his friends.

It may be said just here that Congress is a dangerous place for a man to come who can be so easily driven from the path of what he believes to be his duty by the pressure of those who claim to be his friends. Then again I oft-times wonder why a man who is forced into a race by hundreds of people almost always overlooks asking them why they want him to run and thus get a platform. Hundreds of people would not force a man into a race for Congress without what they believed to be good reasons. Certainly, they would not get a good man into a race without telling him what they will expect, and even demand, of him if elected.

Surely a good man would not have two platforms, one an undisclosed platform made up by those who force him into a race, which he expects to keep, and an announced platform which he does not expect to abide by and which is made only to get votes.

Then, again, it so often happens that this kind of good man finally decides to issue no platform at all or decides to wait until the national convention of his party announces a platform and then he can adopt the national platform or perchance get some suggestions as to how to make a platform of his own.

I am glad that I stand for certain definite clear-cut principles and will not abandon them even if the Democratic Party writes or does not write them into the national platform of my party. I am glad I am doing my best to help my party write a good platform for all the people rather than be seeking help myself to write simply a meaningless platform for self, designed only to be used in an attempt to corral votes. I would much rather be urging the Democratic Party to write into the Democratic platform what I believe to be right than to be waiting for some one else to write a platform that might furnish me a way to run for Congress without taking a real stand on the vital issues in this awful time. I do not have to wait until the Democratic convention adopts a platform to determine with all my being that I am opposed to the foreign-debt moratorium; that I am opposed to the Reconstruction Finance Corporation act; that I am opposed to a general sales tax as a Federal policy; that I am opposed to bureaucratic government; that I am opposed to the high-tariff principle; that I am opposed to chain banking; that I am opposed to great centralization of financial and political power; that I am opposed to recent tax bill; that I am opposed to letter-postage increase; that I am opposed to new Federal tax on candies and similar articles; that I am opposed to the electric-current tax; that I am opposed to letting the valuable property at Muscle Shoals rot to the ground rather than evolve and put into effect a program giving cheaper fertilizer to the farmers and helping all other lines of financial endeavor throughout our country; and that I am opposed to many other legislative proposals too numerous to mention.

It requires no report of the resolutions committee of the Democrats in Chicago to cause me to know I favor the payment of the balance of the adjusted compensation of the World War veterans; favor a safe and sane expansion of the currency, and the putting of much more money in circulation; I favor the issuance and sale of Government bonds to finance present emergency financial needs of the Government and country rather than additional Federal tax burdens just now; I favor refinancing of long-term farm loans and farm lands taken over by foreclosures and the return of lands already taken from farmers; I favor for the head of each family, for home purposes an exemption from all taxes of a reasonable amount of real and personal property; I favor the sale of vegetables, eggs, watermelons, and other perishable food products more directly from the producer to the consumer, so that the ultimate consumer will get a much fresher, better article for less cost, the producer get a much better price, and the unnecessary middleman's profit be eliminated; I favor reserving unto the States the power to raise revenues by the general sales tax and excise taxes so that by these taxes, reasonable income taxes and other similar taxes the State legislatures can relieve the people of the cities, counties, and States of a large part or all of the now too heavy and burdensome ad valorem or property tax.

I favor a system of insurance of bank deposits so worked out as to preserve and provide for the return of the small independent community bank with its local interest and official control, and I oppose any scheme by whatever name or for whatever alleged purpose which will bring about a complete centralization of all banking and bank control and bank ownership in two or three chain-bank monopolies with headquarters in Wall Street, New York. I favor a system of loans on farm products, farm property, and other home property, and so forth, which can be increased, diminished, paid off, or renewed within the amount of security offered, at will of borrower and without cost, bonuses, commissions, or other charges, thus causing our currency to expand or contract in unison with the property value of our people and giving full weight and credit to farm products as property. I favor a square deal for and preservation of our railroads as a transportation system for our people, a tax-producing medium for our cities, counties, and States, me-

dium of employment of labor, and an important integral economic unit of our national financial fabric—all this along lines so often heretofore detailed by me. I favor honesty in business, in banking, in government, in the courthouses, in State governments, and in the National Government, the strictest economy and absolute good faith and highest loyalty of all officials in all capacities everywhere, at all times. And as I have repeatedly set forth and urged, I favor a mutual contract system of controlling production and marketing of tobacco, cotton, and other basic farm products, so as to elevate and stabilize the producers' selling price of these products, thus putting the farmer on a parity with other enterprises and enabling him to name the price of his products as fully and completely as others name the price of their manufactured articles.

Mr. Chairman, these principles just mentioned are so fully and inseparably part of my very being, heart, and soul, that all the Democratic conventions of the past, present, and future by all their platform pledges can not in the least shake my faith in them. My belief in them can only be changed by my conscience being led to a new conclusion by the dawn of "more light" or a better understanding.

They are now my best thought as God has given me to see the light. I am always willing for the light to break through, and if I am wrong I will be glad for some one to show me my error.

Mr. Chairman, if I was now announcing these principles for the first time, they would be only the mockery of despair and the ashes of bitter failure; but not so; every word, every vote, every official act, every amendment offered by me, every bill introduced by me, and every official act of mine are in strictest accord with these tenets and sacred pledges of mine. I sincerely believe in them and will continue to fight for them as long as I live unless they are adopted or I learn of something better. No amount of opposition will change my abiding faith in these principles which I honestly believe to be for the best interest of my country.

Mr. Chairman, during these trying times no man, either in or out of Congress, should seek election to this honorable body unless he is duly and truly prepared, worthy, and well qualified to fight to the last ditch for certain well-defined, clear-cut principles which he honestly feels have within them the healing of the present awful crisis. I am dumfounded to find men, even in these terrible times, seeking to come to Congress with apparently no reason except the desire to be elected or to defeat some one.

I plead with the voters of the Nation to demand of all candidates a clear-cut statement of what they stand for and not let them get away with some vague ideas from a party platform or suggested by their leaders for political reasons and offered only to get votes and then be forgotten. It is certainly no time for equivocation or soft pedaling on the question of solving the present awful condition.

I repeat, I feel Congress should not adjourn without enacting some real legislation for the veterans, the farmers, and the workingmen. I certainly will not vote to adjourn until we do more—yes, much more than has been accomplished. Much has been done for the big interests. They got all they asked for, with one exception. Now, are farmers and laboring men to be turned away with nothing? God forbid such a course.

The proposed relief bills, if passed, may help some, but will not at all give the real permanent relief that is so much needed. The farm proposals that are now being pushed—not to be passed but solely and only for political purposes—are either only experimental or of slight merit and do not at all constitute real farm relief.

Mr. STEAGALL. Mr. Chairman, I yield the remainder of my time to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Chairman, it happens that Florida is particularly interested in the provision of this bill which will authorize the lending of funds for the financing of crops which may be harvested this year or in 1933.

We have had an excessive drought in our State extending over almost the entire State. The strawberry crop and the truck crops, as well as the fruit crops that we hoped would bring large revenues to our State, have fallen short of our expectations.

Now and during the next few weeks is our strawberry-planting season. Strawberry growers find themselves unable to obtain local finances. The drought has now been broken. The passage of this bill would bring to them the necessary relief and enable them to purchase plant, fertilizer, and meet other expenses in connection with growing their crops.

It happens that last spring the Department of Agriculture was very slow—necessarily so, possibly—in setting up the necessary machinery to make the loans for spring planting. Therefore, the closing time for applications for loans came before thousands of our Florida people were able to make application. So, many of them will now be able to obtain these loans and plant their crops this summer and this fall. The growers of peppers, cucumbers, tomatoes, beans, and other vegetables, particularly in the Everglades section, will be able to harvest their crops as a result of this planting before 1933, but this will not obtain with the strawberry growers. Their crop, as you know, will not be harvested until December of this year, or until January, February, and even as late as April of 1933. The strawberry growers in my home county are in great need of these loans, because the crop harvested this spring was short on account of a drought of many months' duration.

So it seems to me passage of the bill is fully justified, because it will not require additional Federal appropriation. Only $65,000,000 of the $200,000,000 turned over to the Department of Agriculture last spring has been loaned. No new appropriation is required, and the bill will enable the department to loan existing funds for the purpose intended, and carry relief to the farmers for the next few months.

I hope the bill will pass.

Mr. McFADDEN. Mr. Chairman, I yield two minutes to the gentleman from Michigan [Mr. KETCHAM].

Mr. KETCHAM. Mr. Chairman, two observations occur to me in connection with this legislation which I am very happy to support. The first one is in answer to the criticism made by some who have complained that the Reconstruction Finance Corporation has not yet extended the benefits it was expected to bring to those who are quite far removed from what are known as the great centers of population. I think we have been too impatient for immediate results, and I have great faith to believe that before many weeks have passed the work of that fine organization will manifest itself more generally over the country. In the meantime, however, I am happy to know that the Committee on Banking and Currency and the Committee on Rules have brought this measure before us for consideration.

I agree absolutely with the statement made by the gentleman from Kentucky; that is to say, we must provide some means whereby the men upon the farms as well as the men who were formerly employed in such large numbers in factories may become active producers. I believe this bill will help many individual producers of the country to get started on the road that we wish to travel so very rapidly, and that in passing this bill we will have done the very best thing that can be done. Therefore I am happy indeed to give my most cordial and earnest support to this meritorious measure. Like the gentlemen who preceded me, I express the hope there will not be an adverse vote cast against the bill.

The Clerk read as follows:

Be it enacted, etc., That the first proviso in the second paragraph of section 2 of the Reconstruction Finance Corporation act is amended by inserting after the words "crop production" a comma and the words "crop planting, or crop cultivation, including summer fallowing."

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That the two provisos in the second paragraph of section 2 of the Reconstruction Finance Corporation act and the two sentences following the second of such provisos are amended to read as follows: '*Provided*, That $50,000,000 of the amount so subscribed, and the expansion of same through the notes, debentures, bonds, or other obligations, as set out in section 9, shall be allocated and made available to the Secretary of Agriculture, which sum, or so much thereof as may be necessary, shall be expended by the Secre-

tary of Agriculture for the purpose of making loans or advances to farmers in the several States of the United States in cases where he finds that an emergency exists as a result of which farmers are unable to obtain loans for crop or livestock production, including poultry, or to carry on dairy farming, or for crop planting or crop cultivation, including summer fallowing, during the year 1932: *Provided further*, That the Secretary of Agriculture shall give preference in making such loans or advances to farmers who suffered from crop failures in 1931. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, or on livestock, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. The Secretary of Agriculture is also authorized, in his discretion, to take such other or additional security as he may deem proper and sufficient for such loan or advance.'"

Amend the title.

Mr. JONES. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JONES: On page 2, line 16, after the figures "1932," strike out the proviso down to and including the figures "1931," in line 18.

Mr. STEAGALL. Mr. Chairman, this amendment simply eliminates the provision which provides that preference shall be given in making loans and advances to farmers who suffered from crop failures in 1931. Inasmuch as the funds are ample to permit the Secretary of Agriculture to take care of all loans to be anticipated there is no objection to the amendment and the committee will be glad to accept it.

The amendment was agreed to.

Mr. SABATH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SABATH: On page 3, line 2, after the word "advance," insert the following:

"*Provided further*, That the Reconstruction Finance Corporation is hereby empowered and directed to make loans to States and municipalities to aid and enable them to provide relief and employment for the needy unemployed, upon terms and conditions not inconsistent with the provisons of the Reconstruction Finance Corporation act: *Provided, however*, That if any State or municipality, in actual need of a loan for the purposes above stated, can not furnish the securities prescribed, the Reconstruction Finance Corporation is authorized to accept as security a pledge or assignment of any aid to be made in the future for highway or road purposes by the United States Government to any such State; but in no case shall the aggregate amount of the advances to any State exceed 5 per cent and to any municipality 3 per cent of (1) the authorized capital stock of the Reconstruction Finance Corporation plus (2) the aggregate amount of the bonds of the corporation authorized."

Mr. McFADDEN. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. Does the gentleman from Illinois desire to be heard on the point of order?

Mr. SABATH. Yes; I desire to be heard. The bill before us provides that $50,000,000 may be used for the relief of agriculture and it authorizes the Secretary of Agriculture to use it to make loans in certain instances. My amendment authorizes the making of loans to municipalities and consequently I think it is not subject to a point of order. I think it is an amendment that follows the provisions of the bill.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SABATH. Yes.

Mr. COCHRAN of Missouri. I would like to suggest to the gentleman from Illinois that the title of this act is:

To provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer fallowing, during the year 1932.

This is an amendment to the Reconstruction Finance Corporation act and the gentleman's amendment is an amendment to the Reconstruction Finance Corporation act. The necessity which confronts the gentleman's city also confronts my city, St. Louis, and the people of his city and the people of my city have, in a large degree, by reason of the payment of an enormous amount of taxes, made it possible to make loans to the farmers. Therefore, the people of the city should have an opportunity to get some relief. We are in favor of helping the farmer, and I am sure the farmer wants us to have needed relief.

Mr. SABATH. The gentleman is right. The needs of the people of the cities are as great as the needs of the people on the farm. In view of the fact that this bill extends the power of the Reconstruction Finance Corporation to make loans and authorizes the making of loans to the farmers, I do not see how a point of order could be sustained against my amendment.

My amendment provides for the making of loans to municipalities and also provides that proper security shall be given, subject to the rules and regulations prescribed by the Reconstruction Finance Corporation.

Mr. LANHAM. Will the gentleman yield?

Mr. SABATH. Yes.

Mr. LANHAM. If this amendment should be declared in order and should prevail, would it be possible for municipalities, which have issued bonds for projects that would give employment, if carried on, to borrow on those bonds from the Reconstruction Finance Corporation?

Mr. SABATH. That is my aim. I think if the gentleman will read the amendment or will familiarize himself with the amendment, he will come to the conclusion that that would be possible. It is intended to create employment and at the same time bring about needed relief to the various municipalities.

Mr. LANHAM. Of course, I only heard the amendment read from the Clerk's desk, but I assumed it would permit that.

Mr. SABATH. It would, and it would immensely relieve conditions.

Mr. O'CONNOR. Mr. Chairman, in order to keep the record straight, may I say that if the amendment offered by the gentleman from Illinois were introduced as an amendment to the Reconstruction Finance Corporation act it would clearly be in order. It would be germane to the whole act, but the bill before us amends a part of the Reconstruction Finance Corporation act and the only question is whether or not an amendment in one particular can be enlarged by another amendment to a part of the act.

Mr. SABATH. Supplementing what the gentleman from New York has said I desire to say that the bill before us extends the power of the Reconstruction Finance Corporation to make additional loans.

My amendment provides for making additional loans to those provided for in the bill and consequently I feel the amendment is in order.

The CHAIRMAN (Mr. RAYBURN). The Chair is ready to rule.

The Chair thinks the proposition contained in the Senate bill before the House is for a specific purpose. Therefore the Chair is of the opinion that an amendment offered to make it general is not germane to the bill and therefore sustains the point of order.

Mr. GILCHRIST. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GILCHRIST: On page 2, lines 13 and 14, strike out the words "livestock production" and insert in lieu thereof "producing and raising livestock."

Mr. GILCHRIST. Mr. Chairman, since the amendment was prepared I have had some assurances from those in charge of the bill that the amendment is not necessary. In a colloquy I had a few minutes ago with the chairman of the committee I asked if the words "livestock production" could be construed to include the vaccination of hogs. Out in my country it is necessary to vaccinate the swine, and it is a very deplorable and wicked thing if the hogs are not vaccinated, but are allowed to die. Is this livestock production? It seems to me there could be no objection to the amendment, which simply includes producing and raising livestock, and surely the words "raising livestock" would include what I have in mind.

Mr. DAVIS. Will the gentleman yield?

Mr. GILCHRIST. Yes.

Mr. DAVIS. I wish to state that this language was employed after consultation with the leading representatives of farm and livestock and dairy organizations in this country, together with the chief of the Bureau of Dairy Industry and other experts upon the subject. This is the language suggested by them as being sufficient to cover the entire subject and the entire operation of livestock production, and it is a simple amendment. The way the act was before, it was for crop production, and there is inserted crop or livestock production, and they insist that this covers everything relating to raising, caring for, feeding, doctoring, or anything else relating to the subject.

Mr. KETCHAM. If the gentleman will permit, if the word "production" did not have the meaning which the gentleman has suggested, we would not have such a thing as surplus production. The mere planting of a crop could not be construed as production, and therefore there can be no question about the language covering what the gentleman has in mind.

Mr. DAVIS. I think this language is broader than to undertake to use some other words to cover the situation.

Mr. GILCHRIST. Mr. Chairman, I wished to bring the question before the House in order that we might know the interpretation that would be given the language here, and with the statements of the gentlemen of the committee I am willing to withdraw the amendment.

Mr. JENKINS. Will the gentleman yield?

Mr. GILCHRIST. Yes.

Mr. JENKINS. In that connection, I may say that I had something that bothered me along the same line as the question that is bothering the gentleman from Iowa; and as the gentleman recalls, I interrogated the chairman of the committee and one other gentleman as to whether or not "crop production" included the production of orchards and the crops of orchards. Since that time I have called up the Department of Agriculture, inasmuch as I did not get an entirely satisfactory answer from the gentlemen, and they tell me they have interpreted the words "crop production" in the broadest possible sense, and that it includes the production of orchards and vineyards, and I take it from this statement that the same interpretation would apply to what the gentleman has in mind.

Mr. GILCHRIST. I thank the gentleman. I wanted to get such a statement in the RECORD.

I ask unanimous consent that I may withdraw the amendment.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. GLOVER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am heartily in favor of this bill. This bill comes back to where we were when we first had up the Reconstruction Finance Corporation bill. This bill proposes to make the loans direct to the farmer himself.

You will recall that when we had up the bill before, the chairman of the committee and the author of the bill offered an amendment like this, but it was held by the chairman to be not germane. I am pleased that we have come back to the proposition now and that these loans are to be made direct to the farmer himself.

I want to say to you that in my opinion loans made direct to the farmer bring the very best results that could be brought about by the use of this capital.

I believe further that the amount of money authorized by the next Congress ought to be made into a revolving fund that may be used forever hereafter for the benefit of agriculture when it is needed, and in the sum of $150,000,000, as authorized in this bill.

There is no business that is now suffering like agriculture, and yet we know that the whole fabric of our Government rests upon that industry. When we come back to the next session of the Congress we ought to consider measures that will put agriculture on a plane and a basis of safety where it ought to forever rest.

I desire now to call attention to a bill which I introduced three or four days ago, for the purpose of having it studied. It looks to the redemption of mortgages, taxes, and judgment liens on agricultural land. If you will take the papers from over your districts and from all over the United States, you will find to-day that about half of the lands that are in use for agriculture have been sold and bought in largely by the State or by others, because the farmer himself could not even pay the taxes on them. My bill looks to the redemption of this land and the correction of this condition with respect to farm land.

I am heartily in favor of this measure, and I believe the measure will give some relief to agriculture.

Mr. BEAM. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I believe this is a real, progressive measure. For I am satisfied and convinced that there is no industry in the country to-day which needs stabilization and encouragement more than agriculture.

I am certain, and I am sure that everybody in this Chamber recognizes, that unless agriculture is successful, and unless the farmer obtains the cost of production and a reasonable profit for his crops, that no industry, irrespective of kind and notwithstanding where it is situated, can prosper.

I want to say to the friends of agriculture that I am absolutely in favor of this legislation. I advocate forcibly every measure which will restore agriculture to a sound basis, because I recognize that agriculture is the bulwark of our commercial, industrial, and financial stability.

I also want to take this opportunity, Members of the Congress, to call your attention, and I do so parenthetically, to the fact that we who come from the great metropolitan areas of the United States, we who come from the great cities of the land, have always on the floor of this House and in the Committee on Agriculture, advocated and supported every measure for the benefit of the farmers in this country.

If I may be permitted to digress for a moment, I call your attention to the fact that in the great cities throughout the country there exists an intolerable situation—one which can justly and truly be classed as a national calamity.

In the great city of Chicago there is destitution, suffering, and want, and unless Federal aid is forthcoming very shortly, I fear for the grave and serious consequences which will surely follow. That is not only true in Chicago but applies to every large city throughout the United States. So I want to state to my agricultural friends that we of the great metropolitan areas of the country join them in their attempt to bring remedial legislation to the farmers of the country, and we hope and trust that the representatives of agriculture will join with us in our attempt to bring some relief to our cities.

Ninety-seven per cent of the amount of resources available for charitable expenditures have been expended in the city of Chicago. Six hundred thousand to seven hundred thousand people are fed by our charitable agencies; and if this relief is not forthcoming, disaster will ensue.

So I say, let us get some action on the Wagner bill. Let us bring some relief for the great metropolitan areas of our land, and in doing that we will relieve to some degree the feeling of trepidation and fear which has fallen upon the people of the United States. [Applause.]

Mr. BLAND. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 14, after the word "farming" and the comma, insert "or for crop harvesting or crop marketing or crop processing."

Mr. CAMPBELL of Pennsylvania. Mr. Chairman, I make a point of order against the amendment, that it is not germane.

The CHAIRMAN. The Chair overrules the point of order.

Mr. BLAND. Mr. Chairman, I will briefly explain the amendment, although I think it explains itself. The provision of the bill under consideration is comprehensive in providing for crop production, but some sections find diffi-

culty in raising funds for crop marketing. Take the large institutions, some of the produce exchanges, and institutions of that kind, where the banks and financial institutions are so affected by frozen assets that they are not able to finance marketing operations as formerly, the institutions themselves find difficulty in carrying into the market the crops which you are undertaking to help in producing. It seems to me that it is perfectly proper to go one step farther and assist those, where the emergency exists, who desire to market or process their crops.

Mr. BARBOUR. Mr. Chairman, will the gentleman yield?

Mr. BLAND. Yes.

Mr. BARBOUR. In view of the construction placed upon these laws by the department, and the regulation prescribed for their operation, does not the gentleman think it would be advisable to make this just as explicit as possible?

Mr. BLAND. I certainly do, because I happen to know that efforts have been made to take advantage of the laws already passed for this purpose, and persons desiring it have not been able to get relief.

Mr. BARBOUR. I agree with the gentleman, and I favor his amendment.

Mr. DAVIS. Does the gentleman have in mind canning factories, for instance?

Mr. BLAND. Yes.

Mr. DAVIS. The trouble about that is that this fund might be easily dissipated in loaning to enterprises of that kind without anything being left for the farmer. The other provisions of the act authorize this. This is restricted to direct loans to farmers.

Mr. BLAND. The farmers themselves are engaged in many cases in the operation of small canneries. I realize that probably the language of the amendment may need some clarification, but it will be in the hands of distinguished gentlemen in the conference who would be able to work out that problem.

Mr. STEAGALL. In handling these loans heretofore, it has been the custom of the Department of Agriculture to cooperate with the farmers in preparing crops for marketing. For instance, the cotton farmers have been permitted to withhold a sufficient amount to pay for ginning and the bagging of their cotton in preparation for its marketing. Certainly in dealing direct with the farmers I do not believe there will be any necessity for the amendment suggested by the gentleman. Of course we do not wish to extend the operations of this provision to general manufacturing.

Mr. BLAND. I realize that.

Mr. BARBOUR. Could not that be taken care of by limiting loans for crop processing to cooperatives composed of producers of these crops?

Mr. BLAND. I would be entirely willing to accept an amendment of that kind to my amendment.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. BLACK. Mr. Chairman, I rise in opposition to the amendment. This bill seems complicated enough without the amendment of the gentleman from Virginia. The bill provides a very devious and grapevine system of financing. First, we loan $50,000,000 to the Reconstruction Finance Corporation. Then we borrow it back to loan it to somebody else who will pay it back to the bankers, who have already borrowed from the Reconstruction Finance Corporation. It reminds me of the prohibition plank in the Republican platform adopted at the convention presided over by that grand old bouncer, BERT SNELL, who threw out the only man in his right senses in the convention, Doctor France. Of course Doctor France was about to do an unholy thing in mentioning the sacred name of Calvin Coolidge in that convention. I repeat, this bill by a system of financing is just as straight as the Republican plank on prohibition, just as straight as a corkscrew. [Laughter.]

Mr. BUSBY. Mr. Chairman, I move to strike out the last word. We often provide machinery whereby credit may be obtained, where the credit obtained is not used advisedly. In view of the manner in which the Reconstruction Finance Corporation has been working, it seems to me that the provision contained in this bill is a very desirable provision and should be enacted into law. Some of the gentlemen who have spoken on the bill have alluded to the general works program that has been proposed by certain Members of the House and the Senate. I am sure it is quite evident to the membership of the House and to this Congress that the Government can not undertake to furnish employment through Government funds to all of its idle citizens. The number of unemployed at present is too great for the Government to furnish a construction program that will be sufficient to keep them all employed. The Government must draw against resources of the people. In other words, the Government must raise the funds by Government bond issues, and those bond issues lay a levy against the tangible property owned by the people and the taxpayers. Government construction never does put into operation productive property. It is not productive construction that brings a return in the way of increased or created wealth.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. McCORMACK. The gentleman means productiveness so far as profit is concerned?

Mr. BUSBY. Yes.

Mr. McCORMACK. But there is productiveness so far as national welfare is concerned.

Mr. BUSBY. No; there is not anything except using funds that already have been piled up by the activities and labor of the people, and diverting those funds so as to employ somebody out of employment, and that is as far as it can go. Unemployment must be taken care of by private enterprise, by individuals, who set up factories and businesses of various kinds, and operate those businesses in each instance, believing that they have a business that is productive of wealth and that will bring them private income. That is how the unemployed must be employed.

The trouble with our country to-day, and you can pass it up as long as you want to, but you must ultimately come face to face with the proposition, is that the debts that we created in this country when we believed there was no end to the prosperity we were enjoying, when we would promise almost anything in return for some proposition presented to us without taking into consideration the services being rendered, are hampering progress at the present time, and that is the thing that we can not sidestep.

To that extent credit is fine; but often in times of diminishing commodity price, the country will be in worse position when the time comes to repay the thing that has been borrowed than it was before it was borrowed.

I notice in the United States Daily this morning a heading reading: "Commodity prices have shrunk 2 per cent during the month." So it must be evident also that if our commodity prices are continuing to shrink, the money we borrow in the light of present prices will be worth more and commodities worth less six months from now when these prices are materially less than when the money was borrowed.

I call attention to these things because to my mind they are worthy of consideration.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in opposition to the pro forma amendment.

I am surprised that the gentleman from Pennsylvania [Mr. McFADDEN] made a point of order against the amendment, which would afford relief for the large cities, offered by the gentleman from Illinois [Mr. SABATH]. If there is any one State in the Union that has benefited by reason of the passage of the Reconstruction Finance Corporation act, it is the State of Pennsylvania.

The newspapers that arrived from my home city this morning state that the charity organizations have been required to refuse to accept applications for future relief. I think we have conducted five drives in St. Louis to raise money to assist people in distress. We have reached the point where the city of St. Louis and the charitable organizations of that city sent a delegation here last week appealing to the Members of Congress to secure some kind of

Government relief measure in which the city of St. Louis as a whole could participate.

It matters not to me whether it is the Garner bill or the Wagner bill or whose bill it is, but I say we can not adjourn until we have passed some kind of legislation to help the municipalities of this country.

The gentleman from Mississippi [Mr. BUSBY] spoke of a public-works program. Permit me to say to the gentleman that that is secondary to a relief program. I favor this legislation. I want to help the farmer, but why not also help the cities, where the taxes are collected which make it possible for us to help the farmer?

Mr. BUSBY. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. BUSBY. I am not averse to helping the cities. I know the people in the cities are in more distress than we can possibly imagine. I know that nobody could be in more distress than those who do not have homes and are driven out of their rented quarters and have no employment. Poverty is an awful thing. It is something that a great many of our people can not help at the present time. I am not averse to assisting, but I was simply talking about the economic value of the proposal as I saw it.

Mr. COCHRAN of Missouri. The gentleman stated, however, that private industry—factories—must relieve the unemployment situation.

Mr. BUSBY. I did not state it just that way.

Mr. COCHRAN of Missouri. How can the people of the cities and the country buy the products of the factories unless the earning power of the people is increased? What good will be accomplished by operating the factories if clothing and shoes and machinery which the factories make can not be sold? That is our trouble to-day. The earning power is gone. Let the Government lead the way and provide some earning power for the masses.

What I am directly interested in now is the necessity of passing some kind of legislation to relieve distress in the cities and to make it possible for the large cities of this country to meet the situation that confronts them. They are at the end of the rope. They are unable to raise more money to take care of those who are in distress. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

The question is on the adoption of the amendment offered by the gentleman from Virginia [Mr. BLAND].

Mr. DAVIS. Mr. Chairman, I desire to be heard in opposition to that amendment.

The CHAIRMAN. The debate has been exhausted on the amendment.

Mr. DAVIS. Then, Mr. Chairman, I move to strike out the last three words.

The CHAIRMAN. That would not be in order, because that is an amendment in the third degree.

Mr. DAVIS. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on the amendment offered by the gentleman from Virginia and all amendments thereto close at the end of five minutes.

Mr. SNOW. Reserving the right to object, Mr. Chairman, I have been seeking recognition for 20 minutes. I would like an opportunity to speak for five minutes.

Mr. STEAGALL. Mr. Chairman, I amend my request by making it 10 minutes. I ask unanimous consent that all debate on the amendment offered by the gentleman from Virginia and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee that he be allowed to address the committee for five minutes?

There was no objection.

Mr. DAVIS. Mr. Chairman, I wish to call the attention of the friends of this measure to the fact that the amendment offered by the gentleman from Virginia [Mr. BLAND] goes far beyond the purpose and purview of the pending bill.

Section 2 of the Reconstruction Finance Corporation act provides for direct loans to farmers. The amendment offered by the gentleman from Virginia [Mr. BLAND] proposes to include within the number who may borrow those funds those engaged in processing and other things. That will include, as the gentleman admitted, canning factories. It will include cotton and textile mills. It will include any character of enterprise whatever engaged in processing or marketing agricultural products.

Mr. BLAND. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. BLAND. The language of the gentleman's amendment limited it to farming. My amendment simply says "for these purposes." How can it go beyond farmers, then?

Mr. DAVIS. Well, if it can not do that, the amendment does not mean anything.

Mr. BLAND. The gentleman knows that farmers are engaged in this business just as well as I do.

Mr. DAVIS. Mr. Chairman, I decline to yield further. If there are any such instances, they are not engaged in farming, or they are engaged in it to such a limited extent that the fund, in the final analysis, would not go to the class for which it is intended.

Now, another thing, if this amendment is adopted it probably will result in the defeat of this very important legislation either in the Senate or perhaps by a veto, and those of us who are interested in this important legislation going through can not afford to let it be weighted down with amendments which can have no other purpose.

Mr. STAFFORD. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. STAFFORD. Will not the effect of this amendment be to withdraw the money that was originally intended for the farmers and divert it to the merchandising business?

Mr. DAVIS. Absolutely; that is what I say.

Mr. STAFFORD. It is a violation of the very principle before the committee.

Mr. DAVIS. This is the one and only provision of the Reconstruction Finance Corporation act that proposes to give any aid to those engaged in agriculture. The balance of that fund is in the interest of other industries. We must preserve this for agriculture, which is the largest industry, and in which a larger number of people are engaged than any other industry. These people are in just as prostrate condition, to say the least, as any other class of citizens.

Mr. MOUSER. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. MOUSER. This legislation is practical in its provision of relief for the farmer rather than theoretical. I hope it is not disturbed, because it will carry out the purpose of the committee to give practical relief to the farmer.

Mr. DAVIS. The friends of the farmers and the friends of this legislation can not afford to let it be defeated by any such amendment as this, and I hope all such amendments will be voted down.

Mr. SNOW. Mr. Chairman, I sincerely hope the amendment just offered by the gentleman from Virginia [Mr. BLAND] is not adopted. Should it be, it will eventually kill the bill.

The bill as drawn should be passed.

It is simply a corrective bill and takes care of and remedies the rather unhappy wording of some of the lines in the original bill. In other words, if this bill is passed we will be getting what we thought we were getting when the original bill was passed.

I myself had occasion to confer with the Department of Agriculture regarding its construction of certain provisions of this bill and I am especially pleased that the gentleman from Alabama [Mr. STEAGALL], the gentleman

from Tennessee [Mr. DAVIS], and the gentleman from Alabama [Mr. HILL] have seen fit to have this bill we are now considering brought before the House at this time.

The passage of this bill is absolutely necessary if we are to get what we thought we were getting before.

The gentleman from Oklahoma [Mr. GARBER] a few moments ago said he felt it his duty to stand up and defend the Secretary of Agriculture from criticism as to his construction of some of these provisions. This defense is unnecessary. No such criticism has been made. Our colleague from Oklahoma undoubtedly misunderstood the remarks of the gentleman from Tennessee [Mr. DAVIS]. In his statement Judge Davis made no criticism of the Secretary of Agriculture but simply stated what the Secretary's construction was.

Mr. Hyde did not draw the original bill and is not responsible for its wording or shortcomings.

In his concluding remarks the gentleman from Oklahoma [Mr. GARBER] criticized the majority members of the Committee on Agriculture for not reporting out some farm-relief measures during this session. I am perfectly willing for the Democratic Party to be criticized when it deserves it, but I am not willing, even as a Republican, to sit here in silence and allow the Democratic members of this committee to be criticized on a matter of which I have special knowledge when that criticism is unjust.

I say to the gentlemen on both sides of the aisle, that if any committee has ever worked, and worked hard, in an attempt to do something or to report out some bills that would afford relief to the farmers of this country, it has been the present House Committee on Agriculture. [Applause.]

We have sat day in and day out and have been patient listeners. Under the able leadership of our highly respected chairman, the gentleman from Texas [Mr. JONES], this committee accorded hearings to representatives of every major farm organization, to every class of farmer in this country, to college professors and editors, to cattlemen, and even to long and short sellers.

And at the end of six months we found ourselves just about where we were when we started.

We were at our wits' end and were greatly in doubt as to the efficacy of any of the proposals made.

Mr. SABATH. Will the gentleman yield?

Mr. SNOW. Yes; with pleasure.

Mr. SABATH. Is it not a fact that the leaders of the three great farm organizations were unable to agree on any proposition, and that that is what is responsible for the delay in agricultural relief legislation?

Mr. SNOW. The gentleman from Illinois [Mr. SABATH] has asked a fair question and is entitled to a frank answer. One of these organizations advocated the debenture, the second the equalization fee, and the third the so-called Simpson allotment plan, which, by the way, should not be confounded with the so-called Wilson allotment plan. This naturally confused the whole situation as far as the committee was concerned and led nowhere. Apparently being unable to agree on any one of these three plans, the representatives of these three farm organizations recently urged our committee to report out a bill embodying all three of these plans. After more or less discussion such a bill was with reluctance—and I say this advisedly—reported out, but not by a unanimous vote. From what information I have been able to obtain, this bill will be brought before the House the first of next week.

In concluding let me say that I voted against this bill in committee and propose to fight it on the floor of the House.

In my opinion, it is a mixture of nonsense, class legislation, and subsidies. It would cost the consuming public a billion dollars a year. It would benefit the producers of four or five farm products at the most and eventually increase the surplus in each of these favored crops. It would be manifestly unfair to the farmers of the country not engaged in raising these four or five products. It is visionary. It is no good and ought to be thrown out of the window the minute it appears here in the House.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was rejected.

Mr. KLEBERG. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KLEBERG: Page 2, line 14, after the word "production" and before the word "including," insert the words "and feeding."

Mr. CAMPBELL of Pennsylvania. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN (Mr. RAYBURN). The Chair thinks that under the bill livestock production would certainly include feeding and therefore overrules the point of order.

Mr. KLEBERG. Mr. Chairman, I hope the chairman of the committee will pay particular attention to my effort, as one who has had experience for many years in the handling of livestock, to show just what this amendment means to this particular piece of legislation.

There seems to be a misconception in the minds of some of the members of the committee as to whether or not this language would strengthen the bill. I will not take much of your time, but I want to call your attention to the difference between the meaning of the words "livestock production" and the words "livestock feeding."

It so happens that for many years I have been engaged in working on, managing, and assisting in the managing of a large cattle ranch. We produce on that ranch a great many cattle. In so far as feeding bills are concerned and the borrowing of money for livestock feeding is concerned, that does not happen in our section of the country very often. Only serious drought conditions ever occasion the necessity for a ranchman to borrow money for the feeding of his stock in any section in the southern part of Texas. Livestock feeding, my friends, is dependent upon whether or not the man who feeds livestock as a business can finance himself through those who raise and produce cattle, and it is dependent upon whether or not there is a sale for the livestock. I fear that the group which will actually carry this legislation into effect, the Reconstruction Finance Corporation and its subsidiaries, when approached by a man who desires to borrow money for the purpose of livestock feeding, will not be willing to make such loans unless these words are specifically provided in the bill.

Mr. DAVIS. Will the gentleman yield?

Mr. KLEBERG. Yes.

Mr. DAVIS. I will ask the gentleman if it would be possible to have livestock production without feeding, and whether the gentleman is familiar with the well-known principle of law that if you undertake to designate the application of anything you are restricted to the designated words?

Mr. KLEBERG. I understand that thoroughly.

Mr. DAVIS. Livestock production is regarded by all of the experts as covering the entire operation from the very beginning to the end.

Mr. KLEBERG. In answer to the gentleman from Tennessee let me give him a definite illustration. Six weeks ago an effort was made by a friend of mine to borrow money through the Reconstruction Finance Corporation prior to the closing of this particular fund, which was closed, I believe, on April 30. He desired to borrow that money for the purpose of feeding livestock, but he could not get any money. However, it so happened that a ranchman who was producing livestock was enabled to borrow money. The purpose of my amendment is to show the particular agency which will loan this money the difference and distinction between the man who is not anything other than a livestock producer and the man who is a livestock feeder. The livestock feeder is an entirely different individual from the man who produces livestock. The livestock feeder may be a farmer who produces no livestock and in ninety cases out of a hundred he is a farmer. He raises corn and he sells that corn through being able to buy two or three carloads of livestock on the market and feed that corn to the livestock.

He is not a livestock producer in the strict sense of the word; and if you want the man in the Corn Belt to sell his corn and if you want the man who has feed in his barns to be able to utilize it, then adopt this language, because the provision as now in the bill does not cover that phase. [Applause.]

It is contended that the term "livestock production" is regarded by all experts as covering the entire operation from the very beginning to the end. Let us see if it does: I am a farmer. I have listened to my banker, who advises me to put 25 per cent of my farm into feed. The county agent also advises me to this end, and suggests that I plant corn or maize. I follow the advice of both of them and raise a good crop, which I harvest and put in my barn. I then discover that the price on the market for my grain is too low to pay the cost of production. I have no livestock, and I am advised by the county agent to purchase some and feed my grain in the bins to the cattle and hogs. Do the gentlemen on the committee still contend that the term "livestock production," as contained in the bill, would enable me to borrow the money to purchase the livestock? No; I do not think that provision covers this situation, which is common throughout the farming districts of our country. It might be possible for the farmer who desires to feed some milk calves which he has produced, to borrow money for the purchase of feed; but the man who must be helped—the dirt farmer—who would profit immeasurably by being able to finance livestock through which to market his feed, and at the same time retain the fertility of the soil on his farm, is in my opinion denied the assistance which he so vitally needs at present.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on the committee amendment and amendments thereto close in 10 minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on the pending amendment and the committee amendment be closed in 10 minutes. Is there objection?

There was no objection.

Mr. ALMON. Mr. Chairman, I am heartily in favor of this bill.

We have discussed many questions and many problems during this session of Congress for the purpose of relieving the economic condition of our country. Agriculture, as is well known, is the basic industry upon the success of which depends all other classes of business. When agriculture succeeds all classes of people succeed to a large extent.

I hope this bill will not be impaired or injured by unnecessary amendment. There has been much talk about relief legislation at this session. During this depression, when the farmers are unable to borrow money from the banks or from anyone else, I think it is most wholesome legislation for us to provide for loans by the Government to farmers. We have done that and this bill extends that authority.

The people of Alabama, whom I represent in part, are vitally interested in this legislation, for one reason especially. They are now engaged very largely in truck gardening, the raising of strawberries and things of that kind, and this bill as amended by the committee will give them relief by lending them money for the purpose of preparing crops in 1932 which will not mature until 1933.

Mr. Chairman, I am afraid if we amend the bill too much we will destroy the good that is to be gotten out of it. [Applause].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. KLEBERG].

The question was taken; and on a division (demanded by Mr. KLEBERG) there were—ayes 36, noes 39.

So the amendment was rejected.

Mr. BARBOUR. Mr. Chairman, I offer an amendment, which I have sent to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: Page 2, line 14, after the word "farming" and the comma insert "or for crop harvesting or crop marketing by cooperative associations composed of farmers."

Mr. DAVIS and Mr. STAFFORD reserved a point of order on the amendment.

Mr. BARBOUR. Mr. Chairman, the purpose of this legislation is to help farmers turn their crops into money. The laws that we enact here are frequently so hedged in with rules and regulations by the departments administering them that the intent of Congress in passing the legislation is not carried out. We can not make these laws too specific. If we are going to help the farmers turn their crops into money, we should help them not only to produce crops but we should help them cultivate those crops; we should help them harvest those crops, and where they have associations composed of farmers for the purpose of marketing the crops, we should help them market them and carry the crop from the time it is planted right through the farmer's hands until it reaches the market. This is the sole purpose of my amendment and the amendment would make the act specific in that regard.

Mr. DAVIS. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. DAVIS. What would be the difference between what the gentleman from California has in mind and the $500,000,000 fund that was made available for the Federal Farm Board to lend to cooperatives?

Mr. BARBOUR. I may say to the gentleman from Tennessee that this bill is for the purpose of helping the farmer produce crops. My amendment simply would help him to harvest the crop. It makes it specific by using the word "harvesting" and then goes a little further and would help farmers who are joined together in cooperative associations to market their crops, so they can turn their crops into money.

Mr. DAVIS. Mr. Chairman, I make the point of order the amendment is not germane. The pending bill is an amendment to section 2 of the Reconstruction Finance Corporation act which sets aside a fund for the sole and specific purpose of the Secretary of Agriculture advancing loans direct to individual farmers for crop and livestock productions. The amendment offered by the gentleman from California injects the matter of making loans to organizations for marketing purposes and not for crop production.

The CHAIRMAN. The Chair is ready to rule. The Chair thinks this amendment, in line with some others that have been offered, is an undue expansion of the terms of the bill from a direct loan to the individual farmer to loans to cooperatives, and, therefore, sustains the point of order.

Mr. JONES. Mr. Chairman, I want to take this occasion to express my appreciation of the work done this session by the gentleman from Alabama [Mr. STEAGALL], the gentleman from South Carolina [Mr. STEVENSON], and the other members of the Banking and Currency Committee. They have been faced with numerous difficult and baffling problems that not only called for great industry but also for sound judgment.

I doubt whether any committee in a generation has been called upon in a single session to face and solve so many tremendous problems. I have often marveled at their ability to stand the physical strain. This has been a very strenuous session, but more than their share of work has, by force of circumstances, been heaped upon them. These able gentlemen have performed a number of difficult tasks in such a way as to merit unstinted praise.

It was my privilege to offer the amendment to the Reconstruction Finance Corporation act definitely allocating $200,000,000 to the House for agricultural loans. This amendment was adopted by the House. Prior thereto an amendment by Senator SMITH to a similar bill had been adopted, setting apart $50,000,000 for direct loans to farmers for crop-production purposes.

Through the fine work of the House conferees and the Senate conferees working together the two amendments were blended. The larger amount provided in the House amendment was agreed to. The method of distribution provided in the Senate amendment was adopted, and the two as blended and worked out by the conferees were agreed to, reported to, and adopted by both the House and Senate, and were written into law.

I am sure that it was the intention of everyone who had a part in this allocation that these funds should be available for loans throughout the year 1932.

Through the construction, however, of the Department of Agriculture the loans were limited to crop production which would be completed during the year 1932.

Without passing on the correctness of that interpretation, the purpose of this measure is to broaden the provisions so that the first intentions might be carried out.

I think that the broader provisions of House Joint Resolution 352, which I have introduced, should be adopted, as this would continue the operations on a sound basis during the life of the Reconstruction Finance Corporation act. However, the pending measure will accomplish a good portion of the same purpose for the balance of this year, and further action along the lines of the broader measure may be taken at the next session of Congress.

In adjusting the differences between the House and Senate amendments in the original reconstruction act, as well as in ironing out the differences as to other difficult parts of that very important enactment, the conferees were called upon to do a great deal of detail work in addition to their other activities. The House appreciates the hard work done by these able gentlemen, and I am sure the country appreciates it. At least, those who are familiar with the facts will do so. [Applause.]

The CHAIRMAN. The question is on the committee amendment as amended.

The committee amendment was adopted.

Under the rule, the committee rose, and Mr. RAINEY, Speaker pro tempore, having resumed the chair, Mr. RAYBURN, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee had had under consideration the bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer-fallowing, during the year 1932, and had directed him to report the same back with an amendment.

The SPEAKER pro tempore. The question is on the amendment.

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

On motion by Mr. STEAGALL, a motion to reconsider the vote whereby the bill was passed was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate insists upon its amendments to the bill (H. R. 11897) entitled "An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon and appoints Mr. REED, Mr. JONES, Mr. CUTTING, Mr. KENDRICK, and Mr. MCKELLAR to be the conferees on the part of the Senate.

NAVAL APPROPRIATION BILL

Mr. AYRES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 11452, making appropriations for the Navy Department and naval service for the fiscal year ending June 30, 1933, and for other purposes, disagree to the Senate amendments, and ask for a conference.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The SPEAKER pro tempore appointed as conferees on the part of the House, Mr. AYRES, Mr. OLIVER of Alabama, Mr. DOUGLAS of Arizona, Mr. FRENCH, and Mr. TABER.

CONFERENCE REPORT ON LEGISLATIVE APPROPRIATION BILL

Mr. McDUFFIE. Mr. Speaker, I present a conference on the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, for printing under the rule.

Mr. STAFFORD. When is it the purpose of the gentleman to take up the conference report?

Mr. McDUFFIE. We hope to take it up on Monday.

Mr. COCHRAN of Missouri. Is it a full agreement?

Mr. McDUFFIE. It is not a full agreement. The conferees have agreed on every amendment except No. 41, which deals with the question of salary reductions.

Mr. COCHRAN of Missouri. Is the gentleman going to give the House an opportunity to have something to say on some of the items placed in it by the Senate?

Mr. McDUFFIE. Oh, yes.

Mr. FITZPATRICK. What will be the vote on Monday?

Mr. McDUFFIE. On the adoption of the conference report and such other questions as the House may see fit to consider.

GRAND CENTRAL STATION POST OFFICE, NEW YORK

Mr. O'CONNOR. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 257.

The Clerk read as follows:

House Resolution 257

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 12360, a bill to authorize the Secretary of the Treasury to enter into a contract to purchase the parcel of land and the building known as the Grand Central Station Post Office and Office Building, No. 452 Lexington Avenue, in the city, county, and State of New York, for post-office and other governmental purposes, and to pay the purchase price therefor on or prior to June 30, 1937.

That after general debate, which shall be confined to the bill and shall continue not to exceed 30 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Buildings and Grounds, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. How much time does the gentleman from Massachusetts desire?

Mr. MARTIN of Massachusetts. If the gentleman from New York will yield us the usual time, we shall try not to use much of it.

Mr. O'CONNOR. Mr. Speaker, I yield the gentleman from Massachusetts 30 minutes. This is a rule for the consideration of a bill authorizing the Government to enter negotiations for the purchase of the Grand Central Post Office in New York City. That post office is one of the most important ones in the country.

The lease upon it expires next year, and it is suggested it would be advantageous for the Government to enter into negotiations now for the purchase of the building, not to be paid for until 1937, and that in the interim years the same amount be paid annually as is now paid for rent. Therefore there will be no immediate cost to the Government. The authorization is necessary in view of the situation in New York.

Mr. MARTIN of Massachusetts. We will not use any time on the rule, Mr. Speaker.

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

Mr. LANHAM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 12360) to authorize the Secretary of the Treasury to enter into a contract to purchase the parcel of land and the building known as the Grand Central Station Post Office and Office Building, No. 452 Lexington Avenue, in the city, county, and State of New York, for post-office and other governmental purposes, and to pay the purchase price therefor on or prior to June 30, 1937.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 12360, with Mr. WEST in the chair.

The Clerk read the title of the bill.

Mr. LANHAM. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LANHAM. Mr. Chairman, under the rule, half of the time allotted is to be under the control of the ranking minority member of the committee. In view of the fact that the ranking minority member of the committee is unavoidably absent, I ask unanimous consent that the time to have been used by him may be controlled by the next ranking member on the minority side, the gentleman from New York [Mr. REED].

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LANHAM. Mr. Chairman, this bill was very carefully considered by the Committee on Public Buildings and Grounds, and that committee has been able to see no practical solution of the present difficulty involved except that set forth in the terms of the measure and recommended by the Post Office Department. The Grand Central Post Office Station in New York houses and looks after principally all of the New England mail. However, it has to do with a great deal of mail that originates in and is received by other sections of the country. About 25 years ago the Government entered into a contract for postal quarters in New York to look after this great volume of business. Those quarters have been occupied continuously since that time, and it has been necessary now and then to lease additional space for this purpose. The lease which the Government now holds and upon which it is paying in round numbers $318,000 as an annual rental will expire on the 31st of December of next year. The building which is now being occupied is most advantageous for postal purposes because of the fact that the railroad tracks are immediately beneath it and the facilities for the handling of the mail are already available without any trucking.

When our lease expires the last of next year, it is doubtful whether the building can be re-leased at all, and also doubtful, in the second place, as to what the rental would be. It is doubtful whether the building could be leased at all because of the fact that an option is held on that building by private parties, but the Government can take steps to acquire the property. The option of the private parties is for a long-term lease, the title not to go out of the present owner. The building is a 6-story granite structure with a foundation sufficient to accommodate 10 or more additional stories. It is the purpose of the private parties who hold the option to use it as an office building and extend the building in the way indicated if they shall so acquire it. The building is large enough for our post-office purposes there, and it is the intention of the Government to remodel it and make the interior of it four stories instead of six in order to give adequate space for the working of the mail, and so forth, and to use the top floor for other Federal offices now located in New York and paying additional rentals elsewhere. If this building should not be acquired by the Government, it would be necessary at the expiration of the lease to get new quarters, and the testimony before us is to the effect that no new quarters could be acquired in that vicinity except at great expense and at great additional cost to the Government in the handling of the mail, because of the loading and unloading and trucking that would be necessary in that operation. Under these circumstances, that being one of the most important postal stations in the country, handling this great volume of mail, incoming and outgoing, and dealing with all of this great New England section, it seemed to the committee that the only reasonable thing to do was to recommend the provisions incorporated in this bill.

The bill authorizes the Secretary of the Treasury to enter into a contract, after full negotiation and investigation and appraisal, for the purchase of this building, the purchase price not to be paid until 1937, and the period from now until 1937 to be paid upon our rental basis, so that in effect it is an authorization through the terms of which for the next four years we shall continue to pay our rental and at the expiration of the four years acquire the building, provided satisfactory terms can be made to the Government and that the Congress will pass upon the appropriation and approve it.

Mr. COLE of Iowa. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. Yes.

Mr. COLE of Iowa. This station is used only for the transfer of mail, is it not? Is it a general post office?

Mr. LANHAM. The gentleman, I think, is incorrect in that inference. It is the regular post office that handles all of this mail, incoming and outgoing, especially with reference to New England. It has to do with the most important part and the most expensive part of the handling of the mail in the Postal Service.

Mr. COLE of Iowa. Can the gentleman give any idea as to what the probable cost of this acquisition will be?

Mr. LANHAM. Not with great accuracy, but there is a maximum cost provided here, what is known as an upset value. Personally, I do not believe that the Government will pay that sum of money for this building. It is not in the contemplation of the committee that that maximum sum will be paid for this property, but there will be an accurate appraisal of it. It must be entirely satisfactory to the Government. All of the terms and all of the conditions must be satisfactory to the Government before entering into a contract, and a part of the money that will be expended will be for the interior alterations of the building to meet the needs for its use as a post office station.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. LANHAM. I yield.

Mr. KELLY of Pennsylvania. The gentleman knows that in the last session of Congress we passed a bill with general authority for the purchase of stations such as this Grand Central Station. It was passed by the House and failed in the Senate. The bill is now pending before the gentleman's committee, and it seems to me that that bill is comprehensive authority for doing what the Postmaster General has recommended, in the saving of some $7,000,000 of rentals now being paid.

Mr. LANHAM. Yes. This is a specific instance of trying to carry that through. There is precedent for it, I will say to the committee, in Public No. 794, of the Sixty-ninth Congress, which gave authority to the Secretary of the Treasury to enter into a contract to purchase, upon completion, a suitable building for customs and other governmental activities in the city of New York. That was approved on March 4, 1927. In other words, this is an authorization bill. For the next four years we will continue to pay our rentals, but our lease expires at the end of next year. Considerable time must be taken in the negotiations, especially in view of the fact that an option of the kind I have mentioned is held by private parties. The emergency nature of the measure is that, the owners of the property and the Government being quite a sum apart on what the one is willing to take and the other to give for the property, much time will likely be required in reaching an agreement, and it behooves us to act now to give this authority for the negotiations in order that the matter may be consummated one way or the other before the termination of our rental period.

Mr. MOUSER. Will the gentleman yield?

Mr. LANHAM. I yield.

Mr. MOUSER. It is very much to the interest of the Government to secure this appraisal now under present property values, because it can be acquired for much less now, when property values have depreciated, than it can later on.

Mr. LANHAM. Not only was that impressed upon the committee, that we might arrange to acquire it at a cheaper figure now than hereafter, but also that if we do not acquire it we must acquire some other property in the vicinity. There is none specially available in the immediate vicinity, and such property would cost just as much or more, and

we would have, in the handling of the mails, tremendous additional expense in loading, unloading, and trucking, which is a very considerable item.

Mr. MORTON D. HULL. Will the gentleman yield?

Mr. LANHAM. I yield.

Mr. MORTON D. HULL. Did the gentleman state the amount of the rental now paid?

Mr. LANHAM. The annual rental now paid is $318,000 plus.

Mr. REED of New York. Will the gentleman yield?

Mr. LANHAM. I yield.

Mr. REED of New York. I just wanted to call attention to the fact that the only other available building in the vicinity that could possibly meet the needs is one somewhat removed from the station, and it would require blasting through solid rock for a considerable distance, which would necessitate a great engineering feat in order to accomplish it without destroying the building that we want now to get.

Mr. LANHAM. The gentleman is quite right. In order to have the underground access to any other building we might acquire, necessarily we should have to go through this operation of blasting through solid rock, which is a very expensive process. Furthermore, any other building that we could acquire would not have the advantage of this building, with the railroad tracks right under it, for thus the handling of the mail is facilitated and made much less expensive in time and money.

Mr. WATSON. Will the gentleman yield?

Mr. LANHAM. I yield.

Mr. WATSON. Does the Secretary of the Treasury approve this measure, as well as the Postmaster General?

Mr. LANHAM. The statement of the Assistant Secretary of the Treasury was to the effect that they neither recommended nor opposed, but that they had discussed the matter with the post office authorities and understood it.

Mr. WATSON. Does the gentleman know how much will be saved by transportation?

Mr. LANHAM. Does the gentleman mean if we should go to another location?

Mr. WATSON. Yes.

Mr. LANHAM. I do not have those items before me, and they were not before the committee. The Post Office Deparment authorities said they could furnish them but they assured us that they would be very, very considerable; and, furthermore, they would be permanent.

Mr. CULLEN. Will the gentleman yield?

Mr. LANHAM. I yield.

Mr. CULLEN. There is no other place available in that immediate section for the purpose of a post office, and the price they would have to pay would be 300 per cent more than what they pay now.

Mr. LANHAM. The testimony before the committee is that it would be much more expensive to go somewhere else, in addition to this added cost of loading and unloading and trucking the mail.

Mr. BLOOM. The gentleman should not forget the question of time in the handling of the mail, because the trains come right into the post office here.

There is no other place in this same vicinity where they could get the trains or cars into the post office.

Mr. LANHAM. Therefore there would be a great saving in time. In other words, Mr. Chairman, in view of the fact that this lease expires next year, that we have no assurance of renewal, because private parties have an option for long-term rental, if the Government does not take some steps and give some authority to the officials here authorized to carry out these negotiations we are going to find ourselves in a rather chaotic situation in reference to all this New England mail at the expiration of next year.

Mr. BLOOM. And with respect to Canadian mail, too.

Mr. LANHAM. Where we would go for quarters and what they would cost we are unable to say.

Mr. REED of New York. Let me make another statement, if the gentleman will permit. This will involve no extra expenditure, because they are going to pay on the purchase price each year until 1937 the rental.

Mr. LANHAM. The testimony before the committee was that no appropriation other than the usual rental would be necessary from now until 1937.

[Here the gavel fell.]

Mr. REED of New York. Mr. Chairman, I believe if I judge the temper of the House correctly at this time that it is ready to vote and that the Members are in favor of the bill.

I wish to give the bill my heartiest indorsement.

New York City is the greatest center for the distribution of mail in the world. The efficiency with which mail is handled at this point affects practically every community in the United States. A few minutes' delay in the transfer of mail in this great commercial center can lead to great inconvenience, touching commercial transactions in every city in this country. Broadly viewed, this is one reason this proposed legislation is here at this time.

The rapid increase in the volume of mail that flows to this point of distribution has required added facilities to properly handle it. The Government has been required from time to time to procure available space at high rentals to avoid congestion and delay in the steady flow of mail throughout the United States.

The leases entered into will soon expire, which makes it imperative to meet the problem of adequate space and at the same time avoid high transfer costs as well as high rentals.

The officials of the Post Office Department are to be commended for their forethought in giving careful study to this problem prior to the expiration of the present leases. After diligent and timely investigation the Post Office Department recommends this measure to authorize it to enter into a contract to purchase the one available building which is in every way suitable for the purpose desired. This building is known as the P. O. & O. Building, located at 452 Lexington Avenue. It is owned by the New York Central Railroad.

This building is six stories high, constructed of granite, and so planned that it can be increased to 10 stories.

The tracks of the New York Central, the New Haven & Hartford, and other railroads are built under this structure. It is the only building where these facilities are available.

The present annual rental paid by the Government under existing leases in the aggregate is $318,000. The limit of cost fixed in this bill for the purchase of this building is $15,500,000. To enter into new leases will entail higher rentals, and if other location should be selected, the extra cost of transferring the mail would be a tremendous cost and also involve great delay in handling mail.

The acquisition of this building will result in a retrenchment of annual Federal expenditures. It will provide space for other necessary governmental activities now located where high rentals are paid for the space required. It will place no extra burden upon the Government, for, under the terms of the bill, the payments annually on the purchase price shall not exceed the amount of rental now paid until 1937.

This bill comes to the House with a unanimous report of the Committee on Public Buildings and Grounds. It has the approval of the Post Office Department. I believe that sound business practice fully justifies favorable action on this measure.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized to enter into a contract to purchase on behalf of the United States the parcel of land with the building thereon located in the city, county, and State of New York, bounded by the westerly line of Lexington Avenue, the southerly line of Forty-fifth Street, a line parallel with and distant 275 feet, more or less, westerly of the westerly line of Lexington Avenue and a line parallel with and distant 220 feet 9½ inches, more or less, southerly of the southerly line of Forty-fifth Street, for a post-office building and/or for other governmental purposes, subject to the exception and reservation to the New York Central Railroad Co., its successors and assigns, of the perpetual rights of exclusive use for railroad station, terminal, and other purposes of the railroad company, its successors and assigns, of the subsurface of said parcel to be specifically defined in the instrument of conveyance, with the necessary ventilating shafts; and subject also to exceptions and reservations for pur-

poses of light, air, and support in favor of said subsurface and the southerly and westerly adjoining premises, all as may be agreed upon in advance by the respective parties to the conveyance of title to the United States: *Provided, however,* That the total limit of cost to the United States of such parcel of land and building, including the cost of any necessary remodeling of said building, shall not exceed the sum of $15,500,000 and interest: *Provided further,* That the contract of purchase, if made, shall provide for the conveyance to the United States of title to said property on or prior to January 1, 1933, and for the payment of the agreed purchase price of said property on June 30, 1937, except that the Treasury Department, at its election, may pay any part of the agreed purchase price prior to said date, and except that commencing on the date of the conveyance of title to said property to the United States and continuing until January 1, 1934, there shall be paid each month to be applied on account of the agreed purchase price a sum not in excess of the aggregate monthly rental now paid by the Post Office Department for the spaces occupied by the Post Office Department in said building and in the adjacent buildings to the north and south, and except that commencing on January 1, 1934, and continuing to the date of the full payment of the agreed purchase price there shall be paid each month, to be applied on account of the agreed purchase price as aforesaid, a sum not less than one-twelfth of the product arrived at by multiplying the aggregate square-foot area of the spaces now occupied by the Post Office Department in said building and in the adjacent buildings to the north and south, by a rate per square foot to be agreed upon by the owner and the Secretary of the Treasury, not in excess of $2.50 per square foot and not less than the average rental per square foot now payable by the Post Office Department under the present leases of the spaces occupied by the Post Office Department in the said building and in the adjacent buildings to the north and south: *Provided further,* That any appropriations made or hereafter made to the Post Office Department for the payment of rent under the leases now in effect and hereinbefore mentioned shall, upon the conveyance of title to the United States, be available to the Secretary of the Treasury for the aforesaid monthly payments on account of the purchase price: *Provided further,* That the Treasury Department at the date of its payment of the full purchase price shall pay interest upon the unpaid balances of said purchase price to be computed from the date of the conveyance of title to said property to the date of the payment of the full purchase price at a rate not in excess of 4 per cent per annum to be agreed upon by the owner and the Secretary of the Treasury: *And provided further,* That all other terms and conditions in connection with the purchase of said property shall be in the discretion of the Secretary of the Treasury.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Chairman, I wanted to take this occasion to refer to a joint resolution I am about to introduce which affects every Member of this body and which affects the taxpayers of the several States and of their subdivisions.

My resolution amends the revenue act, just passed, and is for the purpose of saving the taxpayers of the several States and their subdivisions money that they should not be compelled to pay.

Congress should not tax the several States or their subdivisions for making purchases essential in the performance of a governmental duty; neither should the States tax the Federal Government. Yet, by the passage of the recent revenue act we are taxing the taxpayers not only of the several States, but also of their subdivisions.

Your State and my State, and their subdivisions, in the performance of their governmental duties, need to buy, for example, fire apparatus, or automobiles, or various other things for the conduct of governmental business that are taxed by the revenue act of 1932. If they buy directly from the manufacturer they do not have to pay the tax, but if they buy from a wholesaler, a jobber, or anyone other than a manufacturer, they have to pay the tax. In other words, there is no provision in the recent revenue act for a refund to the several States or their subdivisions for taxes paid on purchases for essential governmental purposes where the purchase was made from anyone other than a manufacturer. The present law unintentionally discriminates against the wholesaler and jobber, who is usually a local concern.

The law as it now stands imposes unnecessary and additional taxes upon the people of the several States and their subdivisions, which they should not be compelled to stand on any occasion, and which certainly they can not very well bear at this particular time. The members of the Ways and Means Committee, and the House, never intended to impose this tax. In the original bill reported out of committee we protected the taxpayers of the States and of local governments through the license system, which was a part of the manufacturers' excise tax, but when that went out it left the matter open. The result is that the bill as finally passed exempts the States and their subdivisions from taxes on purchases made from manufacturers, but where the State or a subdivision thereof makes a purchase for governmental purposes from anyone else—and I am not talking about the contractor to whom a contract has been awarded or with whom a contract has been made, but purchases made by the State, city, town, or community itself, through its duly elected officials, and made for local governmental purposes—from anyone other than a manufacturer, such purchases are taxed. When they are made from the wholesaler, the tax has to be paid and it has to be paid by your taxpayers and by the taxpayers of my State or city. In the course of a year it will mean many millions of dollars of additional expense to State and local government. I think we should save that money for our local taxpayers. I do not think the Members of Congress ever intended that the local taxpayers should be burdened with such taxes, particularly in times such as we are going through at present. Such a tax violates the intent and spirit of our dual system of government.

Although the bill does not specifically exempt in all cases the tax on purchases made from manufacturers, it will be taken care of by regulation by the Treasury Department, so I am reliably informed. The regulation of exemption is predicated upon the Constitution. However, constitutional provisions do not extend to wholesalers or jobbers, because the tax, under the 1932 act, will have already been paid by the manufacturer. My bill provides for a refund on necessary governmental purchases made by a State or city, thereby protecting the interests of the taxpayer of local government. What the Federal Government can not do directly should not be done indirectly. The principle of making a citizen pay additional taxes to local government to enable local government in turn to pay the same to the Federal Government is wrong. It is our duty to protect local government, our State, our city, county, and town against taxes that should not be imposed upon them. When we do that we are protecting our taxpayers.

Furthermore, we are preserving the dignity and integrity of our dual system of government. If it is right for the Federal Government to impose such taxes upon local government it is equally right for local government to assert the same principle against the Federal Government. For example, Massachusetts has a tax on gasoline. All purchases made in any way by the Federal Government are exempt, through a refunding provision of our law. I assume that other States possess similar legislation, and that where a tax is imposed on the sale of an article or commodity that purchases made by the Federal Government are exempt. If the Federal Government can tax purchases made by other governmental agencies, then the several States can reciprocate and tax similar purchases made by the Federal Government of articles taxed within a State and purchased therein. It will result in the starting of a vicious circle of one sovereign body taxing the other, an unwise and unnecessary situation to have under our dual system of government. There is a great principle involved in my bill which has been generally adhered to in the past and should be adhered to in the future.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. COCHRAN of Missouri. It has always been the policy of Congress, has it not, in enacting a revenue bill to provide just such an exemption as the gentleman suggests here?

Mr. McCORMACK. Exactly; but it was overlooked in the situation that developed in the consideration of the bill.

My resolution provides an amendment which reads as follows:

That section 621–A of the revenue act of 1932 is amended by adding at the end thereof a new paragraph, as follows:

"3. To a State or political subdivision thereof in the amount of any tax under this title which has been paid with respect to the sale of any article purchased by it for use solely in the exercise of an essential governmental function."

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McCORMACK. That confines the nonpayment of a tax to those purchases which relate to an essentially governmental function; purchases made by elected officials of the State, municipality, town, or county.

Suppose you are a wholesaler in New York, in San Francisco, or in any town. With the knowledge that the purchases made from the manufacturer are exempt from taxation you are competing with the manufacturer under conditions which are discriminatory, because the State, city, town, or county, knowing that their purchases from the manufacturer will be exempt naturally will not be inclined to make purchases from a wholesaler. Therefore, not only is it unfair to impose these taxes upon the taxpayers of local government but it is unfair to business men, the wholesalers, the jobbers, the local business man who hires local help and pays taxes to the local government, because it unconsciously discriminates against them. [Applause.]

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The CHAIRMAN. Under the rule the committee rises.

Accordingly the committee rose; and the Speaker pro tempore [Mr. RAINEY] having resumed the chair, Mr. WEST, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 12360) to authorize the Secretary of the Treasury to enter into a contract to purchase the parcel of land and the building known as the Grand Central Station Post Office and Office Building, No. 452 Lexington Avenue, in the city, county, and State of New York, for post office and other governmental purposes, and to pay the purchase price therefor on or prior to June 30, 1937, pursuant to House Resolution 257, he reported the same back to the House.

The SPEAKER pro tempore. Under the rule the previous question is ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. LANHAM, a motion to reconsider the vote by which the bill was passed was laid on the table.

AMENDMENT OF THE SIXTH EXCEPTION IN SECTION 3 OF THE IMMIGRATION ACT OF 1924

Mr. O'CONNOR. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 236, for the consideration of H. R. 8766, a bill to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens.

The SPEAKER pro tempore. The gentleman from New York calls up a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 236

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8766, a bill to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens.

That after general debate, which shall be confined to the bill and shall continue not to exceed 30 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Immigration and Naturalization, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and any amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, this is a rule to consider an immigration bill. The Rules Committee was informed that this bill was requested by the State Department and that there was no opposition to it from any source that was then known.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. KERR. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8766) to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8766, with Mr. WEST in the chair.

The Clerk read the title of the bill.

Mr. KERR. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KERR. Mr. Chairman, this is a simple bill. Prior to the immigration act of 1924 those countries with which we had treaties, commerce treaties and treaties on navigation, were allowed to send into this country to transact business under those treaties aliens from those countries who came with a nonimmigrant status, that is to say, they came here and transacted the business under those treaties. They were allowed to bring their families with them, and after transacting the business they returned to the countries from which they came.

The immigration act of 1924 limited that right to all those treaties which existed at that time. There were about 30 treaties which this Nation had with other nations at that time with respect to commerce and with respect to navigation. This bill simply extends that right to treaties which have been made since then or are in prospect of making.

As has been stated by the Chairman of the Rules Committee this bill has the sanction, as the committee understands it, of the State Department and that department requests its passage. There are pending in this country several treaties, treaties with Germany, Austria, and several other countries, and those countries are asking the right which we extended under the treaties that existed in 1924. That right, as I have stated, allowed those countries to send aliens to this country to transact the business incidental to those treaties which were then in force between those countries and the United States.

That is all of the bill, as I understand it. As I have said, it is a simple bill, and I trust the House will ratify the action of the committee.

Mr. GOSS. Will the gentleman yield?

Mr. KERR. I will be glad to yield.

Mr. GOSS. I notice that line 9 states—

and his wife, and his unmarried children under 21 years of age.

But I also notice in the report on page 2, of section 3, that the term "child" only applies to his own children or those whose adoption took place prior to January 1, 1924. It seems to me that if the child were legitimately adopted even after that time it might be considered as one of his own children.

Mr. KERR. That is true, but by this bill we simply give the alien the right to come here and bring his family.

Mr. GOSS. What is the intent of the committee when it refers to the fact that the term "child" does not include a child by adoption unless the adoption took place before January 1, 1924? It seems to me, as I have said before, even if the adoption took place after that time the child should be considered as one of his own children.

Mr. KERR. I should think that this refers to natural children or those who become lawful children by adoption prior to January 1, 1924.

Mr. GOSS. But I am calling the gentleman's attention to the fact that the report states that the term "child"

does not include a child by adoption unless the adoption took place before January 1, 1924.

Mr. KERR. There may be some ambiguity about that.

Mr. GOSS. I should hope that in the passage of this bill it would not exclude a child legally adopted even after that date.

Mr. JENKINS. If the gentleman will permit, I might explain that this language is the exact language employed in the immigration law when it refers to wives and children. It says wife and children under 21 years of age. It brings that language up to the present time, and it is intended to take care of those who come here to transact business under the treaties to which the gentleman from North Carolina has referred. It is exactly the same language as appears in the immigration law.

Mr. GOSS. The gentleman heard what I read from the report of the committee. In the gentleman's opinion, would it allow a child to come here who had been legally adopted after January 1, 1924?

Mr. JENKINS. I think so.

Mr. GOSS. That is my point. I want to know the intent of Congress on that, and I think that should be made clear. It seems to me a pity to penalize a man in coming here because he has such an adopted child.

Mr. JOHNSON of Washington. If the gentleman will permit an interruption, he will find the present law in roman type at the top of page 3 of the report.

Mr. GOSS. Yes.

Mr. JOHNSON of Washington. And, as the gentleman from Ohio [Mr. JENKINS] has stated, the language "his wife, and his unmarried children under 21 years of age" is carried forward from another paragraph of the 1924 act, and I am inclined to think it would not apply to stepchildren. However, I think the best plan, inasmuch as this bill is at the suggestion of the State Department and is a perfecting bill, would be to let us pass the bill to-day on the assurance of the members of the committee, including the Representative from North Carolina in charge of the bill, that we will make an inquiry of the State Department and, if an amendment is desirable and does not disturb other paragraphs of the law, we will try to have it made.

Mr. GOSS. My only point is that we are trying to make it easier for these men to come here and trade, and it seems to me it would be a pity to exclude one of these men if he has a child adopted after 1924. I hope the gentleman will look into this and get the intention of Congress clear, because it would be my idea in voting for this bill that I would allow such a child to come in even though it was adopted after 1924.

Mr. JOHNSON of Washington. We have been trying for several years to pass a bill with an amendment to define merchants. We have had such a bill on the calendar, but it could not be reached on account of abandoning Calendar Wednesday.

Mr. GOSS. I am not opposing the bill, but I want to get the intention of Congress; and do I understand that the intention of the committee would be to allow a man to come in with his wife and children under 21 years of age, and that this would include an adopted child adopted after January, 1924? There is not anything in the bill that bothers me, but I am not sure about the language in the report accompanying the bill.

Mr. JOHNSON of Washington. In the law there is a definition of the word "child," and an adopted child is not considered a child for the purposes of immigration.

Mr. GOSS. This man is not an immigrant. He is one who is coming here to do business and then is going back, and it seems to me a pity to break up a family on account of a little technicality of this sort.

Mr. JENKINS. If the gentleman will permit, I believe I was wrong in my statement a while ago. This bill does not take care of a man who comes in here to do business, but the man who comes here to transact the business and to stay here more or less permanently, and the object of this is to prevent these people coming in here as merchants from bringing in anybody that is not a legitimate child.

Mr. GOSS. My point refers to a legally adopted child, but one adopted after 1924.

Mr. JENKINS. I think the significance of the date in 1924 is due to the fact that there are certain treaties that have been enacted before that time that are causing us a great deal of trouble. The court has interpreted them one way and the department has sought to interpret them in another way, and they have fixed upon this as an arbitrary date. I do not think anything unfortunate is going to happen from this language at all.

Mr. GOSS. I notice from the report, which has to do with the intention of Congress, that this is one of the reasons we are passing the bill, and I am hopeful it will be sufficiently broad to allow to come in a legally adopted child adopted after 1924.

Mr. KERR. Let me say to the gentleman who has made inquiry of several Members that it seems to me this language includes the very thing the gentleman has in mind and takes in the whole family. The language of the bill is "his unmarried children under 21 years of age, if accompanying or following to join him."

Mr. GOSS. True; but I am referring to the report accompanying the bill.

Mr. KERR. The report is no part of the law.

Mr. GOSS. I understand; but would not that show the intent of Congress?

Mr. KERR. I think the bill is clear with this language.

Mr. GOSS. Would the gentleman be willing to accept an amendment to the bill "including legally adopted children"?

Mr. KERR. It is entirely agreeable to me to do that, but I think the bill itself now covers all the members of the family who come within the purview of the bill.

Mr. GOSS. Under the 5-minute rule I should like to offer such an amendment unless the gentleman would care to offer the amendment to clarify the act.

Mr. KERR. That would be satisfactory to me.

Mr. SWICK. Will the gentleman yield?

Mr. KERR. Yes.

Mr. SWICK. For what length of time are these traders or merchants allowed to remain here?

Mr. KERR. There is no time fixed by the statute, but it is contemplated they should stay here as long as the subject matter involved in the treaty is under consideration.

Mr. SWICK. And there is no time limit?

Mr. KERR. There is no time limit.

Mr. HARE. The gentleman from Pennsylvania [Mr. SWICK] anticipated my question as to whether or not there is any provision as to the time these people will be permitted to remain in the United States after the business is transacted.

Mr. KERR. Not in this bill; and as I said to my friend from Pennsylvania, it is contemplated they should stay here under this law as long as they are engaged in the transaction of business incident to the treaties.

Mr. HARE. May I ask just one more question? Is there any provision of law or any obligation on anyone to see that they do return after the business is transacted?

Mr. KERR. My answer to that would be that I think the general immigration law takes care of that and that those who are not naturalized would have to be deported.

Mr. SWICK. Who will determine when these immigrants or these traders will have to return to their own country?

Mr. JOHNSON of Washington. This is a perfecting bill made necessary by Supreme Court decisions. In the 1924 immigration restriction act we did not make a definition of merchants so as to mean merchants engaged in international business.

Mr. HARE. One more question. Admitting all legally adopted children, the question arises whether or not it may not lead to the adoption of undesirable children, bringing them to this country, and no provision made for their return.

Mr. KERR. Any attempt to commit a fraud on the law, of course, would be a violation which is punishable.

Mr. HARE. Not if it is legalized by this amendment.

Mr. KERR. Of course, this bill only refers to bona fide families and bona fide adopted children.

Mr. JOHNSON of Washington. Mr. Chairman, I yield myself five minutes. I want to clarify the purpose of this bill. First, as to the admission of merchants. When the 1924 immigration restriction act was in the process of being written, it was necessary to make provision for those entitled to come to the United States under the treaties made by the United States with other countries. Merchants are entitled under the treaties to come here.

Mr. JENKINS. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes.

Mr. JENKINS. As I understand, we only have treaties with a very few countries that this would apply to. The great bulk of them come here under other provisions.

Mr. JOHNSON of Washington. In the general provisions of treaties are clauses to the effect that nationals of one country may travel in the other country without hindrance. That is advisable for the general intercourse of business. It is also provided that those who come for the purpose of international business may stay indefinitely, but they do not become citizens.

In making the 1924 act, an effort was made to define international merchants, and your then Committee on Immigration received a letter from the Department of State that the text as we had it never would apply to a merchant transferring his business and his residence from the treaty country to the United States. But after the act became a law, it was found that the treaty with China permitted that very thing. You will find a decision by the Supreme Court where it was decided that under our treaty merchants could come to the United States to be merchants in this country. We are now curing that.

On the other hand, if a man is coming, say, from South America, not to be a permanent resident but to stay for a certain length of time, to sell burlap, under the treaty he has a right to do so, but he does not become a citizen. And suppose some one in the United States goes to London to be, say, correspondent for the New York Times. Under the treaty, he can go and stay by the year.

Now, in order to bring the China situation on a parity with other countries, this bill has been introduced to correct the immigration act of 1924—first, so that other countries without treaties with the United States can now make treaties identical with those made by the other major countries prior to 1924, and, secondly, we correct the "merchant" situation.

The bill does not add to the immigration of the United States. It really restricts, because it puts the orientals who come here under their treaty as merchants in the attitude of international merchants, so that if they come hereafter, they will have to come under the provisions of this bill.

Mr. PARSONS. Will the gentleman yield?

Mr. JOHNSON of Washington. I yield.

Mr. PARSONS. All it does is simply to eliminate the words the gentleman refers to?

Mr. JOHNSON of Washington. It eliminates the words "present existing" and it brings the wife and child, if they come with the treaty merchant or immediately follow but the merchant must come on international business and can only remain if he maintains that status.

One thing more. I call attention to the proviso on page 2:

Provided, That no greater rights of entry are hereby conferred upon aliens entering the United States under a treaty of commerce and navigation to be concluded in the future than are conferred under treaties which have been concluded since July 1, 1924.

That proviso indicates the intention of the Congress that when treaty-making powers make treaties, they shall treat the question of immigration as a domestic matter and recognize the right of a sovereign nation to handle its own immigration problems.

Mr. KERR. Mr. Chairman, I yield one minute to the gentleman from South Carolina [Mr. McSWAIN].

Mr. McSWAIN. Mr. Chairman, I ask unanimous consent to proceed for one minute out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McSWAIN. I do this for the purpose of announcing the presence in our galleries of some very distinguished guests. These young ladies and young gentlemen in the galleries are the future farmers and farmerettes of America, the young ladies and young men of the 4-H club. I think they typify in a large measure the hope of this country. We are very glad to have them as our guests. [Applause.]

Mr. JOHNSON of Washington. Mr. Chairman, I yield three minutes to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Chairman, the Rules Committee is granting rules one after another for immigration bills and general bills, but they have failed to give us opportunity to consider the Moore bill.

Mr. DIES. Does the gentleman know what became of that Moore bill that we had before the Rules Committee a month or more ago?

Mr. GREEN. I appreciate the gentleman's interest. We appeared before the Committee on Rules. Nearly all of the members of the Immigration Committee were there, and apparently nearly all of them were in favor of the immediate passage of the Moore bill to restrict immigration by 90 per cent.

Bills liberalizing and weakening our immigration laws have obtained consideration, and yet we do not have a rule for the consideration of the Moore bill. I think the Rules Committee should at once give us a rule and permit us to pass the Moore bill, the substance of which passed the House a year ago. The bill has been introduced and has been favorably reported by the Committee on Immigration. I firmly believe a large majority of the Members would vote for it if they had a chance to do it. It is highly important that we further restrict immigration. We have enough creeds, and colors, and aliens in our midst now. We have some splendid American citizens of foreign birth, and some others of foreign birth who will make good American citizens, but I believe all will agree with me that at least during the present emergency immigration to the United States should be entirely stopped. I think we should stop it entirely for a period of at least five or ten years. This is not the time to weaken the immigration laws, but it is the time to enforce the ones that we have, and to pass further laws restricting immigration, because we have probably over 8,000,000 persons unemployed. Aliens, many of them, sooner or later seek employment, and it is not fair to permit aliens to enter and take positions so badly needed by American citizens. It is my desire to protect Americans and American labor. I hope the Rules Committee will give us a rule for consideration of the Moore restriction bill.

Mr. JOHNSON of Washington. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, I am glad that my distinguished Democratic friend from Florida [Mr. GREEN] has been moved to castigate his fellow Democrats for their shortcomings in their failure to support a program of restriction of immigration. Of course, the country knows that the Republicans have always been recognized as the champions of the policy of keeping America for Americans. The Republicans wrote the quota law of 1924. The Democrats have had control of the House of Representatives during this session and have failed to enact any restrictive legislation of any kind. My friend Mr. GREEN is entirely right in his criticism. In my own time I wish to ask him upon whom does he place the responsibility for the failure to pass any immigration legislation during this session of Congress.

Mr. GREEN. I feel that the Rules Committee should give us a rule.

Mr. JENKINS. I am glad that the gentleman has answered the question. The Rules Committee is the most powerful committee of the House, with reference to determining what legislation might be considered and what might not be considered. This committee is under Democratic control. Here we are, coming to the close of the session, considering now a bill of practically no consequence,

when we should be considering something of some consequence. The Rules Committee gives us a special rule for this bill, but refuses to give us a rule for consideration of the Jenkins-Moore bill, which would cut down all immigration by 90 per cent and which would put the whole world on a quota. This bill does not mean much one way or the other, but we are all going to favor it. We on the Republican side are willing to favor it. We had before our committee this year the Jenkins-Moore bill and we voted it out. This is a very important restrictive immigration bill. It is the same bill in effect as the Jenkins bill that was passed by the House last year by an overwhelming vote, and would have passed the Senate except for a filibuster directed by Senator THOMAS against other proposed legislation. Had it come to a vote, it would have passed the Senate also by a large vote. The country demands this bill. The Democratic leadership has not shown any disposition to heed the demands of the people. Every patriotic organization in the country demanded its passage. In this group are the American Legion, the Daughters of the American Revolution, the Junior Order, and about 84 others. It may be that the responsibility rests with the Democratic Speaker, for he has never been strong for restrictive immigration. In fact, he appeared before the Committee on Immigration a few years ago in opposition to the restriction of immigration from Mexico. We have importuned the Rules Committee on numerous occasions for a rule for the Jenkins-Moore bill, but to no avail. Let them be held responsible. It has been claimed that the President of the United States has issued restriction regulations which are too rigid and that he has given instruction to consuls to enforce the liable-to-become-a-public-charge clause of the law to such an extent that it has become obnoxious. I do not admit that these accusations are well founded as to the President causing an abuse of the rights of anyone, but it is true that the President issued rather strict orders, but the President has had to do that.

Because of our failure to pass restrictive immigration laws, the President has been forced to restrict immigration by official edict. This should not be done; the President does not wish to do it; and in his message delivered at the opening of the present session of Congress he specifically requests relief in that direction. We are restricting immigration into this country by order of the President of the United States because of the impotency of those in power in this Congress to permit us to have a real restriction bill. The Congress should legislate and not sit back and compel the President to make up for their shortcomings. My good friend Mr. MOORE on the Democratic side has introduced a bill in this session of Congress which is exactly the same as the Jenkins bill previously introduced, and practically the same as the Jenkins bill passed by the House in the last session of Congress. While there is no chance for the consideration of this bill in this session of Congress, it is the hope of all restrictionists that it may be forced to consideration at the next session of Congress. When we cut down the quotas of all European countries and place a quota on Canada, Mexico, and all the countries of the Western Hemisphere, we will have effected a good control of immigration. In this session of Congress the House has passed a bill admitting outside of quota the husbands of wives married since June 1, 1928. This bill or any other bill letting down the quota bars should not have passed. The Senate has thus far effectively stopped the passage of the bill. Likewise the bill to admit the fathers and mothers of American citizens outside the quota has not passed the House. The Dickstein bill seeking to do this was passed by the House, but not until after it had been amended by a substitution of another bill of which I was the author and which amendment creates additional preference within the quotas for fathers and mothers but keeps them within the quota. In this way the fathers and mothers from all countries will come first, and will be given first preference within the quotas, but they will not be admitted outside the quotas. It is right and proper to adjust the preferences within the quota so that the fathers and mothers and husbands should be given preference, but it is not proper for these to be put outside of the quota, thereby opening large holes in the quotas through which many additional aliens will be permitted to come.

Now, addressing myself immediately to the subject before us, as I said before, we Republicans favor the passage of this bill. It does not mean much of anything, but it does no serious harm. I hope everybody will vote for it so that we can accomplish the passage of at least one immigration bill during this session of Congress. The passage of this bill is desired by the State Department, for it will assist them in administering the law. There seem to have been some court decisions that affect the admission of treaty merchants. This bill will confine the activities of these immigrant merchants to "trade between the United States and the foreign State from which they come." It will prevent them carrying on trade promiscuously with other countries. Also, it will relieve the department from being bound under treaties that were existing on or before 1924, but will permit a change of the regulations in accordance with subsequent treaties as they may be entered into. The State Department recommends the passage of this bill, and I for one wish to assist the State Department when I can without letting down the bars to additional immigrants when we have now a great problem to handle our large number of deserving unemployed.

The CHAIRMAN. If there is no further debate the Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That section 3 (6) of the immigration act of 1924 be amended so as to read as follows:

"(6) An alien entitled to enter the United States solely to carry on trade between the United States and the foreign State from which he comes under and in pursuance of the provisions of a treaty of commerce and navigation, and his wife, and his unmarried children under 21 years of age, if accompanying or following to join him: *Provided*, That no greater rights of entry are hereby conferred upon aliens entering the United States under a treaty of commerce and navigation to be concluded in the future than are conferred under treaties which have been concluded since July 1, 1924."

Mr. GOSS. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment by Mr. Goss: Page 1, line 9, after the word "children," insert "including legally adopted children."

Mr. GOSS. Mr. Chairman, I will not take much time, because this was discussed a moment ago in debate with the chairman of the committee. I have talked with some of the members of the committee. I refer to page 3 of the report to the words "present existing" in brackets. The members feel that "legally adopted children" will be included in that. Therefore, if that is the case, I am offering it so that the intent of Congress will not be misunderstood in the future.

Mr. JOHNSON of Washington. Mr. Chairman, I rise in opposition to the amendment.

I am sorry I can not be any too sure about this. The handling of treaties is a matter for the Committee on Foreign Relations. In previous Congresses members of that committee have been consulted whenever immigration laws require mention or reference to treaties. If I read this correctly, in an effort to clarify, we have moved up the words of another paragraph, namely, "wife and unmarried children, under 21 years of age," and put them in with those persons we are proposing to admit under treaty relations. The real purpose is to permit the making of some treaties since 1924, and I think it is far better to vote down this amendment with reference to adopted children, because I know that efforts have been made on every hand to include adopted children in the nonquota classes of people coming as immigrants. So I am afraid to ask you to vote for this amendment. If it can be properly put in, I will personally undertake to see that it is taken care of in the Senate. Remember, there are merchants and merchants; and if too many come, it is hard to keep track of them.

Mr. GREEN. Will the gentleman yield?

Mr. JOHNSON of Washington. I yield.

Mr. GREEN. Suppose somebody adopted a Chinese child, why could he not bring him in under that amendment? I am opposed to it.

Mr. JOHNSON of Washington. I can not keep up with all the provisions of the Chinese exclusion act, the treaty with China, and the regulations. That is where we are having some trouble.

Mr. JENKINS. Will the gentleman yield?

Mr. JOHNSON of Washington. I yield.

Mr. JENKINS. It would also be difficult to tell what would be a legal adoption in another country. The adoption proceedings would have to be legal or illegal, according to the law of another country.

Mr. JOHNSON of Washington. Yes.

Mr. GOSS. What is meant by section 2, on page 3 of the report, by this language, "under the definitions referred to the term 'wife' does not include a wife by reason of a proxy or picture marriage"—of course, I can understand that—"and the term 'child' does not include a child by adoption unless the adoption took place before January 1, 1924"?

What was that except a legal adoption?

Mr. JOHNSON of Washington. That is the definition of "child," in paragraph 28, devoted to definitions in the 1924 act, and it does not include a child adopted after 1924.

Mr. GOSS. But it is possible prior to 1924. All I am trying to do is to extend it a little later in order not to separate families.

Mr. JOHNSON of Washington. In 1924 we were passing an immigration act and excluding certain people, and we acted to prevent the adoption of children for immigration purposes. We do not propose now to open the gates for immigration. If we did not have any trouble with regard to oriental countries and treaties and court decisions, the proposal might do; but I think it would be better to vote the amendment down at this time.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Connecticut [Mr. Goss].

The amendment was rejected.

The CHAIRMAN. Under the rule the committee automatically rises.

Accordingly the committee rose; and the Speaker pro tempore [Mr. RAINEY] having resumed the chair, Mr. WEST, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 8766) to amend the sixth exception in section 3 of the immigration act of 1924, and, pursuant to House Resolution 236, he reported the bill back to the House.

The SPEAKER pro tempore. Under the rule the previous question is ordered on the bill to final passage.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. KERR, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS—THE LEGISLATIVE BRAIN

Mr. GRIFFIN. Mr. Speaker, Senators COPELAND, FRAZIER, JONES, and NYE, during the past month or so, have had published in the CONGRESSIONAL RECORD a series of articles on brain measurements, and the deductions therefrom, on legislative ability.

The writer of these articles is Dr. Arthur MacDonald, formerly "fellow" of Johns Hopkins University, and a distinguished anthropologist, who has written a number of works on that and other allied subjects.

The learned doctor, who is a familiar figure around the Capitol, where he has been making his researches for many years, gives the palm to the Senate for size of brain and, inferentially, legislative ability. His conclusions have provoked more or less amusing controversy in the press and, perhaps, a little resentment and criticism among the Members of the lower House. Sensitiveness on the subject is hardly justified, however, as some of the most distinguished men in history have not been conspicuous for the mere size of their craniums.

A further explanation of Doctor MacDonald's findings is that the men with big heads were the first to accept the doctor's invitation to submit to his examinations. Who ever saw a man wearing a 7¼ hat and upwards who was not fond of slipping it over the head and ears of his usually more bashful friends who could boast of nothing larger than a 6⅞? Let the small heads take heart. The learned doctor uses other tests and data besides mere circumference. There are height about the ears and width and length to be taken into consideration as well.

Another explanation is that so few of the House Members have lent themselves to this experiment. Before any final conclusions can be drawn the full membership of both Houses should be measured. The Members of the House owe a duty to themselves and to their side of the Federal Legislature to jump into the breach and try to raise the House average.

I have spoken to some of our Members, both those with the small heads and those with the big heads, and found them somewhat suspicious that the tests might unduly penetrate the sanctity of their personal peculiarities. Doctor MacDonald assures me there is no ground for this fear, and hands me the following list of the questions—all confidential—which bear on his tests:

(Confidential data)

Name of person in full_____
Blond_____ Medium_____ Brunette_____
Lineage _____
Age_____ Race_____ Occupation_____
Height of body_____
Sitting height_____
Arm reach_____
Chest girth (at armpits)_____
Weight_____
Right-hand grasp (dynamometer)_____
Left-hand grasp (dynamometer)_____
Breadth of head_____
Length of head_____
Height of head (bregma) (auriculometer)_____
Height of head (vertex) (auriculometer)_____
Circumference of head_____
Length of face_____
Width of face (bizygomatic)_____
Length of nose_____
Breadth of nose_____
Temple algometer_____r. Least disagreeable_____r.
Temple algometer_____l. Least disagreeable_____l.
Uncomfortable_____r. Threshold of pain_____r.
Uncomfortable _____l. Threshold of pain_____l.
Cephalic index _____ Nasal index_____
Cranial capacity (estimated)___ Weight of brain (estimated)___
Remarks:

FOREIGN LEGISLATURES

The doctor also plans an extension of his researches so as to include the legislative bodies of all foreign nations. He is sending a circular letter to the officials of their respective parliaments urging their cooperation, as well as to foreign anthropologists and physicians to arouse their interest in this vast scientific study.

AMERICAN CONGRESS SHOULD COOPERATE

It is a well-known fact that foreign parliaments have a larger percentage of doctors and scientific men than is to be found in either the Federal Congress or in our State legislatures, and it is probable that they will show results which will outdistance us. I would, therefore, urge my colleagues to extend to the learned doctor their hearty cooperation.

Doctor MacDonald informs me that he will be glad to make appointments at the convenience of Members if communicated with at his address, No. 314 East Capitol Street.

Twenty-four specialists in the faculty of Johns Hopkins University have consented to examine gratis every Member of Congress who takes the physical anthropological measurements of Doctor MacDonald.

The medical examinations are supplementary to Doctor MacDonald's measurements, and may prove of value in discovering latent physical weaknesses or defects.

Incipient tendencies, not yet noticed, if discovered early by the specialist, usually can be remedied, but if undetected they may become serious, if not fatal. Each specialist makes a full report to Doctor MacDonald, and the Member examined can have a copy.

The one fundamental idea is to keep well, and every hour spent in these examinations may add many years to the Member's life and also spare him from much pain, suffering, and sickness, enabling him to be more efficient in his public service.

The problem is to have the normal decadence of life extended equally to all the vital organs, for the chain is never stronger than its weakest link.

EXAMINATION OF NATIONAL BANKS

Mr. HOGG of West Virginia. Mr. Speaker, I ask unanimous consent to extend my remarks on the question of examination of national banks.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

Mr. HOGG of West Virginia. Mr. Speaker, since my remarks in the House on May 26, 1932, with reference to the examination of national banks, I have received a number of letters from various sections of the country with reference to the status of banks once closed but subsequently reopened by permission of the Comptroller of the Currency. I unhesitatingly say that when such an institution has reopened after being once closed, this fact is the strongest possible indorsement of strength. At this point I want to call attention that I am proud of the fact that none of the national banks in my district were closed by an order of the Comptroller of the Currency. Our banks were solvent. The hysteria prevalent in other communities spread into our section, causing unprecedented runs on all of these institutions. Rather than permit these runs to absorb all of the liquid assets of the institutions, the officers and directors very properly closed the doors and took the position that there should be no preferences.

But the point I wish to emphasize is that these men connected with these institutions did not surrender. When they closed their own banks to protect all depositors, then, of course, it was necessary for the Comptroller of the Currency to take charge. One of these institutions, the First National Bank of Ripley, located in a fertile agricultural section, was among the oldest in the State. Its president, officers, and directors were among the outstanding and most respected men in the community and these people did not permit their faith and confidence in these men to be shattered, and through this confidence and faith I am proud to say this bank has reopened.

Like the burden which the German armies imposed upon the French in the war of 1870, no one thought that the stockholders and officers of this bank would be able to fulfill the conditions imposed by the Comptroller of the Currency in order to reopen. He demanded that thousands of dollars of new money be advanced by these men personally, representing most burdensome exactions. But they met them!

It is a peculiar thing in connection with our system of examination of national banks that there are only two occasions upon which the examiners certify as to the soundness of an institution: One is when the charter is originally issued; the other is as to a reopened bank. A bank which has once closed its doors, whether voluntarily or not, can not reopen without authority from the comptroller. Permission to reopen is equivalent to the highest sort of recommendation of solvency. I cite this instance in connection with much of the discussion which has taken place on the floor of the House with reference to the solution of banking difficulties. I am confident that, with the same determination, backed by the same community confidence that exists in Ripley, many of the institutions which are now closed could again be rehabilitated.

REMEDY FOR UNEMPLOYMENT AND LOW PRICES

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech I delivered over the radio to-day.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

Mr. WOODRUFF. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a radio address by myself during the National Grange hour from WRC.

We are now in the third year of the economic depression which set in after the crash in the stock market in the fall of 1929, and it must be apparent to every thinking person that the perplexing problems with which we are confronted will not solve themselves.

Day after day we have been told by business, financial, and political leaders that fear, otherwise loss of confidence, is the basic and almost the whole cause of the continued depression. Fear of what? Loss of confidence in what?

What have the people lost confidence in? Mostly in their ability to hold their present jobs or to get another one if they lose the one they have; or, having had no job in a long time, that they will never have another; or, as is the case with the farmers who now have to sell their products far below the cost of production, that prices on the things they have to sell will never rise to a profitable level.

It may be fairly assumed that we have a condition in this country which equals one worker in every four being without income or purchasing power, which would mean, roughly, that 25 per cent of those who are gainfully employed in normal times are now without work or income.

It must be evident that since at least 93 per cent of our market is within our own country, and the percentage is higher under prevailing conditions, and since more than 80 per cent of our entire population, the great body of consumers, is made up of the gainfully employed and their dependents, that our chief reliance in getting our country back on the road to recovery must be not abroad in foreign markets but at home in our domestic market. Our first concern should be the restoration of that 25 or 30 per cent purchasing power, which means at least that much consuming power at home. How may that be done?

But one possible way is open. That is to get the unemployed back to work. And there is but one economically sound way of restoring these unemployed sufferers to employment, and that is by dividing up the available amount of work.

That means either fewer days a week or fewer hours a day, or both. The fact is that to completely take up the slack that has accumulated and stop the depression immediately it would be necessary to go to a 5-day week with a 6-hour day. Now, what would that mean?

It would mean no reduction in the hourly wage rate; in fact, wages could and should be put back to the 1929 level. But it would mean that each worker now employed would work one-fourth less time and would receive one-fourth less income than he did in 1929 until more prosperous conditions returned. It would mean that men now unemployed would have jobs. It would mean that the purchasing power of all our people—at least to the point where the necessities of life could be had—would be restored. It would mean that the wheels of our factories would necessarily begin to turn to supply the demands of this restored consuming class, bringing about further employment. It would mean a much desired increase in the price of commodities, especially farm products. In short, it would mean a return to better wages and a short cut to normal prosperity.

Now, how would this work out in practice? It simply would mean that there would be a 25 per cent increase in the collective purchasing power of the people and that the necessities of life would be placed within the reach of every man who is willing and able to work. It is pertinent to say in this connection that the gainfully employed, according to published statistics, contribute 87 per cent of all charitable funds, so that the worker who is now employed is having to give up some of his income to keep his brother worker in idleness on a starvation basis, all of which is unsound, both economically and sociologically.

The wage earner would naturally object to and resent having to take a 25 per cent reduction in his gross income for the good of his country unless wealth made an equal sacrifice, and he should resent any such unfair proposal. Therefore he would have to be assured that wealth would make its sacrifice, too, and the faith would have to be kept. Congress has just provided for that through drastic increases in the income and estate taxes. The plan which I am proposing is not only based upon sound economics but it also commends itself from the humanitarian standpoint.

We are face to face with the most serious situation in the history of this country. We must act now. The greatest burden has not yet fallen upon the charitable organizations. Millions who have not been heard of in this depression are moving toward the bread lines. Why? Because, as the depression continues, the savings of the thrifty are being consumed in supporting not only themselves but their unemployed relatives. Those savings are rapidly becoming exhausted, and that means that usually not one family but two or three families are thrown upon the public charge as each savings account is exhausted.

In many of our cities the funds which were so generously contributed for the relief of the unemployed have practically all been expended. Since most of our cities have already gone into debt to the limit of their legal capacity in providing all sorts of improvements, they are, generally speaking, not in a position to further mortgage their credit to take care of the unemployed. The constitutions of some of our greatest States provide that there shall be no State debt, or set definite limits amounting to a few million dollars regarding State debts when authorized.

This shows how serious the situation is confronting the unemployed as the funds which have been voluntarily contributed are nearing the point of exhaustion. According to press despatches, relief funds in the third largest city in the country will last only one more week, and unless other arrangements can be made during the interval, 50,000 families in that community will be without the means of subsistence. In one community in the Middle West having a population of less than 300,000, 60,000 people are in the bread line and are being fed at an average cost of 9 cents per day. Indeed, there is one charity in New York City which is furnishing meals at a cost of 1 cent each. Keeping in mind the fact that the conditions alluded to are nation-wide in their ramifications, it is easy to understand why farm products are selling at the lowest price in 35 years. Before the price of farm commodities can be restored to normal levels, we must restore the purchasing power of that portion of the population which is now unemployed, and which includes about one-fourth of all the wage earners in the country.

I am persuaded that the real solution of the problem which I am discussing does not consist in settling or colonizing on a wholesale scale in the rural districts the unemployed industrial workers of our cities and towns. It must be remembered that this army of unemployed workers with their dependents is at least two-thirds as large as the entire farm population of the United States.

It must also be remembered that agriculture has been seriously depressed for a period of more than 10 years and that those who are now upon the land and are thoroughly familiar with every phase of their calling are gradually being reduced to insolvency and bankruptcy. Overproduction of farm products is one of the controlling causes of this condition. It is recognized by every economist of note in the country that a successful and prosperous agriculture is the foundation upon which any substantial and continuous prosperity must rest. It is obvious that insolvency and bankruptcy on the farm can not be halted by putting other millions on the land, thereby causing a still further overproduction of farm products for which no market can be found. The true solution of the question lies in putting the unemployed back to work in the industries where they were formerly employed.

The effects of the depression become more rapidly and progressively cumulative. It is like a snowball started rolling down a mountain—the more snow it gathers the bigger it becomes; the bigger it becomes the more snow it gathers.

The emergency measures which have been adopted at the suggestion of President Hoover have all been beneficial in their way as temporary expedients. They have, in my opinion, prevented the collapse of our entire financial and business structure. But they are not enough, as they do not go to the root of the trouble. They treat the symptoms but not the cause of the disease.

Regardless of how much wealth one man may have, he can consume only so much food, wear only so much clothes, use only so many automobiles, employ only so many doctors, have only so much laundry work done. And it must be obvious that one man having all the wealth could not consume as much, waste as he would, as would 122,000,000 people with the wealth distributed among them. Money is not the only limit of consuming capacity. So we must inject new life into the foundation; and when that is done, demand will turn the wheels of industry, labor in factory and on farm will be profitably employed, money will again find investment at profitable rates and we will spiral upward. If we do not do this and we continue to spiral downward, no man can now foretell the extent of the evil results which may ensue.

The thing taking place in this country and the world is complete economic readjustment made necessary by the development of labor-displacing machinery and mass production. An exhaustive study of statistics and conditions will convince the most skeptical that a proper readjustment can come only from a frank acknowledgement of the situation, and a prompt division of available employment to the point where all who will may earn at least the necessities and comforts of life for themselves and their dependents. It is only in this way that the consuming power of the American people can be kept at a point where industry and finance can be profitably and continuously employed. All statistics show conclusively that benefits to labor and to agriculture have not kept pace with those to industry and finance, and until this condition is corrected no lasting benefits can accrue to any one of them.

To the thoughtful person this indicates that we are confronted with the selection of one of two roads we must follow in the future. We must either so arrange our affairs that there will be a limited amount of employment for all at fair and equitable wages or we must go down the years with an ever-increasing number of those constantly unemployed, for whom the balance of us must provide the necessities of life.

The specific benefit of this plan to agriculture is manifold. The farmer's market is not among other farmers. It is among the nonagricultural classes, most of whom are the factory workers, the white-collar workers, and other gainfully employed persons of the towns and cities, who do not produce foodstuffs, but who do produce manufactured goods or service. With restoration of the consuming and purchasing power among those who normally would be gainfully employed, a demand for agricultural products which does not now exist would be revived. This, in turn, would result not only in an increased market for farm products but the demand would, under the operation of the law of supply and demand, also increase the prices for these products. This is one of the phases of this whole plan which most strongly commends itself to me, because it is now agreed by every economic authority in the United States that this country never can again be normally prosperous until agriculture has also been made prosperous.

The plan I propose is a permanent plan, to be revised and made more efficient as experience is gained. It is based upon the 5-day week, made necessary by the development of labor-displacing machinery. It can be expanded when necessary by increasing the hours of labor per day. It can be contracted by decreasing the same, leaving all our people employed at all times. It has the virtue, among others, of offering agriculture the kind of relief that agriculture has been crying for, namely, a fair market in which to sell its products, a fair price for these products, with a fair return in profits for the investment, the energy, the experience, and the labor expended.

In these days of necessary economy in government, it also has the virtue of requiring no funds from the depleted Federal Treasury. It can be put into effect without disrupting any industrial or other large business organization. It can, if the National and State Governments and employers of labor generally will cooperate to that end, be put into operation immediately, and if this is done hunger, despair, and distress will disappear from the land.

FROM THE HOME OF FRANCIS SCOTT KEY

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech I made on Flag Day.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following radio address delivered by me from the Francis Scott Key Home, Georgetown, D. C., June 14, 1932:

Flag Day this year is of particular significance because we are celebrating the two hundredth anniversary of the birth of that great American who brought our flag into being.

Upon this occasion, therefore, it is appropriate that I speak from the home of Francis Scott Key, whose inspired genius garlanded the Star-Spangled Banner with sentiments of imperishable glory.

As I stand in this revered old mansion in Georgetown, Washington, D. C., now the property of the Federal Government, and which sheltered the author of our national anthem, I feel the spell of his transcendent patriotism upon me. I hear reechoing through the time-stained walls of this historic building the voice long since gone that first put into articulate form the solemn feeling of his gratitude that the flag was still there.

Before Francis Scott Key wrote his immortal lines patriot Americans were powerless to utter the deep emotions that filled them at every sight of the flag, and with every thought of the colors that stand for its red-blooded courage, the white, purity of its motives, and the blue of the heaven that has ever been our guide.

In 1812 our country was again in peril because of questions left unsettled by the Revolution and largely because our young Nation had been too busy in establishing itself to prepare adequate defenses. The result was a war with Great Britain that ran for two years against us.

The city of Washington was burned, with a loss of the Capitol, the White House, and many other public buildings. The President of the United States had been driven from the city. Our shipping had disappeared from the seas. Our humiliation was complete. The fate of the new Nation trembled in the balance. It was a question whether the independence of the United States of America would survive.

The whole issue turned on the outcome of one last battle in the autumn of 1814. The hope of the Nation lay in the city of Baltimore, and the hope of Baltimore lay in the one fort that defended it with ancient guns and an untrained garrison.

On that fateful Sunday morning in September, 1814, the alarm was sounded through the streets of Baltimore. Cannon boomed from the public square, proclaiming that the enemy ships had entered the Patapsco River and summoning the militia to guard the city.

Thus began the historic attack on Fort McHenry, in which the stout patriots had little to fire at their opponents except nails and scrap iron. We know the issue of that battle now; but while it raged, the fighting was desperate and the victory ever in doubt, ever at fever pitch.

At dusk a great storm cut short the fighting, but at dawn it broke out anew, and 15 British ships hurled bombs, rockets, and solid shot into the ramparts.

All that day and through the ensuing night the conflict continued, and every moment of it was watched by Francis Scott Key.

He had gone from his home, in which I am speaking, to Baltimore and boarded an enemy ship under a flag of truce to arrange for the exchange of a friend who had been taken prisoner. And while the battle raged he was kept on board ship, himself a virtual prisoner.

From the midst of the attacking fleet he watched the bombardment directed against his fellow Americans. Every shot that left

an enemy gun was a blow at his heart. At midnight he witnessed the sending of a detachment from an enemy ship to attack the fort from the rear. Everything dear to him and to his countrymen hung on that movement and its effect on the battle. And over the battle itself hung the black pall, horror, and suspense of night.

For Francis Scott Key it was a night of anguish. What would the morning disclose? Would the fort still hold? Would the grand old emblem of red and white and blue still float defiantly from the mast of the fort in token of the survival of our country. All night long the poet paced the deck of the ship where he watched, waiting for what the morning would bring.

Then how his heart must have beat in that dramatic moment when the first blush of dawn tinged the eastern sky. With straining eyes he peered through the smoke and fog which momentarily lifted and saw—

There was the flag! The fort still held! The country was safe! In that night of anguish and suspense, in the very midst of shrieking shells and bursting bombs, and in the moment of victory was conceived our national anthem, the Star-Spangled Banner.

"O say, can you see, by the dawn's early light?" came the question from his heart.

Yes; the flag was still there! Yes; American courage had not faltered! Yes; the oppressor had failed again in a battle to lower that flag forever! Yes; the Star-Spangled Banner still waves o'er the land of the free and the home of the brave.

And in reverence to the Giver of all good, Francis Scott Key knelt upon the deck of the ship and returned thanks to Almighty God that the flag was still there.

If ever a song was born of divine inspiration, it was this song of songs. If ever a man responded to a supreme emotion, it was Francis Scott Key when he set down the words that to-day are the national anthem of our country and destined for immortality with the flag itself.

The building in which I am speaking was the home of that poet. In this beautiful old city of Georgetown, much older than the National Capital, but now a part of it, Francis Scott Key lived, here on the banks of the lovely Potomac.

All about this house there have been the mutations of progress. But I still see through these windows the Potomac much as it was in his day. On the farther side are the verdure-clad hills of Virginia, and beyond the sweeping city of our heroic dead—Arlington—while farther still are the great radio towers of the Government.

Before me rises that magnificent structure which now spans the Potomac River, named in honor of the poet, the Francis Scott Key Bridge. And almost washing the foundations of this house are the placid waters of the ancient canal which was the important method of transportation to Cumberland and the Northwest in the early days of the Capital.

Far off toward the sea wall of the city there are airplanes, electric cars, and a railway train rushing over a distant bridge. On the Potomac itself are steamers and other craft of many kinds, so that here in this sequestered spot I see the old linked with the new.

Before me is unrolled the panorama of our life as a nation, and all about I see the flag of your country and mine. Never in all these years of development has there been anything upon our soil as wonderful in its birth, as magnificent in its life as the Star-Spangled Banner itself, waving in the glory of our country's progress.

Americans everywhere thrill to the sight of its majestic folds and take comfort in the caressing shadow of its brilliant beauty.

Throughout the world it flies to-day, triumphant in its undimmed honor, nor ever lowered to an alien foe.

Within these ancient walls, now stained with the weariness of the years, this ancient masonry about me, covered with the moss of time, the solemn thoughts that enfold me here are memories—memories of the long ago, memories of our flag and all that it stands for in all the history of our beloved land.

It was on June 14, 1777, when George Washington, Commander in Chief of the Continental forces of America, ordered that flag to be made. And since that day there has been no permanent change in it, save in the canton, which has increased from 13 Colonies to 48 States.

To-day the same flag which shelters you and me would be recognized by every patriot who has shed his blood for that flag from Bunker Hill to the present moment.

To-day that flag flies from many thousands of staffs in our own and in foreign lands. It is the bright symbol of human freedom born under its folds and preserved by the millions of Americans whose devotion to it has conquered every enemy and brought victory upon every field.

I am impressed by the solemnity of this hour. I would that through this miracle of science I could bring to my listeners everywhere the feeling that inspires me as I stand in this ancient shrine, hallowed by the memories and personal associations of Francis Scott Key.

I would that we could all rededicate ourselves in devotion and in loyalty to that flag, which means so much not alone to us but to all the liberty-loving people of the earth.

I would that we could match its purity with the purity of our own lives. I would that we could match its courage with the courage of our people. I would that we could match its meaning with the beauty of the American ideal.

So long as that flag flies, so long will liberty be ours. So long as we look upon its glory, so long will we remember the blood, the tears, the courage, and the manhood that brought it into being and preserved it to us.

Through that long and troubled night it flew from Fort McHenry, and in the dawn of that day when Francis Scott Key looked over the water it was still flying, tattered and torn by the shot and turmoil of battle, but still victorious, still our own emblem, still the living symbol of our beloved land.

And as that flag has weathered every storm and survived every peril, so will it continue to lead us on in the pathway of George Washington.

As it has never been lowered in defeat, it will not trail in the dust of our own neglect.

The Ruler of all men guided those minds and hearts that set it in the sky. The God of Nations willed that it should blazen forth upon the background of heaven itself. And we, the living Americans of to-day, must feel that upon us is the trust laid down by those who looked upon this banner and died happy in the knowledge that it still waved o'er the land of the free and the home of the brave.

In the solemn stillness of this old room I seem to hear the echo of that voice speaking again to the Americans of to-day, and again asking us, his living countrymen, if the flag is still there.

Far up above the distant hills stand the ramparts of Fort Myer, and daily its guns thunder forth to the world that the flag is still there.

At the white marble tomb of the Unknown Soldier, amid the thousands of graves of patriot Americans, the whispering winds bear testimony that the flag is still there.

Down the vista of this majestic city there towers the great monument to Washington giving the answer that the flag is still there.

And beyond from the great noble dome of the Capitol itself comes the signal to all Americans that the flag is still there.

Yes, Francis Scott Key, you may sleep in peace.

We leave the shadows of this shrine, we go forth from the quiet beauty of these memories into the world of affairs, but we leave with you, in the spirit which still lingers in this old home, the answer to your question that God rules and the flag of our beloved America is still there.

COMMITTEE TO INVESTIGATE CAMPAIGN EXPENDITURES

Mr. O'CONNOR. Mr. Speaker, I call up a privileged resolution (H. Res. 201), from the Committee on Rules.

The Clerk read the resolution as follows:

House Resolution 201

Resolved, That a special committee of five be appointed by the Speaker of the House of Representatives to investigate and report to the House not later than January 1, 1933, the campaign expenditures of the various presidential and vice presidential candidates and candidates for the House of Representatives in both parties, or candidates of parties other than or independent of the Democratic or Republican Parties, the names of persons, firms, associations, or corporations subscribing, the amount contributed, the methods of collections and expenditures of such sums, and all facts in relation thereto, not only as to subscriptions of money and expenditures thereof but as to the use of any other means or influences, including the promise or use of patronage, and all other facts in relation thereto that would not only be of public interest but would aid the Congress in necessary legislation or in deciding any contests which might be instituted involving the right to a seat in the House of Representatives.

The investigation hereby provided for in all the respects above enumerated shall apply to candidates and contests before primaries, conventions, and the contests and campaigns of the general election in November of 1932, or any special election held prior to December 5, 1932. Said committee is hereby authorized to act upon its own initiative and upon such information which in its judgment may be reasonable and reliable. Upon complaint being made before such committee, under oath, by any person, persons, candidates, or political committee setting forth allegations as to facts which, under this resolution, it would be the duty of said committee to investigate, said committee shall investigate such charges as fully as though it were acting upon its own motion, unless, after hearings on such complaints, the committee shall find that such allegations in said complaints are immaterial or untrue.

That said special committee or any subcommittee thereof is authorized to sit and act during the adjournment of Congress, and that said committee or any subcommittee thereof is hereby empowered to sit and act at such time and place as it may deem necessary; to require by subpœna or otherwise the attendance of witnesses, the production of books, papers, and documents; to employ stenographers at a cost of not exceeding 25 cents per 100 words. The chairman of the committee or any member thereof may administer oaths to witnesses. Subpœnas for witnesses shall be issued under the signature of the chairman of the committee or subcommittee thereof. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties as prescribed by law.

Said committee is authorized to make such expenditures as it deems necessary, and such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof.

Mr. O'CONNOR. Mr. Speaker, this is similar to the resolution which has been introduced in at least two prior Congresses. I understand this is in the same words as those resolutions, setting up a House committee corresponding to a Senate committee, to look over, if necessary, expenditures in the coming election.

Mr. MICHENER. This is just a continuation of a resolution which has been passed during the last two sessions of Congress?

Mr. O'CONNOR. That is correct.

Mr. MICHENER. So that it does not function unless during the campaign complaint is made as to exorbitant expenditures of money, or something along that line, in which case the committee has authority to assemble and investigate?

Mr. O'CONNOR. Exactly.

Mr. McFADDEN. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. McFADDEN. Does the resolution provide for the committee going into primary expenditures?

Mr. O'CONNOR. No.

Mr. Speaker, I move the previous question on the resolution.

Mr. STAFFORD. Mr. Speaker, will the gentleman withhold his motion a moment?

Mr. O'CONNOR. Certainly.

Mr. STAFFORD. I think the gentleman inadvertently said this resolution did not refer to primaries. The gentleman will notice on page 2, beginning in line 6, that there is an express reference to contests before primaries and conventions. So it applies not only to expenditures in the primaries but also in the conventions.

Mr. O'CONNOR. Yes.

The SPEAKER pro tempore. The question is on the motion of the gentleman from New York.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the passage of the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE TO INVESTIGATE CERTAIN POST-OFFICE MATTERS

Mr. SABATH. Mr. Speaker, I call up a privileged House resolution.

Mr. STAFFORD. Mr. Speaker, it is getting rather late in the afternoon; it is Saturday, and I think we have made pretty good progress. I have no objection to having the resolution just called up, but I do not think we should take action upon it this afternoon.

Mr. SABATH. This resolution will only take a few minutes.

Mr. STAFFORD. Yes; but I know how sometimes a few minutes run into hours.

Mr. Speaker, I make the point of order there is not a quorum present.

Mr. BANKHEAD. Will the gentleman withhold the point of no quorum a moment?

Mr. STAFFORD. I withhold it, Mr. Speaker.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. COYLE (at the request of Mr. DARROW) for two days on account of illness.

PROHIBITION

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HARLAN. Mr. Speaker, with the admission in the Hoover dry-wet-dry plank in the Republican platform that there is something wrong with prohibition (whatever the rest of the plank may mean) and with the adoption of a readable repeal plank by the Democratic convention practically assured, the tyrant of the last six Congresses is about to be dethroned.

We are rapidly approaching the last stages of the fight to free our Federal Constitution from the shackles of a criminal statute frozen almost into immutability by its erroneous injection into our basic charter. The eighteenth amendment is in its last throes.

Further argument as to the advisability of its repeal would be but repetition and would serve no useful purpose. However, for the last 12 years this country has been conducting a far-reaching experiment, noble in purpose, if you will, in economics, sociology, and jurisprudence. Our laboratory expense has been tremendous, but if the facts demonstrated are but indelibly engraved on our own consciences and correctly preserved in history for future generations, I submit that the ledger will be in balance. The results are apparent and their value almost incalculable.

In referring to the costs of our prohibition attempt, I shall not stress those payable in mere money. The doubled expense of the Department of Justice, the doubling of our Coast Guard with quadrupled cost until it alone ranks with the great navies of the world, the growth of our Customs Bureau, and the maintenance of our immense Prohibition Bureau have all added tremendously to our cost of Federal Government.

Add to this the expense borne by the States at attempted enforcement, with the tax revenue lost by Federal and State Governments and now collected by that empire of outlaws organized and prospering in our midst, and the total will rank for future generations with the pyramids of Egypt as monuments to the foolhardy capacity of man to dissipate his substance.

These are all evident costs, however, and therefore less inimical to our society than those that are unperceived.

Among these we may list the impairment of those rights dear to Anglo-Saxon civilization: The sanctity of the home, freedom from unreasonable searches and seizures; the presumption of innocence; the defense of prior jeopardy; the benefit of reasonable doubt; and the right of trial by jury. In order to enforce this law which has never received a popular support sufficient for a criminal enactment, it has been found necessary or expedient to abridge or impair many of these basic rights. One of our courts of highest standing has established the astonishing innovation that, where desirable, criminal statutes are to be liberally construed! What a heritage for a generation endowed with all the blessings of the Magna Charta, the Bill of Rights, and the Declaration of Independence to leave to its descendants!

The enforcement of this law has led to the murder of many innocent people; to the martyrdom of officers insufficiently equipped to cope with organized, highly financed crime; to unlimited blackmail; to the intimidation and debauchery of public officials; to the ruin of honorable reputations; to international enmities and complications; and to the ridicule of American idealism among the peoples of the earth.

The great majority of the officials of the evangelical churches have permitted themselves to become dupes and pawns in the hands of the fanatical zealots who have assumed to supervise the enforcement of this law. These zealots, in turn, have delivered their entire following to the support of one of our great political parties. Once again a large religious body has been prostituted to politics with the loss of precious prestige.

Mankind has cemented itself into civilized groups largely through the operation of law. We have become so used to law that when presented in ponderous volumes, it seems quite substantial. In reality, however, it is a very tenuous substance, constantly in danger of destruction by those savage animal instincts which it seeks to supplant. Its sole strength is the respect of the people. When this respect is gone, the insignificant force which law can muster is impotent, and the social fabric begins to decay. When the violation of a law becomes universally profitable, that law quickly succumbs to the stronger animal instincts of greed, avarice, and selfishness.

All of the respect we ever had for our prohibition law has been killed by universal ridicule, and the profits derived

from its violation have been used to tear down and undermine our whole legal structure.

To conduct our experiment, then, we have spent unprecedented sums in enforcement; we have weakened the base of our inalienable right to liberty; we have seen a large section of our religious groups debased to political puppets; we have lost international prestige; and have weakened all the forces holding our civilization together. What has this experiment demonstrated which is to compensate us for this stupendous, if not irreparable, loss?

First. The Constitution must be confined to setting forth basic principles of government and not rules of private conduct.

Second. Criminal laws must spring from the hearts of the people and can not be imposed upon a free people by any force. People can not be reformed by law.

Third. There is no one method of control of alcoholic beverages suitable to all the divergent conditions throughout the country.

If we bear these three dearly bought lessons in mind, we will not be carried away by our enthusiasm with the repeal of the eighteenth amendment to the extent that we will recommit the errors of its enactment. We will not expect the repeal of a law to wipe out crime overnight. People are not made virtuous by law and certainly will not be sanctified by repeal. Let us remember that the home, the school, and those religious groups not engaged in politics must reassume moral and educational leadership.

For the last 12 years our people, young and old, have become accustomed to drinking strong alcoholic drinks. We can not expect them in an instant by legal fiat to return to the beverages mostly used in 1918. Our bootlegging fraternity, who for many years have measured their weekly incomes by the hundreds of dollars, will not easily settle down to a lawful trade at an insignificant income. Illicit distilling was a matter of very limited proportions in 1918. Now it has spread like a virulent infection throughout our whole society. The battle to confine this practice to backward, inaccessible regions must again be fought.

For 12 years we have seen what hypocrisy has done when associated with lawmaking. Let us eliminate it in this repeal. When, to garner votes, we talk about providing in the Constitution for the elimination of the saloon, we are voicing but hypocritical claptrap. Worse than that, we are repeating the fundamental evil of constitutional prohibition. We are putting a local law into our basic charter. We are saying to the people of New York that the people of Kansas and the Carolinas can tell them how to dispense their beverages. If prohibition has taught us anything it should be that our people of divergent localities can not be so governed.

I believe that the people of my own State, Ohio, would prefer not to consume their alcoholic beverages at the place of sale. This may not be true of a few large cities. However, if the people of Ohio are not of this mind, their selection of method of distribution cannot possibly harm or benefit any other State and ought not be subject to the control of any other State or even group of States through the Federal Government. If such control is attempted contrary to the wishes of our citizens, human nature will again assert itself, those who are indifferent will become active opponents of the law, and speakeasies will blossom in every neighborhood.

Commercial centers visited by a large transient population, and where many conventions assemble, will almost inevitably desire a different method of sale than the quiet, static, rural community. These differences are inherent, and no Federal law, Republican platform promise to eliminate the saloon, or constitutional provision will alter them.

It is because of these differences in our country—mountain and plain, coastal and inland, temperate and cold, populous and barren, alien and native, Caucasian and Ethiopian—that no universal plan of alcoholic control is possible. When our prohibition friends challenge us to produce such a plan they are on safe ground. Such a plan does not exist.

The only choice we can make is between attempted Federal control with a continuance of all the evils of the last decade and with the real prospect of the ultimate destruction of our very Government itself, or State control with Federal regulation of interstate shipments, which we already have in the Webb-Kenyon Act. This latter will not bring the millennium at once, but with proper education and moral leadership it is by far the lesser of two evils.

We may as well look at the situation as it exists and not as we wish it were or as we would like others to believe it is. If by Federal law we attempt to tell those communities where it is not desired by the people to drink in their homes, that they must not have public drinking places, we are but reopening the speakeasies. If we adopt State dispensation in communities where it is not wanted we are inviting governmental corruption. In the name of common sense, in the light of the dearly bought lessons of our tragic prohibition farce, let us abandon cant and hypocrisy, let us trust localities to handle local questions, let us stop trying to mold all people by law into the likeness of our own perfection.

PRIVATE CALENDAR

Mr. BLACK. Mr. Speaker, I ask unanimous consent that on Wednesday of next week the House consider bills on the Private Calendar.

Mr. MICHENER. Under the old rule or under the new rule?

Mr. BLACK. Under the old rule.

Mr. BANKHEAD. Mr. Speaker, I am not in position to allow that agreement to go through for reasons which I have explained.

Mr. BLACK. Mr. Speaker, I withdraw the request.

Mr. BACHMANN. Will the gentleman yield? Does the gentleman expect to have a call of the Private Calendar?

Mr. BANKHEAD. I have not the floor.

Mr. BLACK. I renew my request, Mr. Speaker, in order that somebody may have the floor to yield to the gentleman.

Mr. STAFFORD. I renew my point of no quorum.

The SPEAKER pro tempore. The Chair will count.

Mr. STAFFORD. I withdraw the point of no quorum.

Mr. BACHMANN. Does the gentleman expect to consider bills on the Private Calendar any time during the week?

Mr. BANKHEAD. If the gentleman will yield to me for a moment, I trust arrangements may be made for consideration of bills on the Private Calendar, and it may be possible that after a conference with the chairman of the Patents Committee an arrangement may be made for dispensing with business in order on Calendar Wednesday; but in his absence, and having noticed that he probably would object to it, I do not feel justified in allowing this request to go through at this time.

Mr. Speaker, if I may be recognized for two minutes, the House has practically completed all of the resolutions from the Rules Committee, and on behalf of that committee and its chairman, who is absent, we are very grateful to the Members of the House for cooperating with us cordially in undertaking to clean up the calendar with reference to rules. The resolution which the gentleman from Illinois has called up is the last resolution that is on the calendar from the Committee on Rules.

Mr. McCLINTIC of Oklahoma. Will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. McCLINTIC of Oklahoma. Does the gentleman mean to convey to the House that the Committee on Rules will not have any additional sessions?

Mr. BANKHEAD. No. I did not even intimate that, I may say to the gentleman from Oklahoma.

I merely desire to express the appreciation of the committee for your cooperation in assisting us to go forward as much as we have in disposing of these rules.

The business on Monday, as has been announced, will be the very controversial proposition of the conference report of the Economy Committee. I thought it proper to give notice to the Members who are interested—and I am sure they all are—that that will be the first business after the approval of the Journal on Monday.

Mr. BLACK. Has the gentleman any idea about what will be taken up on Tuesday?

Mr. BANKHEAD. No arrangement has been made as to the business on Tuesday, but I assure the gentleman from

Illinois he will be given an opportunity to call up the rule against which a point of order has been made.

Mr. PARSONS. Has the gentleman any opinion as to when adjournment will be had? Has any decision been reached as to that?

Mr. BANKHEAD. The gentleman from Illinois asks me if I have any opinion as to when Congress will finally adjourn. His guess about that is as good as mine. We are all familiar with the legislative program. The House has practically completed its major program, if I may call it that, except with reference to the relief bills, conference reports on appropriation bills, and the economy conference.

Mr. LAGUARDIA. Of course, the gentleman includes as part of the major program the completion of a real relief bill?

Mr. BANKHEAD. Absolutely.

Mr. LAGUARDIA. I thought the gentleman had that in mind.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on June 17, 1932, present to President, for his approval, a bill of the House of the following title:

H. R. 10048. An act granting to the Metropolitan Water District of Southern California certain public and reserved lands of the United States in the counties of Los Angeles, Riverside, and San Bernardino, in the State of California.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, in view of the fact that the gentleman from Wisconsin has raised the point of no quorum, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 55 minutes p. m.) the House adjourned until Monday, June 20, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

616. A letter from the acting chairman of United States Tariff Commission, transmitting copies of three reports sent to the President in investigations made by the United States Tariff Commission, pursuant to resolution of the United States Senate, for the purposes of section 336 of the tariff act of 1930; to the Committee on Ways and Means.

617. A letter from the chairman of Federal Reserve Board, transmitting on behalf of the Federal Reserve Board, its annual report, covering operations during the year 1931 (H. Doc. No. 37); to the Committee on Banking and Currency and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MAJOR: Committee on the Post Office and Post Roads. H. R. 9555. A bill to authorize the Postmaster General to hire vehicles from postal employees; with amendment (Rept. No. 1654). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. S. 4443. An act for emergency relief of Palo Verde Valley, Calif.; without amendment (Rept. No. 1656). Referred to the Committee of the Whole House on the state of the Union.

Mr. KNUTSON: Committee on Indian Affairs. H. R. 12174. A bill to authorize the use of Minnesota Chippewa tribal funds to purchase certain land as a wild-rice harvesting camp site, and for other purposes; without amendment (Rept. No. 1658). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LINTHICUM: Committee on Foreign Affairs. H. R. 11606. A bill to authorize an appropriation for the reimbursement of Stelio Vassiliadis; without amendment (Rept. No. 1655). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H. R. 2040. A bill for the relief of Edgar Sampson; without amendment (Rept. No. 1659). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 2532. A bill for the relief of Mrs. Pleasant Lawrence Parr; without amendment (Rept. No. 1660). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. H. R. 2814. A bill for the relief of Bernard McShane; without amendment (Rept. No. 1661). Referred to the Committee of the Whole House.

Mr. HARLAN: Committee on Claims. H. R. 2918. A bill for the relief of Daisy M. Avery; with amendment (Rept. No. 1662). Referred to the Committee of the Whole House.

Mr. ELLZEY: Committee on Claims. H. R. 3840. A bill for the relief of Oswald H. Halford, Hunter M. Henry, William C. Horne, Rupert R. Johnson, David L. Lacey, William Z. Lee, Fenton F. Rodgers, Henry Freeman Seale, Felix M. Smith, Edwin C. Smith, Robert S. Sutherland, and Charles G. Ventress; without amendment (Rept. No. 1663). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. H. R. 4197. A bill for the relief of Anna H. Jones; without amendment (Rept. 1664). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 5170. A bill for the relief of C. J. Holliday; without amendment (Rept. No. 1665). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 5171. A bill for the relief of G. T. Fleming; without amendment (Rept. No. 1666). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 5173. A bill for the relief of J. B. Trotter; without amendment (Rept. No. 1667). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 11308. A bill for the relief of the Palmetto Cotton Co.; without amendment (Rept. No. 1668). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. S. 4440. An act authorizing adjustment of the claim of George H. Hansen; without amendment (Rept. No. 1669). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. S. 4513. An act for the relief of Walter Thomas Foreman; without amendment (Rept. No. 1670). Referred to the Committee of the Whole House.

Mr. LINTHICUM: Committee on Foreign Affairs. H. R. 10066. A bill for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature; with amendment (Rept. 1671). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 12349) granting a pension to Ellen F. Colt, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOLVERTON: A bill (H. R. 12717) to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. McSWAIN: A bill (H. R. 12718) to authorize the Secretary of War or the Secretary of the Navy to withhold the pay of officers, warrant officers, and nurses of the Army, Navy, or Marine Corps to cover indebtedness to the United States under certain conditions; to the Committee on Military Affairs.

By Mr. BOLTON: A bill (H. R. 12719) amending section 23 of the merchant marine act of 1920, as amended; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. McSWAIN: Joint resolution (H. J. Res. 438) to repeal the authority to buy and to stop condemnation proceedings to acquire that lot west of First Street NW. and opposite the Driscoll Hotel and commonly known as the old Census Building property, belonging to the Bliss estate; to the Committee on Public Buildings and Grounds.

By Mr. McCORMACK: Joint resolution (H. J. Res. 439) to amend the revenue act of 1932; to the Committee on Ways and Means.

By Mr. McSWAIN (by request): Joint resolution (H. J. Res. 440) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Julio Rodriguez Arrea, a citizen of Costa Rica; to the Committee on Military Affairs.

Also (by request), joint resolution (H. J. Res. 441) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Tisheng Yen, a citizen of China; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the executive committee of the American Legion of the Department of the District of Columbia, commending the present chief of police, Gen. Pelham D. Glassford, for his prompt and proper attitude toward the bonus marchers in the interest of law and order, and expressing their entire confidence in his ability; to the Committee on the District of Columbia.

Memorial of the Legislature of the Territory of Hawaii, recommending, in pursuance of the report of the joint legislative committee of the legislature, that sundry legislation affecting the Territory be not enacted; to the Committee on the Territories.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARENTZ: A bill (H. R. 12720) for the relief of Caroline (Stever) Dykstra; to the Committee on Claims.

By Mr. BACHMANN: A bill (H. R. 12721) granting a pension to Rose Kennedy; to the Committee on Pensions.

By Mr. CRAIL: A bill (H. R. 12722) for the relief of Wallace Dee Lamb; to the Committee on Naval Affairs.

By Mr. HALL of Mississippi: A bill (H. R. 12723) for the relief of Shelby Howell Batson; to the Committee on Claims.

By Mr. LICHTENWALNER: A bill (H. R. 12724) granting an increase of pension to Maggie B. Jarrett; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 12725) granting an increase of pension to Josephine Layton; to the Committee on Invalid Pensions.

By Mr. NIEDRINGHAUS: A bill (H. R. 12726) granting a pension to Margaret E. Hicks; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 12727) granting a pension to Edith Pyle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12728) granting a pension to Margaret Keeley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12729) granting an increase of pension to Amanda J. Oxley; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8374. By Mr. CRAIL: Petition of Revel Miller and 60 other citizens of Los Angeles County, presenting a plan to solve the present fiscal problems and go far to restore confidence needed for recovery; to the Committee on the Judiciary.

8375. By Mr. GILCHRIST: Petition of 275 citizens of Humboldt County, Iowa, asking the President and the Congress to enact legislation that will enable small farmers to retain ownership of their farms and homes, and demanding the passage of Senate bill 1197, known as the Frazier bill, and also asking the passage of legislation which will place farm mortgages upon equality with other assets in the reconstruction program of the Reconstruction Finance Corporation, and praying that Congress shall remain in session until it has enacted laws which will correct the present unbearable situation; to the Committee on Agriculture.

8376. Also, petition signed by 28 citizens of Kossuth County, at Titonka, Iowa, and near-by communities, asking the President and the Congress to enact legislation that will enable small farmers to retain ownership of their homes; also asking immediate passage of legislation which will place farm mortgages upon an equality with other assets in the reconstruction program of the Reconstruction Finance Corporation; and stating that conditions are such that an extension of time and a reduction of interest rates on farm mortgages are necessary to enable farm owners to readjust themselves to the economic situation now prevailing; to the Committee on Agriculture.

8377. Also, petition signed by 67 citizens of Kossuth County, at Ledyard, Iowa, and near-by communities, asking the President and the Congress to enact legislation that will enable small farmers to retain ownership of their homes; and also asking immediate passage of legislation which will place farm mortgages upon an equality with other assets in the reconstruction program of the Reconstruction Finance Corporation, and stating that conditions are such that an extension of time and a reduction of interest rates on farm mortgages are necessary to enable farm owners to readjust themselves to the economic situation now prevailing; to the Committee on Agriculture.

8378. Also, petition signed by 136 citizens of Algona, Iowa, and near-by communities in Kossuth County, asking the President and the Congress to enact legislation that will enable small farmers to retain ownership of their homes; and also asking immediate passage of legislation which will place farm mortgages upon an equality with other assets in the reconstruction program of the Reconstruction Finance Corporation, and stating that conditions are such that an extension of time and a reduction of interest rates on farm mortgages are necessary to enable farm owners to readjust themselves to the economic situation now prevailing; to the Committee on Agriculture.

8379. Also, petition signed by 74 citizens of Kossuth County, at Burt, Iowa, and nearby communities, asking the President and the Congress to enact legislation that will enable small farmers to retain ownership of their homes; and also asking immediate passage of legislation which will place farm mortgages upon an equality with other assets in the reconstruction program of the Reconstruction Finance Corporation; and stating that conditions are such that an extension of time and a reduction of interest rates on farm mortgages are necessary to enable farm owners to readjust themselves to the economic situation now prevailing; to the Committee on Agriculture.

8380. Also, petition signed by 134 citizens of Webster County, at Badger, Iowa, and nearby communities, asking the President and the Congress to enact legislation that will enable small farmers to retain ownership of their homes; and also asking immediate passage of legislation which will place farm mortgages upon an equality with other assets in the reconstruction program of the Reconstruction Finance Corporation; and stating that conditions are such that an extension of time and a reduction of interest rates on farm mortgages are necessary to enable farm owners to readjust themselves to the economic situation now prevailing; to the Committee on Agriculture.

8381. Also, petition signed by 126 citizens of Kossuth County, chiefly at Lakota, Iowa, and near-by communities, asking the President and the Congress to enact legislation that will enable small farmers to retain ownership of their homes; and also asking immediate passage of legislation which will place farm mortgages upon an equality with other assets in the reconstruction program of the Reconstruction

Finance Corporation; and stating that conditions are such that an extension of time and a reduction of interest rates on farm mortgages are necessary to enable farm owners to readjust themselves to the economic situation now prevailing; to the Committee on Agriculture.

8382. By Mr. MEAD: Petition of International Union of Operating Engineers, favoring the installation of power plants in post offices; to the Committee on Public Buildings and Grounds.

8383. By Mr. RUDD: Petition of the Merchants' Association of New York, favoring reductions of veterans' compensation, etc.; to the Committee on World War Veterans' Legislation.

8384. By Mr. SPARKS: Petition signed by W. H. Chambers and O. G. Benda, of Halford, Kans., and 30 other farmers of Thomas County, requesting the repeal of the agricultural marketing act; to the Committee on Agriculture.

SENATE

MONDAY, JUNE 20, 1932

(Legislative day of Wednesday, June 15, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. JOHNSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FESS in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Johnson	Robinson, Ark.
Bankhead	Couzens	Jones	Robinson, Ind.
Barbour	Dale	Kean	Sheppard
Barkley	Davis	Kendrick	Shipstead
Bingham	Dickinson	King	Shortridge
Black	Dill	La Follette	Smoot
Blaine	Fess	Lewis	Steiwer
Borah	Fletcher	Logan	Stephens
Bratton	Frazier	Long	Thomas, Idaho
Brookhart	George	McGill	Thomas, Okla.
Broussard	Glass	McKellar	Townsend
Bulkley	Glenn	McNary	Trammell
Bulow	Goldsborough	Metcalf	Tydings
Byrnes	Hale	Moses	Vandenberg
Capper	Harrison	Neely	Wagner
Caraway	Hastings	Norbeck	Walcott
Carey	Hawes	Norris	Walsh, Mass.
Cohen	Hayden	Oddie	Walsh, Mont.
Connally	Hebert	Patterson	Watson
Coolidge	Howell	Pittman	White
Copeland	Hull	Reed	

The PRESIDING OFFICER. Eighty-three Senators have answered to their names. A quorum is present.

NAVAL APPROPRIATIONS

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 11452) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. HALE. Mr. President, I move that the Senate insist upon its amendments, agree to the conference asked for by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HALE, Mr. KEYES, Mr. BINGHAM, Mr. BROUSSARD, and Mr. TRAMMELL conferees on the part of the Senate.

SUPPLEMENTAL ESTIMATES OF APPROPRIATIONS, HOUSE OF REPRESENTATIVES, 1932 (S. DOC. NO. 114)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, without revision, supplemental estimates of appropriations pertaining to the legislative establishment, House of Representatives, for the fiscal year 1932, in the sum of $16,750, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES BY COLLISION WITH NAVAL VESSELS (S. DOC. NO. 117)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting an estimate of appropriation submitted by the Navy Department to pay claims for damages by collision with naval vessels, in the sum of $625.56, which have been considered and adjusted under the provisions of law and require an appropriation for their payment, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED BY COURT OF CLAIMS (S. DOC. NO. 115)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, in compliance with law, a list of judgments rendered by the Court of Claims, which have been submitted by the Attorney General through the Secretary of the Treasury and require an appropriation for their payment—under the Department of Commerce, $780.50; under the Navy Department, $197,206.36; under the Treasury Department, $24,422; under the War Department, $970,740.82; in total amount, $1,193,149.68—which, with the accompaying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 118)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, schedules covering certain claims allowed by the General Accounting Office, as shown by certificates of settlement transmitted to the Treasury Department for payment, in the sum of $4,261.62, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS AGAINST THE GOVERNMENT BY DISTRICT COURTS (S. DOC. NO. 116)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, records of judgments rendered against the Government by district courts, as submitted by the Attorney General through the Secretary of the Treasury—under the Department of Commerce, $1,000; under the Navy Department, $92,722.76; under the Treasury Department, $5,154.10; under the War Department, $602,850.84; in total amount, $701,727.70—which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES TO PRIVATELY OWNED PROPERTY (S. DOC. NO. 113)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting estimates of appropriations submitted by the several executive departments to pay claims for damages to privately owned property, in the sum of $4,143.88, which have been considered and adjusted under the provisions of law and require appropriations for their payment, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY THE GENERAL ACCOUNTING OFFICE (S. DOC. NO. 119)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, in compliance with law, schedules of claims allowed by the General Accounting Office, as covered by certificates of settlement, under appropriations the balances of which have been carried to the surplus fund under the provisions of law, etc., which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS

Mr. ASHURST presented a telegram in the nature of a petition from Charles R. King, Standard Sanitary Manufacturing Co., of Tuscon, Ariz., praying for the passage of legislation to create Federal home-loan banks, to provide

for the supervision thereof, etc., which was ordered to lie on the table.

Mr. COPELAND presented resolutions adopted at a mass meeting of citizens held under the auspices of the Franklin County branch of the New York State Economic Council, at Malone, N. Y., favoring retrenchment in governmental expenditures, Federal, State, and local, and the reducing of present Federal expenditures to the 1927 levels, which were ordered to lie on the table.

He also presented resolutions adopted by the boards of trustees of the villages of Herkimer and Ilion, and the mayors of the various cities of New York, all in the State of New York, favoring the passage of legislation providing a building program for public projects, financed by sufficient funds so to aid employment, which were ordered to lie on the table.

NATIONAL UNEMPLOYMENT SITUATION

Mr. WAGNER. Mr. President, I have a telegram from Mr. Mark T. McKee, executive director American Legion national employment commission, which I ask unanimous consent to have read at the desk for the information of the Senate.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

CHICAGO, ILL., *June 19, 1932.*

The Hon. ROBERT F. WAGNER,
United States Senator, Washington, D. C.:

During the last four months the American Legion and the American Federation of Labor, in cooperation with other organizations through the war on depression campaign, has succeeded in furnishing work for nearly 950,000 jobless, and while we will continue until the end of June to try to reach the million mark, we realize the national unemployment situation has not been bettered but is rapidly growing worse. Instead of 8,000,000 unemployed when we started our campaign, the figure is now nearer 12,000,000. The Legion posts have given their time, money, and effort unsparingly, aided by large numbers of public-spirited citizens, but we feel the limit of accomplishment has been reached, unless prompt action is taken now by the Federal Government to save the situation. The Wagner bill now pending in the Senate, with its provision for initiating a large amount of self-liquidating revenue-producing quasi-public projects, and with public-works appropriations only on such basis as the monetary conditions of the country will permit, furnishes the opportunity to again put the wheels of industry in motion and to give employment to nearly 2,000,000 jobless through its provision for the adoption of the 30-hour week. Our experience demonstrates the wisdom and absolute necessity for immediate action such as the Wagner bill provides. We must get the tide moving in the other direction or many more hundreds of thousands will be jobless. We ask no special consideration except the general welfare of all the people of the United States. We have demonstrated our good faith by attempting to secure jobs for all unemployed, not veterans alone, and we feel failure to enact such legislation now as will meet the existing desperate situation will not only destroy the effectiveness of what has been done but presages darker days for the immediate future. We urge the spirit of hope be rekindled in the breast of America's unemployed veteran and nonveteran alike by favorable action now before Congress adjourns.

MARK T. MCKEE,
Executive Director American Legion
National Employment Commission.

REPORTS OF COMMITTEES

Mr. HEBERT, from the Committee on the Judiciary, to which was referred the bill (H. R. 10587) to provide for alternate jurors in certain criminal cases, reported it without amendment.

Mr. SMOOT, from the Committee on Finance, to which was referred the bill (H. R. 927) for the relief of the estate of Franklin D. Clark, reported it without amendment and submitted a report (No. 842) thereon.

Mr. NORBECK, from the Committee on Banking and Currency, to which was referred the bill (S. 3606) to authorize the purchase by the Government of American-produced silver, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes, reported it with amendments and submitted a report (No. 843) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 4874) to grant a right of way or easement over lands of the United States within the Upper Mississippi River Wild Life and Fish Refuge to the Savanna-Sabula Bridge Co., a corporation, for the construction, maintenance, and operation of a highway between Savanna, Ill., and Sabula, Iowa, reported it without amendment and submitted a report (No. 844) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BLAINE:

A bill (S. 4911) granting an increase of pension to Isabella Henry (with accompanying papers); to the Committee on Pensions.

By Mr. LEWIS:

A bill (S. 4912) to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933; to the Committee on Patents.

AMENDMENT OF THE REVENUE ACT OF 1932—TAX ON ELECTRICAL ENERGY

Mr. NORRIS submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 435) to amend the revenue act of 1932, which was ordered to lie on the table and to be printed.

ADDITIONAL COPIES OF HEARINGS ON UNEMPLOYMENT INSURANCE

Mr. HEBERT submitted the following resolution (S. Res. 247), which was referred to the Committee on Printing:

Resolved, That in accordance with paragraph 3 of section 2 of the printing act approved March 1, 1907, the Select Committee on Unemployment Insurance of the Senate be, and is hereby, empowered to have printed 960 additional copies of the hearings held before the select committee during the Seventy-first Congress on unemployment insurance.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed the bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer-fallowing, during the year 1932, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 8766. An act to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens; and

H. R. 12360. An act to authorize the Secretary of the Treasury to enter into a contract to purchase the parcel of land and the building known as the Grand Central Station Post Office and Office Building, No. 452 Lexington Avenue, in the city, county, and State of New York, for post-office and other governmental purposes, and to pay the purchase price therefor on or prior to June 30, 1937.

PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, friends of Philippine independence do not desire to occupy the time of the Senate unnecessarily in a discussion of the Philippine independence bill. However, I hope the Senate will at this time pardon a brief discussion of a portion of this subject relating to the various factors for and against independence.

Mr. President, it was inevitable that when we encouraged the agricultural and industrial development of the Philippines we should at the same time increase the difficulties involved in the continuance of the islands under our control. Their possession and government, which at first were almost wholly a political problem, soon came to include economic problems of serious character. Our own agriculture and industry began to feel the effects of the development we were promoting in the Philippines. The products of the islands came to this country and competed with our own. At the same time the Philippines furnished an open market for certain American manufactures and opportunities for the investment of American capital. Those Americans who were hurt by the inflow of Philippine commodities began to seek some means of ending the competition—even if independence had to be hastened to accomplish this.

Those who were helped by their trade with the islands or by their investments there, naturally endeavored to prolong American control and government.

These private and selfish issues have greatly complicated the Philippine problem. Without criticism, express or implied, we may properly list as "selfish interests" certain groups and institutions that have their peculiar motives for advocating or opposing independence for the Filipinos. No one can justly quarrel with the representatives of such private interests for properly giving expression to their particular point of view in an honest effort to protect their rights or their welfare so far as these are involved in the fate of the Philippines.

Some of these groups and institutions are detrimental primarily because they are so thoroughly organized as to be able at times to divert public attention from the fundamental facts of our national responsibility and to center the popular mind on their particular troubles or disadvantages, thus creating confusion and indecision with respect to the main question. It is difficult, therefore, to appraise the claims of these conflicting elements, arrayed some of them for and some of them against proposals affecting the future of the islands, and to discuss the issue solely on the basis of our national promise, our national defense, and the aspirations of the Filipino people themselves. Both the advocates and the adversaries are for the most part actuated by special motives which take small account of the larger aspects of the problem.

Broadly speaking, the groups favoring independence of the islands are: (1) Three nationally organized farm organizations with State branches; (2) the Cooperative Milk Producers' Association and the National Dairy Union, nationally organized and with effective State branches; (3) the American Federation of Labor, probably the best organized of all the national factors and with efficiently managed and operated State and municipal affiliations; (4) certain fairly well organized interests in 19 beet sugar growing States and 8 cane sugar growing States; (5) an element, independent of the labor organization, favoring the exclusion of Filipinos from the United States for the same reasons that Japanese and Chinese have been excluded; (6) American investors in Cuban sugar; (7) a disorganized but somewhat assertive element in the population whose concern is that the continued free entry of Filipinos into this country may permit them to compete with our negroes in certain labor to which during many years the latter have been deemed specially adapted.

Opposing independence will be found: (1) The "Manila American"; (2) bureaucrats who fear the loss of their positions or the curtailment of our governmental activities in the islands; (3) some American manufacturers who have found in the islands a free market for their products; (4) importers of Philippine products which are not taxed under tariff laws as similar products from other countries are; and (5) Americans who have investments in the islands. It is possible, thus, to group these contending forces and also to analyze with reasonable accuracy their relative numerical and financial strength, but before I do this I shall consider the amount and the influence of American capital invested in the Philippines. The aggregate was $166,245,000 in 1930, and virtually all of it invested in the islands from 10 to 20 years ago.

For our purpose it is proper to treat the Philippines in this particular study as a foreign field, without reference to the legal interpretation of this term. And it is worthy of note that while the American investment of capital in the Philippine Islands, even under our own sovereignty, is $166,245,000, we find that the American investment in the United Kingdom is $640,892,000; in the British Empire as a whole, $5,179,945,000; in France, $471,334,000; in Germany, $1,420,957,000; in Japan, $444,639,000; in China, $175,768,000; in South America, about $3,000,000,000. In Mexico the American investment is $810,571,000.

Among the fundamental causes of American capital's lack of interest in Philippine investments are the prospect of changes in the tariff and doubts respecting the continuance of American proprietorship of the islands, both of which matters are in the hands of Congress and subject therefore to its direction. American capital, in fact, has refused to enter the Philippines on a large scale; and foreign capital, realizing that the future of the islands in the absence of a well-defined American policy is so fraught with uncertainty, is equally reluctant to assume risks there.

General Aguinaldo, who perceives and pictures the obstacle, writes:

> The present uncertainty, as I have stated, retards the economic development of the country. Capitalists have said that they do not care to make investments here in view of that uncertainty in our political status. If the uncertainty were terminated, the situation will change. Even in bolshevistic Russia, and in China with its continuous civil wars, foreign capital keeps pouring in. * * * I would prefer the opening up of world markets for our products. We have many tropical products which are in great demand, not only in the United States but also in other lands. If we could place those products in the markets of other lands besides, it would surely be to our advantage. With the possible exception of cotton and steel and machineries, we could produce the things we need locally. We do not need much for our daily living. Foodstuffs we could produce in abundance. The raw materials for the primary manufactures are here also in abundance. We could be in a position to compete in the markets of the world.
>
> The free-trade relations we now have with the United States were established by Congress. I do not remember that we have asked for this arrangement. It has been beneficial to the islands to be sure; but from the point of view of our national destiny it has deprived us of other markets and hence other chances.
>
> The result of this free-trade arrangement is as follows: Encouraged by the demand in the American market we have produced more sugar and we have also increased our production of oil and other products. But this increase is not now looked upon with favor by American agricultural interests, and we are being told to restrict our output because we are competing with American products in the United States. At the same time we are told to develop our country economically if we desire to be free. It would seem, therefore, that we are between the devil and the deep blue sea.

Let us return to the subject of the so-called "selfish interests." The three farm organizations favoring independence are the National Grange, the National Farm Bureau Federation, and the Farmers' Union. If they properly and accurately represent the opinion of the farmers of the United States, they may be said to speak for 6,297,877 Americans. But if they do not represent all the farmers, they are certainly entitled to speak for the membership of their respective organizations; that is, for 3,950,000. Furthermore, the farm value or agricultural investment represented by these American farmers is $52,747,000,000. The American investment in the agricultural industry in the Philippines, and the number of Americans engaged in farm work in the Philippines are virtually negligible. The Cooperative Milk Producers' Association and the National Dairy Union represent approximately 360,000 dairy farmers who sell $375,000,000 worth of dairy products annually. The interests of the farmer and the dairyman are essentially identical, and we may properly group these two elements together.

Closely associated with these two interests are the producers of sugar beets in the following 19 States: Ohio, Indiana, Illinois, Michigan, Minnesota, Wisconsin, Iowa, Nebraska, North Dakota, South Dakota, Kansas, Montana, Idaho, Wyoming, Colorado, Utah, New Mexico, California, and Washington, and the producers of sugarcane in South Carolina, Georgia, Florida, Alabama, Mississippi, Arkansas, Louisiana, and Texas. The sugar industry in the United States represents an investment of hundreds of millions of dollars and furnishes employment to many thousands of American citizens.

The farmer and the dairyman see in our permanent retention of the Philippine Islands a serious menace to their interests. Already faced with the problem of overproduction, the farmers and dairymen look across the Pacific and visualize the Philippines developed to the fullness of their vast agricultural possibilities, and dread the consequences which such a development would heap on American farm and dairy products. They see cheap Philippine labor working in the fields, its products transported free of duty to the United States; and they are unable to understand why their Government should on the one hand warn them to curtail production as a means of increasing prices and, on the other

hand, aid the development of Philippine agriculture through American supervision and education, and permit its products to compete with their own in the American market.

One may not in justice criticize the American farmer's foreboding at the prospect of further Philippine development and the continuance of free trade between the islands and the United States. The farm and dairy industries have not been profitable in the recent past. Struggling, as has been said, with the problem of vast acreage and overproduction, our farmers and dairymen are obliged to contribute a portion of their taxes to the building of dams and the financing of other projects for irrigating deserts and draining swamps so that larger areas of land may be devoted to agriculture, and thus to enhance the burdens which they now carry. Who shall censure them for aiding Philippine independence and the enactment of tariffs on Filipino products as two measures of protection for their own well-being?

There may be a few American farmers who contemplate with equanimity the thousands of idle farms, the numerous failures of rural banks, the fallen prices of agricultural products, and the multiplication of mortgages and the onerousness of taxes in the agrarian sections; there may be even farmers who are willing to prolong the present status of the islands without reference to their own interests, but on the whole, I think, the 6,297,877 intellectual American farmers and dairymen believe that destructive competition with the Philippines confronts them, and they are overwhelmingly in favor of divorcing the islands from American sovereignty and including them with other foreign countries against which we protect ourselves by tariffs.

Next let us consider sugar. We find that Americans have invested in Cuban sugar $544,012,000. Most of this investment is represented by stocks held throughout the United States. Selfish motives doubtless prompt these interests to seek preferential treatment in the application of American duties to their product, but it is also true that American investors in these Cuban concerns have a right to question the fairness of a policy which allows Philippine sugar to enter the United States free while it taxes Cuban sugar, which is almost as much an American commodity as it could be were it produced within our own borders.

Now comes the American Federation of Labor. This organization, representing the workers of the United States, opposed at the outset the annexation of the Philippine Islands, and in its national conventions has regularly urged independence for the islands. The Federation is at least one champion for independence whose selfish interest is tempered by devotion to the principles of freedom, self-government, and self-determination. Back in 1895 and 1896 the American Federation of Labor indorsed the struggle of the Cubans for freedom, and Samuel Gompers recommended in 1898 that it assume the same attitude toward Puerto Rico and the Philippine Islands. The recommendations of that sturdy old leader of labor were adopted and the Federation resolved against departure from our time-honored traditions and protested against "forcing our system of government upon an unwilling people." While frankly endeavoring to serve the interests of American workers by shielding them from the lower wages and inferior standards of other lands, the Federation has nevertheless steadfastly adhered to the principle that the Filipinos, if they desire freedom, have a right to be free, let the cost be what it will.

With the eyes of intelligent self-interest, however, the federation looks across the Pacific to the Philippines, where laborers work for 30 cents a day, minimum; miners for 87 cents a day; mechanics for $1.20 a day, minimum; and for a maximum wage much below that of the American worker. And the federation can find no logic to sustain the theory, either, that the products of such labor should be suffered to compete with the products of American labor, or that such low-priced labor should be permitted free entry into the United States to take the places of American workmen for hire upon which the latter could not maintain his standard of living. The American workman, therefore, represented by the American Federation of Labor, opposes the entrance of the Filipino into the United States as unfair and destructive to the American wage standard, and for the same reasons he would exclude the products of cheap Philippine labor.

The federation's fear of the evil results of the immigration of cheap Philippine labor has been realized on the Pacific coast, where already serious labor troubles have arisen from the belief that Filipinos are being imported to supplant American workmen in field and shop. No one can justly hold that the American workman, represented by the American Federation of Labor, is guilty of un-American conduct in attempting to shelter himself from the competition of cheap labor from any country whatsoever. On the contrary, this great body of workers has a right to combine pragmatism with idealism in its campaign for Philippine independence.

Another group on the side of independence are those Americans who would restrict immigration to the United States from whatever quarter. Their opposition to the free entry of Filipinos is quite consistent. They would be unfaithful to their principles if they worked to admit English, Irish, German, French, Italian, and Norwegian immigrants by quotas and yet consented that Filipinos should come here under no limitations. One may quarrel with the doctrine of these exclusionists, but granting their premises, their program in so far as it applies to the Filipinos is logical and practical. If independence for the islands will serve their purpose, they are entirely justified in favoring such course.

It is a powerful group, this. It has adherents throughout the country and has been respectfully heard by Congress on many occasions. Its efforts to exclude the Filipino were indorsed by the American Legion at its 1931 convention. The following resolution recites the Legion's views:

> Whereas the experience of California has demonstrated that Filipinos are not biologically assimilable with Caucasians in this State; intermarriage between the two races is forbidden by State law, and the presence of Filipinos in numbers has created grave economic, racial, and political problems; and
>
> Whereas our obligations to Filipinos as "wards of the Nation" can be best discharged, in their interests and in ours, by fitting them for permanent residence and management of affairs in their own country: Now, therefore, be it
>
> *Resolved*, That the American Legion in national convention assembled urge that entrance of Filipinos to continental United States be confined hereafter to those coming for temporary residence only as students and visitors.

Certain American manufacturers complain of unfair competition of Philippine-made commodities with American-made goods. Importations of manufactures from the Philippines are small compared with the total American production of similar articles, but our theory of government contemplates that a manufacturer who feels that his output produced under our American standard of wages and conditions is being jeopardized by the cheap labor and low costs of the Philippines is free to appeal to his Government for protection from such danger or damage, just as he is entitled to petition for governmental safeguards against destructive competition from other regions of the earth.

I have referred to all of these as "selfish factors" in the problem presented in the Philippines. I repeat that I so characterize them in no spirit of criticism. I have tried to make plain that they have a right to show their individual relationship to Philippine independence. I believe it is manifest that these interests form a powerful element and will exert a corresponding influence in the final solution of the Philippine problem. It is the duty of Congress, however, to preclude, so far as possible, any undue influence on the part of the private interests and to consider the question of independence solely in the light of actualities.

There are selfish factors in opposition to Philippine independence, and these, too, may rightly claim a hearing. But the difficulty for any student of the problem—and for Congress—will be to divide the honest opponents of independence from those whose selfish interests have little or no bearing on the future welfare of the United States or any material portion of our population. First and foremost of the opponents of independence is the active group of "Manila Americans." The second category of objectors

comprises those persons or manufacturers who export their commodities to the Philippines and who desire to retain their present practical monopoly of trade with the islands, which are a market for a portion of their exportable products. Normally they are entitled to desire customers to whom they can sell American goods at American prices. The question is whether the sale of these particular goods in this monopolized market is, from a purely trade standpoint, of sufficient weight to counterpoise all of the rest of America's private interests—those of the farmer, of labor, and of the American manfacturers whose products are competed with by Philippine products.

Furthermore, there must be a satisfactory answer to the question whether, in the event of Philippine independence, any barriers shall be raised in the islands which will tend to eliminate them as a market for American products. The very opposite would seem to be the logical conclusion. The Filipino, according to a number of authorities, has learned to like American products. He probably prefers them to other products obtainable at the same cost. For 30 years he has been using them largely. He has extended his purchase of them and has made his contracts with the producers of them, and there is no ground for the assumption that merely because of independence the Filipino will debar American commodities from the Philippine markets. But should a Philippine tariff operate against the same American products in the islands, it would coincide with theories of protection entertained by most of those Americans who now sell to the islands in a free market.

American textile manufacturers, whose goods are used in the islands, are themselves among the most ardent supporters of a high tariff in the United States, to protect their domestic industry against cheap foreign products. With the exception of the automotive industry and perhaps one or two others of lesser importance, the American industries having any considerable volume of trade in the Philippine Islands, including the manufacturers of textiles, steel plants, machinery and equipment plants, and so forth, are among those who demand—and receive—protective legislation against all countries but the Philippines. Besides these, there are the American manufacturers whose products are made from raw materials imported, free of duty, from the Philippines. These manufacturers foresee in independence for the Philippines the possibility of an American tariff on the importation, or a Philippine export duty on the exportation, of these basic materials. Soaps, oils, substitutes for butter, and other commodities are in the list.

Other Philippine products, such as abacá, constitute a material portion of the islands' export trade, but these are not now affected by our tariff laws. As such products, regardless of their origin, are on our free list, there is no contention that their status would be altered by independence. They do not compete with articles grown or manufactured in the United States and therefore are not subject to our tariff provisions.

We come now to a very powerful contingent of the forces ranged against Philippine independence. It is comprised of those Americans who, having investments in the Philippines, fear that upon the withdrawal of American sovereignty their property rights or their businesses may be endangered. They deem their interests safer under American control and direction than under Philippine control and direction.

It has been pointed out that the total American investment in the Philippines, according to figures compiled by the United States Department of Commerce, is $166,245,000. Of this total, $77,000,000 is represented by Philippine bonds, including those issued by the insular, the provincial, and the municipal governments, and held in the United States. It is reasonable to suppose that Congress, in any program for withdrawal of American sovereignty, would dispose of the question of protecting the investors in such bonds, as they are strictly Philippine Government bonds.

We may deplore the motives of these groups which seek to further or to frustrate independence, and declare that bigger, broader, and more fundamental principles should decide the question of independence, but these interests can not be ignored. They are part of the problem. Their influence is more likely to grow larger than less as time drifts away. Meanwhile, the Filipino, thoroughly conversant with the motives of these two elements, is fettered by them. He feels that his political future is clouded by the conflict of interests that has continued ever since the United States acquired the islands.

Moreover, this clash of American forces has resulted in humiliation to the Filipino—as, for example, when one of them urges his exclusion from the domain of the very power which governs him and claims his allegiance. He has carried his American flag loyally. He proffered his services during the World War. He did his part in the Liberty loan drives and in other patriotic undertakings. He paid his way, and he is paying his way. And yet he finds his destiny dependent in large part on the outcome of a struggle between two great selfish groups, both alien to his native land.

Free trade between the Philippines and the United States was not initiated by the Filipinos. They opposed it because they believed and declared before it was legalized that it would create exactly the situation which confronts them to-day. They felt that trade relations with the United States on such conditions would ultimately make the Philippines a mere American market place and the people of the islands just so many customers. These presentiments have been verified.

They did not desire to develop their islands with a view to the American export market. They saw in such a policy the hazards of isolation. But free trade with the United States, rightly or wrongly, has conditioned the development of the sugar industry in the islands, and the people there have adjusted and reconciled themselves to it. If, however, they had to choose between the continuance of profitable trade with the United States and the achievement of independence, I am confident they would sacrifice the former.

They are quite willing to ratify any agreement promising a solution of the problem of sugar. One suggestion is that a definite limitation be imposed on exportation of sugar to the United States and that during the period that the Filipinos believe should be allowed to them for economic readjustment following independence, the exports be restricted to their present volume. Recalling that the United States, following our acquisition of the Philippines, accorded to Spain 10 years in which to adjust commercial and economic conditions to the new order of things there, the Filipinos believe they have a right to expect the same or similar treatment in the event of our withdrawal. On their side, it is reported, they are willing, during that period of readjustment, so to limit production of sugar as to prevent it from working an undue hardship to those in the United States who have invested in the competitive products.

The Filipino people have the conviction that if the date of independence were precisely and irrevocably fixed their representatives and those of the United States could soon jointly, and amicably, evolve a plan for the adjustment of all the disagreements and difficulties incident to the cessation of our sovereignty in the islands. These islanders are aware that every day's delay tends, by that much, to maximize the problems. They fear that the growth of American investments and other commitments in the Philippines may be successfully pleaded as so many justifications for our reconsideration of the promises we have given them.

Connoted in this question of tariffs and revenues is the cost of government of the Philippines. Unfortunately, there is a popular misconception in America that the United States is spending vast sums of money in the Philippine Islands for public works and for the maintenance of government, and this inspires the false notion that were we to withdraw from the islands we should leave them bankrupt. This might be dismissed as a silly delusion if it were not a fabrication intended to deceive the American people. I compress in a sentence the truth about the cost of government in the Philippines.

Except for the maintenance of the United States Army and Navy in the islands, the salaries of the two Resident Commissioners of the Philippines, and a portion of the cost

of the Coast and Geodetic Survey in the islands, every expense for governmental operations—central, provincial, and municipal—in the Philippines, comes from the tax sources of the islands. Even an allowance of $50,000 for the expenses of the Schurman Commission, which President McKinley sent to the islands, was later repaid to the United States from the Philippine treasury. So far as the Filipinos are concerned, the cost of our military and naval establishment in the Philippines is a useless expenditure. In more than 30 years there has never been need either for the Army or Navy to put down colonial revolt, riot, or other outbreak.

Under powers given by Congress, and with but few limitations—among them, of course, the presidential and congressional vetoes—the Philippine central government and the provincial and municipal governments raise by taxation the revenues they require, formulate their own financial policies, and pay every cent of the cost. The governmental affairs of the Philippines have been and are being well managed. The administrators are almost without exception all natives.

The seriousness of these economic factors in the Philippine problem will grow with the years. The importation of Philippine products and the immigration of Philippine laborers into the United States will have to be prevented either by the taxation of the one and the exclusion of the other or else by the bestowal of independence. To treat the people and the products of the Philippines precisely as we are treating the inhabitants and commodities of foreign countries would be an unforgivable negation of our principles and a painful disregard of the rights of the Filipinos. It would be a grossly anomalous policy. It would be such a subordination of idealism to materialism that we ourselves would suffer from it.

The only alternative is the fulfillment of our promise to give the islands independence. That would be the doing of a just thing for its own sake, but it would also be mitigating some of the hardships which the present importation of products and the present immigration of workers from the Philippines are inflicting on certain of our own population. Best of all, the redemption of our pledge would be a realization of our ideals and an example of justice to the whole world.

MESSAGE FROM THE PRESIDENT—APPROVAL OF A BILL

A message in writing from the President of the United States, submitting a nomination, was communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on June 18, 1932, the President approved and signed the act (S. 4736) to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and ordered to be placed on the calendar or referred, as indicated below:

H. R. 8766. An act to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens; to the calendar.

H. R. 12360. An act to authorize the Secretary of the Treasury to enter into a contract to purchase the parcel of land and the building known as the Grand Central Station Post Office and Office Building, No. 452 Lexington Avenue, in the city, county, and State of New York, for post-office and other governmental purposes, and to pay the purchase price therefor on or prior to June 30, 1937; to the Committee on Public Buildings and Grounds.

"MR. HOOVER—PROPHET OF PROSPERITY"—ARTICLE FROM THE NATION

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Nation of the issue of June 15, 1932, entitled "Mr. Hoover: Prophet of Prosperity."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MR. HOOVER: PROPHET OF PROSPERITY

July 27, 1928, in a speech at San Francisco:

"The outlook of the world to-day is for the greatest era of commercial expansion in history."

August 11, 1928, in a speech accepting the Republican nomination:

"Unemployment in the sense of distress is widely disappearing. * * * We in America to-day are nearer to the final triumph over poverty than ever before in the history of any land. The poorhouse is vanishing from among us. We have not yet reached the goal, but given a chance to go forward with the policies of the last eight years, and we shall soon with the help of God be within sight of the day when poverty will be banished from this Nation."

September 17, 1928, in a speech at Newark, N. J.:

"Were it not for sound governmental policies and wise leadership, employment conditions in America to-day would be similar to those existing in many other parts of the world."

October 6, 1928, in a speech at Elizabethton, Tenn:

"As never before does the keeping of our economic machine in tune depend upon wise policies in the administrative side of the Government."

October 22, 1928, in a speech at Madison Square Garden, New York City:

"A continuation of the policies of the Republican Party is fundamentally necessary to the future advancement of this progress and to the further building up of this prosperity."

November 3, 1928, in a speech at St. Louis, Mo.:

"The standard of living among our workers of our city populations is the only standard in the world which permits them to purchase all the food they can eat."

November 3, 1928, in same speech:

"These [public] works, which will provide jobs for an army of men, should, so far as practicable, be adjusted to take up the slack of unemployment if it should occur."

October 25, 1929, in a statement to the press after the stock-market crash:

"The fundamental business of the country, that is, production and distribution of commodities, is on a sound and prosperous basis."

November 15, 1929, in another statement to the press:

"Any lack of confidence in the economic future or the basic strength of business in the United States is foolish."

November 23, 1929, in a message to the governors of the several States, urging them to speed up public-building programs:

"The Federal Government will exert itself to the utmost within its own province."

December 3, 1929, in his annual message to the Congress of the United States:

"I am convinced that through these measures we have reestablished confidence. Wages should remain stable. A very large degree of industrial unemployment which would otherwise have occurred has been prevented. * * * The test of the rightfulness of our decisions must be whether we have sustained and advanced * * * prosperity."

January 21, 1930, a statement based on information from the Department of Labor:

"The tide of employment has changed in the right direction."

June 4, 1930, a statement to a group of bishops, bank presidents, manufacturers, and others, who had called on the President to urge him to act vigorously to prevent the spread of unemployment:

"Gentlemen, you have come six weeks too late."

October 2, 1930, in a speech before the American Bankers' Association, Cleveland, Ohio:

"We have had a severe shock and there has been disorganization in our economic system which has temporarily checked the march of prosperity."

February 3, 1931, in a statement to the press:

"I would no more see starvation among our countrymen than would any Senator or Congressman. I have faith in the American people that such a day will not come."

May 30, 1931, in a speech at Valley Forge, Pa.:

"The American people are going through another Valley Forge at this time."

June 19, 1931, a Washington dispatch to the New York Times:

"Another thing that pleased the President was a report covering the whole country which indicated that not a single bread line was now being maintained."

September 21, 1931, in a speech before the American Legion at Detroit:

"Our economic strength is such that we would have recovered long since but for these forces from abroad. Recovery of the world now rests and awaits in no small degree upon our country, the United States of America."

October 18, 1931, in a radio speech broadcast from Fort Monroe in "behalf of the relief of the unemployed":

"No one with a spark of human sympathy can contemplate unmoved the possibilities of suffering that can crush many of our unfortunate fellow Americans if we fail them."

May 6, 1932, in a statement to the press:

"This is a serious hour, which demands that all elements of the Government and the people rise with stern courage above partisanship to meet the needs of our national life."

May 22, 1932, in a letter to the president of the American Society of Civil Engineers:

"What you and I want is to restore normal employment. I am confident if the program I have proposed to Congress is expeditiously completed and we have the cooperation of the whole community we will attain the objective for which we have been searching so long."

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program, and providing a method of financing such program, the pending question being on the amendment of Mr. ASHURST, which was to amend the House text of the bill, on page 8, line 10, after the first set of numerals, by inserting:

Florence, post office, $90,000; Holbrook, post office, $90,000.

And on page 8, line 13, by striking out the figures "$905,000" and inserting the figures "$1,085,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Arizona.

On a division the amendment was rejected.

The PRESIDING OFFICER. The bill is before the Senate and is open to amendment.

Mr. JOHNSON. Mr. President, is there an amendment pending?

The PRESIDING OFFICER. The Senate committee amendment is pending and is open to amendment.

Mr. JOHNSON. There are two or three very small amendments which I think are not inappropriate and which I believe will meet with no objection. They have been presented and are now upon the desk. They are, in line 15, page 100, after the word "empowered," to insert "(1)," and in the same line, after the word "loans," to strike out the numeral "(1)," and after the word "to," where it occurs the second time, to insert "or contracts with." The Senator from New York is familiar with the amendments.

Mr. WAGNER. Yes; I was going to say that I had similar amendments in my hand ready to offer. The amendments are simply for the purpose of perfecting the language.

The PRESIDING OFFICER. The question is on the amendments offered by the Senator from California.

The amendments were agreed to.

Mr. JOHNSON. In order to complete the text, I move, on page 100, in line 22, after the word "loans," to insert the words "or contracts."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California.

The amendment was agreed to.

Mr. ASHURST. Mr. President——

Mr. JOHNSON. I am simply completing the text by the amendments which I am offering, if the Senator will pardon me.

On page 100, in line 25, after the numeral "(2)," I move to insert "to make loans."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. JOHNSON. There are two or three other amendments of mere insertion which I propose. On page 101, line 4, after the word "loans," I move to insert "or contracts," and on the same page, line 5, after the word "loans," I move to insert the words "or contracts." I present both amendments together.

The PRESIDING OFFICER. Without objection, the amendments are agreed to.

Mr. COPELAND. Mr. President, I desire to offer an amendment, with which I think my colleague is familiar.

Mr. WALSH of Montana. Mr. President, before proceeding with the amendment of the Senator from New York I hope we may have an explanation of the significance of the amendments which have just been adopted on the motion of the Senator from California [Mr. JOHNSON]. I do not understand what the amendments mean.

Mr. JOHNSON. I did not catch the purport of the remarks made by the Senator from Montana. Will he please repeat his statement?

Mr. WALSH of Montana. I asked if we might not have an explanation of the significance of the amendments offered by the Senator from California.

Mr. JOHNSON. The amendments relate particularly to the municipality of Los Angeles and its water-power department. I have moved to insert the words "or contracts" after the word "loans" in order that the water department of Los Angeles, by virtue of its peculiar contracts, may come under the act if it were deemed appropriate subsequently that it should do so. The amendments are merely to broaden in that aspect the language.

Mr. WALSH of Montana. Is the Reconstruction Finance Corporation to be authorized and empowered to make loans or contracts?

Mr. JOHNSON. It is empowered to make loans to or to contract with.

Mr. FLETCHER. Mr. President, will the Senator specify where he proposes to insert the amendments?

Mr. JOHNSON. The first amendment is on page 100, line 15.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from New York.

The CHIEF CLERK. At the proper place in the bill it is proposed to add:

And the Reconstruction Finance Corporation is also authorized and directed to allocate and make available to the Secretary of Commerce the sum of not to exceed $1,000,000 annually for the purpose of providing credit facilities on sales of manufactured products in export markets, such facilities to be provided through the medium of reinsurance to be extended to established and existing private export-credit insurance agencies in the United States.

Mr. COPELAND. Mr. President——

Mr. COUZENS. Mr. President, will the Senator from New York yield to me?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I yield.

Mr. COUZENS. I hope the Senator will explain the purpose of the amendment.

Mr. COPELAND. I will do so.

Mr. President, this is an attempt to do on a small scale what is proposed to be done for agricultural products. There is an organization in this country which is known as the American Manufacturers' Foreign Credit Insurance Exchange. It is really the only organization in existence designed to help the American manufacturers by insuring their export credits. With the uncertainty abroad in most countries regarding foreign exchange the American bankers have become greatly handicapped, and, with restrictions in credits, are offering only limited aid to American manufacturers. The American Manufacturers' Foreign Credit Insurance Exchange is not a private corporation, but is made up of members who benefit solely by its work and by its profits, if any. They will not export without the approval of the organization. In other words, every order that they receive from abroad is first submitted to this credit exchange, this cooperative exchange, for approval. The exchange is also limited as regards credit extensions. If this organization could receive in some way temporary assistance from the Government through the unemployment relief bills, it is certain that American manufacturers would be able to hold some of the markets they now enjoy.

The plea for this amendment comes, for instance, from the General Dry Batteries Co., of Cleveland, Ohio; from the Consolidated Expanded Metal Cos., of New York; from a concern in Williamsport, Pa., doing a large export business; from the paint, varnish, and waterproofing concerns of the country; from the A. P. W. Paper Co.; from the Dunlop silk concern; from Sweet-Orr & Co.; from the Plaza Music Co.; the Lily Tulip Cup Corporation, as well as the Syracuse Washing Machine Corporation.

I have no doubt that every Senator has received similar communications.

My suggestion, Mr. President, is that this amendment be accepted and go to conference; that in conference there be determined the validity and wisdom of this amendment, and

then that there may be reported to us the final conclusion of the committee regarding it.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. COUZENS. Do I understand that the Senator wants the conferees and not the Senate to settle this question?

Mr. COPELAND. No; I want Senators to express their wishes in the matter; and if the Senator from Michigan has any views with regard to it, I should be very glad to hear them.

Mr. COUZENS. I should like to hear the amendment read again.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from New York a question?

Mr. COPELAND. Certainly.

Mr. ROBINSON of Arkansas. Has the amendment been considered by the committee?

Mr. COPELAND. Let me ask my colleague as to that.

Mr. WAGNER. No; the suggestion came in after the committee had acted.

Mr. ROBINSON of Arkansas. Has there been any report or information received from the department regarding the desirability of the amendment from the standpoint of the department?

Mr. COPELAND. No; but I may say to my esteemed leader that the reason I asked that the amendment might go to conference is that it came in at a late moment and it was not possible to get the reaction of the various departments involved. It is to be administered by the Commerce Department, and I think it is so important—and apparently all these manufacturers that do an export business consider it so because of the uncertainty of the dollar value abroad—that I believe we would make a mistake if we did not give the committee an opportunity to get a report from the department.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield further?

Mr. COPELAND. Yes.

Mr. ROBINSON of Arkansas. Of course, the pending bill relates primarily to the subject of unemployment.

Mr. COPELAND. This amendment relates also to the relief of unemployment, because the more our manufacturers are encouraged in their foreign market the more active they will be in their efforts to increase their sales.

Mr. ROBINSON of Arkansas. The thought of the Senator is that the provision would stimulate and promote production?

Mr. COPELAND. Exactly.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Montana?

Mr. COPELAND. I yield.

Mr. WALSH of Montana. This amendment contemplates placing at the command of the Department of Commerce a million dollars annually.

Mr. COPELAND. Yes, sir.

Mr. WALSH of Montana. Without any limitation as to time?

Mr. COPELAND. I will inquire of my colleague what is the limitation in the bill.

Mr. WALSH of Montana. The limitation on loans by the Reconstruction Finance Corporation is two years.

Mr. WAGNER. The limitation in this case is the life of the loans. The power of the Reconstruction Finance Corporation to make loans under the law is limited to 2 years, but under this bill a loan may be made for a period of 10 years.

Mr. WALSH of Montana. I should like to ask another question of the Senator. Does this contemplate loans by the Reconstruction Finance Corporation to the organization mentioned in the amendment?

Mr. COPELAND. It permits loans to the American Foreign Credit Underwriters in order that they may go forward with their insurance activities, a thing which they are not able to do now because of the tremendous restriction of credit advanced by the banks.

Mr. WALSH of Montana. I did not understand that this was to provide for loans. I understood that this was an appropriation to the Department of Commerce simply for the purpose of promoting that sort of work. Of course, a million dollars to export trade would be a mere bagatelle.

Mr. COPELAND. It is not to finance the export trade, but to finance the insurance of credit abroad. This organization, which is a cooperative organization running through many manufacturing concerns, seeks to protect its members by a study of the credit facilities in foreign lands; and then when it is determined that those credits are acceptable credits, it undertakes to insure payment to the manufacturers of the amount of credit advanced abroad.

Mr. COUZENS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I yield.

Mr. COUZENS. I am still at a loss to understand what this million dollars is to be used for. In one place it says, "for providing credit facilities," and then in another place, "for providing reinsurance." Does not the Senator believe that this amendment ought to go over and let us see if we can frame it in better language? I am frank to say I do not know what it means.

Mr. COPELAND. I dislike to take the time of the Senate; but if the Senator things it important enough, I should like to read the letter from the American Foreign Credit Underwriters, which is a cooperative concern. Shall I do that?

Mr. COUZENS. Will not the Senator let this amendment go over for the time being in order that we may see if we can get together on it. I want to understand what this amendment is intended to do, but I do not understand now what this million dollars is to be used for.

Mr. WAGNER. It is a reinsurance proposition.

Mr. COPELAND. Let me read this letter.

Mr. FLETCHER. Mr. President, I interrupt the Senator to inquire whether it has to do with the marketing of agricultural products as well as others.

Mr. COPELAND. No. Omitting the personal part at the beginning of the letter, it reads as follows:

We represent the American Manufacturers Foreign Credit Insurance Exchange, which is a mutual, nonprofit association of American manufacturers and merchants engaged in export trade. This exchange is to-day, and has for the past 12 or 13 years, been actively functioning in the field of export credit insurance, and is now the only organization of its kind in the United States.

The exchange has been responsible for more than a quarter of a billion dollars' worth of export merchandise shipments, the credit in connection with which it has insured for its members. Additionally, it has passed on another two hundred to three hundred million dollars' worth of export shipments, in connection with which exchange members have availed themselves of its credit-checking facilities.

The exchange acts as a clearing house for its members, who centralize in it their ledger experience and credit information with foreign importers of American merchandise. Upon the basis of the records thus set up—and supplemented by information gathered directly in foreign markets by the exchange—the overseas customers of American exporters are properly classified and rated, based primarily upon their own performance record in the payment of their bills in the United States.

The ratings thus assigned are in turn used as the basis for foreign credit-insurance certificates issued by the exchange to its members, protecting those members against credit losses which they may sustain on insured accounts.

The exchange reinsures a large portion of its risks through responsible private reinsurance companies in the United States, and is thus able to safeguard itself, through this reserve of reinsurance, from any losses which are likely to be sustained in the ordinary normal run of business. Even at this time, under the abnormal conditions prevailing in our principal export markets, the exchange is insuring for the large group of American manufacturers and merchants who constitute its membership approximately $1,000,000 worth of export shipments each month and is passing on the credits pertaining to an equal amount of shipments made by manufacturers who depend upon its credit service and protective facilities.

The great majority of these American exporters would not continue to do this business but for the protection and service afforded them by the exchange.

Although, as previously stated, the exchange has reinsurance treaties with private companies in the United States, such treaties, as you can well appreciate, can hardly be made sufficiently flexible to meet the unusual credit conditions now confronting us in many of our most active export markets. Because of this we are naturally limited in the credit-insurance coverage that we are able

to extend to exchange members, and as a result there is a substantial volume of worth-while business which is perforce being declined by manufacturers in this country. A good part of this business is going to European exporters, who in many instances have for years been provided with export credit-insurance facilities by their governments. The inability of the American exporter to meet these competitive conditions, due to his lack of credit facilities, is naturally resulting in a general curtailment of export activities among manufacturers and merchants in the United States, and is a material factor contributing to the unemployment of men and machinery in this country to-day.

We believe that it is only through some agency of the Federal Government that the urgent need of additional export-credit facilities, such as above referred to, can be supplied. As you know, provision has already been made in the Wagner bill (S. 4755) for additional facilities for financing exports of agricultural products, such as wheat, cotton, wool, etc., and we have been urged by many manufacturers in our membership, and particularly those in New York State, to bring to the attention of Government officials in Washington the need for similar assistance to exporters of manufactured goods.

Senator WAGNER has already expressed his sympathy with and interest in our plan, which, briefly, provides for a fund to be provided by the Reconstruction Finance Corporation and administered through the Secretary of Commerce to be used in furnishing additional reinsurance facilities to our association.

Even a modest appropriation of, say, $1,000,000 annually would, in our opinion, be responsible for an increased export volume of $40,000,000 to $50,000,000 through the added confidence and stimulus to export effort which this appropriation would provide.

Specifically, we believe that the matter could be covered through an amendment to bill S. 4755, page 5, line 15.

That is such an amendment as I have offered.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Montana?

Mr. COPELAND. I yield.

Mr. WALSH of Montana. I think I grasp the general idea of the amendment now.

The organization to which the Senator refers undertakes to guarantee to American exporters the bills incurred for their products by the foreign purchasers, and it reinsures with other companies, and thus the risk is divided. It is proposed here that the Secretary of Commerce engage in this reinsurance business, and that he have a million dollars for the purpose of doing so. Of course, the million dollars is to meet any possible losses that may accrue by virtue of the contracts of insurance, but in order to do that it would be necessary to set up in the Department of Commerce a reinsurance department.

Mr. COPELAND. May I answer that by reading a paragraph from this letter?

Mr. WALSH of Montana. Yes.

Mr. COPELAND (reading):

There is no reason to believe that the fund set aside by the Government would actually have to be drawn on to any considerable extent, as the exchange would continue its policy of insuring only sound and worthy credit risks, and the premiums paid by the manufacturers for this insurance should be sufficient to cover all losses sustained. Further, the operation of this plan would throw no added administrative burden upon the Department of Commerce, as the officials of that department would simply have to exercise a general supervision over the activities of the exchange in insuring export credits subject to this plan

Mr. WALSH of Montana. Yes; but they have no power now, under the law, to issue the reinsurance. The Senator would have to have an act passed authorizing the Secretary of Commerce to make contracts of that character.

Mr. COPELAND. I think this is the answer:

The Senator will recall that under the Reconstruction Finance Corporation act certain loans were to be made to railroads, provided they were recommended by the Interstate Commerce Commission. I should think that was exactly parallel with this; that no money would be advanced by the Reconstruction Finance Corporation unless the Department of Commerce, which is familiar with all these activities, should pass its approval upon it.

Mr. WALSH of Montana. That is not the proposition at all.

Mr. COUZENS. Mr. President, will the Senator yield at that point?

Mr. COPELAND. I yield.

Mr. COUZENS. There is nothing in the bill that authorizes the Reconstruction Finance Corporation to lend to any of these private institutions, for export or otherwise, except as it applies to the Department of Agriculture. In other words, just what kind of credits would the Department of Commerce pass on to the Reconstruction Finance Corporation?

Mr. COPELAND. We have in the Department of Commerce a Bureau of Foreign and Domestic Commerce. To my mind, it is one of the most effective means we have to promote our commerce. It is a tremendously active organization, familiar with all the problems that are dealt with by this mutual cooperative institution. I think, without setting up any new machinery or having any more employees, it might readily pass judgment upon the wisdom of recommending to the Reconstruction Finance Corporation an extension of these facilities. As the president of this organization says, it is doubtful if the sum would be drawn upon to any considerable extent, because the manufacturers who take advantage of the facilities themselves pay the premiums.

Mr. COUZENS. If the Senator will yield, it seems to me this might properly come in if there were any provision in the bill authorizing the Reconstruction Finance Corporation to loan money to these private institutions; but there is no such provision. In other words, if there were a provision in the bill that the Reconstruction Finance Corporation was permitted to loan to private industry, then the Senator might properly put in this amendment, so that the Department of Commerce would pass upon the loans prior to the Reconstruction Finance Corporation making them.

Mr. COPELAND. How does the Senator interpret the provision in this bill relative to agricultural exports? I read from page 101, subdivision (b):

The Reconstruction Finance Corporation is authorized and directed to advance to the Secretary of Agriculture, in addition to the amounts allocated and made available to him by section 2 of the Reconstruction Finance Corporation act, not to exceed $40,000,000 of the amounts made available under section 2 of this act, for the purpose of financing sales of agricultural products in the markets of foreign countries in which such sales can not be financed in the normal course of commerce.

I see that that is not entirely parallel; but, after all, there can be no question that with the uncertainty of credits, and with the variation in the value of the dollar as well as the standards of other countries, our manufacturers and merchants desiring to do an export business are tremendously embarrassed; and they feel—they have impressed this upon me personally—that this would be of tremendous value in encouraging exports of manufactured products.

Mr. WALSH of Montana. I dare say that something of that kind would be helpful; but I am calling attention to the fact that this is not a proposition to make any loans at all. This is a proposition that the Secretary of Commerce shall make an insurance contract by which he, for the Government, would become responsible to the domestic exporter for bills which are incurred abroad; and he simply has a fund of a million dollars with which to make insurance and take care of any losses that may ensue in connection with that insurance business. When this organization comes to him for the purpose of reinsuring, however, the Secretary of Commerce will say, "Why, I have no authority to make any contract of that kind with you."

Mr. COPELAND. Does my friend suggest any change in the language that would be employed?

Mr. WALSH of Montana. No; I do not; but I agree with the Senator from Michigan that some effort ought to be made to put the language in shape so that it would mean something.

Mr. COUZENS. I think the Senator ought to withdraw this amendment, because it really is meaningless, and it can not operate, because there is nothing to operate on in the amendment as drafted.

Mr. COPELAND. Does the Senator think that if there is merit in it, the presentation of this amendment, together with such argument as has been presented, could be given to the Department of Commerce for them to pass judgment upon? I know that the exporters regard this as necessary to the progress of export business.

Mr. COUZENS. Mr. President, will the Senator yield at that point?

Mr. COPELAND. I yield.

Mr. COUZENS. If that is true, the exporters must have had in mind that there was going to be some provision in this bill for lending to private industry, because obviously this can not operate unless loans are made to private industry. The Senator himself says that he has in mind that the Department of Commerce will pass upon the prospective loan prior to the loan actually being made by the Reconstruction Finance Corporation.

Mr. COPELAND. No; I do not think it is quite that.

Mr. COUZENS. That is what the Senator said a while ago.

Mr. COPELAND. I do not think I expressed myself, fortunately.

The membership of this organization, the American Foreign Credit Underwriters, extends throughout the country. It is an organization the purpose of which is to insure exporters against loss incident to change or variations in exchange, and so forth. They are not able always under present conditions to reinsure, and they need aid in that direction. The Senator from Montana has hit upon that. They need assistance in this matter of reinsurance.

The matter gets back to this, in my mind, if I may be permitted to say it: I think one of the great troubles we have about the recovery of prosperity in America is due to the unwillingness of the banking institutions to cooperate. I do not think that is true of the local banks generally, but those in control, the men I call the "banksters," have so injured the credit facilities of various manufacturers and merchants of the country, and also this particular sort of organization that there is a helplessness on the part of our manufacturers which interferes with their return to normal business.

I did not work out the idea of a million dollars; this was handed to me, of course, by the organization referred to; but if it is actually true that by having a reserve of a million dollars, it could be used in case of necessity, in the event of failure of underwriting through reinsurance, I would say it was an investment well made.

I recognize what the Senator from Michigan says, that perhaps the amendment is loosely worded, and I think, perhaps, it should be perfected; but there should be some way to extend help in a case of this kind, if we are seeking to relieve unemployment in the country, not to pass out a dole but to make it possible for these manufacturers to operate in order that there may be business.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. COUZENS. In either case the amendment does not mean anything, because, as the Senator from Montana has pointed out, if it is a reinsurance problem, the Department of Commerce has no right to reinsure; and if it is for passing upon credits, then there is no authority to make the credit. So that the whole amendment is perfectly meaningless unless there is some other language put into the bill to which it may apply, and in that case the amendment ought to be voted down.

Mr. COPELAND. Would the Senator from Michigan resist the request I made a little while ago, that this amendment might be accepted by the committee, and in the meantime I will attempt to get the material which the Senator has suggested we should have?

Mr. WALSH of Montana. Mr. President, there is another feature involved in this matter, to which the Senator from Michigan has called attention. It is not unknown that there is a flat difference of opinion as to whether this bill ought to authorize loans to private enterprise; that is, to individuals engaged in competitive lines of business. I understand that an amendment will be offered which will authorize loans of that character.

Those who have been concerned in the preparation of the bill, which has now become the amendment, have steadfastly refused to introduce any provision into the bill whatever to authorize loans to private enterprise wherever the business is competitive in character, feeling that it would be quite unjust to make loans to one company or one enterprise from the Public Treasury while its rivals and competitors were obliged to rely upon their own resources to carry through their business.

Mr. COUZENS. Mr. President, I was just going to point out that the Committee on Banking and Currency gave very thorough consideration to that question, and voted 9 to 6 against including any provision to lend to private industry.

Mr. WALSH of Montana. This would not only be granting authority to lend to private enterprise but guaranteeing the insurance contracts of a private insurance company, of which, as we gather here, there are a considerable number in the United States engaged in this same business, namely, in assuring to exporters the prompt payment of obligations due them from abroad. We would loan perhaps to one company, and the other reinsurance companies would be obliged to rely upon their own resources.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from California?

Mr. COPELAND. Just a moment. Let me reply, if I may, to what the Senator from Montana has said.

I agree fully with the policy of the committee in not providing for loans to competitive enterprises. I think that is right. But the organization to which I have referred is a cooperative organization, which includes all manufacturing enterprise. We are not asked to lend money to an exporter of plows, or threshing machines, or sewing machines, or furniture. We are seeking to help that underwriting concern which is guarding the credit of manufacturers of all products. It is not to assist any one concern as against another. It is to take care of the export business of all.

Now, I yield to the Senator from California.

Mr. JOHNSON. I was going to make a suggestion to the Senator from Montana, if the Senator from New York will permit me.

The Senator from Montana states the line of demarcation between two different groups in this body as to the loans which shall be made. Coming to our desks at 11 o'clock this morning is an amendment which is presented by the Senator from New Jersey [Mr. BARBOUR] and the Senator from New Hampshire [Mr. MOSES], wherein that line is made perfectly plain. I had no opportunity to see the amendment or to read it until after the Senate convened this morning, but as I read it, it endeavors to do exactly what the Senator from Montana suggests is objectionable to those in charge of the bill, and it endeavors to do also what, in my opinion, would render the bill practically futile if it were adopted. But the amendment does represent a considerable number upon this side of the Chamber, and it provides for the lending of the money that is assumed to be loaned by the Reconstruction Finance Corporation under the measure to private, competitive organizations, corporations, and the like.

The amendment of the Senator from New York would be probably wholly appropriate under the amendment that is tendered by the Senator from New Hampshire and the Senator from New Jersey. This amendment, thus tendered, goes to the very heart of the policy which shall be pursued in the measure before us. I wanted to make the suggestion to those in charge of the bill that perhaps it would be better for us to settle that policy at the beginning of this discussion instead of at the end of the discussion, and if the Senators will turn to the amendment that has been presented at 11 o'clock this morning, intended to be proposed by the Senator from New Jersey [Mr. BARBOUR] and the Senator from New Hampshire [Mr. MOSES] they will see, as I assume to be the fact—though I have not consulted with either of the Senators mentioned—that apparently it attempts to do exactly what those in charge of this measure inhibited when they presented the measure, and if that is to be the contest in determining the policy of the Senate in regard to this bill, let us determine that policy, I suggest, in the beginning, now, and then we will know exactly where we are going.

Mr. SHORTRIDGE. I suggest that the Senator read the amendment.

Mr. JOHNSON. The Senator from New York has the floor. I thank him for having yielded to me.

Mr. COPELAND. Mr. President, I want to make just one more observation and then I shall yield the floor.

It is pointed out by these various correspondents of mine that the problem of foreign credit has been anticipated by many foreign governments, which have already set up organizations to maintain and amplify their foreign trade by supporting the exporter by government aid in foreign credit insurance. Here is a concern which does business in 70 countries of the world, and, with the uncertainty of exchange, of necessity it is impossible to have any assurance that credits are good.

It has occurred to me that it is unwise to press this amendment at the moment, but it is my intention to call the matter to the attention of the Department of Commerce and of those who have presented the matter to me, and see if we can not work out some amendment to the bill which will be acceptable to its sponsors and acceptable to the Senate.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. I have received letters similar to those mentioned by the Senator from the parties whom he has mentioned, and in these letters they referred to provisions of this bill under subdivision (b), in section 101. They seem to be of the impression that that which is provided for agricultural products should be provided for manufactured products. It seems to me, however, that the proposition which they have presented to us is broader and much larger than the provisions of this bill applying to agricultural products which are exported. I suggest to the Senator that he confine his amendment to exports of manufactured products in the same manner in which exports of agricultural products are taken care of.

Mr. COPELAND. I thank my friend the Senator from Massachusetts, and, with the consent of the Senate, I will temporarily withdraw the amendment in the hope that it may be reshaped so as to be acceptable.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. KING. Does not the Senator believe that if this amendment were accepted in spirit, or in the present form, it would lead to further raids—and I do not use that term offensively—upon this bill by private corporations, until finally we would have nothing left? I say frankly that I will not vote for this bill if it is to be for the purpose of furnishing funds out of the Public Treasury to aid private corporations and private business.

Mr. COPELAND. I say to my friend from Utah that I share his views regarding that.

If this were a proposal to encourage competitive business, I stand with the Senator from Utah; but if we are going to aid the manufacturers of the United States and assist them in general in their export business, certainly if we have the power and the will to do it, we can do something for them worth while. But in the meantime I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. BROUSSARD. Mr. President, I have an amendment to subsection (a), page 101. The amendment has been printed and is on the table, and I would like to have the clerk report it.

The PRESIDING OFFICER. The clerk will report the amendment offered by the Senator from Louisiana.

The CHIEF CLERK. On page 101, line 13, before the period, to insert a semicolon and the following: "except that loans may be made under the provisions of this subdivision to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law heretofore enacted; and the Reconstruction Finance Corporation is further authorized and empowered to purchase bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge irrespective of the dates of maturity of such bonds."

Mr. BROUSSARD. Mr. President, some gentlemen representing the city of New Orleans have asked me to offer this amendment.

Mr. WAGNER. Mr. President, unless some other Senator has objection, I might say to the Senator that I see no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, I offer an amendment on page 101, line 2, after the word "waterworks," to insert the word "canals." I see no reason why we should not include canals.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 101, line 2, after the word "waterworks," insert the word "canals," so as to read:

To private corporations to aid in carrying out the construction of bridges, tunnels, docks, viaducts, waterworks, canals, and similar projects devoted to public use and which are self-liquidating in character.

Mr. KING. Mr. President, I inquire of the Senator whether the word "canals" is to be limited to canals which are owned by the Government and by States or whether it contemplates canals constructed and owned by private persons and by individuals? We have many canals in my State which we use for irrigation purposes.

Mr. ROBINSON of Arkansas. Mr. President, these are all self-liquidating projects.

Mr. FLETCHER. Yes; navigation canals.

Mr. ROBINSON of Arkansas. The incorporation of the word "canals" at the point indicated by the Senator from Florida would be restricted by the term "self-liquidating projects," so no loans would go to canals other than those which are self-liquidating.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

Mr. COUZENS. Mr. President, I am frank to say I do not understand the amendment.

The PRESIDING OFFICER. The clerk will report the amendment for the information of the Senator from Michigan.

The legislative clerk again read the amendment.

Mr. COUZENS. Mr. President, I think the Senator from California [Mr. JOHNSON] was right in his statement a moment ago. We ought to settle this whole question of just where we are going. In other words, we should determine whether the proposal made by the Senator from Louisiana [Mr. BROUSSARD] in his amendment which was adopted a moment ago really contemplates self-liquidation.

Mr. ROBINSON of Arkansas. It does.

Mr. COUZENS. The amendment which the Senator from Louisiana proposed contemplates the collection of taxes for part payment of the loan.

Mr. ROBINSON of Arkansas. But that is different from the self-liquidating projects described in the bill. The amendment of the Senator from Florida has only a remote relation to the amendment proposed by the Senator from Louisiana, which has been agreed to. The amendment of the Senator from Florida is included in "bridges, tunnels, docks, viaducts, waterworks, canals, and similar projects devoted to public use and which are self-liquidating in character." So far as I can see, there is no occasion to discriminate against the construction of a canal which is intended to be devoted to public use and which pays for itself by reason of tolls, charges, or some other means.

Mr. COUZENS. Does the Senator from Arkansas believe we will have a definition of "self-liquidating" before we get through?

Mr. ROBINSON of Arkansas. I think a "self-liquidating" project may be explained to be one which pays for itself.

Mr. COUZENS. When?

Mr. ROBINSON of Arkansas. That is another question and a difficult one. Of course, it never pays for itself immediately; but I think the committee has fairly defined it.

Mr. FLETCHER. After all, the Reconstruction Finance Corporation should determine that matter before they make the advance.

Mr. COUZENS. For how long does the Senator contemplate they would make the loan to build the canal?

Mr. FLETCHER. Certainly within the life of the corporation.

Mr. COUZENS. If the undertaking was not self-liquidated at the time the corporation expired, what would the Senator propose to be done with the loan or the unpaid balance?

Mr. FLETCHER. That would be a question of refinancing or arranging for refinancing. If the corporation can satisfy themselves that the project will be self-liquidating within the life of the corporation, all well and good; or if they can satisfy themselves that within that time nine-tenths of it will be liquidated, they can generally infer and gather and believe that the other one-tenth can be financed outside of the corporation.

Mr. COUZENS. At this point may I ask the Senator what he had in mind should become of the portion not liquidated at the time of the expiration of the Reconstruction Finance Corporation?

Mr. FLETCHER. It would be subject to an arrangement to be made between the Reconstruction Finance Corporation and the people to whom the loan is made. There would have to be assurance of that in some form adequate to satisfy the Reconstruction Finance Corporation.

Mr. COUZENS. Does not the Senator believe that Congress ought to fix some rule applying to self-liquidating corporations to determine what shall be done at the expiration of the life of the Reconstruction Finance Corporation?

Mr. ROBINSON of Arkansas. The Congress proposes that in the bill now under consideration. As I said a moment ago, there is a definition in the bill of "self-liquidating projects," in the language on page 101 immediately following or very shortly following the language that has been amended, which reads as follows:

> For the purposes of this subdivision a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges.

Mr. COUZENS. At this point I desire to enter a motion to reconsider the vote by which the amendment of the Senator from Louisiana [Mr. BROUSSARD] was adopted, because the language does not provide that it shall be self-liquidating. It proposes that it shall be partially paid by the collection of taxes.

Mr. LONG. Mr. President, I believe the Senator from Michigan would not enter the motion if he understood the situation.

Mr. COUZENS. Let me say I am not having in mind any specific project at all. I am taking the viewpoint that either this bill should provide for the lending of funds to all private industry or it should lend to self-liquidating projects within the definition just cited by the Senator from Arkansas [Mr. ROBINSON]. But the amendment just adopted on the motion of the Senator's colleague provides that a part of it is to be paid by taxation and a part of it by tolls. I wish to enter a motion to have that vote reconsidered because it is not provided in the bill that we are to rely upon taxation for any of these projects.

The PRESIDING OFFICER. The motion of the Senator from Michigan to reconsider will be entered. The question is on the amendment offered by the Senator from Florida [Mr. FLETCHER].

The amendment was agreed to.

Mr. BINGHAM. Mr. President, I notice on page 101, line 17, it is stated that "as used in this subdivision the term 'States' includes Puerto Rico." I have consulted with the junior Senator from New York [Mr. WAGNER] in charge of the bill and have been informed that it was not intended to exclude Territories. Therefore I send to the desk an amendment which will take care of this situation and permit Territories to be included. The amendment is in several parts and I ask unanimous consent that they may be considered as one amendment.

The PRESIDING OFFICER. The amendments submitted by the Senator from Connecticut will be stated.

The CHIEF CLERK. On page 101, line 17, after the words "Puerto Rico," insert "and the Territories"; on page 103, lines 18 and 19, after the words "Puerto Rico," insert the words "and the Territories"; on page 105, at the end of line 13, insert "as used in this subsection the term 'States' includes the Territory of Hawaii"; on page 108, line 6, strike out the word "continental"; and on page 109, lines 4 and 5, strike out the word "continental."

The PRESIDING OFFICER. The Senator from Connecticut asks that the amendments may be considered en bloc. Is there objection? The Chair hears none. The question is on agreeing to the amendments en bloc as offered by the Senator from Connecticut.

The amendments were agreed to.

Mr. FLETCHER. Mr. President, I am quite in accord with the amendment offered by the Senator from Connecticut, but I should like to inquire what other Territories than Hawaii are involved?

Mr. BINGHAM. The only other Territory is Alaska. The reason why the word "Alaska" was not used definitely is that in connection with roads in Alaska we make a direct proposition.

Mr. FLETCHER. That is what I understood.

Mr. ROBINSON of Arkansas. Mr. President, may I say in this connection that I have been told an effort would be made to eliminate or strike out the name "Puerto Rico" from the bill? Certainly there can be no sound argument which would justify extending the provisions of the bill to Puerto Rico and withholding them from Hawaii and Alaska.

Mr. BINGHAM. May I say to the Senator from Arkansas that Puerto Rico does not contribute at all to the revenues of the United States, whereas, as the Senator well knows, the Territory of Hawaii contributes about $10,000,000, or as much as several States put together?

Mr. ROBINSON of Arkansas. I had that in mind when I made my statement.

Mr. ASHURST. Mr. President, I rise in the interest of progress on the bill. On Saturday last I introduced an amendment proposing to authorize the Reconstruction Finance Corporation, in its discretion, to make loans to Indians on Indian Reservations and to accept as security for such loans wool produced by Indians and woolen blankets made by Indians from wool grown on Indian reservations. I now perceive that the Senate, in order to make progress respecting this bill, must first determine whether it is going to make loans to individuals. Therefore, I withdraw my amendment, because it proposes to make loans to individual Indians.

I see the inescapable logic of the suggestions made by the Senator from California [Mr. JOHNSON], the Senator from Montana [Mr. WALSH], the Senator from Michigan [Mr. COUZENS], and other Senators, that the Senate must first determine whether it is going to make loans to individuals. So I withdraw my amendment until that question shall be determined. If the Senate determines thus to do, I shall later offer my amendment.

It will be remembered that when the original Reconstruction Finance Corporation bill was before the Senate last winter I offered an amendment proposing that loans might be made to individual citizens of the United States upon good security, and I think it received 1 vote—my own. I have not changed my mind with respect to the advisability, yea, the necessity at this time of making loans to individuals who tender perfectly good and solid security, but I plead now with the Senate to settle first the question as to its policy.

Mr. HOWELL. Mr. President, I send to the desk an amendment, which I offer.

The PRESIDING OFFICER. The amendment will be reported.

The LEGISLATIVE CLERK. On page 100, line 18, after the word "corporation," insert the words "boards and commissions," and also in line 20, after the word "under," insert the word "Federal."

Mr. HOWELL. This is for the purpose of providing that where boards and commissions have been created instead of a corporation, and if created by Federal law, they shall be included in the provisions of the bill. The amendment has been approved by the Senator from New York [Mr. WAGNER].

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. BLAINE. Mr. President, I desire to offer an amendment.

Mr. WAGNER. Mr. President, I have several amendments corrective in their nature which really do not go to the subject matter of the bill.

Mr. BLAINE. My amendment is to correct the so-called Garner bill. It will take only a moment.

The PRESIDING OFFICER. The amendment of the Senator from Wisconsin will be stated.

The LEGISLATIVE CLERK. The Senator from Wisconsin offers the following amendment: On page 65, between lines 14 and 15, insert the following:

Milwaukee Harbor, Wis., House Document 282, Seventy-second Congress.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin.

IN REPLY TO SENATOR REED

Mr. LONG. Mr. President, the Senator from Wisconsin will pardon me for interfering for the moment with the consideration of his amendment, but I have been trying to get the floor for several moments.

The Senator from Pennsylvania [Mr. REED] is now here. I want to call the attention of the Senate to some remarks made here in my absence by the distinguished Senator from Pennsylvania which I can not allow to go unchallenged. On page 13010 of the RECORD of June 15, 1932, the appointment of Mr. Burguieres, of New Orleans, to be commissioner of immigration, was considered by the Senate; that is, it was reported by the committee for confirmation. Among some remarks which were passed on the floor of the Senate, the Senator from Utah [Mr. KING]—and I wish to thank him very kindly at this time—mentioned the fact that I had appeared before the committee and had objected to the confirmation of Mr. Burguieres for personal reasons and for the reason that he was obnoxious to the labor people of my State. The Senator from Pennsylvania [Mr. REED] among other remarks, and all remarks were similar, finally wound up by saying this:

Mr. REED. The Senator from Utah is one of the most scrupulous in attendance to his duties here on the floor of the Senate, and I know that he agrees with me that it is indefensible for any one of us to go away in the absence of an emergency, and to remain away for weeks at a time, and expect the business of the Senate to stagnate in his absence.

Mr. President, I was absent from the city on very important business of the State of Louisiana and, I think, business of the United States. I have not been absent except for this purpose since I have been a Member of the Senate. I understand that it hardly lies within the province of the Senator from Pennsylvania to make an attack here because I was absent at this particular time, because I am one of the sorrowing Senators who has frequently had to undergo the sad situation of seeing the Senator from Pennsylvania absent from his seat. I understand that no doubt the Senator from Pennsylvania is not well aware that there is another State besides Pennsylvania. More or less like all of us, he is somewhat inclined to be provincial in his mind and ideas, but by reason of the disaster of the Hoover administration the State of Louisiana and all other States have had to undertake great corrective measures.

We have found ourselves in the midst of a depression, with which the Senator from Pennsylvania is more acquainted than I am and the cause of which he is in more of a position to understand than I am, which necessitated taking care of 650,000 school children in the State of Louisiana. We had to impose certain taxes in that State upon some of the special interests, and I was requested by my friends and by the governor of that State to come and assist them in the preparation of legislation necessary to keep the schools open and to keep the hospitals running.

I have understood—I may be mistaken in this, and if I am I beg the Senator from Pennsylvania to correct me—that even at times when the Senate was in session the Senator from Pennsylvania himself has been absent to attend to law business. I may be wrong in that; and if I am, I want to be corrected by the Senator; but the Senator who makes this great spectacle of a Senator being absent from this body at a time when he was undertaking to assist his State has at times been absent in his own State pleading the cause or attending to the cause or working in the cause of some of his clients. So it is even worse than a case of the pot calling the kettle black for the Senator to make this statement while I was away from the Senate.

While I have the floor, Mr. President, I wish to say that I have not been able to be present here during the last two or three weeks, although I believe I was in as constant attendance on the Senate as any Senator prior to that time for a number of weeks.

I have opposed Mr. Burguieres's appointment, although it was concurred in and recommended by my colleague, because he is obnoxious to the laboring people of my State. He has a record which they have certified and which I have filed with the committee, a record which the laboring people of my State think disqualifies him absolutely from becoming commissioner of immigration in that State.

He is also obnoxious for reasons not stated and which I have not placed in the record, because I think that were I to do so, I might be held to transgress some of the rules of the Senate, as to one of which I was called to order some time ago.

I presented those objections and at the time I presented them I was told, as I think the hearing of the committee will show, that those objections were positively sufficient, or I was given the impression at the time that those objections were sufficient and that the nomination would not be reported to the Senate. That is what I was led to understand. I had every assurance when I left here that the nomination of this man was not going to be reported to the Senate and put on the calendar for confirmation. However, it seems apparently to be the policy of the Republican Party, and possibly of some of those on this side of the Chamber, that in the case of a particular position which affects laboring people more than any Federal appointment that can be made in that State, the fact that the man who is nominated for that position is, because of his unfair record, universally condemned by the laboring organizations and by all the laboring people in the State is no reason whatever why the Republican cohorts should not advocate the confirmation of the nominee and should not report his nomination to the Senate in my absence and urge his speedy confirmation.

It is getting high time that the Members of the Senate should give some attention to the laboring people of this country. Yet when a nomination comes in here affecting the men who are paying the bills under the tax system that has been put over by the Senate, the men who are bearing the burden of supporting the Government, who are suffering from economic reverses who have come here and asked the Senate not to put this man over on them in that State in the midst of the present condition of economic adversity, the Senator from Pennsylvania thinks it is a terrible and frightful thing that the nomination should not be spontaneously and immediately put over here in the Senate.

Mr. President, if on the day I appeared before the committee I had not had the impression—and the Senator from Utah, the Senator from New York, and the Senator from

West Virginia were present—and had I not been given to understand at that meeting that the committee was not going to report this nomination, there were weeks and days when I sat in this body and when I could have been called upon for any statement as to that nomination.

A few days ago it came out on the floor of the Senate, and I heard a number of gentlemen on the other side of the Chamber say—and a number of them on this side of the Chamber concurred—that a man who was a member of the President's Cabinet who was holding an important position as a Federal employee ought not to be national committeeman of his State or engage in its politics.

Mr. President, in Louisiana there are not any Republicans except the "black and tans," and the officeholders or the would-be officeholders under the Republican Party. Everybody who knows anything about the condition in the State of Louisiana knows that the real sincere Republicans of that State are the "black and tans." When they undertook to take the political organization away from the only people down there that ever have voted the Republican ticket, and when I was asked a number of years ago to assist in that movement, I declined to do so, because I thought that a man who had not been in the church had no right to come up there and take the songbook from a man who was a sincere Republican; and if they wanted to go into the Republican Party, they ought to be required to go in under the terms that were prescribed by somebody else.

Mr. Ernest Lee Jahncke, who has been a charge on that State, Mr. Jahncke, the Assistant Secretary of the Navy, I understand, has taken such serious personal offense about the treatment that has been given to this favored appointee that he desires to have put over in the Senate. Mr. Jahncke, who is Assistant Secretary of the Navy, has no right—and I say this speaking personally and as a former governor of that State—Mr. Jahncke has no right to come to the Senate and complain about the objection that has been made by the people of the State of Louisiana. I do not need to disclose that the administration of the State of Louisiana and these very laboring people have been most kind to him in a certain situation—and he knows what I am talking about. He has no right, and I say that it is an act of absolute ingratitude for Ernest Lee Jahncke, Assistant Secretary of the Navy, to try to drive this appointment through the Senate.

My colleague the senior Senator from Louisiana had a little something to say about this matter, according to the newspapers. However, the report of the CONGRESSIONAL RECORD does not confirm what was contained in the newspapers by a great deal. My colleague stated, according to the RECORD:

> I do not know that my colleague, who is now in Louisiana running the legislature, should be allowed to prevent the confirmation of a man at this session.

Well, Mr. President, it is just a question as to whose ox is gored in running the Legislature of Louisiana. Of course, if it is being run in opposition to the Long administration or the Allen administration, then it is not being run by the people, in the view of the political opposition, but as we view the matter, when it is being run by us, then it is being run in the interest of the people. That matter has been settled in Louisiana and will be settled in Louisiana. I do not care to wash the political linen of the State of Louisiana in the Senate and I do not believe that my colleague desires to wash the political affairs of the State of Louisiana in the Senate.

He states in this RECORD that he knows the nominee, has known him for a lifetime, and knows him to be a very good man of high standing. Personally, I do not know the man at all, so far as I recollect, but I do know something of his activities.

When I was telephoned a number of days ago before this nomination was sent to the Senate, I was asked then by Mr. Jahncke himself if I had any objection to Mr. Burguieres. I told him that I knew of none whatever; but before I had returned from New York, where I was telephoned to from Washington, there was on my desk a record of the man, and it was such that I could not let his nomination go by without objecting to him, not only in my own right but objecting to him on behalf of the laboring people of that State and of the area which is affected by this appointment.

Mr. President, everybody knows that we have had considerable politics in the Senate. I have never made any objection to any politician. I say that every man in the United States Senate is to some extent a politician; he would not be in the United States Senate if he were not some kind of a politician; and I have always taken the liberal view that all of us have to go back to our home States and take care of our politics; everyone has got to do it if he stays in office. We are not so fortunate as is the Senator from Pennsylvania.

I am here in my own right as a United States Senator; I am here elected by the people of that State; I have not a Vare nor a Mellon in Louisiana to help me come to the United States Senate. I have got to get the votes in my own right. The ipse dixit of a political organization can not make me Senator from the State of Louisiana; they can not meet between suns and send me and between moons send somebody else. We have 400,000 qualified voters in the State of Louisiana, and we have to take care of them. In this particular case I do not want to transgress the rules of the Senate, Mr. President, you will understand; I do not want to say anything that transgresses the rules of the Senate or to reflect upon any Member of the Senate. I would not do it for my right arm. I want to stay within the rules of the Senate. I do not want to offend the Senator from Pennsylvania.

Mr. REED. The Senator could not.

Mr. LONG. That is fine. I do not know whether the Senator means by that that he is immune or whether he "considers the source," but I will take the charitable position and assume that it is the latter.

But, Mr. President, it is very timely that we hear from the Senator from Pennsylvania on this kind of questions. I say to you, Mr. President, that every human being is a product of creation or environment, and we can not get away from it. I wonder how the Senator from Pennsylvania felt when he saw the State of Louisiana, under one of the supposed-to-be Long laws, put a tax upon electrical power in that State and require that it be absorbed and not passed on to the public. That provision went into the law, while at the same time, under the masterful guidance and help of the Senator from Pennsylvania, the United States Senate voted a tax upon power and passed it along to the people. I am wondering if in some subconscious mind, unknown to the Senator from Pennsylvania, there might not have seeped up some kind of an influence which misled him as to the purpose of my absence from the Senate.

That is not all that we had to do. I am wondering whether the Senator from Pennsylvania read in the paper that we placed a corporation franchise tax upon the corporations in the State of Louisiana, which I unsuccessfully undertook to do when I was the governor of that State and came very near being impeached as a result of it, which went over in the State senate by a vote of 30 to 8 this time.

Mr. President, all my life I have read of the big characters and geniuses of this Nation. I have in my early days sat by the spring in the corner of a rail fence and read and admired the talents of the Senator from Pennsylvania long before I ever heard of what the purpose and function of the United States Senate were in a real sensible fashion. As the news spread that we sat here in the United States Senate and voted tax after tax upon the consumers of this Nation—taxes upon automobiles, taxes upon candy, taxes upon everything that can be had, consumed, desired, or otherwise known about—I am wondering whether or not the Senator looked afar off and saw the State of Louisiana putting the taxes where they would be absorbed by the people who are able to absorb them under these distressful conditions; putting the taxes where they belong; putting the taxes upon the interests that have this country tied in a web in one solid Power Trust; and I wonder whether the Senator

might not subconsciously and unconsciously—because it would have to be that way—have allowed himself to criticize an absence entirely justified under these distressful conditions.

The Republicans have had a convention over in Chicago. Several Members of this body went to the convention over in Chicago. Several Members on the other side of the Chamber were active and prominent participants in the convention over in Chicago. I have been asked by my party to come to Chicago.

Mr. COUZENS. Mr. President, will the Senator yield for a question?

Mr. LONG. Yes.

Mr. COUZENS. Before the Senator gets off the question of the confirmation of an immigration official, I should like to ask the Senator if he is opposed to the confirmation of Marcel Garsaud as power commissioner, because we have been waiting practically a month for the Senator to register his views about it.

Mr. LONG. Yes, sir; I should like to discuss that matter a moment, if the Senator will permit me.

I was advised by the Senator from Michigan—I got the telegram, I believe, Thursday—that a hearing would be held on the confirmation of Mr. Marcel Garsaud as a member of the Power Commission to-day. I went to my friends and induced them to hold day and night sessions of the Louisiana Legislature in order that we might dispose of all business, so that I might be in Washington this morning to attend that hearing. Upon my arrival the Senator very kindly and courteously told me that, not having received an answer to his telegram, he had postponed the hearing until to-morrow. I made my arrangements and came here to-day, on the day that I was informed by the Senator from Michigan the hearing would be held, and the legislature wound up by holding sessions all day and almost all night in order that I might get here to-day, because, Mr. President, it was a crime against this country when they put that man, Marcel Garsaud, on the Power Commission. There never was a greater crime committed against the men, women, and children in this country than when they put Marcel Garsaud on the Power Commission. If you do not think that is the view of the people of the State of Louisiana on the subject matter, you will be convinced of that in a way that will be irrefutable within the next few months' time, if you have not already had such evidence.

I knew Marcel Garsaud down there. He was under me as the general manager of the dock board. I had already been elected to the United States Senate when he was appointed by President Hoover to the Power Commission. Why, I would a whole lot rather go to Harvey Couch, whom I know most intimately, to secure a concession or ruling against the power companies than go to Marcel Garsaud to-day. I do not even know Andrew W. Mellon, but I do know Marcel Garsaud; and I would take the chances of the people of the State of Louisiana 40 times to 1 with Andrew W. Mellon before I would take them with Marcel Garsaud. If there ever was a thimble-rigging, thumbscrew appointee of the most nefarious interests in the country, it was that man.

He was put out of his job in Louisiana, kicked out of it, because of the fact that as general manager of the dock board he had kept in existence a thimble-rigging, nefarious system of contracts with a power company, by which he took the publicly owned port of the State of Louisiana, bonded for $41,000,000, and divided it up into units—unit 1, unit 2, unit 3. He had divided the business of that port—which was one port, connected every plank and every nail with another one—up into units, so that the consumption of power down there would be insufficient for them to enjoy a consolidated power rate.

That is the gentleman who has been selected by the President of the United States to sit on the Power Commission of this country. Every job he ever had was as the result of friends of this Power Trust. Nobody that has been picked out of the State of Louisiana by this Republican administration for any job of any kind whatever has been picked except from that nefarious group that has been publicly repudiated and rebuked by the people of the State of Louisiana.

The only certificate of good character with the administration of Herbert Hoover is: You must have been publicly rebuked by the people of the State of Louisiana before you are eligible for appointment under this Republican administration. [Laughter.] That is the sacramental function. You must have been positively obnoxious to the working people of that country before you have even the right to come in at the outer door to receive an appointment at the hands of the Hoover administration.

I can only be in so many places at one time. I am not a very important man in the affairs of this Nation, and I am sure many people will agree that I am not a very important man in the affairs of the State of Louisiana; but I have taken the responsibility of seeing that 650,000 children shall be able to go to school this fall, and had I not undertaken and received the help of my friends to raise an additional sum of several millions of dollars which could not be borne by the poor people of that State, but which had to be borne by the special interests of that State, the schools in the State of Louisiana could not have run this year. The great Louisiana State University, the pride of this country, the old war school established by Gen. William Tecumseh Sherman, could not have continued its work this year except for what we had to do in the Legislature of the State of Louisiana at this time.

Now, it seems to me—and I address this particularly to the Senator from Michigan [Mr. COUZENS], although I must say that the Senator from Michigan, so far as I know, takes very little hand in politics of any kind, and I am one of his true admirers, I believe, if he has one, and I know he has thousands and probably millions—it does seem to me that at this time I should be accorded the right to attend the Democratic National Convention over in Chicago, and to attend to certain functions, without the people who wish to make protests against these appointees being denied their rights to be heard.

I have undertaken to show, and I always have, I think, shown, that spirit here in the Senate. I always have done it, so long as I have been here, and it seems to me that I should be given some little time to come here—and I will come as quickly as anyone else can return—to present the facts and figures to this committee over which the Senator from Michigan presides, and to the Senate, as a result of the appointment of Mr. Burguieres, and as a result of the reappointment of Mr. Garsaud. I believe the Senate will accord me the same rights and consideration that it accords to the distinguished Senators on the other side of this Chamber who have seen fit to go to the national convention, and there are some on this side.

I am not unmindful of the fact that I stand rather peculiarly in the Senate as regards any party backing, but I am going to stand a whole lot stronger as regards party backing a little later on. You need not be worried about that. Chickens are going to come home to roost in this country in several sections before very long. I am not a bit worried about that. [Laughter.]

I appeal to the Members who are here now whether I should not be given the right to present these facts and these matters, which have not been and could not have been thoroughly presented to the Senate and to these committees, and can not be submitted in my absence. How would any other Member of the Senate feel under the circumstances? I went before the committee several weeks before I left the Senate, and I left there with every assurance on earth that there was not any danger of that nomination being reported out by that committee—none at all—and now it is brought up here for confirmation at a time when I can not be here, and at a time, I say, when it is unfair to the laboring people of this country.

I think, Mr. President, if the committee were going to report this nomination out, instead of having given me to understand—or, rather, whether they intended to do so or not, instead of having left it so that I might have believed that what I had presented ample—they should have heard

from the laboring people of that country before sending this nomination here.

So, Mr. President, as to the remarks of the Senator from Pennsylvania, I hope that I am not in any way, in any sense, in his innermost heart, causing him any offense whatever. The Senator has a peculiar position. He has an administration to defend which is obnoxious, probably, in every corner and section of this land. I once, for a few months of my life, was prosecuting attorney by special appointment in a number of cases, and I experienced the difficulty that always they put the prosecuting attorney on trial when there is any other man to be tried. The Senator from Pennsylvania can not try the Republican Party's record in this political campaign, because I do not believe there is anybody who can stand to defend this condition of unemployment. I do not believe anybody can stand the obnoxious tax system that has been imposed upon the people of the United States, by going into every little vicinity and taxing every little product when it was not necessary to support this Government. Instead of having confined ourselves to a tax system which would have put the tax upon the people earning the money, we have gone down and put it on the people in such a way as to burden them if they are such people as consume the utter necessities of life; and so the Senator from Pennsylvania has a position which I am not going to envy in any respect.

I sympathize with the position of the Senator, and I hope and I bespeak for the Senator that he will understand and appreciate the absence of some one on State business as being nearly as important as though he might even have been absent attending to the business of some favored private client of his law practice.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Wisconsin [Mr. BLAINE] is agreed to.

Mr. WAGNER. Mr. President, I offer three amendments, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendments to the amendment will be stated in their order.

The LEGISLATIVE CLERK. On page 101, line 1, after the word "construction," insert a comma and the words "replacement, or improvement."

The amendment to the amendment was agreed to.

The LEGISLATIVE CLERK. On the same page, 101, line 6, after the word "such," the first time it occurs, insert the word "adequate," and on page 100, line 21, change the comma to a semicolon, and strike out all of lines 22, 23, and 24.

The amendment to the amendment was agreed to.

The LEGISLATIVE CLERK. On page 101, line 8, after the period, insert:

Such loans may be made through the purchase of securities, or otherwise, and for such purposes the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided, however,* That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this act, from purchasing securities having a maturity of more than 10 years.

Mr. McNARY. Mr. President, I confess my inability to hear what is being presented or read by the clerk. Is this a committee amendment, may I ask the Senator from New York?

Mr. WAGNER. No; it is an amendment which is very simple. I will explain it.

We provide in the bill that the Reconstruction Finance Corporation, in making loans to municipalities or other public agencies, may purchase bonds as the security for the loans.

Under the pending bill the Reconstruction Finance Corporation may not make a loan for a longer period than 10 years. That provision is subject to the interpretation that the Reconstruction Finance Corporation has no authority to purchase bonds having a maturity of longer than 10 years, and that would limit very much the securities which the corporation could accept as collateral security. This proposed amendment simply empowers it to buy bonds of longer maturity.

Mr. McNARY. Let me understand. To what section is the amendment directed?

Mr. WAGNER. Page 100, beginning line 8. Let the clerk read it.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK. On page 101, line 8, after the period, insert the words, "Such loans may be made through the purchase of securities, or otherwise, and for such purposes the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided, however,* That nothing here contained shall be construed to prohibit the Reconstruction Finance Corporation in carrying out the provisions of this act, from purchasing securities having a maturity of more than 10 years."

Mr. COUZENS. Mr. President, it is my understanding, although I see that the language is not in accordance with my understanding, that the Reconstruction Finance Corporation is to make loans on adequate security, but it appears from the reading of the bill that they are permitted to bid for the purchase of securities in any of these activities which it is authorized to put money into. In other words, the amendment which the Senator offers provides that it may go out and bid in the market for securities.

Mr. WAGNER. Mr. President, that refers particularly to a situation in California, although I am told there are other instances with similar limitation. This is simply to take care of a situation where bonds are issued, the money to be used for the prosecution of public projects, and the law provides that they can not be sold except as a result of bidding. If we desire to advance money for the construction of projects in States where bonds of the State or its agent can not be sold except after public bidding this amendment is necessary. The amendment is simply to take care of such a case.

Mr. COUZENS. Mr. President, I understand that that puts the ownership of the securities permanently in the Reconstruction Finance Corporation. In other words, there is no obligation from the borrower ever to pay off the securities. In other words, the only security the Reconstruction Finance Corporation has is the security which it gets in the market. In the case of all other loans, from banks and from railroads, the obligation of the maker of the loan is secured to the corporation outside of the mere deposit of securities. That is what I want to insist upon.

Mr. WAGNER. The bill provides that the Reconstruction Finance Corporation may enter into a contract with a public agency in which provision is made for the liquidation of the advance or loan, and as security for the loan these bonds are deposited, so that the Reconstruction Finance Corporation has, first, the agreement that the project is to be made self-liquidating and will pay for itself eventually; and, second, as to the bonds which it purchases, the money from which is used to prosecute the projects, the Reconstruction Finance Corporation may dispose of those bonds, if it deems it advisable, by sale before the date of maturity. I do not see the slightest difficulty about it.

Mr. COUZENS. I see a great deal of difficulty.

Mr. WAGNER. Let me say this, in addition: Even at the end of 10 years, if the loan ends, under the Reconstruction Finance Corporation act, all of the securities which are left are turned over to the Secretary of the Treasury for liquidation; so that there is ample security.

Mr. COUZENS. If I understand the amendment correctly, this puts the Reconstruction Finance Corporation into the bond and security business, by authorizing them to go out and bid for any security.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. PITTMAN. In the first place, we must recollect that the loans of municipalities are governed by the definition of a self-liquidating proposition. That is point No. 1. If

it does not come within the definition of a self-liquidating proposition, then there is no loan. If it does come within that definition, then the question is whether or not they shall enter into a contract and put up bonds as security, or whether they shall turn the bonds over. It simply happens that the charters of certain municipalities, or the constitutions of certain States, define how they may borrow money.

Mr. COUZENS. I understand that.

Mr. PITTMAN. That is, through the sale of bonds, on bids.

The relation of the corporation to the municipality would be no different if it took the bonds as security under the contract, or if it bid for them and took them in that way, providing the corporation found two things, that it was a self-liquidating project, and that, being a self-liquidating project, the returns would be sufficient to pay the bonds with interest.

Mr. COUZENS. Pay them when?

Mr. PITTMAN. Pay them when due, with interest.

Mr. COUZENS. When is it proposed they shall be due?

Mr. PITTMAN. I do not see that that is material.

Mr. COUZENS. But I want to point out the language of the amendment. The amendment absolutely puts the Reconstruction Finance Corporation into the business of bidding for loans.

Mr. PITTMAN. Not generally.

Mr. COUZENS. Certainly. The Senator himself just pointed out that these self-liquidating corporations need not be municipal, need not be State, or governmental self-liquidating corporations——

Mr. PITTMAN. Oh, yes; they must be.

Mr. COUZENS. They may be private self-liquidating corporations.

Mr. PITTMAN. Not under that section.

Mr. COUZENS. It provides:

> Such loans may be made through the purchase of securities, or otherwise, and for such purposes the Reconstruction Finance Corporation is authorized to bid for such securities.

Mr. PITTMAN. But it can not be a private corporation, because it defines right above what kind of corporations the loans may be made to.

Mr. COUZENS. But there is no obligation on the corporation which sells these securities other than to make good the final interest or principal payment of the security which the Reconstruction Finance Corporation purchases.

Mr. PITTMAN. That is absolutely true, and the Reconstruction Finance Corporation is bound by the character of project it must be, if they bid for and purchase any bonds which are not of a municipal or quasi-municipal corporation performing a public use, and the fund provided in advance to the self-liquidating character of the project that would assure that the interest on the bonds would be paid.

Mr. KING. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. KING. I want to ask the Senator from Nevada if the Senator from Michigan is not correct in assuming that private corporations are to be the beneficiaries of these loans.

Mr. PITTMAN. No, they are not; under the terms of the measure.

Mr. KING. I invite the Senator's attention to line 25, page 100, carrying over to the next page, 101, "to private corporations to aid in carrying out the construction of bridges, tunnels, docks, viaducts, waterworks," and so forth.

Mr. PITTMAN. Yes; but the Senator should read the rest of it, "and similar projects devoted to public use."

Mr. KING. I understand; but they are private corporations, nevertheless.

Mr. PITTMAN. But devoted to public use.

Mr. WALSH of Montana. Mr. President, I wonder that there should be any confusion about this. If the Senator from Utah will give me his attention, he will observe this language, beginning in line 13:

> That (a) the Reconstruction Finance Corporation is authorized and empowered to make loans (1) to States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public or quasi-public corporations, and public or quasi-public municipal instrumentalities.

The Reconstruction Finance Corporation may bid for the securities of those institutions, because they have no other way of making loans. They are required to make loans in that way by the statutes of the States, and perhaps by the constitutions of the States. That disposes of that.

Going on, we come to the provision for loans "to private corporations to aid in carrying out," and so forth. That is quite a different thing. That is another class of loans altogether.

Mr. ROBINSON of Arkansas. Mr. President, a very broad discretion is given the Reconstruction Finance Corporation, as follows:

> Such loans shall be made under such terms and conditions, with such security, and in such amounts and for such periods (not exceeding 10 years), as the Reconstruction Finance Corporation may prescribe.

Mr. WALSH of Montana. Mr. President, if I might continue, the Senator from Michigan calls our attention to a situation with respect to municipalities which deserves consideration. I do not conceive that these municipalities and States and other entities of that kind will be putting up any collateral. The corporation must, with respect to those, rely upon the taxing power to meet the obligations of the States and political subdivisions. Of course, bonds will be purchased and must be purchased. That is the only way in which they can borrow. Those bonds may be for any length of time. They may be for five years, or they may be for 10 years, or they may be for 25 years or 50 years. Of course, there is no limitation placed upon the purchase of these securities by the Reconstruction Finance Corporation.

If after a time they shall still retain them, as in all probability they will, it is then up to Congress to determine what disposition shall be made of them; whether they shall be held and the interest accumulated until maturity, or whether they shall be put upon the market and disposed of. There is no provision in this bill as to how eventually those securities shall be disposed of by the corporation prior to their maturity.

Mr. COUZENS. That is exactly the point I desire to make. In other words, the municipality does not in any sense obligate itself to pay off the Reconstruction Finance Corporation upon the maturity of the security.

Mr. WALSH of Montana. It can not do so, because the only way it can borrow is by selling its bonds.

Mr. COUZENS. That does not necessarily follow. It is well known that States and municipalities at this very time are borrowing money for six months, or a year, or nine months——

Mr. WALSH of Montana. Anticipating revenue.

Mr. COUZENS. In anticipation of revenue, and they are obligated to pay off the securities, whether they collect their taxes or not. There is a definite due date on which they are obligated to pay off the securities, and that is what I want in this case. I want the municipalities, if they are going to get money from this corporation, to obligate themselves to pay off the corporation at a specific date.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. WAGNER. While the maturity of the bonds may be longer than the 10-year period, it may very well be that the debt will be amortized before that time, because with it will be an agreement to make this particular project self-liquidating, the charging of rents, or tolls, and those particular collections will be dedicated to the liquidation of the debt.

Mr. COUZENS. There is nothing in the measure requiring that, because the Senator says in his amendment that they may bid for them.

Mr. WAGNER. We have to repose some sort of confidence in the body which administers these funds.

Mr. JOHNSON. Mr. President, will the Senator from Michigan yield to me?

Mr. COUZENS. I yield.

Mr. JOHNSON. May I say to the Senator that it is quite true there are certain municipalities, there are certain States, which can borrow on short-term credits; but the majority of our municipalities and the majority of our States can not borrow in that fashion at all. In many States it is constitutional, and in many municipalities it is by virtue of the organic law of the municipalities. The only way they can borrow is by the disposition of bonds regularly issued under a procedure prescribed by the organic law. If it were sought to shut out those States and those cities of that character, it would shut out from the provisions of the bill most of the States of the United States and nearly all municipalities.

New York has a system of financing peculiar unto itself under which it anticipates its revenues and issues short-term credits. We can not do that in the municipalities of the West at all. We can not issue short-term credits. We can not borrow in anticipation of revenues. We can not do it by the State and we can not do it by the county and we can not do it by the municipality.

The very object of the bill is that we shall extend aid to self-liquidating projects that are under the control, the construction, the manipulation, and the like of the cities and States and the public corporations and the quasi-public corporations. When we have their credit as evidenced by the bonds duly issued under amortization limitations, as bonds only can be issued in most of our municipalities and States, we have the highest security that can be accorded to the Reconstruction Finance Corporation and an absolute certainty, in every instance with which I am familiar in the West, of the ultimate payment of the amount thus borrowed.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from New York?

Mr. COUZENS. I yield.

Mr. WAGNER. The Senator referred to the situation in New York. New York does not need the provision because there is sufficient elasticity in its laws that it may fix the date of the maturity of its bonds at 5 years or 10 years or 20 years; but there are communities which are absolutely bound to issue longer-term bonds. However, as the Senator so clearly stated, we would shut out half of the municipalities and States of the Union unless we make this liberalization as proposed by the amendment.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Illinois?

Mr. COUZENS. I yield.

Mr. LEWIS. Of course, the Senator from Michigan will realize that my interest is simply a duplication and repetition of that which I have spoken upon the floor of the Senate in behalf of Chicago, but particularly for the school board of Chicago, which is a municipal corporation in itself, and for the drainage district, which is a corporation in itself.

Mr. COUZENS. Does the Senator consider the schools are self-liquidating?

Mr. LEWIS. I was coming to that. If I may be pardoned in the particular situation, I am responsible for some of the language which has been under criticism. In the city of Chicago the difficulty is not that the bonds are not good and the property wholly reliable, but is in the system of taxation, wherein there is a great deal of confusion as to whether each locality that is now making up the greater Chicago still reserves the right of taxation or whether the body, Chicago, or Cook County as a whole has a right to tax. The legislature has been summoned and has twice, I deplore, failed to reach a conclusion and has taken another recess. When the legislature shall have concluded the system by which the tax can be generally laid or specially laid, there is enough of tax funds to meet every conceivable obligation.

Chicago would then come before the board which these eminent gentlemen have been discussing and place her bonds, either the school-board bonds as such, or the general city bonds, with the contract as to the time they should be paid, that contract to have such length of time stated in it as shall give the legislature the time necessary to pass a final act as to where the tax is to be levied, by whom and when, which is now the confusion. Therefore, without such a situation as the Senator from California [Mr. JOHNSON] has accurately described as applying to his situation and likewise the Senator from New York as applying to ours, there would be no way in the world that we could get any relief. The contract made with the board will recite in it the time of the payment of the loan and reserve the right to appropriate the security for the loan in such a way as to be, under the words of the Senator from Nevada [Mr. PITTMAN] "within its discretion." It seems to me that meets the situation of the Senator from Michigan.

Mr. COUZENS. That is just what I wanted to develop. It seems to me the Senator from Illinois has the impression that the bill provides for loans to municipalities and States secured by their bonds. I find no such provision in the bill and certainly it was not the intention of the committee that loans would be made from this corporation for anything but revenue-producing activities promoted by the States.

Mr. LEWIS. That is what these are.

Mr. COUZENS. Certainly not. The school system is not self-liquidating. I understand the Senator from Illinois believes that under the provisions of the bill and under the provisions of the amendment Chicago can go to the Reconstruction Finance Corporation, ask for a loan of say $25,000,000, and put up its school bonds and other bonds as security.

Mr. LEWIS. I not only recognize it so because ours is not only a municipal organization but a commercial organization with its revenues, and those revenues are applied to the school board, and the school board uses the revenues to pay its debts. It is distinctly a business corporation.

Mr. COUZENS. The Senator construes the bill to provide that a municipality can get money under the provisions of the bill and put up its own securities for the loan.

Mr. LEWIS. It is for the use and maintenance and paying of school-teachers, the maintaining of a branch of the Government or division of the Government so necessary to the existence of the State as the school.

Mr. COUZENS. That is not the intention of the bill. It was not the intention of the Banking and Currency Committee, and there is no provision in the bill which contemplates any such thing.

Mr. LEWIS. It seems to me the Senator is without ground for such a statement.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Nevada?

Mr. COUZENS. I yield.

Mr. PITTMAN. Before the bill was introduced and referred to the Committee on Banking and Currency, it was considered quite carefully by the Senator from New York [Mr. WAGNER] and four other Senators, and it was determined that the language "self-liquidating projects" as applied to municipalities had a meaning. If it did not have a meaning and if it had been only the taxable power to pay the loans which was in contemplation, of course the situation would be entirely different, but we decided the power of taxation was not sufficient to guarantee the loan, and when we used the term "self-liquidating project" we meant something different from a schoolhouse or public building already constructed. We meant exactly what we said, and that is that it shall be a project which does not depend on taxation at all.

For instance, let me refer to the metropolitan water district in southern California. The metropolitan water district of California embraces the city of Los Angeles and a large territory besides, as the Senator probably knows. They are engaged in the municipal distribution of water. They charge certain fixed rates for it. They have estimated the costs of putting an aqueduct into the Boulder Canyon project and operating it for the purpose of supplying southern California with water. The costs were estimated accurately.

The revenues from the sale of water are estimated accurately. Now whether the metropolitan water district can bring that project within this proviso depends on whether or not they can show certain specific revenues that will go toward the payment of the loan, whether it be in the form of a contract loan or in payment of their bonds. That is the distinction we had in mind. I do not know whether the metropolitan water district can do that, but they will have to do it before they can get the loan.

Mr. COUZENS. The Senator from Arkansas [Mr. ROBINSON] and I had a discussion this morning as to the definition of "self-liquidating projects." After the discussion this morning the Senator from Arkansas seemed to think that it needed no further definition than is set forth in the bill. But here now we have the Senator from Illinois [Mr. LEWIS] contending that the school bonds and other bonds of the city of Chicago are self-liquidating because they secure revenue from taxation.

Mr. LEWIS. Oh, no.

Mr. COUZENS. The Senator from Illinois believes that school bonds may be put up as security with the Reconstruction Finance Corporation.

Mr. PITTMAN. That does not come within the definition of the bill at all.

Mr. LEWIS. I beg the Senator's pardon. I called attention specifically that the school board not only has bonds, but has a large real-estate ownership, which property pays rentals. Out of those rentals they liquidate their debts if they do not collect a cent of taxes or collect a dollar of their bonds.

Mr. COUZENS. But that provision does not give employment. The corporation provision here is not for the purpose of paying the debts or relieving the debts of anybody. It is for the purpose of creating work. The mere collection of rents from buildings owned by the school board of Chicago would not in any way provide work as contemplated in the bill.

Mr. LEWIS. It would pay the school-teachers who do the work of educating the youth of the city of Chicago.

Mr. COUZENS. But they are already employed. The Senator from Nevada [Mr. PITTMAN] and the Senator from New York [Mr. WAGNER] both know that such an idea is not contemplated at all in the bill.

Mr. GLENN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the senior Senator from Illinois?

Mr. COUZENS. I yield.

Mr. GLENN. I presume the Senator from Michigan would agree that in case it was to finance new buildings which the school board was to erect, it would perhaps come within the classification of "self-liquidating projects" within the meaning of the section; but to take the position that the section would include buildings already erected it seems to me is erroneous. I say to my distinguished colleague that the chances of the Chicago school-teachers under this provision are remote. It is a specific section, it seems to me, which would apply to municipal water works, for instance, and might apply to the proposed subway system in Chicago or something of that kind.

Mr. COUZENS. It would have to be something to be built in the future. It would not be anything now in existence. In other words, the whole project is for the purpose of providing new employment and not for maintaining employment already in existence, such as that of school-teachers.

Mr. LEWIS. That is why I alluded to our drainage district.

Mr. COUZENS. I understand there are no fees in that case to make it self-liquidating.

Mr. President, I want to point out another thing at this point.

Mr. WALSH of Massachusetts. Mr. President, before the Senator proceeds may we have the amendment reported again?

The PRESIDING OFFICER. The amendment of the Senator from New York will again be reported.

The legislative clerk again reported the amendment of the Senator from New York.

Mr. COUZENS. Mr. President, may I point out to the Senator from Montana [Mr. WALSH] that a while ago he said this only applies to activities above lines 21 and 22 on page 100, but I will say that in reading the amendment I believe it carries to all, including the amendments beginning on page 101. That is the point.

Mr. WAGNER. Mr. President, I will withdraw the amendment temporarily.

The PRESIDING OFFICER. The amendment of the Senator from New York is temporarily withdrawn.

Mr. COUZENS. I understand the Senator withdraws the amendment temporarily?

Mr. WAGNER. Yes; so that it may be corrected and put at the place where it should be incorporated.

Mr. COUZENS. Mr. President, while we are on this subject, I want to invite the attention of the Senate to just where we are going. A short while ago the Senate adopted the amendment proposed by the Senator from Louisiana [Mr. BROUSSARD]. I wish to draw the attention of the Senate to just what that amendment is. On page 101, line 13, before the period, it is proposed to insert a semicolon and the following:

> Except that loans may be made under the provisions of this subdivision to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law heretofore enacted; and the Reconstruction Finance Corporation is further authorized and empowered to purchase bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge irrespective of the dates of maturity of such bonds.

The Senate adopted that amendment. I contend, Mr. President, by the adoption of that amendment anything can be done of this character. There is no provision as to the amount that might be collected by tolls or charges; in fact, 1 per cent might be so collected under the provisions of the amendment and for 99 per cent reliance be placed upon taxes. My conception of this bill is that there is no provision in it—and I am not saying that there should not be one, but I am not discussing that, for the question is not now before us—and no intention that the Federal Government should rely upon taxes for the return of its investment through the Reconstruction Finance Corporation.

Mr. DILL. Mr. President, is not that a whole lot better than the provision to loan to all the public utilities in this country?

Mr. COUZENS. The Senator may be right, but I am not discussing that question. I am discussing the question of whether we are going to rely upon taxes or whether we are going to rely upon revenue. There is already a division of opinion in the Senate as to what is meant by self-liquidating corporations.

Mr. DILL. The provision as to public utilities does not even require taxes to provide for the repayment of the loans.

Mr. COUZENS. I do not want it to require taxes.

Mr. DILL. On page 100, in line 25, loans are allowed to private corporations in carrying out any of the various projects mentioned and including projects "devoted to public use."

Mr. WAGNER. Not including such projects, but only projects devoted to public use.

Mr. DILL. But certainly is not a telephone company devoted to public use? Is not a gas company devoted to public use? Is not a power company devoted to public use? Is there any public utility of this kind that can not get money under this provision? If so, I do not know of any. It is the most amazing proposition I have ever seen.

Mr. COUZENS. I may say to the Senator that these would have to be new undertakings, new projects, and what the Senator says was exactly the intention of the authors of the bill and of the Banking and Currency Committee, which reported the bill.

Mr. DILL. It proposes to allow public utilities to borrow money and spend it as they please so long as it is for public use.

Mr. PITTMAN. So long as the project is self-liquidating.

Mr. WAGNER. But, Mr. President, it must be a company which both as to its financial structure and as to its profits is under the supervision of a public regulating body.

Mr. DILL. The Senator knows that the Power Trust companies of America are under public supervision, but what does that amount to? All the telephone companies are under public supervision, but what does that amount to? The rates are kept up and have gone up all during this period of depression because of the watered stocks they have and because of the system of regulation we have.

Mr. GLENN. Mr. President, will the Senator from New York yield in order that I may ask the Senator from Michigan a question?

Mr. COUZENS. One of the Senators is absent who is interested in this matter, and I should like to suggest the absence of a quorum before we go farther into it.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	King	Sheppard
Bankhead	Dickinson	La Follette	Shipstead
Barbour	Dill	Lewis	Shortridge
Barkley	Fess	Logan	Smoot
Bingham	Fletcher	Long	Steiwer
Blaine	Frazier	McGill	Stephens
Borah	George	McNary	Thomas, Idaho
Bratton	Glenn	Metcalf	Thomas, Okla.
Bulkley	Goldsborough	Morrison	Townsend
Bulow	Hale	Moses	Trammell
Byrnes	Harrison	Neely	Tydings
Capper	Hastings	Norbeck	Vandenberg
Caraway	Hayden	Norris	Wagner
Cohen	Hebert	Oddie	Walcott
Connally	Howell	Patterson	Walsh, Mass.
Coolidge	Hull	Pittman	Walsh, Mont.
Copeland	Johnson	Reed	Watson
Costigan	Jones	Robinson, Ark.	Wheeler
Couzens	Kean	Robinson, Ind.	White
Dale	Kendrick	Schall	

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

Mr. WAGNER. Mr. President, in view of the suggestion of the Senator from Michigan, which is well taken, I have reconstructed the amendment, and I offer it now in changed form.

The PRESIDING OFFICER. The clerk will report the amendment, as modified, to the amendment.

The LEGISLATIVE CLERK. On page 100, line 24, after the word "securities" and before the semicolon, it is proposed to insert:

Provided, however, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this act, from purchasing securities having a maturity of more than 10 years.

Mr. WAGNER. That limits that section to securities issued by public bodies, either municipalities, States, or agencies of States.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York, as modified, to the amendment.

The amendment, as modified, to the amendment was agreed to.

Mr. COUZENS. Mr. President, I desire to enter a motion to reconsider the vote by which that amendment was just adopted, the motion to be taken up at the proper time when we get through with the other provisions of the bill.

Mr. WAGNER. Does the Senator refer to the amendment just adopted?

Mr. COUZENS. To the amendment just adopted.

Mr. WAGNER. Mr. President, I offer another amendment. I think the Senator from Michigan is interested in this amendment, and I want to call his attention to it. It is the so-called housing amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 100, line 24, after the word "securities" and after the semicolon, insert:

(2) To make loans to corporations formed wholly for the purpose of providing housing for families of low income, or for reconstruction of slum areas, which are regulated by State or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operation, to aid in financing projects undertaken by such corporations which are self-liquidating in character.

Mr. COUZENS. Mr. President, the Banking and Currency Committee, after consideration, took out a provision somewhat of that sort. After the committee had done that, the Senator from New York and some of us got together and drafted the proposed amendments, because they are under both State and municipal authority. In other words, every act of theirs has to be approved by a governmental agency; and, in view of that, it seems to me that this is a very desirable amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York to the amendment of the committee.

The amendment to the amendment was agreed to.

AMENDMENT OF REVENUE ACT OF 1932

Mr. SMOOT. Mr. President, will the Senator from New York yield to me?

Mr. WAGNER. Yes; I yield.

Mr. SMOOT. I desire to ask unanimous consent that the bill be temporarily laid aside for the consideration of House Joint Resolution 435.

Mr. THOMAS of Oklahoma. Mr. President, before that is done, I desire to offer an amendment to this bill which will take no time and can be voted either in or out.

Mr. McNARY. Mr. President, I fail to hear what the Senator from Utah is asking.

Mr. SMOOT. Mr. President, House Joint Resolution 435 was sent over to correct provisions in the revenue bill affecting oil and gas. The wording of the act itself is such that there will be very, very little revenue collected. This is a mere correction so as to take care of the situation as it exists to-day.

Mr. DILL. Mr. President, this is going to lead to a fight, because the Senator from Nebraska [Mr. NORRIS] has an amendment regarding the tax on electricity which he proposes to offer to this joint resolution; and that means a considerable fight, I think.

Mr. SMOOT. He can offer it, of course.

Mr. DILL. It will lead to discussion here, and a lot of delay, probably.

Mr. SMOOT. I do not think it will involve any extended delay.

Mr. DILL. I just want the sponsor of the bill to know that.

Mr. WAGNER. If that is so, Mr. President, I do not think I ought to be asked to consent to laying the bill aside.

Mr. WALSH of Montana. Mr. President, I think perhaps the joint resolution ought to be read, so that we will know just what it is.

Mr. SMOOT. Mr. President, I want to say to the Senator that if this joint resolution is not passed to-day it will affect the whole structure of the revenue act as to collecting taxes upon gasoline and oil and we will lose $32,000,000. This will save the money for the Treasury.

Mr. WALSH of Montana. Let us have the joint resolution read.

Mr. McNARY. Is the Senator from Utah asking for immediate consideration?

Mr. SMOOT. Yes.

Mr. McNARY. And in the meantime he is seeking to have the unfinished business temporarily laid aside?

Mr. SMOOT. That is what I asked the Senator from New York to do.

The PRESIDING OFFICER. Is there objection to temporarily laying aside the unfinished business?

Mr. WALSH of Montana. Mr. President, reserving the right to object, I ask that the joint resolution may be read.

The PRESIDING OFFICER. The joint resolution will be read for the information of the Senate.

The joint resolution (H. J. Res. 435) to amend the revenue act of 1932 was read, as follows:

Resolved, etc., That section 617 of the revenue act of 1932 is amended by adding at the end thereof a subsection to read as follows:

"(d) There is hereby imposed on gasoline sold by the person (other than the importer thereof or a producer of gasoline)

having title to such gasoline on June 21, 1932 (if such person had title on that date to 25,000 or more gallons of gasoline), a tax of 1 cent a gallon, except that under regulations prescribed by the commissioner with the approval of the Secretary the tax shall not apply in the case of sales to a producer of gasoline."

SEC. 2. Section 601 of the revenue act of 1932 is amended by adding at the end thereof a subsection to read as follows:

"(d) There is hereby imposed upon lubricating oils sold in the United States by the person (other than the manufacturer or producer thereof) having title to such lubricating oils on June 21, 1932 (if such person had title on that date to 1,000 or more gallons of lubricating oil), a tax at the rate of 4 cents a gallon, to be paid by such person."

SEC. 3. Section 620 of the revenue act of 1932 is amended by inserting after "tube," the following: "Or lubricating oils taxable under section 601 (c) (1)."

Mr. WALSH of Montana. Mr. President, will the Senator from Utah give us a brief explanation of what this joint resolution means, and what the necessity for it is?

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. NORRIS. Has consent been given for the consideration of this joint resolution?

The PRESIDING OFFICER. It has not.

Mr. NORRIS. I do not intend myself to object to taking it up; but I desire to notify the Senator from Utah and the Chair that if it is taken up I want an opportunity to discuss it and to offer an amendment that is now on the clerk's desk. I do not want it to go through as a matter of formality.

Mr. SMOOT. I understood that, Mr. President.

Mr. WALSH of Montana. Mr. President, the Senator from Nebraska has given some consideration to this matter. Can he venture an opinion as to how long the discussion of the joint resolution will take?

Mr. NORRIS. It will take some time. I am not informed as to other Members of the Senate; but there are several, I think, who will want to be heard on it.

I will say to the Senator what the amendment is that I want to offer. In fact, I have two amendments. I do not believe one of them will take any time. There probably will be no objection to its going on, because so far there never has been any objection to it; but the one that will probably evoke some discussion is this:

I have offered an amendment by way of a new section to the joint resolution, the effect of which would be to amend the revenue act by striking out the provision that was put in the bill in conference and inserting in lieu of it the tax on electricity as it passed the Senate; so that will probably lead to some debate.

Mr. SMOOT. Mr. President, I will say to the Senator from Montana, in answer to his question, that the report which has been made on the joint resolution by the Treasury Department shows fully what it is. The report is as follows:

The joint resolution appears necessary to correct a situation that has come to our attention affecting the gasoline tax and the tax on lubricating oils. It appears that during the 15 days between the enactment of the law and its effective date a very large portion of gasoline stocks in the hands of producers will be transferred to selling and distributing companies to avoid the tax. Some of the largest producing companies have affiliated sales companies and can do this through their affiliates in the usual course of business. Other large companies, where the producing company is also the company that sells at retail, will find themselves at a serious disadvantage in competition with the companies having affiliates, unless they organize sales companies, transfer their existing stocks of gasoline, and so avoid the tax in respect to such stocks.

We are informed that the problem relates to some 60,000,000 barrels of gasoline, and that under section 617 of the revenue act, as it stands, the Treasury may lose the tax on as much as 40,000,000 barrels. This would amount to a loss of approximately $17,000,000.

Practically the same situation as outlined above appears to exist in the case of the tax imposed on lubricating oils by section 601 (c) (1) of the revenue act. The revenue looked for from the tax on lubricating oils is also threatened in another way. Upon careful study it appears likely that blenders and compounders of lubricating oils must be held to be manufacturers under the act. We are advised that there are not less than 100,000 blenders and compounders, who would consequently be permitted to buy oils for blending and compounding tax free, and there can be no doubt that there would be a great loss in revenue in being forced to collect a large part of the tax on lubricating oil from any such number of small taxpayers. The administrative difficulty of such collections is obvious. We are advised by representatives of several of the leading oil companies that through transfer of existing stocks of lubricating oil from the producer to selling affiliates, and through the evasion resulting from the ability of blenders and compounders to purchase tax free, the Treasury may lose as much as $15,000,000 of revenue that might otherwise be collected during the coming year.

To remedy the situation that exists, we submit a form of joint resolution herewith. The adoption of the proposed resolution will result in the collection of many millions of dollars which would otherwise be lost to the Treasury. It will also avoid serious discriminations within the industry which will result from the law in its present form.

In stating the Treasury's position regarding the joint resolution, it was made clear in a letter to Congressman RAINEY that the Treasury could make no recommendation which might subject the gasoline tax, the tax on lubricating oil, or any other part of the revenue act to further controversy in Congress. Accordingly we submit the matter for your consideration with the recommendation of the Treasury that it be put through if, in your judgment, this can be accomplished expeditiously.

Very truly yours,

A. A. BALLANTINE,
Acting Secretary of the Treasury.

Mr. WALSH of Montana. Mr. President, in view of the very serious nature of the joint resolution, and the prospect of the introduction of another very controversial question, we could scarcely hope to get through with this matter, it seems to me, in less than a day or two. We are making very excellent progress on the bill that is before us, and I hope we will be able to complete it to-day. In those circumstances I think I shall be obliged to object.

Mr. SMOOT. Mr. President, I beg the Senator not to object. We must get this joint resolution over to the House. It ought to be acted upon and signed to-day by the President.

Mr. WALSH of Montana. The Senator will appreciate, of course, that if we should pass this joint resolution it would be necessary that it go to the House, and quite a protracted time would be necessary in conference.

Mr. SMOOT. There is nothing in the joint resolution now which will require going to conference. Only one amendment is proposed by the Senate committee, and the House may agree to the amendment.

Mr. WALSH of Montana. It may, and it may not.

Mr. SMOOT. If it does, the joint resolution will never go to conference.

Mr. WALSH of Montana. I must object, Mr. President.

Mr. FLETCHER. Mr. President, as I understand, the revenue act goes into effect to-morrow morning.

Mr. SMOOT. To-morrow morning.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). The Senator from Montana objects.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

Mr. DILL. Mr. President, on page 101, line 2, after the word "and," I move to strike out the words "similar projects."

I do that for the reason that I am satisfied that that might readily be interpreted to authorize the loaning of money to any kind of a public utility; and it seems to me that if we are going into the business of loaning money to public utilities generally, we ought to say so in direct and specific language. I do not believe the Senate wants to provide that the Reconstruction Finance Corporation shall be permitted to loan money to any public utility that may desire to construct any kind of project.

Mr. WAGNER. I have no objection to the amendment offered by the Senator from Washington.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington to the amendment of the committee.

Mr. KING. Mr. President, I desire to move to strike out all of line 25, page 100, after the numeral "(2)," down to and including the word "character" on line 3, page 101.

The PRESIDING OFFICER. The Chair will state that a perfecting amendment takes precedence.

Mr. KING. I have no objection to the amendment of the Senator from Washington.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BYRNES. Mr. President, I offer a perfecting amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 101, line 13, after the word "charges," it is proposed to insert a comma and the following:

And by such other means as may be prescribed by the statutes which provide for the project.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina.

Mr. McNARY. Mr. President, I did not catch the location of that proposal.

The PRESIDING OFFICER. The amendment will be restated.

The legislative clerk restated the amendment.

Mr. McNARY. Mr. President, will the Senator from South Carolina explain the amendment briefly?

Mr. BYRNES. Mr. President, the language of the section in line 20, page 100, authorizes "aid in financing projects authorized under State or municipal law." Then on page 101, in line 13, it prescribes how the self-liquidating project shall be liquidated, and it enumerates "tolls, fees, rents," and "charges." That may or may not cover the method prescribed by the statute authorizing the project which is aided. The only purpose of this language is to make certain that if it is a self-liquidating project authorized by a statute it can be liquidated by the means provided by that statute, whether it be fees, rents, tolls, or some other word which may be contained in the statute and not contained on line 13 of page 101. If it were not authorized by the statute, it would not come under the language.

Mr. KING. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. KING. I inquire of the Senator what other source of revenue the organization or corporation contemplated would have except rents, fees, or charges?

Mr. BYRNES. I say to the Senator that the amendment is offered solely because without it there might be some doubt. With our diversity of procedure throughout the country in liquidating projects there may be some project authorized to be paid for under a State statute from fees for a while, or in some other way. If the statute should say "payments," and it should be provided that the projects be liquidated by payments being made at certain periods, this amendment would cover that, whereas if payment were not provided for by statute, the matter might not be covered. I offer the amendment simply to make the matter certain.

Mr. FLETCHER. Mr. President, I do not rise in objection to the amendment. I simply call attention to the fact that we adopted an amendment, following this very word "charges," offered by the Senator from Louisiana. The amendment now offered is to come at the same place.

The PRESIDING OFFICER. The Chair will state that the pending amendment will be inserted between the text as printed in the bill and the amendment already adopted by the Senate submitted by the Senator from Louisiana.

The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. BYRNES].

The amendment was agreed to.

Mr. BANKHEAD. Mr. President, I offer an amendment on page 101. I have submitted it to most of the sponsors of the bill, and there is no objection to it.

The PRESIDING OFFICER. The Senator from Alabama offers an amendment, which the clerk will report.

The LEGISLATIVE CLERK. On page 101, line 3, the Senator from Alabama proposes to strike out the period and to insert a semicolon and the following: "and (3) to private corporations to aid in carrying out the construction of noncompetitive projects which are self-liquidating in character."

Mr. KING. Mr. President, I would like to have an explanation. What does the Senator mean by corporations noncompetitive in character?

Mr. BANKHEAD. Corporations engaged in a noncompetitive field, such as a commercial water supply, to supply industries, and that kind of thing.

Mr. KING. As I understand it, provision is already made, in line 2, for waterworks.

Mr. BANKHEAD. That means waterworks under the control of the public, but this is to cover a case where there is no adequate supply, and there is a project to sell water to industries. It would not be a public waterworks. It might apply also to other matters, for instance, to irrigation projects. As I have said, I submitted the proposition and discussed it with the author of the substitute bill and other Senators, and there is no objection to it.

Mr. KING. Mr. President, it is obvious that the pending bill, if I understand some of the amendments which have been accepted or tendered, including the one just tendered, is to be loaded down with propositions for the funds herein provided to be used by private corporations for a multitude of enterprises. The Senator from Alabama says the amendment just offered has not met with the disapproval of the drafters of the measure, and it indicates the scope of the measure and the interpretation which is being placed upon it.

We are to build tunnels, docks, viaducts, waterworks, and, under the amendment now offered, any project noncompetitive in character. The Senator instances irrigation works, and the construction of waterworks to be used by industrial plants. If that is the interpretation to be placed upon this bill, then industries of various kinds, and in one form or another, will dip their hands into this reconstruction fund and avail themselves of loans from the Federal Treasury.

I think that subdivision 2 ought to be stricken out; and if this is the appropriate time—of course, the Senator has the right to perfect the amendment—I move to strike out subdivision 2, which would include the amendment offered by the Senator from Alabama.

The PRESIDING OFFICER (Mr. FESS in the chair). The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. BANKHEAD].

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kendrick	Sheppard
Bankhead	Dale	King	Shipstead
Barbour	Davis	La Follette	Shortridge
Barkley	Dickinson	Lewis	Smoot
Bingham	Dill	Logan	Steiwer
Blaine	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Idaho
Bratton	Frazier	McNary	Thomas, Okla.
Brookhart	George	Metcalf	Townsend
Broussard	Glenn	Morrison	Trammell
Bulkley	Goldsborough	Moses	Tydings
Bulow	Hale	Neely	Vandenberg
Byrnes	Harrison	Norbeck	Wagner
Capper	Hastings	Norris	Walcott
Caraway	Hayden	Oddie	Walsh, Mass.
Carey	Hebert	Patterson	Walsh, Mont.
Cohen	Howell	Pittman	Watson
Connally	Hull	Reed	Wheeler
Coolidge	Johnson	Robinson, Ark.	White
Copeland	Jones	Robinson, Ind.	
Costigan	Kean	Schall	

The PRESIDING OFFICER. Eighty-two Senators having answered to their names, there is a quorum present.

Mr. KING. Mr. President, I want to inquire whether the amendment offered by the Senator from Alabama has been accepted by the committee and voted into the bill. If so, I want to move to reconsider.

Mr. COUZENS. Mr. President, the amendment has not yet been adopted. I think the Senator from Alabama ought to explain it, because the particular project the Senator has in mind, as I understand it, is a gold placer-mining project in California.

Mr. BANKHEAD. That is included in it; yes; or is possible under it if the Reconstruction Finance Corporation is convinced of the feasibility of it.

Mr. DILL. Mr. President, it seems to me that it ought to name the particular kind of project, and not leave the door open to a thousand different things.

Mr. BANKHEAD. There are very few things that are noncompetitive. An industrial water supply or a private irrigation project is noncompetitive. I assumed this bill was to provide employment under self-liquidating projects.

Mr. DILL. The bill names the particular kinds of projects which can be supplied with funds. Why does not the Senator name the particular kind of project he wants covered?

Mr. BANKHEAD. I could not specify them.

Mr. McNARY. Mr. President, I again appeal to the Chair for order. I would suggest the amendment be again reported.

The PRESIDING OFFICER. The Senate will be in order, and the clerk will report the amendment.

The LEGISLATIVE CLERK. The Senator from Alabama [Mr. BANKHEAD] proposes, on page 100, line 25, to strike out the word "and," and on page 101, line 3, to strike out the period and insert a semicolon and the following: "and (3) to private corporations to aid in carrying out the construction of noncompetitive projects which are self-liquidating in character."

Mr. COUZENS. Mr. President, in view of the fact that this is public business we are doing, I think the Senator ought to give us some concrete examples of the cases intended to be covered by the amendment. The Senator from California, in connection with his amendment, described his proposal for Los Angeles, and I think the Senator from Alabama has some cases he would like to describe to us which would be covered by this amendment.

Mr. BANKHEAD. Mr. President, I explained to the Senator from Michigan what I had in mind, and for that reason he has brought it forward. I explained it to the Senator from California, and to others. I have in mind a noncompetitive project in which a citizen of my State is interested, which will employ, as he states, 3,000 men a day; and it is a question of whether he can convince the Reconstruction Finance Corporation of its feasibility, and whether or not it is a good project under the unemployment program, which I assume this bill contemplates.

I also know that in my own State there is a movement to construct an industrial water supply for the city of Birmingham. Birmingham is some 15 or 20 miles from a river. They always have a water shortage there. The Steel Corporation has had to build its own water facilities because of the insufficiency of the public water supply. There is a movement there for the construction of an industrial water supply, the water to be sold by the promoters of the plan to the industries in that section. I can imagine a number of other noncompetitive bodies where loans are not made to those in competition with each other.

The amendment has been presented in such shape that the matter is left entirely to the judgment and discretion of the Reconstruction Finance Corporation. I can not see any particular objection to going into the subject of making loans for construction work based upon the desirability of giving as much work as possible under the loans that are made. For that reason I have tendered the amendment.

Mr. COUZENS. Mr. President, it was my understanding that the bill did not contemplate taking care of private corporations which were not under some governmental regulation or supervision. The amendment we adopted a few moments ago, whereby we permitted loans to housing corporations, provided that they must be under some municipal or State regulation, but if the amendment proposed by the Senator from Alabama is adopted there is nothing which provides for Government regulation or supervision. Therefore I hope the amendment will not be agreed to.

Mr. KING. Mr. President, I have in mind a suggestion made to me some time ago by letter in which the request was made that if the reconstruction bill or some reconstruction bill were passed funds should be furnished for the purpose of installing power plants, because of the inadequacy of the present power plants to meet the needs of the public. A number of corporations requiring considerable power for mining and other purposes have been unable to obtain the power necessary for the successful operation of their plants. It was suggested that the Government under some reconstruction plan, if private corporations were to have money, should loan money so that a power plant might be installed, a coal mine opened up in order that, by the utilization of coal, electric energy would be developed to be employed in the mining activity referred to. If the amendment of the Senator from Alabama is adopted, it would open the door to all conceivable and inconceivable projects private in character. It seems to me it would be perverting the purpose for which the bill, bad as it is or good as it is, was designed. If the amendment is adopted, or others of like character, with the prejudices which I now have against the bill, I certainly shall vote against it.

Mr. LOGAN. Mr. President, I thought the bill was bad when we started with it, but it will grow worse as Senators offer amendments. I have the utmost respect for the great leaders who have worked out this plan. I think the Democrats are to be congratulated on having during this session of Congress a leader, in the senior Senator from Arkansas [Mr. ROBINSON], who has proven that he is not only a great leader but a great statesman. He has not been swayed by everything that came along trying to divert us from the path in which we should travel.

But I can not believe that a sober, calm judgment will justify the step that we propose to take in the bill. There is one thing that I will say, however. I do not know who may be responsible for the condition in which we find the country. I do not undertake to charge it up to the Republican Party, although I rather think they are responsible. It may be it is providential and that this trouble has been visited upon us because the people did evil in the sight of the Lord when they elected the Republican ticket, and that it is sent as a judgment or punishment.

But there is one thing I do know, and that is that the Democratic Party can not be charged with the present deplorable conditions which prevail in the country. We have not had control of the Government since 1920. At that time, when we turned things over to our Republican friends, people were happy and prosperous and had their money in the banks, the factories were all running, everybody had a job, and the country was what it ought to be, or at least we thought so. Then our Republican friends tried their hands at it with the result that matters did not turn out right. As I said, I do not charge it up to them. I only say that we on this side of the Chamber are not responsible for what we have confronting us at this time.

It has been my opinion, therefore, that the Democrats have no business trying to solve the situation now. I thought it should have been left to the Republicans. I believe now that the President and his leaders should submit to us a plan that they can say will get us out of the difficulties in which they have placed us, and that as Democrats we ought to support their plan. The people elected Mr. Hoover as President and the people elected Republican Members of the Senate and of the House. They were vested with a trusteeship for the people, and they ought to serve in that capacity until the term for which they were elected has expired. They have made some effort to relieve the situation. They enacted the Smoot-Hawley tariff law, which, I think, is an abomination. But I am frank to confess that the Republicans believe in a protective tariff. The distinguished senior Senator from Utah [Mr. SMOOT], who believes in a protective tariff, has been, so I understand, like the melancholy Dane. When he is in quiet places by himself he is heard to murmur, "Why didn't it work? Oh, Lord, why didn't it work?" [Laughter.]

Well, it did not work. I am frank to confess that the Republicans are absolutely sincere in their belief that a protective tariff ought to save the country. Of course, it will not do so. I think the troubles in which we find ourselves now all grow out of the theory of a protective tariff—not the

bill that we recently passed. That was but the culmination, that was but the capstone of the entire structure that we have been building for 100 years. If we had never known of artificial stimulation of the manufacturing business, the people to-day would not be congested in centers in the East and in the North, where they must starve, so it seems. If things had developed naturally, without the artificial help of the tariff, we would have had people scattered all over the country, because manufacturing establishments would have grown up where they were necessary and the farmers of the West would not be complaining that they are broke at this time, because they would not have had to support a number of transcontinental railroads by paying freight so they could get their products to the East, where the people live. But, be that as it may, that plan, which was put into effect with so much hope, has entirely failed. We have no business anywhere now, neither domestic nor foreign.

Then another thing that was tried, which was worked out very thoroughly, I understand, was the plan to relieve the farmer. That was agreed upon by the President and his leaders and was enacted into law without the dotting of an "i" or the crossing of a "t." It was going to make the products of the farm valuable, but the result has been that wheat on the world market in the last few months has been lower than it has ever been since 50 years before Columbus discovered America. [Laughter.] That is absolutely true. Cotton is lower than it has ever been in the history of the Nation. So that plan, which was carefully worked out and put forth with so much confidence by our Republican friends, has entirely failed.

I do not propose to take up the many things which have been proposed, all of which have failed, but I can say, with the firm conviction that I am speaking the truth when I say it, that the trouble has been that the Republicans or the Republican Party as represented by those now in power follow false theories of government. The country being prosperous when it was turned over to them, happy and contented, it follows naturally that if the Government had been run as it should have been run, and correct theories of government had been applied, of course it would have continued to be a happy and prosperous country. Something has gone wrong. Somebody in trying to steer the ship of state did not know how to do it. Somebody, in attempting to pilot us over the road which would lead to prosperity, has failed to work the machine as it should be manipulated with the resulting conditions which now prevail. I do not know who are responsible.

Mr. President, I can tell you what brought the trouble upon us. It is not difficult to find the causes of our present predicament. We went crazy, as it were. Everybody was living in a spirit of enthusiasm. They were out dancing around the maypole and having a hilarious time. They spent all their money. They spent it because the big Republicans told them the conditions that prevailed would continue as long as the Republican Party was in power. They themselves believed it. They are patriotic and desire good government just as much as anybody else. They believed that conditions would prevail, such as did prevail during the prosperous years, just as long as the Republicans were kept in power. They told the people that and the people spent all their money. The first thing the people knew they did not have any money. They were in exactly the same condition then that they have usually been when a panic came along, but they did not know it.

When their money was all gone there was yet something that could be used to keep times good, so the big Republicans said, "Your money is gone, but everything is going to be all right in a few days or a few weeks, so you just buy things on credit." So every man who had a washing machine or a radio or a Frigidaire or anything else of that kind to sell sold it on the instalment plan, and the next thing the people knew their credit was all gone, and they had neither money nor credit. Well, they were ready to stop there and readjust themselves, but the Republican leaders said, "This does not mean anything; we will find exactly what we want now in a few days; it has been hovering just around the corner for a long time." [Laughter.]

In Kentucky we have a very high regard for the senior Senator from Indiana [Mr. WATSON], and he is a mighty good man, and we all like him there, but I recall that when times began to look a little bad, and I did not have any money—and my credit never has been any too good—"My dear," my wife said to me, "I want you to buy a Frigidaire." I said, "I can not; I have not the money." And she read me from a newspaper a statement of the Senator from Indiana [Mr. WATSON] saying that in just a few weeks times were going to be good, and she said to me, "You ought to go ahead and do it." So I bought it, but times did not get any better.

A little later one of my sons very foolishly wanted to buy a Ford. I told him I could not afford it, but he said, "Look, the President says that times are not going to continue as they are very long; that in less than 90 days things will be booming again." So I went to the bank, borrowed the money, and bought the Ford for him.

In a few weeks more my daughter wanted a new radio. I protested, but she produced a statement from Mr. Mellon in which he assured the people that we would be happy again and prosperous and have money in the bank in a few weeks. So I bought that. [Laughter.] That is exactly the history of the entire American people. They were induced not only to spend all their money but to exhaust all their credit upon the assurance that "everything was going to be all right."

The Republicans who gave us that assurance should not be blamed too severely; they actually believe in their party and believe that nothing can go wrong when that party is in power. The distinguished Senator from Iowa [Mr. DICKINSON], when he made his speech at the so-called Republican convention the other day, said that there was not anything wrong with the country; we were still all right; and that there never has been anything wrong with it because nothing could be wrong when the Republicans were in power. [Laughter.] Well, anyway, that is what brought the trouble on us, and now we are trying to get out of it.

I will tell you what I think we are going to do if we start the plan that is proposed in this bill. I am not opposing it; I am just telling you why I am going to vote against it. If we start this plan we are appropriating money which the taxpayers of the Nation must pay sooner or later, because we have voted that we are not going to start the printing presses, and if we are not going to do that, we have nowhere to get the money except from the taxpayers. That is the only place where we can get it. This little dab of money, compared to what we need, $1,500,000,000, would furnish, oh, sufficient money, perhaps, if all the unemployed were put to work to keep them employed for at least two weeks. It might even give them employment for a month, if it were handled very well; but that is about as far as it would go. Then it will be all gone. Winter is coming on after the summer and fall shall pass, and when we meet here again in December there will be the same call for more money to be appropriated out of the Federal Treasury; and the next time I presume we will appropriate $5,000,000,000, and then that will be gone before spring, and we will be called upon to put up still more. How long, Mr. President, can we keep it up? How long can we continue taking money out of the Treasury of the United States in the effort to give men employment?

There is nobody more greatly in sympathy with those who are in distress than am I. As a matter of fact, I am one of them; that is my natural condition, and so I have become accustomed to it. I should like to see something done for them, but this is going to be a deceptive thing, if I am any judge of the facts that I have before me.

Senators talk about loaning money to the cities! Well, nobody has ever been able to do any good for the cities so far, and almost any one of our big cities could take all the money we are proposing to appropriate in this bill, and in six months' time would want that much more. We are proposing to them that they go further in debt. We are asking the cities and the States to borrow money from the General Government. How are they going to pay it back? Most of them are already as deeply in debt as they can get.

If we have to do something, I believe we had better follow the plan that Joseph followed in Egypt. It will be remembered that he went there and interpreted the dream of Pharoah, and he saw the seven fat cattle and the seven lean cattle and the seven poor ears of corn and the seven good ears, and he saw the seven lean years. Then he did that which we can not do. He had the authority from the king, and he immediately levied a tax upon the people, and he put up stores to feed the people. When the seven lean years had come he did not give them a grain of corn; he did not give them a single thing. He said to them, "I have all the corn there is in the world here in the granaries and I have built new ones out in the field and they are all full. Bring your money and I will sell to you." And they brought their money and they bought as long as they had any money. Then he did not propose to give them anything, but he said, "Bring all your livestock and your personal property; you have no money now, and I will swap my corn for your livestock." And he did that until he got all their stock. Then when they came back to him next time he said, "I am not going to give you anything; it will not be good for you; it will ruin you; it will destroy your individuality; it will destroy your ability to stand on your own legs if I give you anything, but I will tell you what I will do, I will take your land and then I will lease it back to you and I will collect an income tax from you the rest of your lives to pay for what I am now selling to you." I do not say that we ought to go that far; we ought to relieve the people if we can; but it would be infinitely better that we do nothing at all than that we establish a precedent here which through the years to come will be around our necks like a millstone.

That, however, is what we are doing when we pass this bill. It looks all right. I know that the people can be convinced that it is a great thing to put out money among them, but it is not so much money, after all, when distributed among 120,000,000 people of the United States. I believe that there ought to be some solution of the problem, but I do not know what it is.

Mr. President, we have had panics just as bad, or almost as bad, at least, as the present one. We had one in 1837. Nobody at that time talked about appropriating money out of the Federal Treasury to feed the people or to give them work. We had another panic in 1858, one of the worst we have ever had, but there was no suggestion that money be appropriated out of the Public Treasury to provide work or to provide food. Then in 1873—and we all know about that—we had another panic. Coming down to 1893, there was another panic, but at that time there was no suggestion that money be appropriated out of the Public Treasury to care for the people. Old Grover Cleveland, although he was repudiated by his party and by nearly everybody in the Nation, I believe, was a rock in a weary land, and he turned his face like flint against any such project. We need another Cleveland or we need another Andrew Jackson in the office of President. I do not know whether we are going to get him or not, but I know that we need him.

The only difference I can see between the panics of the past and the present one is that the people were not so greatly in debt in the previous ones. They are greatly in debt at this time, but we can not pay their debts by making appropriations out of the Public Treasury. We are opening a door that we can never close. We are doing something for which our children and our grandchildren will suffer. We are not dealing with the situation with that courage with which it ought to be met. I believe that we ought to say to the people that we here can do nothing for them so far as providing money or jobs is concerned; that we can only do the best we can to relieve them of burdens that are pressing heavily upon them in the way of taxes and that we can make the Government live as economically as possible. I do not know anything more that we can say to them.

If we allow the cities and the States and others in that class or any other class to look to the Federal Government for money when they need to borrow, we destroy their initiative, we destroy their individuality, and when we destroy the individuality of the citizen we soon destroy the Nation.

I am afraid that I am entirely out of harmony with nearly all of my colleagues, but I can not see as I look into the distant future any good that is to come by what we are proposing to do. I know that we will be greatly criticized if we go home without having done something to relieve unemployment, but we ought not to teach the unemployed or allow them to believe that it is our duty to provide jobs for them. Jobs must come through private industry; jobs must come because business calls for them. I do not know how we are going to relieve them. I know that when we have had such a situation in the past the country has found some way to care for itself. It will do so again; it will certainly do so now if we get it out of the minds of the public that Congress can care for everybody in the Nation; but so long as they entertain that belief they are not going to try to solve their own difficulties.

I regret that I can not think of anything that will do them any good. I know, however, that every time we appropriate money out of the Treasury it has to be paid back by the people. I know that is so. I know that we can not start the printing presses to print money and thus pay the obligations of the Nation. It would be an easy way to settle our entire difficulties if we could do so. I know that we are appropriating an immense sum of money at this session of Congress. It will probably be the greatest sum that has ever been appropriated in peace times. I know the revenues are falling; that we will do well if we collect next year two and one-half billion dollars in revenue, while our appropriations will probably reach six and one-half billion dollars; and on top of that it is proposed that we add this other burden to the people who at some time must pay it.

I can not make up my mind that I would be justified, as much as I would desire to do so, in casting a vote that I believe would be contrary to every sound principle of government. I wish I could agree with those who believe that the plan now proposed will bring relief. I hope it may bring relief, because I think the bill is going to be passed, and I hope that benefits may flow from what we do, but my humble judgment is—and it is my deliberate judgment—that, so far as relief of unemployment is concerned, it will hardly do any good at all, and that after we have passed the bill and after the money has been distributed reports will still continue to come in showing that unemployment is increasing.

It has only been a brief time ago when some of us thought we were going to help the people by placing more money in circulation, and so Congress appropriated something over $2,000,000,000 so that the veterans could borrow on their adjusted-service certificates. They did borrow, as I understand, around $2,000,000,000. Everybody said it would make times good. They said, "It is bound to make times good." But did it? As honestly as I have ever spoken anything in my life, I say that so far as I am concerned—and I tried to observe what was going on—it did not even make a ripple. I saw not the slightest improvement in business conditions by reason of the distribution of that vast sum of money.

If we appropriate this money, the contractors will work a little longer; a few additional men will be given employment, but no great number; and then the bill is unjust because it is discriminatory.

What are you going to do with the ladies—the old ladies and the young ladies who have been working in banks and in stores and in other places—and who are now out of jobs? They can not go out and build roads and build locks and dams and post offices and things of that kind. What are you going to do with the millions of men who have worked in offices and stores and inside jobs—"white-collar" jobs, if you please? They do not know how to do anything else, and they are the most helpless people on earth when they are out of a job. They can not get any benefit at all from this bill.

So there are a few only that may be benefited; but the net result will be that those who have sponsored this legis-

lation will be in the same boat with the splendid statesman from Utah [Mr. SMOOT] when he passed his tariff bill. They will be going about in quiet places and murmuring to themselves "Well, why didn't it work? I wonder why it didn't work." It will not work, because it is unsound. It is not the way to relieve the situation.

Mr. TYDINGS. Mr. President, I am shortly going to offer an amendment to the Reconstruction Finance Corporation unemployment relief bill. I ask unanimous consent that I may have it printed in the RECORD, so that Senators may have a chance to read it if the bill is not acted upon by to-morrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TYDINGS. I also ask that the amendment may lie upon the table.

Mr. TYDINGS's amendment is as follows:

Amendment intended to be proposed by Mr. TYDINGS to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, viz: Strike out all after the enacting clause and insert in lieu thereof the following:

"That there is hereby created a special fund in the Treasury to be known as the emergency construction fund and to be administered by the Secretary of the Treasury as hereinafter provided. For the purpose of providing funds to carry out the provisions of this act the Secretary of the Treasury is authorized and directed to borrow on the credit of the United States a sum not to exceed $1,500,000,000 and to issue bonds therefor to be known as emergency construction bonds in such form as he may prescribe. Such bonds shall be in denominations of not less than $50, shall mature in not less than 10 years from the date of their issue, as hereinafter provided, and shall bear interest, payable semiannually, at such rate as may be fixed by the Secretary of the Treasury, but not to exceed 4¼ per cent per annum. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt both as to principal and interest from all taxation (except estate and inheritance taxes and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

"(b) Such bonds shall be offered at not less than par as a popular loan under such regulations to be prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commission shall be allowed or paid in connection with the sale or other disposition of any such bonds. All amounts derived from the sale of such bonds shall be paid into the emergency construction fund.

"(c) In issuing the said bonds for said loan the Secretary of the Treasury shall issue certificates, according to what is known as the serial annuity plan, and each series as issued shall be lettered, beginning with the letter "A," and so on down the alphabet until the entire amount of $1,500,000,000 shall have been issued, so that the entire principal shall be redeemable as follows:

"Series A, $150,000,000, 1 year from date of issue; Series B, $150,000,000, 2 years from date of issue; Series C, $150,000,000, 3 years from date of issue; Series D, $150,000,000, 4 years from date of issue; Series E, $150,000,000, 5 years from the date of issue; Series F, $150,000,000, 6 years from date of issue; Series G, $150,000,000, 7 years from date of issue; Series H, $150,000,000, 8 years from date of issue; Series I, $150,000,000, 9 years from date of issue; and Series J, $150,000,000, 10 years from date of issue.

"(d) As soon after the passage of this act as may be practicable the Secretary of the Treasury shall cause said bonds to be prepared and shall advertise them for sale in such manner as he may prescribe: *Provided, however*, That in the event all of said bonds are not sold promptly upon said offering by the Secretary of the Treasury he shall again offer the bonds remaining unsold at the next earliest practicable date and make such adjustment with the purchasers of said bonds as to interest as the difference between the date of said bonds and the time of purchase shall make necessary.

"(e) Said bond issue shall bear a date to be fixed by the Secretary of the Treasury and not longer than 60 days after the passage of this act.

"SEC. 2. (a) Notwithstanding the provisions and limitations of the national prohibition act, as amended and supplemented, it shall hereafter be lawful to manufacture, sell, transport, furnish, and possess without obtaining permits therefor (except such permits as may be required under the internal revenue laws or regulations made pursuant thereto), beer or other similar fermented liquor containing 2.75 per cent or less of alcohol by weight, but no such beer or other liquor may be sold, transported, or furnished except in bottles of pint or half-pint capacity. The provisions and limitations of section 37 of Title II of such act, as amended and supplemented, shall apply to the manufacture of such beer or other similar liquor; except that where there is developed in such manufacture beer or other similar fermented liquor containing more than 2.75 per cent of alcohol by weight, such liquor may be withdrawn from the factory or otherwise disposed of upon the reduction of the alcoholic content thereof to 2.75 per cent by weight, or less.

"(b) There shall be levied, collected, and paid on all beer and other similar fermented liquor containing one-half of 1 per cent by volume, or more, of alcohol, brewed or manufactured and hereafter sold, or removed for consumption or sale, within the United States, by whatever name such liquor may be called, in lieu of all other internal-revenue taxes imposed thereon, a tax at the rate of 24 cents per gallon, to be collected under the provisions of existing law; except that (1) such tax shall be paid by means of stamps to be affixed to each bottle and canceled or destroyed under rules and regulations prescribed by the Secretary of the Treasury; and (2) the provisions of existing law prohibiting the bottling of fermented liquors on brewery premises shall not apply to beer or other similar fermented liquor manufactured under the provisions of this section.

"SEC. 3. All taxes levied in the preceding section shall be paid into the Treasury of the United States, and the first $150,000,000 per annum so received, plus an amount equal to such interest as may be due on the bond issue hereinbefore referred to, shall be kept in a special fund for the purpose of the payment of interest due and of redeeming said bonds in accordance with said serial plan hereinbefore provided, and any amount over and above the amount required for said redemption and interest shall be paid into the Treasury of the United States as miscellaneous receipts.

"SEC. 4. (a) The emergency construction fund shall be used for the purpose of providing for the emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931. The following amounts are hereby appropriated from such fund: To the Treasury Department, $33,949,950; to the Veterans' Administration, $20,232,000; to the Inland Waterways Corporation, $815,000; to the Office of Public Buildings and Public Parks, $1,250,000; to the State Department, $1,453,520; to the Navy Department, $25,109,000; to the municipal government of the District of Columbia, $3,535,400; for the construction of roads, bridges, and tunnels, $1,000,000,000; for rivers and harbors improvements and flood-control projects, $300,000,000; for reforestation, $10,000,000; and for planting of trees along improved highways, $5,000,000. All amounts available for highways, bridges, and tunnels shall be apportioned by the Secretary of Agriculture among the several States in the manner provided by section 21 of the Federal highway act, as amended, and shall be available for expenditure on highway projects approved by the Secretary of Agriculture in the same manner, so far as practicable, as other funds appropriated for carrying out the provisions of such act, except that no part of such amounts apportioned to any State need be matched by the State.

"(b) The amounts so appropriated shall, so far as practicable, be expended on authorized construction projects covered by the report of the Federal Employment Stabilization Board transmitted to the Senate January 25, 1932, pursuant to Senate Resolution No. 127, Seventy-second Congress, first session, agreed to January 7, 1932, and shall be made available at such times and in such amounts as may be necessary to complete such projects at the earliest practicable date. In the event that an appropriation has theretofore been made for any such project the amount thereof shall be covered into the Treasury as miscellaneous receipts. All amounts appropriated for reforestation and for planting trees along improved highways shall be expended under the supervision of the Chief of the Forestry Service.

"SEC. 5. In the employment of labor in connection with any project provided for in this act, preference shall be given to ex-service men with dependents.

"SEC. 6. This act may be cited as the 'emergency construction act of 1932.'

"Amend the title so as to read: 'An act to provide for the emergency construction of certain public works.'"

REPEAL OF EIGHTEENTH AMENDMENT

Mr. BORAH obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Capper	Fletcher	Hull
Bankhead	Caraway	Frazier	Johnson
Barbour	Carey	George	Jones
Barkley	Cohen	Glass	Kean
Bingham	Connally	Glenn	Kendrick
Black	Coolidge	Goldsborough	King
Blaine	Copeland	Gore	La Follette
Borah	Costigan	Hale	Lewis
Bratton	Couzens	Harrison	Logan
Brookhart	Dale	Hastings	Long
Broussard	Davis	Hawes	McGill
Bulkley	Dickinson	Hayden	McKellar
Bulow	Dill	Hebert	McNary
Byrnes	Fess	Howell	Metcalf

Morrison	Reed	Stelwer	Wagner
Moses	Robinson, Ark.	Stephens	Walcott
Neely	Robinson, Ind.	Thomas, Idaho	Walsh, Mass.
Norbeck	Schall	Thomas, Okla.	Walsh, Mont.
Norris	Sheppard	Townsend	Watson
Oddie	Shipstead	Trammell	Wheeler
Patterson	Shortridge	Tydings	White
Pittman	Smoot	Vandenberg	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. BORAH. Mr. President, I desire to submit some observations relative to the plank in the platform adopted at Chicago which deals with the eighteenth amendment. I had intended to refer to some other declarations found in the platform, but upon reflection it seems unnecessary to do so.

It is clear to me that the Republican campaign will not be fought around or upon the singular document which came from that convention. Long before the strenuous October days arrive, the realities of the campaign, the persistent questioning of the voters, the increasing demands of the situation, will cause this platform to be shoved aside as wholly inadequate and wholly unresponsive to the necessities and demands of the people. No one will carry this document before a people weary with nearly three years of economic disaster and still fighting a losing fight against constantly increasing taxes, mounting debts, and falling prices. The platforms upon which the campaign will be fought will not come out of Chicago or out of conventions. They will be written out yonder in the open, with millions of voters looking on and making unmistakable suggestions—written in the light of inexorable realities which of themselves will instruct us in wisdom and inspire us with courage.

Therefore, without questioning anybody's sincerity or challenging anybody's patriotism or stopping to analyze the platform itself, I choose to leave aside a document which, with the exception of one plank, fell dead at the feet of the American people, eliciting scarcely a favorable comment from the party press, and arousing not the slightest concern or attention from the public generally.

The plank to which I propose to address my remarks today particularly is that which deals with the eighteenth amendment.

In discussing this plank, it is important to understand the views of personnel of the convention itself.

It is perfectly clear to anyone who has made an investigation that a great majority of the members of that convention were for repeal of the eighteenth amendment—for naked repeal. Something like 500 voted for repeal, and when we take out the 204 delegates who came from Democratic States—that is, States which will send no electors to the Electoral College for a Republican President, States which will send no Republican Representatives or Senators here to shape legislation or proposed amendments to the Constitution—when we remove those from the list, we have an overwhelming majority for repeal of the eighteenth amendment. Of the Republican States there was a clear majority for repeal without any conditions attached.

In addition to that, there were three hundred and some-odd Federal officials in the convention, and many of those must be counted as having voted as they did, not because of their convictions, but because of what they deemed necessary as a matter of political expediency.

In saying that I do not wish to be understood as being unnecessarily harsh. What I desire to be understood as saying is that there were those who were willing to yield their views as to how the eighteenth amendment should be dealt with in order to formulate a platform which would best serve the party during the coming campaign.

As an illustration of that, the two gentlemen who had most to do with shaping this particular plank in the platform were two members of the Cabinet, both of whom, I have understood, were for repeal. Mr. Brown, the Postmaster General, as I understand, has been an advocate of repeal. Mr. Mills, the Secretary of the Treasury, who perhaps had more to do with it than anyone else, has been for years an advocate of repeal of the eighteenth amendment.

Mr. FESS. Mr. President, will the Senator yield there?

Mr. BORAH. I prefer not to be interrupted unless I have said something which the Senator wishes to correct.

Mr. FESS. I think the Senator does not want to say that Mr. Brown has been for repeal. He has been opposed to it.

Mr. BORAH. Mr. President, I will leave that with the Senator. I had a talk with Mr. Brown a month ago. I do not wish to urge my view, and I withdraw my statement if the Senator says I am mistaken.

Mr. FESS. Does the Senator say that Mr. Brown was in favor of repeal?

Mr. BORAH. Yes. If the Senator says that is not so, I will withdraw Mr. Brown's name.

Mr. FESS. He has stated all along to me that repeal would mean chaos, and that he was against it.

Mr. BORAH. I will show in a few minutes that Mr. Brown was for repeal in the convention, by showing that the platform is a repeal platform. I will permit the matter to stand solely on his attitude toward repeal as it is revealed by the platform. I do not feel that there is any doubt about the position of Mr. Mills. Mr. Mills declared in 1926 that the eighteenth amendment was a thing of scorn and contempt to millions of patriotic Americans, and that its remaining in the Constitution was not a matter about which there could be any compromise.

Mr. Mills, who had most to do with the shaping of this plank in the platform, as I am informed, as well as being a very prominent factor with reference to other matters, has, as I understand, been in favor of repeal of the eighteenth amendment. So I say that when we take those who voted for the repeal of the eighteenth amendment, and subtract, then, those who do not represent Republican States, and take those who supported the plank whom we know to be in favor of repeal, it must be clear to anyone that the convention was overwhelmingly for the repeal of the eighteenth amendment. That is a fact which we must accept as a fact. If the voice heard in that convention was the true Republican voice, if the convention spoke the sentiments of the Republican Party, then the Republican Party is for the repeal of the eighteenth amendment.

The question then arises, if that is true, Why did they not declare for open, naked repeal of the eighteenth amendment? In my opinion it is perfectly clear and perfectly just to say that many of those who voted for the plank as it was adopted, as it finally became a part of the platform, did so to a large extent as a matter of sheer political expediency. It was deemed unwise in this campaign to declare openly for repeal, notwithstanding the fact that many who voted for the plank believed in that proposition. It was not thought that it was wise, as party maneuvering, to declare openly for taking the eighteenth amendment out of the Constitution. The plank was written in this vague, contradictory way not because those who wrote it were incompetent to express themselves, but because they were seeking to please two classes of voters. As a result we have a plank which has been condemned the country over for insincerity, for contradictory and unworkable pledges.

I call attention to that for the reason that no one should misunderstand the situation for a moment; that if the convention expressed the view of the Republican Party, the party is for the repeal of the eighteenth amendment, and just as soon as the campaign is over, the reasons for placing that plank in the platform will have disappeared, and the party, in my judgment, will stand unmistakably for the repeal of the eighteenth amendment.

Mr. President, I contend that this platform has one definite proposition in it, and that is the repeal of the eighteenth amendment. It may be vague, obscure, and contradictory with reference to other matters, but the proposition of the repeal of the eighteenth amendment is unmistakably incorporated in that platform.

First, the eighteenth amendment prohibits the manufacture, sale, and transportation of intoxicating liquors throughout the United States. The proposed substitute would permit the manufacture and sale and transportation of liquor throughout the United States. The heart of the eighteenth amendment is the prohibition of the manufacture and sale

of intoxicating liquor. The heart of the substitute is permitting the manufacture and sale of intoxicating liquor. Therefore I say that if the program were workable and could be carried out as it is incorporated in the plank of the platform, it would nevertheless result in the complete repeal of the eighteenth amendment. Repeal is the basis upon which the whole program in the plank rests.

Secondly, the eighteenth amendment prohibits action upon the part of a State; in other words, the eighteenth amendment declares a national policy, by which all the States are bound. The substitute would permit 48 different systems in the United States, if the States desired it. The eighteenth amendment having taken away from the States the power to declare their own policy, the substitute would restore to the States the power to declare their own policy. So, having permitted the sale and manufacture of intoxicating liquor, and having referred the matter back to the States to deal with it as they see fit, there would be absolutely nothing left of the eighteenth amendment. If you permit the manufacture and sale, which the substitute would permit, if you allow the States to determine each its own policy, as the substitute would, the eighteenth amendment is as effectively repealed as if an amendment to the Constitution were proposed as follows, "the eighteenth amendment is hereby repealed."

Third, the eighteenth amendment establishes a uniform, unified policy with reference to prohibition throughout the United States. The substitute, so called, would permit each State to have its own system, its own plan, and its own policy. I ask, What is there left of the eighteenth amendment after you permit the manufacture and sale of intoxicating liquor throughout the United States, after you permit each State to have its own policy, after you break up the national policy and divide it into as many policies as there are States which may desire to announce policies? I say, interpret it as you may, the very basic principle of the eighteenth amendment would be removed, and removed by the substitute proposed in the platform. I say, therefore, Mr. President, that there can be no doubt that this platform is for the repeal of the eighteenth amendment. It never could have gone through the convention if it had not been.

There are only two planks in this platform which need to be read. The rest of it is a statement of propositions which nobody will dispute, which in all probability the Democrats will incorporate in their own platform at Chicago.

> We, therefore, believe that the people should have an opportunity to pass upon a proposed amendment, the provision of which, while retaining in the Federal Government the power to preserve the gains already made in dealing with the evils inherent in the liquor traffic, shall allow States to deal with the problem as their citizens may determine.

There is nothing left of the eighteenth amendment after that happens. The affirmative principle of it is gone. It is unworkable, except upon the basis of repeal and the doing away with the eighteenth amendment.

> Subject always to the power of the Federal Government to protect those States where prohibition may exist and safeguard our citizens everywhere from the return of the saloon.

Those two propositions I will come to in a few moments.

My first contention, therefore, is that the plank provides for absolute repeal of the eighteenth amendment. If that is not true, if it is contended that technically the eighteenth amendment is not to be repealed, then what is to happen?

Mr. John J. Raskob some time ago proposed what is known as the "Raskob plan." Under that plan the eighteenth amendment was to remain, but each State was to vote itself out from under the eighteenth amendment when it saw fit to do so. The only alternative to the proposition which I have been urging, that this plank provides for the repeal of the eighteenth amendment, would be that technically the eighteenth amendment should remain, and under the Raskob system each State could vote itself out when it saw fit to do so.

I do not think that is the construction which any Republican would contend should be placed upon the platform. I do not think it is the fair construction to be placed upon the platform, but I do contend that it is the only alternative to absolute repeal of the eighteenth amendment.

To my mind, the Raskob plan, or this plan, if it incorporates the Raskob plan, is nothing but legalized secession. It would destroy the uniformity of the Constitution throughout the United States. It would permit us to have a Constitution applying to one part of the country and not applying to another. It is a constitutional monstrosity, and I can not believe that anybody intended that the eighteenth amendment should remain, but that the States should vote themselves out from under the Constitution of the United States whenever they saw fit to do so. But that is the only alternative in my judgment.

Mr. President, now we come to the other proposition, which is very important; that is, the protection of the dry States contemplated, if there are to be dry States. It is my opinion; yes, it is my conviction that the eighteenth amendment would never have been proposed, much less ratified by the States, had it not been for the open, brazen, persistent, corrupt defiance of the laws of the dry States by the liquor interests outside of the dry States. When the eighteenth amendment was adopted, we had 33 States which had prohibition in some form. The people in those States had determined for themselves how they should deal with the matter. They had passed their laws, in many instances by popular vote; they had determined their policies and enacted laws in pursuance of those policies. But were those laws respected? Was the popular will respected? Was the principle of home rule respected? Was State control respected? No.

These States were invaded, the laws evaded and broken up, their officials corrupted by the liquor interests outside of the dry States. The very heart of the fight for prohibition was for the protection of the dry States. For 40 years the fight had gone on for protection of the dry States and 40 years the liquor interests had fought against home rule. The question is, What does the platform assure us in regard to that? The platform provides:

> Subject always to the power of the Federal Government to protect those States where prohibition may exist.

The questions are, What does that mean? How are the States to be protected? I am informed—I may be in error, but it came from a member of the committee—that the view of the committee was that when the eighteenth amendment was out of the way the Webb-Kenyon Act would come back into operation, and that under the Webb-Kenyon Act the States would have sufficient protection to protect them against the invasion of the liquor interests outside of the States. It is subject to that construction. I do not know whether that is the construction which will ultimately be placed upon it or not.

The Webb-Kenyon Act is, in my judgment, very slight protection, indeed, to the dry States. In the first place, the Webb-Kenyon Act was declared unconstitutional by the Attorney General of the United States. It was vetoed by the President of the United States because it was believed to be unconstitutional. Mr. Root declared that it was unconstitutional. Senator George Sutherland, now a member of the Supreme Court of the United States, declared it was unconstitutional. The Supreme Court finally held that it was constitutional, but by a divided court. If we are relegated to protection under the Webb-Kenyon Act, we have an act of Congress subject to repeal at any time, of doubtful constitutionality, and ineffective at its best. The Supreme Court decided, in effect, that while one could not ship liquor into the States under the Webb-Kenyon Act, it could be shipped across a State; and it never gets across. So, as a practical proposition, aside from the doubtful constitutionality of it, it is a slender reed, indeed, and little hope may be entertained if the dry States are to be turned over to the tender mercies of the liquor interests, protected by no other instrumentality than the Webb-Kenyon law.

Of course, Mr. President, the advocates of repeal—and I doubt not that will be the argument in this campaign—contend that carrying out this plank would be restoring local self-government, that we would be turning the question back to the people in the individual States. What I desire to say is that we have never had local self-government, we

have never had home rule, we have never had State control, with reference to the liquor problem, except in name. The most successful and the most persistent foe of these vital principles of government have been those who were engaged in the liquor business. They have at all times trampled upon and disregarded those principles when they came in contact or in conflict with their interests. The very forces, the very influences which are now talking to us about the restoration of local self-government were the influences which were breaking down those principles of government.

Mr. President, when it is said that they will protect the States, they are under obligation to the people of the United States to say how, they are under obligation to be specific, they are under obligation to state definitely in order to enable the American people to know whether we are going to be thrown back on the old system where the other States are powerless to protect themselves against the raids of outside interests in the liquor traffic. There is nothing here but a generality which may be construed into nothing and I venture to say that the American people will not be satisfied until they have something specific as to how the dry States are to be protected. When we get to something specific, it will be found to be the most difficult thing in the world to provide for.

Mr. President, let us consider for a moment the clause with reference to the saloon. What does this plank in the platform say?

> But subject always to the power of the Federal Government to protect those States where prohibition may exist and safeguard our citizens everywhere from the return of the saloon and attendant abuses.

Now, what will be the situation when we start in to protect the people against the saloon? In the first place, we will have restored liquor to the position of a commodity which may be legally sold. The sale of intoxicating liquor is provided for in the substitute. I ask, How are we going to control the method and mode of sale after we once concede that the sale may take place? There is not sufficient power or influence in the Government of the United States to control the method by which men shall dispose of it once we grant them the legal right to dispose of it. We could not put enough men into New York City or Chicago to control the method of drinking it or where they could drink it or how they could drink it after we make it legal that it can be sold. It is all right in theory; it would be utterly impracticable in practice. After months of effort to devise some plan by which to prevent the return of the saloon, my judgment is that once the States are given the right to manufacture and sell, the National Government will be utterly powerless to control the method of sale.

Not only that, Mr. President, we have not only made it legal but we have turned it over to the States. The States may dispose of it in the manner which best suits the citizens of the State. Having permitted liquor to be sold, having established the legal right to sell it, and having turned it over to the States, how can the National Government control the method in which it shall be sold? In the first place, no one could draw an amendment to the Constitution which upon paper would do so. In the second place, if we had it upon paper, we never could execute it. Once we restore liquor to the avenues of legal trade that men may manufacture it, that they may sell it, that they may transport it, then the National Government has surrendered its power to control it. There is only one way to control it after that, and that is by the people of the respective States.

Of course all are opposed to the saloon. This institution, with its record of crime and disorder, has no defender. The enemy of good government and of clean politics, the rendezvous for every crime with which society has to contend, the nursery of those stupid, slimy vices which degrade and destroy the souls of men, it is by common condemnation rejected by both those who stand for and those who stand against the eighteenth amendment. Any plan to be proposed to the American people for the control of the liquor traffic should, in the interest of good government and of good citizenship, close every avenue against its return to American life. It would be a betrayal of the manhood and womanhood of our country to leave a chance, the slightest chance, for its return. But I ask again, Where are the specifications? How are we going to do it? How will we execute the will of the National Government? Once the sale is admitted there is no possible way by which the National Government can control the method, manner, and place of its being sold.

What is a saloon? A saloon, in legal contemplation, is a place where intoxicating liquors are retailed and drunk. The State might say, "This place where we have authorized liquor to be sold and drunk is not a saloon." The National Government would say, "We think it is a saloon." Then the State might modify its position to some extent and the National Government would be powerless. The place where it was retailed and where it was to be drunk would still be a saloon for all practical purposes. If we admit the selling, we must admit that they have a right to have a place where it is to be sold and drunk.

Mr. President, I come to the last paragraph in the platform:

> Such an amendment should be promptly submitted to the States by Congress.

"Such an amendment"—what amendment? An amendment which retains all the virtues of the eighteenth amendment? An amendment which discards all the vices of the eighteenth amendment? An amendment which protects all the benefits of the eighteenth amendment? An amendment which discards all the evils of the eighteenth amendment? Will somebody draw that amendment? Will somebody suggest a rule or a principle by which it can be drawn? Are there 10 men who would agree upon the benefits and the losses under the eighteenth amendment? It is a generality. It may have its place in the campaign, but when you and I, Mr. President, come to formulate that amendment here it will be utterly no guide whatever.

> Submitted promptly to the States by the Congress to be acted upon by State conventions called for the sole purpose in accordance with the provisions of Article V of the Constitution and adequately safeguarded so as to be truly representative.

What is to be safeguarded? These conventions? Can the National Government safeguard these conventions? Has the National Government a word in the world to say about these conventions? We may say that such an amendment shall be ratified by conventions, but after we have said that ratification shall be by legislature or by convention, then the State controls absolutely the set-up and the machinery by which the convention is to be called and the delegates selected. It has been said that this was designed to insure a more equitable distribution of delegates from the rural part of the country and the urban part of the country. I do not know what the purpose was, but I venture to say that it is utterly beyond the power of the National Government to have anything whatever to do with the organization and the machinery of the convention which are to ratify this amendment.

Now, Mr. President, just a word about the proposal that such an amendment should be promptly submitted to the States by Congress. Speaking for myself, Mr. President, whether I shall vote for resubmission at all or not, when I shall vote for it, how I shall vote, or what substitute I shall require, I reserve absolutely for myself. I do not think that any self-respecting Senator would permit a political convention to tell him how he should amend the Constitution of the United States, an instrument under which not partisans are to live but 120,000,000 people, regardless of parties, are to live. How I shall vote and under what circumstances I shall vote belongs exclusively to me under my oath, and I openly and avowedly reject this provision of the platform and say now that I shall not be bound by it for a single moment. I shall treat it as it deserves to be treated, as an offensive effort to bind a Senator wherein he must be bound alone by his own oath, his own judgment, his own conscience.

Mr. President, I think the most striking feature of this plank is the proposition that we can not detect from any reading or any study of it where the Republican Party

stands on this question. We can not detect whether it thinks the eighteenth amendment was wise or unwise. We can not detect whether it thinks the people would be benefited or injured by its repeal. We can not determine any guide whatever from it for the American people in voting in this campaign. It is thrown out, and there is no suggestion as to whether it was wise to have it or unwise to have it, whether it would be wise to keep it or wise to let it go. This proposition, look at it as we may, engages the hearts and minds of 120,000,000 people. If the Republican Party assumes jurisdiction to undertake to speak upon the question, it should have thrown out a guide to the people of the United States as to what they should do in the coming campaign.

Mr. President, it is now proposed that we again legalize the sale of intoxicating liquor. It is proposed that this great evil shall be made a thing of profit, that out of it men shall gather wealth. That means, as it always has meant, that the home, the family, the education of the child, the physical and moral welfare of the community must contend against the combined appetite for drink and the appetite for gain. One shudders to look upon the poverty, the misery, the broken lives, and ruined homes in that unspeakable hell where man is permitted to commercialize for profit the most insatiable habit with which human frailty has to contend.

In the light of this proposal and in contemplation of all that the proposal means, I ask: What is the program for the future? I ask that those who propose such a program be specific, definite, certain. What restraints are to be drawn about those who shall go forth to make profits out of this business? I insist upon details.

Mr. President, there is a piece of political history far back in the annals of this country which seems to me worthy of our attention just now. It will be remembered that the Democratic Party and the Whig Party, after debating slavery from day to day, from year to year, and from decade to decade, came to the conclusion they would settle it all by resolutions in a political convention. In the language of Stephen A. Douglas, they were not to care whether slavery was voted up or voted down. Both parties met in Baltimore and the platforms were practically identical on the slavery question. They both declared that the slavery question had been settled, that there was no longer occasion to agitate it, and that loyal party members should cease to agitate it. They even went so far—and in this respect the Chicago convention seems to follow them again—as to indicate that those who went contrary to the party platform would be disloyal to the party. When Douglas went home from Baltimore he is said to have declared that he never again would make a speech upon the slavery question—and bless his brave soul, he never made any other kind as long as he lived.

Immediately after this position was taken by the two parties, things began to change politically in the United States, a political revolution started on its way. The great leader of the Whig Party, Mr. Webster, broken-hearted and disappointed, went down to Marshfield to die. The Whig Party soon perished out of sheer political cowardice—of moral inanition. The Democratic Party in a few years went into retirement, bankrupt in principles and in leadership, and it remained in retirement for 40 years. Shortly thereafter there came out of the prairies of Illinois onto the political arena a strange figure who declared that it did make a difference whether slavery was voted up or voted down, who declared that there was a moral purpose in the people of the United States, which could not be killed by resolutions in a political convention. In other words, no question was ever settled until it was settled right.

In conclusion, it is my judgment that you can not settle this question by adopting resolutions in a political convention. You can not stop agitation. The people will decide this question regardless of party and party lines. There are a vast number of people in the United States who do care, and care deeply, about this question. It will have to go back to the people and the people will find a way to determine it without the aid or guidance of political platforms.

Mr. HASTINGS obtained the floor.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from Illinois?

Mr. HASTINGS. For what purpose?

Mr. LEWIS. I desire to address the Senate. I do not desire to ask the Senator a question. Did the Senator take the floor for the purpose of addressing the Senate?

Mr. HASTINGS. Mr. President, I desire to make a few observations in reply to the address of the Senator from Idaho [Mr. BORAH]. I have listened with great interest to the observations of the Senator from Idaho upon this one plank in the platform of the Republican Party. I am greatly disappointed that he or anybody else should have any doubt as to what it means. I expected, of course, some person on the Democratic side and some Democrats in the country to state that it was difficult to understand, but I felt sure that at least the Senator from Idaho would know exactly what was meant by it.

Mr. President, all of us are interested in this question and have been so for many years. The eighteenth amendment and the subject of repealing it, I have insisted for several years, ought not to be a partisan political question, but ought to be decided by the people of the country. I have maintained that if the amendment was to be taken out of the Constitution, it ought to be taken out by the same method by which it was put into the Constitution. I still insist, notwithstanding this platform, that it ought not to be a partisan question except upon one condition—I can conceive of it being a partisan question if it be insisted, on the one hand, that there be a straight repeal of the eighteenth amendment, and, on the other hand, that there be a modification of the eighteenth amendment. In other words, a clear repeal of the eighteenth amendment means that the Federal Government gives up all effort to control the subject; a modification such as is proposed in this platform contemplates that the Federal Government shall still have some control of the subject. Those two questions might very well be political questions if one of the great parties should take one side and one the other; but I say that the Republican Party in its platform positively and definitely places itself on the side of being against the repeal and leaves the Federal Government in a position where it will by some method undertake to control the liquor traffic. That is vastly different from a straight repeal of the eighteenth amendment.

I do not think the majority of the convention was in favor of a repeal at all. I think the Senator from Idaho is not correct when he says that Secretary Mills was for repeal. It may be that he will be able to go back and find——

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from Idaho?

Mr. HASTINGS. I yield.

Mr. BORAH. I did not say that Mr. Mills was for repeal in the convention; I said that he was for this other proposition; but that he had, as I understand, been in favor of repeal for six years.

Mr. HASTINGS. And I think it may be said that many people have changed their minds with respect to this subject with every week-end, perhaps. It is a question on which people change their minds very quickly, and what one has said at one time may not be what he thinks a few days later [laughter]; but I insist that by this platform, whether it be perfectly clear or not, the Republican Party endeavored to do one of two things in particular. It endeavored to prevent the subject being remitted to the States without any control left in the hands of the Federal Government. That I submit could be easily done by an amendment which would specifically provide what constitutes a saloon, if you please. The object of the particular plank in the platform was to give to the States absolute control of the subject, except on one condition, namely, that a State should not be authorized to open and conduct a saloon within its borders.

I realize, of course, that the Senator is correct in saying that it would be difficult for the Federal Government to go to the State of New York and to say that no saloon shall be opened in that State; I agree with that contention; but we would not have to go that far. I think it must now be

admitted that it is impossible for the Federal Government to fully carry out the provisions of the existing Federal statute and the eighteenth amendment with respect to the sale of intoxicating liquor in the city of New York or in any other great city. But there is this difference with respect to it: If there be an amendment to the Federal Constitution which permits the State of New York to manufacture and sell intoxicating liquor but provides that it shall not be permitted to sell except in sealed packages, the contents not to be drunk on the premises—which would be my definition of a saloon—then I say if the State of New York should undertake to authorize any person in the city of New York or elsewhere in the State of New York to sell contrary to that amendment to the Constitution, the Federal Government could by injunction prevent the sale by any such method. Of course, I do not mean that it could not be done secretly, but I mean that such an amendment to the Federal Constitution would make impossible the sale legally in the State of New York of any intoxicating liquors by the saloon method.

Now, I say also that if the Republican Party and the Democratic Party combined—and anything definite which may be done has undoubtedly got to be done by a combination of the two—through the Federal Government can so hold onto this subject as to prevent the sale through the saloon method in any State of this Union, I say that that alone warrants us in going to the trouble of amending the Constitution.

I do not want to be understood as saying that I am personally for modifying the eighteenth amendment at all. I propose, as does the Senator from Idaho, to wait my turn, and, when that proposal shall come to the Senate seriously, to consider it and to say what shall be done with it; but I have no objection, and I am perfectly willing that the Republican Party shall stand as being willing to submit—what? Not the repeal of the eighteenth amendment, but to submit a modified amendment which it may be believed by the American people or by three-fourths of the people of the Nation to be an improvement over that which we now have.

What the Republican Party has undertaken to do by this plan—and that is all we are undertaking to do, and it is being done by the Republican Party, as it will be done by the Democratic Party because of public opinion—is to make an effort to improve the present condition. It is a thing I suppose which the parties are obliged to consider, notwithstanding the fact that I think no amendment to the Federal Constitution has ever been proposed by either of the great political parties of this Nation as a partisan question. It has always been done in some other way. As I have said before, this amendment can not be changed; it can not be repealed; it can not be modified without the aid and the assistance of the very people who urged that the eighteenth amendment be adopted and are responsible for putting it into effect; but it seems to me, with conditions as they now are, it will be perfectly possible to convince the people who helped put the eighteenth amendment over that, after all, in view of the conditions, in view of the impossibility of enforcing the present law, it may be possible to frame some other amendment that will give to the States which insist upon selling liquor legally or illegally an opportunity to do as they please, provided they shall not sell through the saloon method, and at the same time improve conditions there and everywhere.

I do not think the conclusion can be drawn from this platform that all the Republican Party expects to do is to maintain on the statute books the Webb-Kenyon Act in order to protect the dry States. It does not say that at all. What it intends to do is to do what it can to protect the dry States. I admit that it will be difficult, of course; it will be difficult if not almost impossible; but it is impossible now, and being impossible now, if we can construct some other plan, if we can adopt some other amendment which will improve conditions, why should we not have an opportunity, and why should the people complain when the Republican Party has answered this great demand that some effort be made to improve the conditions?

That, Mr. President, I think is a sufficient answer to what the distinguished Senator from Idaho has said in the way of criticism of the platform.

Mr. BORAH. Mr. President, will the Senator permit me to ask him a question?

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from Idaho?

Mr. HASTINGS. I yield.

Mr. BORAH. The Senator will agree with me, will he not, when a proposed substitute permits the manufacture, sale, and transportation of liquor throughout the Nation that it is a repeal of the eighteenth amendment?

Mr. HASTINGS. If it did just that and nothing more, that would be true, of course.

Mr. BORAH. Even if we went so far as to preclude the return of the saloon, still if we admitted the manufacture and sale in some way, however it might be sold, that would be a repeal of the eighteenth amendment, because now it can not be sold at all, under the eighteenth amendment.

Mr. HASTINGS. It is not a repeal of the eighteenth amendment if there be left in it any of the things that the eighteenth amendment has in it.

Mr. BORAH. But the platform plank has not left in anything that the eighteenth amendment has in it. All the eighteenth amendment has in it is the prohibition of the manufacture, sale, and transportation of liquor in the United States.

Mr. HASTINGS. That is true.

Mr. BORAH. If by a substitute there is permitted the manufacture, sale, and transportation of liquor in the United States that is a repeal, is it not?

Mr. HASTINGS. I do not propose to do any such thing, and the Republican Party does not make any such proposal. The Republican Party proposes that where a State and where the citizens of a State insist that they want to do so they may manufacture, transport, and sell in that State, provided they do not do it by the saloon method.

Mr. BORAH. Exactly; and that by itself is a repeal of the eighteenth amendment, because now no State can do that thing.

Mr. HASTINGS. To that extent, of course.

Mr. BORAH. The Senator misunderstands my question. I say that the eighteenth amendment prohibits the manufacture and sale without regard to how intoxicating liquor may be sold.

Mr. HASTINGS. That is true.

Mr. BORAH. Then, if it be desired to sell intoxicating liquors, even if it is not permitted to sell them anywhere except in a house, that is a repeal of the eighteenth amendment, is it not?

Mr. HASTINGS. So far as it affects that particular State. [Laughter.]

Mr. BORAH. But when we adopt an amendment to the Constitution of the United States as a substitute for the eighteenth amendment which permits any State to have any system it wants, that is a repeal of the eighteenth amendment, is it not?

Mr. HASTINGS. No. If it were a repeal of the eighteenth amendment I would not go to the trouble to do anything except to say "repeal." If it is necessary for me to do something else other than the short method, that is not repeal. It is very different from repeal, is it not?

Mr. BORAH. No; but the Senator is not doing anything else which is prohibited by the Constitution. The Senator is only proposing to say that liquor shall not be sold in a saloon.

Mr. HASTINGS. That is very different from what the conditions were before the eighteenth amendment was adopted.

Mr. BORAH. Yes, it is different; but if it is permitted to be sold anywhere in any way, in parlors or anywhere else, that is a repeal of the eighteenth amendment.

Mr. HASTINGS. It is a modification. I can not say that it is a repeal, and surely the Senator from Idaho does not insist that it is a repeal.

Mr. BORAH. Oh, yes, I do.

Mr. HASTINGS. It is a modification.

Mr. BORAH. No; it is not a modification. [Laughter.] It is not a modification, if the able Senator will permit me to say so, for the reason that the sole thing in the eighteenth amendment is the prohibition of the manufacture, sale, and transportation. Now, what the Senator proposes to do is to permit all those things to be done, to manufacture liquor, to sell it, and to transport it—it is proposed to permit all those things to be done. True, the Senator says that the sale shall not take place in a saloon, but it may take place in what are called "parlors," such as they have in Canada—and it would be hard for one to know the difference between such a parlor and a saloon. He says that it may not be sold in a saloon, but still it may be sold. That is a repeal of the eighteenth amendment, because the eighteenth amendment says it may never be sold under any circumstances.

Mr. HASTINGS. I do not quite understand the Senator.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from Illinois?

Mr. LEWIS. I thought the Senator had concluded. I desire to address the Senate.

Mr. HASTINGS. I will be through in just a moment.

Mr. COUZENS. Mr. President, may I ask the Senator a question?

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from Michigan?

Mr. HASTINGS. Yes; I will be glad to answer the Senator if I can.

Mr. COUZENS. Does the Senator subscribe to that part of the party platform which refers to party government and in the concluding paragraph says?—

> We earnestly request that Republicans through the Union demand that their representatives in the Congress pledge themselves to these principles, to the end that the insidious influences of party disintegration may not undermine the very foundations of the Republic.

I was rather astonished to see two of my colleagues on the Republican side already breaking that party pledge. [Laughter.]

Mr. HASTINGS. Mr. President, I might say, in answer to the question of the Senator, that I sat in the resolutions committee from 5 o'clock in the afternoon until 7.30 the next morning, and I would not have an opportunity here to answer all the questions that might be asked me as to what occurred during that time. Therefore, I do not think I care to answer the Senator's question.

Mr. COUZENS. Then, the Senator does not care to answer whether he subscribes to that part of the platform?

Mr. HASTINGS. I subscribe to the Republican platform always, regardless of what it says. [Laughter.]

Mr. COUZENS. I am sorry.

Mr. BORAH. Mr. President, may I ask the Senator a question?

Mr. HASTINGS. I yield.

Mr. BORAH. I believe the Senator and I will agree upon one proposition. In the last sentence of the last paragraph of this platform it says, speaking of the conventions—

> And adequately safeguarded so as to be truly representative.

Does the Senator agree with me that the States alone may determine how these conventions may be organized and the delegates selected?

Mr. HASTINGS. I do.

Mr. President, in that connection I will say that I think this method that the people of the country seem to think is so important now, in order that they may ascertain whether or not the States approve of the proposal for an amendment to the Federal Constitution—namely, that it shall be done by conventions—is a perfectly new proposal; and they have an entirely false idea about what is necessary before that method shall bring about the necessary amendment. My own judgment is that in order to set up a convention method there must be legislative action on the part of the States; and I do not see why the persons who propose an amendment to the Federal Constitution should insist that it shall be done in a way that is new to the history of the Nation. We know only one plan; that is, by a joint resolution passed by two-thirds of the Congress and approved by three-fourths of the legislatures of the States; but the popular idea during the last several years is that it shall be done through conventions.

I argued against that. I think that is a wrong way to do it; but the majority of the delegates believed that was the proper way to do it. I think it is wrong because I think the proponents of the amendment will have greater difficulty in getting it done. In the first place, it is necessary for them to go before their legislatures to set up the necessary machinery; and if the legislatures be controlled by persons who do not want the Federal amendment made, it is perfectly possible for them to prevent any machinery at all being set up, and thereby perfectly possible to prevent any conventions being called. It is insisted upon the other side that the Congress may do that, and may set up all this machinery. I do not believe it is possible to do it in that way.

Now, Mr. President, just one other thing.

Mr. MORRISON. Mr. President——

The PRESIDING OFFICER (Mr. CAREY in the chair). Does the Senator from Delaware yield to the Senator from North Carolina?

Mr. HASTINGS. I do.

Mr. MORRISON. Under the platform of the Republican Party adopted at Chicago, the amendment to be submitted could provide for the sale of whisky by private parties, could it not? It would not be confined to sale by the State, but might allow, in the State so desiring, sale by private contract?

Mr. HASTINGS. The platform distinctly provides that it may be done in the way in which the people of that State want it done, except that it shall not be done by the saloon method.

Mr. MORRISON. I ask the Senator if he realizes that that goes far beyond the late candidate for President of the Democratic Party, Governor Smith, as announced by him as his personal platform, and that your party trounced him throughout this country for favoring it. He said that he would never favor the submission of an amendment which would allow the sale of whisky by any private agency.

Mr. HASTINGS. I may say to the Senator, in reply, that when this platform was being framed it was not done with the idea that Governor Smith was to run on that particular platform. [Laughter.]

Mr. MORRISON. I understand that; but you did understand, did you not, that the man who beat Smith four years ago, upon a drier platform of his own than Smith advocated, was going to run on it now; and that he was elected President of the United States largely because the President now, the Republican candidate then, and the Republican Party stirred this country and took from the Democratic Party millions of votes for Mr. Hoover because he opposed even an amendment that allowed the States, as States, to put up dispensaries and sell whisky?

Mr. HASTINGS. I am in favor of pretty nearly any kind of a Republican platform that will make certain that we can carry North Carolina for the Republican ticket. [Laughter.]

Mr. MORRISON. And that is exactly what you did. Now the President who carried it is running upon a worse liquor platform than Al Smith, as they call him, ran upon.

Would the Senator mind my reading into the RECORD—it is very brief—Governor Smith's utterance? It will take but a minute.

Mr. HASTINGS. I think I do not care to have that done. I do not want to mix up my speech with Governor Smith's [laughter], if the Senator will be good enough to let me finish.

The PRESIDENT pro tempore. The Senator from Delaware declines to yield further.

Mr. MORRISON. I did not understand that he declined to yield further, but to yield for that purpose.

Mr. HASTINGS. What else does the Senator want to ask me?

Mr. MORRISON. I just wanted to ask the Senator this question——

Mr. HASTINGS. I hope the Senator is not undertaking to embarrass me in any way.

Mr. MORRISON. To embarrass the Senator? I am quite sure that I could not do that. [Laughter.] I am trying to embarrass his party for having carried my State on a dry platform four years ago, and now repudiating it under the same leadership, and wanting to carry it next time with a wetter platform than Governor Smith's personal platform, upon which he ran for President.

Mr. HASTINGS. Mr. President, if the Senator embarrasses my party, he embarrasses me.

I was about to conclude. I wanted to say something with respect to the complaint that the platform is not specific.

I think it will be conceded that upon this kind of a question—which, after all, must be left to the Congress, and upon which two-thirds of the Congress must agree—it would not be a wise thing for a party platform to undertake to give particular and specific proposals. I think there are great principles involved, and all that could be expected would be that those principles should be established by the party. I repeat that the Republican Party established the principle that it is perfectly willing to submit to the people the question whether or not the eighteenth amendment shall be so modified as to permit the people in particular States to control the liquor traffic, subject, however, to the exception that they shall not do it by the saloon method.

There is a principle involved in that. There may be on the part of the Democrats the proposal of a straight repeal of the eighteenth amendment. If there be, there is a principle established. It will not be necessary to go into specific questions as to how it shall be done or what shall be done. It would be a great mistake to do that. When the Republican Party goes forth showing the principle adopted, it is all that could be expected in a political platform.

Mr. LEWIS. Mr. President, this debate at this particular time touches me in a manner that I confess is rather personal.

I helped prepare—indeed, to write—the platform of the Democracy of the State of Illinois almost three years ago, laying down the theory of returning to the States the right by legislation to direct what shall be any regulations touching food, drink, church, or schools, to the extent that the law should attempt to dominate either of these.

I now remind the Senate that the distinguished Senator from Idaho [Mr. BORAH] in his manner, quite unparalleled in its efficiency and eloquence, all throughout this Nation did much with his great weight and power to make possible the election of the present President of the United States, favoring national prohibition and opposed the Democracy upon the theory that the Democracy represented repeal of the eighteenth amendment, this being designated by the Senator as nullification. The distinguished Senator was able to convince the State of North Carolina, the State of Tennessee, and similar localities of doubtful politics by his dominant eloquence and power that the present gentleman, now President, was for the eighteenth amendment in its complete fulfillment, also that we, who at the time were opposing the application of it in the oppressive method and corrupt manner in which it was being inaugurated and enforced, were nullifiers of the Constitution.

These States in which the Senator held forth in such power elected the President by following the direction of Senator BORAH.

I should like to ask my able friend from Idaho, since he then supported the candidate who is now President Hoover on the theory that he was the supporter of the eighteenth amendment and opposed the Democratic candidate on the ground that he was a nullifier of the Constitution, how stands he now? Since he has discovered that the platform of the Republican Party now works the nullification of the Constitution and disposes of the eighteenth amendment and practically removes the Federal Constitution from the people by surrendering it to the States, I ask my able friend the Senator from Idaho will he now support President Hoover as the advocate of the eighteenth amendment or does he support him as the nullifier of the Constitution?

Mr. BORAH. Is the Senator putting that question to me?

Mr. LEWIS. I should be pleased to have such response as the Senator cares to give me.

Mr. BORAH. I understood that the Senator asked whether I would support the President of the United States on this platform.

Mr. LEWIS. I did.

Mr. BORAH. I will not.

Mr. LEWIS. The answer is specific; but what one would be expected from so eminent a statesman and from the millions of others who will follow him?

Now, Mr. President, the question which breaks upon me is, knowing my eminent friend from Idaho to be very capable in anticipation and in the philosophy of politics in his party, does he expect the President to change, by any expression of his own, what he will propose as the real meaning of this platform in its assault on the Constitution and by this shift allure the Senator from Idaho to his support?

Since my eminent friend from Idaho says he will not support the President on this platform, I ask, then, what position will my eminent friend take to the whole Republican Party and to its issue? For if on this he can not find, according to his conscience, as a supporter of the Constitution, the right within himself for the justification of the support of the President on this provision, are there any other provisions in this platform upon which he can support him as a Republican?

And now, Mr. President, I demand the consideration of the thought before my eminent friend and his colleagues, I submit to the country the theory with a query: If the President of the United States four years ago could submit to the American people a doctrine upon which he could secure his election by the representation of being the supporter of one phase of the Constitution, and now, four years afterward, consent to its being decimated, strangled, defamed, and destroyed, what are the American people to hope for in any promise for the future? What other provision in this platform has any security to the American mind that it likewise will not be surrendered, defaced, and defamed at any time, whenever the political opportunity suggests success, by adopting any method of trick or deception that the eminent Senator from Idaho is compelled both to decry and to condemn here as a Republican who had been so long a supporter of the President?

Mr. President, the trouble with the present day in the United States is that these eminent gentlemen who are called Republican leaders have put upon this Nation the curse of such hypocrisy, and the general pollution by their deceit of their promises from one point to another. Through these devices they allure the American public at one time, and deceive them at another. Behold that in every promise of relief of the miseries and persecutions of our humble people until the American public have gotten to a point now where they feel there is no trust to be placed in public officials anywhere. They have no hope to repose in an administration in Washington. They regard the President as a shifty politician, gliding from place to place to wherever he is ordered by the combination that is his commander. In the language of present-day sports, every run is entered upon to land him upon a base. The President is both the actor and victim of the machinists of malefaction in Republican politics.

Mr. President, this question of prohibition takes on something different from the mere matter of differences between eminent gentlemen of the Republican Party as to the matter of whisky as a mere intoxicating drink. That is but one phase. This I submit, if the great American public can be deceived by the trick of the convention in a platform of such mazes and confusions that eminent scholars of the Constitution, and great leaders of the party, such as the distinguished Senator from Idaho, can not make from it any kind of meaning to submit to the American public,

The phraseology involves such strategy of confusion and such mixture of deception that it is impossible for an American to know whether the issue is a question of the State against the Constitution or the Constitution against the State. Or is it one where the inquiring citizen shall take his consolation in beverage?

Mr. President, the great question of this day is, Will any of the political parties be faithful to the people of the United States in their need—in answer to their call? Will the Congress come to the rescue of their condition of agony and distress? Will we give give them remedy for the wrongs they are enduring? Sirs, they cry out. Will they continue to be baffled and tricked by those who call themselves Republicans on the one hand, constitutionalists on the other? Have we come to the point that we confess that we are willing to be subdued by the forms of deception and the hypocrisy which have been practiced for four years upon this country? For let it not be forgotten, every theory the President of the United States put forth in the beginning as being the principle upon which he stood then has from time to time been abandoned or denounced. Then his eminent leaders on the floor here have found it agreeable to glide from place to place in seeking some refuge or some excuse in the matters of the proposed relief of the great people who are in distress and misery. Sirs, listen to the cry of those who are seeking to be rescued from hunger, who are shuddering upon the public streets in degrading hunger. Their hands are held out for charity, they are held up as mendicants in the richest country in the world, because of the combinations and confusions practiced by the Republican master statesmen indorsed by the White House, all shown in their method by the eminent Senator from Idaho, who has just spoken upon one phase of this great national wrong upon the country and the land of our home. Deception, hypocrisy, and treason to the trust of the people.

Mr. President, whether the Democratic Party shall take one position or another as to the matter of prohibition does not concern me very much at this moment. I may be pardoned for saying that I was the first in the United States to open this fight on the present basis of platform proposal. It was my fight on the principle in the State of Illinois in the spring of 1930. I am complimented by the correspondence of the Hon. Dwight Morrow, of New Jersey, who, as candidate of his party, sent to me for a copy of my platform. He took the platform as written for Illinois, together with an explanation and addresses, as his direct platform for New Jersey for the Republicans, and without the change of even the punctuation. I think I am complimented by the adoption of the doctrine for New Jersey, and in the result of victory there I find vindication.

Now, I wish to say this: I proclaim now that I defy the Republican Party to execute the purpose that is clearly before my eyes. I defy the Democratic Party to try the same trick and be successful. That is, to bring the mere matter of whisky before the American public in the national election and to engage its whole attention. Sirs, the question of what is called prohibition or antiprohibition as now jutted in the Republican platform is for the purpose of disguising the real position they occupy upon the questions of the day on which rest the fate and lives of millions of helpless sufferers and which now hold in the balance the destiny of the Republic.

I want something more than that these great political parties shall open this war in the sham contest. I deny the privilege of the single and sole question of a little more or less to drink. We shall not confuse the citizens with the idea at this time that the great question before the world and America is, Which shall dominate in matters of temperance or public morals, the State or the Nation? Not by my consent will this trick on the part of these Republican masters, or those of the Democracy that my eminent friend from Idaho described—whether led by Chairman Raskob or any other man—succeed without my protest. I will present my position in protest now.

The great question of to-day, sir, is to relieve this land of the miseries under which it endures; it is to give food to the hungry, to give shelter to the homeless, it is to give employment to the unemployed, to give hope to those who are hopeless. To give some future promise to the Republic that will raise it to the respect of its citizens; that will lift it before the world to the place it once occupied in admiration and praise, while we restore it to that respect which it did enjoy before a present administration of trickery and trumpery removed it from its elevation. Behold it now before the world, the sneer and scorn; at home its own people weep over its fate as something helpless in its relief and shameful in its practices.

Therefore, Mr. President, I insist that while it may be true that the platform of the Republicans literally complies with the scriptural malediction, "A covenant with death and a league with hell," we Democrats still have hope that in the other convention that will soon follow there will be expression that will make promise and give assurance to the great mass of our countrymen that they will not be deserted in their condition of helplessness, and they will not be left to wander throughout the United States of America in the tears of their agony, in the pains of their misfortune.

We, the Democracy, propose to America that this essential thrust on the part of our honorable opponents called the prohibition plank for the purpose is inserted to divert the mind of the public from the artfulness of political crime put upon America, in which her money has been stolen from her banks and her depositors and investors through insidious trickery of the financiers; added to this infamy is employment denied to industries by the manipulation of the monopolists of commerce.

The independence of the citizen has been denied him by the powerful persecutors who, with sinister power, have persecuted him to his helplessness. Senators, the time has come when it shall be known now that there are those in both political parties who, while working out this problem upon the basis of a just morality and a rightful consideration of local self-government, will demand that the parties go forward to the country and say fairly and justly what is their intention as to the relief of the misery the country is enduring. They shall state what steps they will take to remove the hardships from America. They must reveal what refuge they will afford for the rescue of the United States from the dishonor under which she now rests. They must answer by what method relief will be assured to those who to-day are cherishing the dream that somewhere amidst America will be found the American heart that can restore them again to their independence as men and their faith in their country.

The hour is ripe now when the citizens of America shall know who are their friends. The hour is ripe when our countrymen will know to whom they can turn for rescue, and the day demands that if the Republic is to be rescued from the contempt of the world and restored to the confidence of its mankind there shall be some truth and honor put forth in the platforms of the Republican Party, of the Democratic Party, and of those who call themselves political parties looking to the restoration of honor to the Government and justice to the citizens. Here in this revelation we will have the fulfillment of the true meaning of the Constitution—equality and justice. Sirs, American manhood calls out that there be truth before mankind written by these masters of a great Republic—in both platforms of the political parties—and these shall be held responsible by those who are the true citizens of the country, guided by their conscience under God.

Mr. HARRISON. Mr. President, as a document of some historic value in the coming campaign and in the future, I ask unanimous consent to have inserted in the RECORD an interview given by Dr. Nicholas Murray Butler on the plank of the Republican Party touching prohibition.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 19, 1932]

DOCTOR BUTLER'S CALL TO REPUDIATE HOOVER'S DRY-WET PLANK

(The following copyrighted interview with Dr. Nicholas Murray Butler, president of Columbia University, by Forrest Davis, appeared yesterday in the World-Telegram.)

Dr. Nicholas Murray Butler, fresh from the defeat by White House patronage of the repeal movement at Chicago, predicted to-day that the Republican Party will "go over the dam" in November unless State conventions in wet, industrialized New England and the Middle Atlantic States repudiate the wet-dry prohibition plank.

Granted such official disavowals—unprecedented in the history of the Grand Old Party—President Hoover may, in the opinion of the sage of Morningside Heights, convinced repealist, liberal, and internationalist, have a sporting chance of reelection. Otherwise not.

Moreover, Doctor Butler intends to lead actively a crusade calculated to bring about repudiation by States.

In one of his rare interviews Doctor Butler to-day recapitulated for the World-Telegram his views on the Chicago convention, the repeal fight, the caliber of presidential candidates, and the autumnal political prospects generally. Temperately, yet in graphic, colloquial idioms, now sitting at his desk and now energetically pacing the floor of the book-lined library in the Columbia University president's mansion at 60 Morningside Drive, Doctor Butler exhaustively analyzed the situation.

He regards the prohibition plank—"every word of which was passed upon by the President"—as a "political blunder of the first magnitude." It committed the Republican Party, as Doctor Butler sees it, to "indirect acceptance and indorsement of nation-wide prohibition under Federal control."

The administration steam roller, piloted by Ogden L. Mills, Secretary of the Treasury, and a host of Federal officeholders, provided the "most shocking" exhibition of patronage control of a convention since 1872, when Ulysses S. Grant won his second nomination, according to the veteran educator.

Doctor Butler sternly condemned the use of the patronage whip to steer the convention, 700 of whose delegates, he contends, were for repeal, into indorsement of a plank which he terms the "worst proposal," with one exception, ever offered to remedy the liquor-reform dilemma.

"I was told," he said, "that 6 Cabinet members were at the convention, that 37 of the 97 delegates from New York and upward of 400 of the convention's membership were officeholders.

"This is repugnant to Republican traditions. In 1904 Roosevelt declared against the election of Federal officeholders as delegates. And in 1924, in February, Mr. Coolidge gave a statement to the press deploring the sending of postmasters and other officeholders to the convention which nominated him. But this year the postmasters actually were whipped up by the Post Office Department, as we saw by that scandalous incident in Missouri."

He referred to a bald appeal uttered in behalf of Mr. Hoover's candidacy by an Assistant Postmaster General at a convention of postmasters in Missouri.

Doctor Butler reviewed the process by means of which the administration leaders switched delegates and delegations from repeal to the Hoover plank. His plank, embodied in the Bingham minority report, would have won had the convention "been let alone."

"We had 610 assured votes on Monday night," he said. "Estimates that we could muster 700 votes were made. In any event, we had a majority. And then the administration leaders, taking orders from Washington, got busy. They knew we had them beaten; that the convention, if uninfluenced by the White House, would go for repeal.

"They made inroads in Pennsylvania and Ohio and some in Massachusetts. They were successful in southern delegations, where the delegates are readily reached by patronage considerations. Mississippi's delegation held out, but elsewhere they changed votes materially. In effect, they said: 'We expect to be in power, dispensing patronage for another four years. What jobs can these repeal fellows hand you?' It worked.

"I saw an interesting analysis in a Cleveland newspaper, which showed that, eliminating the southern delegations, we had a majority. One of the most gratifying incidents was the fact that we had 5 of the 13 votes from Maine, the pioneer prohibition State."

The New York delegation voted on Tuesday night 4 to 1 for repeal. Doctor Butler believes that proportion represents the Republican line-up in this State. However, the delegates voting for the administration plank included Secretary Mills, Secretary of State Henry L. Stimson, Assistant Secretary of the Treasury Seymour Lowman, and other officeholders—some sincerely wet.

Doctor Butler suspects that millions of nominal Republicans are prepared to desert the Hoover ticket on the prohibition issue.

"I have been deluged, at Chicago and since I reached home, with telegrams from all over the country, from men and women alike, the general tenor of which is: 'We're through. No matter what the Democrats can do, it can't possibly be as bad as what the Republicans have done.'"

Declining to specify his own intentions in November, Doctor Butler did not close the door on a personal bolt to the Democratic nominee provided the prohibition plank of that party is honest.

The Democrats, he observed, have a virtual monopoly of presidential timber. It is their duty to submerge "private" feuds and nominate their wisest man.

Alfred E. Smith is "the best public servant this country has produced since Theodore Roosevelt—broad-gauged, honest, and highly capable." Owen D. Young is "a natural-born statesman, with a broad, calm, unprejudiced vision." Newton D. Baker, with a "wide political experience in Ohio and Washington, has a very fine mind and a very great gift of speech and appeal." Gov. Albert C. Ritchie is "a cultivated gentleman and a scholar." Melvin A. Traylor, Chicago banker, "has a fine position in Chicago and his native State, Kentucky, and has an international point of view." Senator CORDELL HULL, of Tennessee, is an able leader whose recent speeches on the tariff recalled the "great debating days in the Senate."

A wealth of material he finds in the Democratic party and a dearth in his own. He and the venerable Elihu Root discussed that point a couple of years ago.

"What has happened to our party?" Mr. Root, in a speculative humor, inquired. "Twenty-five years ago we had all the talent. Now the Democrats have it all."

He did not refer to Gov. Franklin D. Roosevelt, leading Democratic candidate in point of pledged delegates. He refused to discuss the governor when the omission was pointed out.

"Franklin and I are friends; his father and mother and my father and mother were friends. He is the governor of our State and I prefer not to discuss him in this category," said Doctor Butler.

"The great trouble," he said, "is that the Democrats have an almost incredible habit of running their train off the track just as it gets near the station.

"I should hope that, with this crisis in the history of the world, they will realize that this is no time to be playing the ordinary political game and they will give us a man of outstanding character and outstanding intelligence. The American people are entitled to the best they have, and the party leaders ought to sink minor and small considerations to that end."

Doctor Butler dealt severely with the Republican prohibition plank, which he asserted he would not accept "under any circumstances, as it offends all my principles and violates every tradition of the Republican party."

The plank, he said, was "sired by Muddlehead out of Cowardice."

"Instead of having got out of the prohibition muddle we are deeper in than ever. The only redeeming feature is that there is no possible chance of it being adopted by the people."

He took the plank up section by section.

"With the exception of the plank the Secretary of Agriculture took to the Missouri State convention, this is the worst proposal yet made by anybody," he said. "It starts out with a perfectly banal pledge for law enforcement.

"That means, if it means anything, an indorsement of 'lawless law enforcement.' The language is that of the New York Court of Appeals. It means an indorsement of what Holmes called this 'dirty business' in the notorious wire-tapping case.

"Then we are told that inasmuch as the repeal question divides people, it should not be a partisan question. How about slavery, how about the tariff, woman suffrage, the gold standard, and all the other controversial issues which historically we have fought over?

"In section 8, which is the nub, the plank denies the people the one thing they wanted most, a chance to vote on repeal.

"For the first time in history and in violation of every Republican tradition the party is put in the position of accepting Federal prohibition. We didn't do that in 1928. We are assured that there have been 'gains' under prohibition, that the eighteenth amendment is a 'step forward.' And we have indirect acceptance and indorsement of nation-wide prohibition under Federal control.

"But the plank does not stop there. It goes a step further and passes over the concurrent jurisdiction clause which the Supreme Court has largely nullified. It would send the Federal Government into States, whether prohibition or antiprohibition, to protect the citizens, presumably from themselves."

"That," said Doctor Butler with great emphasis, "is a new grant of Federal power in terms so vague and indefinite that they might lead to anything."

He illustrated his point, raising the hypothetical case of a dispute over the definition of the word "saloon."

"What is a saloon? Is it a Raines's law hotel, a pharmacy, a restaurant? Suppose a State says it isn't any of these things. Suppose the Federal Government makes a contrary definition."

"The Government then would say, 'We are going to protect you in Chicago, New Orleans, and Milwaukee against your inability to tell what a saloon is.'"

However, Doctor Butler found another source of consolation in his doubt that anyone could write a constitutional amendment embodying the plank's terms.

"I shall await the phrasing of that amendment with pleasure," he said.

"The trouble with the prohibitionists and those who shy away from repeal is that they are so wrapped up in thoughts about liquor that they can not see that the real question is one of government.

"What they set out to accomplish at Chicago was to prevent a vote by the people on repeal. They accomplished it. The only mention of the word 'repeal' in the plank is in that part where they deny the people the right to vote on it."

Doctor Butler, continuing his candid comments on the proceedings in Chicago, asserted he had been told that the plank was written by Mr. Mills, Ray Benjamin, of San Francisco, known as Mr. Hoover's "Colonel House"; E. A. Van Valkenberg, of Philadelphia, and Charles F. Scott, of Iola, Kans.

"But every word was passed by the White House," he added.

Doctor Butler's only hopeful outlook is that the State conventions in New York, New Jersey, Connecticut, Rhode Island, Massachusetts, Vermont, Maryland, and elsewhere will repudiate the national convention's prohibition utterance this fall. That would be revolutionary, he conceded, but he hopes to see it brought about. He is cutting short his annual visit abroad, on which he sails next Tuesday, in order to return within a month for the fight.

He had hoped, he disclosed, that the Republican and Democratic conventions would adopt similar repeal planks. "In that case," he said, "the repealists would have gone to Congress and asked forthwith for legislation enabling the States to call conventions at which the people might express their will on one issue only—whether to retain or delete the eighteenth amendment from the Constitution.

"We might then have got at this business next year. The Republican action slows us up materially."

He denies that any further sanction, constitutional or statutory, is needed to empower the Federal Government to deal with the liquor problem.

"The eighteenth amendment anesthetized all the Federal and State laws passed theretofore," he said, "but when the anesthesia is withdrawn from the patient he will have 31 States with their own prohibitory laws. We will have the Webb-Kenyon Act, or can have it within 30 minutes, affecting interstate shipments into dry territory; we will have all the decisions of the courts protecting dry areas from liquor invasion. We do not need another amendment to grant powers already in full force and effect."

Doctor Butler views the unwillingness of the White House and congressional leaders to tap legalized wine and beer as a source of revenue with sentiments approaching disgust.

"Here is Congress," he said, "looking all over for money and with the greatest difficulty finding $980,000,000 in excise and nuisance taxes when they could collect, by the lowest estimate, $1,500,000,000 in beverage revenues from the 17 wet States.

"It just beats my understanding; and especially in view of the fact that the national convention, unhampered, was for repeal.

"There would be a tax cheerfully paid."

Doctor Butler sees as an added worry to the Republican campaign managers a disposition on the part of the people this year "to turn out whoever is in."

"Because of that," he said, "a great many gentlemen in the Senate and the House also will be strewing the ground with their remains this fall."

Doctor Butler, who heartily disputes the notion that this country and the world will recover automatically from the depresssion, believes the reason the paramount economic issues were not ventilated at Chicago is that the convention was "nonplussed by the gravity and magnitude of the country's plight."

Secondly, he said, the delegates had "no penetrating analysis of the situation to guide them."

The educator is called abroad each summer by the demands of his duties as head of the Carnegie Peace Foundation. He goes reluctantly this year, regretting the absence of his devoted friends, former Foreign Minister Stresemann and Foreign Minister Briand.

WAR VETERANS' TERM INSURANCE

Mr. GEORGE. Mr. President, out of order I submit a report (No. 845) on the bill (H. R. 8173) to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination, and I ask unanimous consent for the immediate consideration of the bill. I may say for the information of the Senate that the bill, which has passed the House and which has the unanimous approval of the Finance Committee, simply extends the time for the further extension of the 5-year level premium life insurance policies issued by the Government to the veterans, for another like period of five years, upon the payment, of course, of the premium at the attained age and without examination. It also permits a reinstatement of the 5-year term insurance held by a veteran which has lapsed if the lapse occurred within five months of the passage of this bill.

Mr. ROBINSON of Arkansas. Mr. President, I believe the Senator stated that the report is unanimous?

Mr. GEORGE. It is a unanimous report.

Mr. WALSH of Massachusetts. Mr. President, is this the House bill, may I ask the Senator from Georgia?

Mr. GEORGE. Yes; it is.

Mr. WALSH of Massachusetts. There have been several similar bills considered by the Finance Committee, and I hope the bill will be favorably acted upon.

Mr. McKELLAR. Mr. President, may I ask the Senator from Georgia if this is the so-called Cooper bill?

Mr. GEORGE. Yes; it was introduced by Representative COOPER of Tennessee.

Mr. McKELLAR. I have no objection, but am very much in favor of the bill.

Mr. CONNALLY. Mr. President, I understand this measure which the Senator wants to take up relates to World War veterans' insurance?

Mr. GEORGE. Yes.

Mr. CONNALLY. I hope the Senator is able to get the bill favorably considered.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the first paragraph of section 301 of the World War veterans' act, 1924, as amended (U. S. C., Supp. V, title 38, sec. 512), is hereby amended by adding the following proviso at the end thereof: "*Provided further*, That at the expiration of the 5-year period a 5-year level premium term policy may be renewed for a second 5-year period at the premium rate for the attained age without medical examination; and in case the 5-year period of any such policy has expired prior to and within five months of the date of the enactment of this amendatory proviso and the policy has not been continued in another form of Government insurance, such policy may be renewed as of the date of its expiration on the same conditions upon payment of the back premiums within five months after such date of enactment; and the Administrator of Veterans' Affairs shall cause notice to be mailed to the holder of any such policy of the provisions of this amendatory proviso."

Mr. GEORGE. Mr. President, I ask that the report of the committee, which incorporates the House committee report, may be printed in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The report is as follows:

Mr. GEORGE, from the Committee on Finance, submitted the following report (No. 845), to accompany H. R. 8173:

The Committee on Finance, to whom was referred the bill (H. R. 8173) to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination, having considered the same, report thereon with the recommendation that the bill do pass.

Following is a copy of the report to the House of Representatives by the Committee on World War Veterans' Legislation:

[House Report No. 1144, Seventy-second Congress, first session]

AMEND THE WORLD WAR VETERANS' ACT, 1924, AS AMENDED

Mr. COOPER of Tennessee, from the Committee on World War Veterans' Legislation, submitted the following report (to accompany H. R. 8173):

The Committee on World War Veterans' Legislation, to which was referred the bill (H. R. 8173) to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period, without medical examination, having had the same under consideration, report it back to the House and recommend that the bill do pass.

This bill proposes an amendment to the first paragraph of section 301 of the World War veterans' act, as amended, by adding thereto a proviso that at the expiration of the 5-year period for the 5-year convertible term contract of insurance, such policies may be renewed for a second 5-year period at the premium rate for the attained age without medical examination. Provision is also made that in case the 5-year period of any such policy has expired prior to the date of the enactment of this amendment, and the policy has not been continued in another form of Government insurance, such policy may be renewed as of the date of its expiration on the same conditions, upon the payment of back premiums within four months after such date of enactment.

The legal authority for the issuance of the 5-year level premium term policies is found in section 301 of the World War veterans' act, 1924, as amended June 2, 1926, and May 29, 1928 (title 38, U. S. Code Annot., sec. 512).

Under the present law the 5-year term policy must be converted to a higher-premium policy at the expiration of that term. While the veteran who is in good health and can pass a medical examination may obtain a new 5-year term policy under section 310, World War veterans' act, 1924, as amended, the veteran who is disabled faces forfeiture of his policy.

The average age of the veteran in July, 1932, when most of these 5-year term policies must be converted, will be 41 years.

The monthly premium upon the 5-year term policy at that age is $0.87 per $1,000, so that for the average-sized policy of $6,800 the premium is $5.91 a month, or $71 a year. The lowest issued policy to which the 5-year term policy may be converted is the ordinary life policy. For the ordinary life policy at the age of 41 the premium per $1,000 is $2.09, or $14.21 a month on the average policy of $6,800. That means that the ordinary life policy will cost $171 a year, or exactly $100 a year more than the 5-year term policy at the same age. There are approximately 97,000 veterans affected by this bill, and this is an extremely serious matter for them, because so many are unemployed and unable, perhaps, to make their premium payments. They will be unable to carry their insurance unless they can have this extension of five years and thus will be forced to drop their insurance and so deprive their families of the protection, or will be compelled to materially reduce the amount of insurance they are able to purchase at a higher premium rate, which will in turn, greatly diminish the amount of protection which they should give their families.

The information furnished by the Veterans' Administration indicates that the expiration time on these policies is as follows: January 1, 1932, 600; February 1, 1932, 630; March 1, 1932, 1,220; April 1, 1932, 3,200; May 1, 1932, 6,100; June 1, 1932, 19,700; and July 1, 1932, 55,500.

It is understood that no renewal of a 5-year term policy which has expired will be granted where permanent and total disability has intervened between date of expiration and renewal.

In compliance with clause 2a of Rule XIII there is herewith printed the preceding section of the existing law in roman type and the proposed amendatory provisions in italics:

SEC. 301. Except as provided in the second paragraph of this section, not later than July 2, 1927, all term yearly renewable insurance held by persons who were in the military service after April 6, 1917, shall be converted, without medical examination, into such form or forms of insurance as may be prescribed by regulations and as the insured may request. Regulations shall provide for the right to convert into ordinary life, 20 payment life, endowment maturing at age 62, 5-year level premium term, and into other usual forms of insurance, and for reconversion of any such policies to a higher premium rate or, upon proof of good health satisfactory to the director, to a lower premium rate, in accordance with regulations to be issued by the director, and shall prescribe the time and method of payment of the premiums thereon, but payments of premiums in advance shall not be required for periods of more than one month each, and may be deducted from the pay or deposit of the insured or be otherwise made at his election: *Provided*, That no reconversion shall be made to the 5-year level premium form of policy.

All yearly renewable term insurance shall cease on July 2, 1927, except when death or total permanent disability shall have occurred before July 2, 1927: *Provided, however*, That the director may by regulation extend the time for the continuing of yearly renewable term insurance and the conversion thereof in any case where on July 2, 1927, conversion of such yearly renewable term insurance is impracticable or impossible due to the mental condition or disappearance of the insured.

In case where an insured whose yearly renewable term insurance has matured by reason of total permanent disability is found and declared to be no longer permanently and totally disabled, and where the insured is required under regulations to renew payment of premiums on said term insurance, and where this contingency is extended beyond the period during which said yearly renewable term insurance otherwise must be converted, there shall be given such insured an additional period of two years from the date on which he is required to renew payment of premiums in which to reinstate or convert said term insurance as hereinbefore provided: *Provided*, That where the time for conversion has been extended under the second paragraph of this section because of the mental condition or disappearance of the insured, there shall be allowed to the insured an additional period of two years from the date on which he recovers from his mental disability or reappears in which to convert.

The insurance, except as provided herein, shall be payable in 240 equal monthly installments: *Provided*, That when the amount of an individual monthly payment is less than $5, such amount may in the discretion of the director be allowed to accumulate without interest and be disbursed annually. Provisions for maturity at certain ages, for continuous installments during the life of the insured or beneficiaries, or both, for refund of premiums, cash, loan, paid-up and extended values, dividends from gains and savings, and such other provisions for the protection and advantage of and for alternative benefits to the insured and the beneficiaries as may be found to be reasonable and practicable, may be provided for in the contract of insurance, or from time to time by regulations. All calculations shall be based upon the American Experience Table of Mortality and interest at 3½ per cent per annum, except that no deduction shall be made for continuous installments during the life of the insured in case his total and permanent disability continues more than 240 months. Subject to regulations, the insured shall at all times have the right to change the beneficiary or beneficiaries without the consent of such beneficiary or beneficiaries, but only within the classes herein provided.

If no beneficiary be designated by the insured as beneficiary for converted insurance granted under the provisions of Article IV of the war risk insurance act, or Title III of this act, either in his lifetime or by his last will and testament, or if the designated beneficiary does not survive the insured, then there shall be paid to the estate of the insured the present value of the remaining unpaid monthly installments; or if the designated beneficiary survives the insured and dies before receiving all of the installments of converted insurance payable and applicable, then there shall be paid to the estate of such beneficiary the present value of the remaining unpaid monthly installments: *Provided*, That no payments shall be made to any estate which under the laws of the residence of the insured or the beneficiary, as the case may be, would escheat, but same shall escheat to the United States and be credited to the United States Government life-insurance fund.

The bureau may make provision in the contract for converted insurance for optional settlements, to be selected by the insured, whereby such insurance may be made payable either in one sum or in installments for 36 months or more. The bureau may also include in said contract a provision authorizing the beneficiary to elect to receive payment of the insurance in installments for 36 months or more, but only if the insured has not exercised the right of election as hereinbefore provided; and even though the insured may have exercised his right of election the said contract may authorize the beneficiary to elect to receive such insurance in installments spread over a greater period of time than that selected by the insured. This section, as amended, shall be deemed to be in effect as of June 7, 1924: *Provided further, That at the expiration of the 5-year period a 5-year level premium term policy may be renewed for a second 5-year period at the premium rate for the attained age without medical examination; and in case the 5-year period of any such policy has expired prior to the date of the enactment of this amendatory proviso and the policy has not been continued in another form of Government insurance, such policy may be renewed as of the date of its expiration on the same conditions upon payment of the back premiums within four months after such date of enactment; and the Administrator of Veterans' Affairs shall cause notice to be mailed to the holder of any such policy of the provisions of this amendatory proviso.*

FORMER SENATOR FRANCE AND THE REPUBLICAN CONVENTION

Mr. WHEELER. Mr. President, I send to the desk an editorial from the Baltimore Sun entitled "The Double Outrage" and ask that it be inserted in the RECORD. Likewise, I send to the desk, to be inserted in the RECORD after the editorial, the nominating speech for Calvin Coolidge which former Senator France tried to deliver at the Hoover Republican National Convention at Chicago, June 16, 1932, had he not been ejected and arrested when he tried to deliver it. I ask that the editorial and the speech be inserted in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The editorial is as follows:

[From the Baltimore Sun, June 18, 1932]

THE DOUBLE OUTRAGE

Lest we be charged with a natural partisanship in behalf of our Doctor France in the altercation between him and Chairman SNELL at the Republican National Convention, we quote from the New York Times its correspondent's version of the affair:

"Doctor France was visibly declaiming, but there was an uproar on the floor and no one could hear him. It appeared, however, that he told Mr. SNELL that he had come to withdraw his name as a candidate. Mr. SNELL told him that he was not a delegate and had no standing in the convention except as a candidate. When he explained that he wanted to place Mr. Coolidge in nomination and stampede the convention, they called in the police."

As Doctor France explained and could have proved to the chairman, he held the proxy of the national committeeman from Maryland and of a delegate from Oregon and had, therefore, a perfect right to address the convention in behalf of Oregon, which still had the floor. He was far more in order than was Mr. SNELL later in the proceedings when he recognized himself, though out of turn, in order to turn down a nomination for Vice President. Doctor France was treated with rudeness and denied his plain right to speak. It was a steam-roller performance well in the 1912 tradition, and the victim comes out better than his ejectors.

And why was Doctor France subjected to this unnecessary and unjustifiable humiliation? Because he told the chairman of a Republican convention that he intended to nominate Calvin Coolidge. Since when has it become a breach of order and a justification of rough measures to mention in a Republican convention the name of Calvin Coolidge? What ground is there for the belief that it is more absurd to nominate Calvin Coolidge than to nominate Herbert Hoover? Very well; Chairman BERTRAND H. SNELL has his brusque victory. But let the 16th day of June stand blackened forever in Republican hearts as the day upon which it could be written in a great newspaper: "When he explained that he wanted to place Mr. Coolidge in nomination, they called the police."

As for our doctor, it may assuage his indignation to know that the rough constabulary hands laid upon his resisting arms were impious hands which threw down an icon and ended an epoch.

ADDRESS OF FORMER SENATOR FRANCE NOMINATING CALVIN COOLIDGE

Mr. Chairman, delegates, ladies, and gentlemen, I am grateful to the people of the State of Oregon, to the delegates from that State, and to my friend who has offered my name in nomination. I am grateful for their support of those principles of republicanism which we all so truly love. Oregon, one of the three beautiful, dutiful, and loyal queens of the Pacific, from my heart I greet you; I thank you. I love you for your beauty and fidelity.

I ask your indulgence. Pause! Deliberate! Take time! Do not be precipitate! Shall the days of this convention be limited to the conventional number when such vast issues lie within your hands? You sit here, clothed by your sovereign States with authority, trustees of the sacred heritage, arbiters and guardians of future destiny.

I wish that I possessed the power to portray to you the panorama of the profound events which have brought us to this fateful hour. Then I might make you see that these days of your deliberation are pregnant with supreme significance for all future time. Then I would be able to give expression to the immortal truths of the Eternal God of this Republic, those truths so deeply, so sacredly enshrined in every beating heart of this convention. Then I would have power to uplift you above that cynicism and hopelessness born of the feeling that in these vital hours you must be bound by some dead and decayed traditions of conventional political action.

"Beware lest any man spoil you through philosophy and vain deceit, after the traditions of men, after the rudiments of the world," and not after the living truth which is your holy heritage and sacred trust.

BIRTH OF PARTY

Here upon the free soil of Illinois, under the overshadowing power of the spirit with which Jefferson and Washington were imbued, the Republican Party was conceived, formed, and brought forth for the emancipation and elevation of men. Here the inspired Lincoln breathed into that party the living spirit of his own great soul, made it under him the conservator of the Republic, and created it the progressive political instrumentality through which this Republic was to be full high advanced to the forefront of the nations, the first in wealth, power, and spiritual influence, as the exemplar before the world of the transcendent excellency of the institutions of ordered liberty.

THREE CONVENTIONS

Three great political conventions must live forever in American history. The convention of 1776, which adopted the immortal Declaration of Independence. This declaration, repudiating the ancient and oppressive heresy of the divine right of kings, laid the foundations of moral government, dedicated to the proposition that all men are endowed by their Creator with the right of self-sovereignty, life, and liberty; that men must be the sovereigns over, not subjects under, government. This was the convention of the liberators.

At the Constitutional Convention of 1787 Washington, Madison, and the founding fathers reared the fabric of this moral Government, which in its form and substance conforms to the moral government of God. This was the convention of the creators.

In this city on May 16, 1860, there met the third momentous convention of our history. The convention of the conservators of the Republic.

Although the Republican convention of 1860 was that of a party in its pristine youth, yet even then was to be found blindness, cynicism. On the night of May 17, Horace Greeley telegraphed the Tribune:

"That the opposition to Governor Seward can not concentrate on any other candidate and that he will be nominated."

Giddings, of Ohio, offered an amendment to incorporate in the resolutions a phrase from the Declaration of Independence. But the immortal words of liberty were voted down. One said, "I believe in the Ten Commandments, but I do not want them in a political platform." And Giddings, with broken heart, left the convention hall. There were some pussyfoot Republicans even then.

But the hand of God was there. He removed the veil from the eyes of that convention, gave it vision, rebaptized it in "the fountain whose waters spring close to the blood of the Revolution," and reconsecrated it with a sublime courage for the truth.

George William Curtis sprang to his feet, and in a burst of inspired eloquence, renewed the plea of Giddings for the words of the declaration. They were adopted. A long period of compromise, confusion, and chaos had been ended. Lincoln had found the way by the stars of eternal truth and those delegates and the Nation had hearkened to his call to rededication and renewed obedience, and the Republic was saved from dishonor and disruption.

Thus the great crises in our national life have summoned to leadership men with faith in the moral order and power to persuade the people to a return to obedience of its laws; leaders with names recorded in the glorious annals of the Republic, and enshrined within every American heart.

INSTRUMENT OF PRECISION

Since the time when Jefferson wrote, the fathers of the Constitution wrought, and Washington delivered his Message of Farewell, government by experiment, by the method of trial and error, was no longer necessary or to be tolerated. Government by king's opinion and superman's superior wisdom must henceforth give way before government by the precision of law and the revealed reason of the moral order, incorporated in the form and substance of an institution of human government. The instruments of precision, chart, compass, sextant, and stars were discovered. Henceforth depression, peril, disaster, the wreckage of States, must not be charged to fate or accident, but to the disobedience, ignorance, blindness, stupidity, incompetence, or corruption of statesmanship.

Washington, in contemplation of universal law, in his message of farewell, had clearly pointed out the proper application of these moral principles of our Government to our domestic concerns, and formulated a foreign policy which proclaimed the necessity for an "exalted justice and benevolence" in the intercourse of nations. Well aware of the fact that this new form of moral government founded upon justice and reason, would excite the jealousy and animosity of European empires founded upon the law of coercion, Washington warned against the "insidious wiles of foreign influence" and Monroe enunciated the doctrine that the old system of empire could not be permitted to gain a foothold in the Western Hemisphere.

We may not hope to equal these great men in their ability to expound and eloquence to defend these principles, but we may each one of us emulate these men in fidelity of obedience.

To-day we face a crisis as grave as that in which Jefferson wrote, Washington wrought, and Lincoln, with matchless logic and eloquence, persuaded the people to return to the ancient faith.

CONVENTION OF RESTORERS

We are here assembled in what may be the fourth momentous convention of the Republic. As the first convention was that of the liberators, the second that of the creators, the third that of the conservators, so this convention may be remembered, if it shall be the will of God, as the convention of restoration. The convention which ended an era of repudiation. The convention of the restorers of the Republic.

VALIDITY OF PRINCIPLE

We may return to the principles of the fathers and find a solution for every problem. This is no time to discuss issues or to attempt to trace the course of disobedience of principles which has involved the present disaster. This is no time to point out the application of the principles of the Republic to the problems of the present. A great expounder of the American system of government declared: "There is no problem of human government which was not either solved or put in process of solution by the principles enunciated in the Declaration of Independence." It was in this faith that Lincoln cried out at Lewiston.

Any citizen of America who will deeply and reverently study the Declaration of Independence, the original Constitution, the Farewell Message of Washington, Interpretative Words of Lincoln; who will become imbued with their spirit and swear, for life or death, absolute fidelity to their every truth, is fitted to be President of the United States and meet in a masterful manner the responsibilities of that exalted office.

No superman, no superb intellect, no unsupported opinion can find the proper way in this world turmoil, or at any time, without recourse to the faith of the inspired fathers. Listen to the ringing golden words of Lincoln, let his living spirit speak again. He said at Lewiston:

"Now, my countrymen, if you have been taught doctrines conflicting with the great landmarks of the Declaration of Independence, if you have been inclined to believe that all men are not created equal in those inalienable rights enumerated by our chart of liberty, let me entreat you to come back. Return to the fountain whose waters spring close by the blood of the Revolution. Think nothing of me—take no thought for the political fate of any man—but come back to the truths. I charge you to drop every paltry and insignificant thought for any man's success. It is nothing. I am nothing. Judge Douglas is nothing. But do not destroy that immortal emblem of humanity—the Declaration of American Independence."

CONFESSION

How shall we meet the difficult campaign before us? Shall we point with pride to our fidelity to the principles of the Republic and declare that we did the best we could under the circumstances and that conditions might have been worse under other leadership, but that we had discovered that the principles of the declaration of the fathers of the Constitution, of the Farewell Message of Washington, of the truths reaffirmed by Lincoln were not adequate to meet the situation? The people of America, if you so declare, will ridicule and repudiate you. Or, shall we confess our failure to defend the faith, and then reaffirm, reaccept, readopt, and promise to reapply the infallible truths, and promise a restoration of the Republic, a reconciliation, a rehabilitation of a discordant, divided, and bankrupt world?

DESTROYERS OF THE REPUBLIC!

I must speak a word to the delegates from certain States. Delegates from New Jersey, delegates from Pennsylvania, delegates from West Virginia, delegates from Illinois, delegates from Nebraska, delegates from North Dakota, delegates from Oregon; will you join the destroyers or will you be defenders and restorers of the Republic? To-day we have, because of cowardice, incompetence, corruption, and disobedience of principles, two governments upon American soil. The visible, imperishable, righteous Republic of the United States and the repudiators, the grafters, crooks, kidnapers, and stick-up men who make up the powerful invisible republic of racketeers and crime. The republic of the racketeers is in revolt against the republic of righteousness.

It has always been so. Reaction breeds revolution; autocracy hatches anarchy.

The issue before this convention is lawlessness; disobedience by high officials in foreign and domestic policy of the principles of righteous American action; disobedience of spiritual Americanism by the abuse of Federal patronage; disobedience of the laws of efficiency, economy, and decency by bureaucratic graft, waste, and incompetence; disobedience of the laws of the States and of the Federal statutes.

I am a Republican, not from convenience or ambition, but from conviction and devotion. I am a member of the Republican organization. I am chairman of the Republican State central committee of Cecil County in the State of Maryland. As a Republican I entered the Republican presidential preference primaries in your States. I had faith in the laws of your States which constituted those primaries. I had faith that the organization Republicans who might be delegates to this convention would feel bound by the decision of the Republicans who voted in those primary elections. By the laws of rectitude and honor, which bind one Republican to another and all of us into one great party, by the laws which maintain the integrity of our institutions of the States you are bound to obey the directions of the Republican voters of your several States.

Are you to be blinded by dishonorable tradition, dazzled by the artificial light and glory shed from the newly created throne? Have they thrown into your eyes the dust of lust for power and office, and dimmed your vision? Are you still a bit indoctrinated with the imported, imperial heresy of the divine right of rulers, and the folly of the superman, self-advertised at public expense? Are you to be seduced from the purity of your Republicanism by promises of place and power never to be fulfilled? May God grant you vision to see that when you vote for these, your public servants, who have assumed the rôle of masters, in violation of the will of a sovereign people, in disobedience of the laws of your sovereign States, you have joined the despoilers and repudiators of the Republic. And you place upon this convention and our candidates the stain of dishonor.

So long as America lives no man can be elected President of the United States who seeks to reach that office by paths of evasion, cowardice, compromise, corruption, or dishonor.

If the 19 delegates pledged by law to my opponent should come to me and say, "We have carefully polled this convention and we find that with our 19 votes you can be nominated to the presidency. Will you accept our votes?" I should certanly answer, "No, I shall not join the despoilers of the Republic; my work is to cleanse and restore it."

But let us turn from the contemplation of those possibilities of dishonor and defeat and let me point you the way to rectitude, hope, restoration, victory.

A MIRACLE

Let us suppose a miracle: Suppose I should now be interrupted by a sudden commotion! A man rushes to the platform and cries: "A miracle! Gen. George Washington has just alighted from his coach and is about to enter the convention hall!" Or, suppose one should shout: "Abraham Lincoln, gaunt, bowed, sad of countenance, with tall silk hat and long frock coat, carrying his ancient carpet bag, is approaching the auditorium! Lincoln has come back from the dead!"

Can any doubt that, if either of these should enter this convention, he would be the nominee of the Republican Party? Would there be any danger of the Republican Party writing a platform not in conformity with the principles of the Republic? Would there then be any avoidance or evasion of vital issues? Would office holders and office seekers then control? Quick as a wave of the electric ether, the news of the miracle would be flashed to the remotest quarters of the Republic. Men bowed beneath burdens of anxiety, grief, despair, would spring up and shout with joy and gratitude: "We are saved! The Republic will be restored! God has sent Washington! We shall escape dictatorship and disaster," or "The living Lincoln will deliver us!"

But one objects: "This is impossible! These men are dead! They can not save us!" But I answer this objection with the truth. There are no dead. All men are immortal. But those are twice immortal, of heaven and earth, who live in the immortality of words of living eloquence uttered by them in defense of principles of everlasting righteousness. These are the "Sceptered sovereigns, who still rule our spirits from their urns."

They live in the imperishable principles which they expounded, explained, applied. They builded discordant colonies into an invincible nation. They met successfully the jealousy of European powers. They maintained America's neutrality and dignity amidst the storm and conflict of Napoleon's imperial wars. They rehabilitated a bankrupt colonial treasury and defeated an empire on the fields of battle. They found their course amidst the black storms of civil war and built a divided republic into an indestructible union. They were tried as we have never been. Trial upon trial came to them that the truths which they expounded might be proven for all time to be infallible for every critical emergency.

If it were flashed over the world that Washington or Lincoln would be the next President, the panic would end. Quietness and confidence would be our strength. The flame of hope would be lighted in every breast. Commodity prices would advance. Security prices would be enhanced. The wheels of industry would begin to turn. The unemployed would be called to productive work. Why would confidence come? Because the mind of the American people, the common mind of mankind, with deep, infallible intuition, knows full well that, since 1914, the policies of human government have not conformed to the laws of the moral government of God.

The American people sense that there has been, at many times and in devious directions, flagrant violations of the moral law which is the form and substance of this imperishable Republic of which Washington, under God, was the creator, and Lincoln, his disciple, the conservator.

We may not have the mortal Washington or Lincoln for our President, but we may have perpetually an administration of their spirits through men faithful and obedient to their immortal words.

I yield to no man, living or dead, in fidelity to these principles. No man can charge that I ever compromised in my obedience to them. In the records of the Congress is written the story of my struggle, sometimes a single-handed fight, against the dictatorial power of Woodrow Wilson and his coworkers; I need not name them here. They subverted the Republic. They were the builders of the bureaucracy, the perpetrators of autocracy, the repudiators of the covenant.

I began this fight for the restoration of the Republic alone. I stand here almost alone, yet supported by 1,120,000 voters in 9 States who have instructed 231 delegates to vote for me. I call you to make this convention the convention of restoration, and I shall show you the way. I ask no consideration for myself or for the political fate of any man, as Lincoln cried: "It is nothing! I am nothing! Judge Douglas is nothing!" but do not destroy the covenant.

I offered my leadership because no other would lead. I said that I would seize the flag and lead the charge of the shock troops up the slope. I realized that probably another would place the ensign upon the battlements. I knew that I might fall before I reached the objective. After these months of prodigious labor and nameless sacrifice I see the need of a leader with name illustrious, rather than an obscure one like my own, to stem the sluggish drift toward disastrous mistake and destructive defeat.

I arise to call that illustrious name, a name known to all Americans, enshrined in every American heart, and blessed by countless millions of mankind. Need I recount his history, written as it is in the annals of peaceful, abundant, and prosperous years? I need not give you the story of a life so known that by every fireside mothers tell their sons the patient steps of this strong, silent, godly American, round by round, fidelity upon fidelity, industry upon industry, until he reached the topmost of distinguished fame.

There is but one argument that can be raised against his nomination, and that is that again he might not choose to run. They may arise when I yield the floor and try to deceive you by stating he would decline.

This faithful follower of Washington would be as unwilling to leave his peaceful home as was Washington to leave the charm and peace of Mount Vernon for the field of battle and strife of public service. But the unwilling Washington responded to the country's call.

I know this man whose name I name. He will accept because not glory, not fame, not advantage call, but because his country's need cries out to him. The millions of unemployed, miserable, bankrupt call him. The greatest emergency of history and the greatest opportunity compel. He is of patriot blood. He is of the lineage of the minutemen of Massachusetts. He is of the immortals of Bunker Hill, Lexington, and Concord. The Nation calls, the millions of mankind in desperate need call upon him for deliverance.

We summon him to his duty, to his destiny, to the glory of having his name live with those three greatest immortals of the Republic, for our children's children, and all future generations will repeat with reverence—Thomas Jefferson was the liberator, George Washington the creator, Abraham Lincoln the conservator, and Calvin Coolidge the restorer of the Republic. I nominate Calvin Coolidge of Massachusetts.

OIL INVESTIGATION

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD a short editorial which appeared in the Wheeling (W. Va.) Register, of June 15, 1932, entitled "One Profitable Inquiry."

The PRESIDENT pro tempore. Without objection, it is so ordered.

The editorial is as follows:

ONE PROFITABLE INQUIRY

The Nye committee in the Senate, following up the original oil scandals inquiry, has certainly proved to be a profitable institution from the taxpayers' standpoint. As a result of that committee's work, the United States Treasury has collected over $3,000,000 from H. M. Blackmer for evaded income tax, another $60,000 for contempt of court, and more than $600,000 from him and other principals of the Continental Trading Corporation for corporate income taxes. Another million and more has been collected from unnamed individuals whose incomes were discovered during the major investigation. Additional income taxes amounting to one and a quarter million are to be collected from two more men and the estate of a third man involved in the oil matter.

The full beauty of this $7,000,000 gain to the Treasury is appreciated when one learns that the investigation has cost only $25,000.

BONUS LEGISLATION

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD six telegrams and a letter with reference to the veterans' bonus legislation which was recently rejected in the Senate.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The telegrams and letter are as follows:

WHEELING, W. VA., *June 11, 1932.*

Senator M. M. NEELY:

Our 600 employees strongly oppose passage of bonus bill and are reluctant to believe rumor current in Wheeling that your support is pledged to it. We believe passage means disastrous economic consequences and urge you listen to the respectable responsible majority rather than the disreputable, irresponsible, minority.

M. MARSH & SONS.

WHEELING, W. VA., *June 10, 1932.*

Senator M. M. NEELY,

United States Senate, Washington, D. C.:

The officers and employees of Ohio Valley Drug Co. and of Clarksburg Drug Co., including several ex-service men who served in France, are absolutely opposed to further bonus legislation at this time. We believe it will paralyze industry and debase our currency. We confidently expect you to vote against it.

BEN EXLEY, *President.*

PARKERSBURG, W. VA., *June 15, 1932.*

Senator M. M. NEELY,

Senate Office Building, Washington, D. C.:

We protest passage bonus bill by Senate, feeling it will only add to present serious conditions confronting our company.

THE PARKERSBURG IRON & STEEL CO.

PARKERSBURG, W. VA., *June 15, 1932.*

Senator M. M. NEELY,

Senate Office Building, Washington:

As a citizen and taxpayer I protest the passage of the bonus bill under consideration should present conditions continue aggravated by this additional bill.

A. A. MERRITT.

WHEELING, W. VA., *June 11, 1392.*

Hon. MATTHEW M. NEELY,

United States Senate:

If you would avoid calamities feared in Fairmont bankers' speech, support other means than bonus bill to save the situation. Its passage at this time most unwise.

JOSEPH R. NAYLOR.

WHEELING, W. VA., *June 11, 1932.*

Hon. MATTHEW M. NEELY,

United States Senate:

Hope you will not be carried away by mass coercion. Bonus bill at this time would be most unwise.

GEORGE J. ROGERS.

WHEELING, W. VA., *June 15, 1932.*

Hon. Senator M. M. NEELEY,

Washington, D. C.

DEAR SENATOR: We note from the press that you will cast your vote for the bonus bill when it comes before the Senate. We would like to point out our unalterable opposition to this pending measure.

In our opinion this measure is of more importance to the national welfare than any other single measure on which the lawmaking bodies are called upon to legislate. We have always been a Democrat, but if, for instance, the Republican Party should have an antibonus plank in its platform and the Democratic Party would have a probonus plank in its platform, we would most certainly vote Republican. That is how strongly we feel on this proposition. It is hard for us to see how a legislator can consistently be an advocate of a balanced Budget on the one end and of a bonus payment to-day when there are no means available for the collection of the moneys involved in a bonus payment. Or if they are available, the incidental taxes would fall with such crushing weight on property owners and business houses, etc., that a great many of them could not survive much longer. The crippled man fares better under a lightened load.

We don't wish to impute to you any snap judgment on this question, but we do believe this, that 95 per cent or more of the people in this State that have it within their power to help in the return of the prosperity we are all seeking feel the same as we do on the bonus question.

The best way to have a genuine prosperity is not via the spending of money donated. The prosperity that counts in a substantial way is the prosperity that grows from gradual and continuing profits and earned wages. I am sure the last several years have seen a universal adjusted compensation amongst all the business houses and coworkers throughout our State. To get back on our feet we must save, effect economies wherever possible, including adjusted compensation for labor, to bring it down to the low general price level.

These are our sentiments.

Yours very truly,

MARK H. KENNEDY.

INVESTIGATIONS BY TARIFF COMMISSION

Mr. COSTIGAN. Mr. President, I send to the desk six Senate resolutions favorably reported from the Committee on Finance, directing the Tariff Commission to make certain investigations. I ask unanimous consent for their immediate consideration.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Colorado?

Mr. SMOOT. Mr. President, what is the report?

The PRESIDENT pro tempore. The Senator from Colorado stated the report to be in the form of resolutions from the Finance Committee making certain requests upon the Tariff Commission for information under the tariff act of 1930. Is there objection?

Mr. McNARY. Let the resolutions be reported.

The PRESIDENT pro tempore. The first of the resolutions will be reported for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 242), as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic article and of any like or similar foreign articles: Plate glass, dutiable under and as provided for in paragraph 222 (a) of such act.

The PRESIDENT pro tempore. The Chair understood the Senator from Colorado to say there were six of the resolutions.

Mr. COSTIGAN. There are—the one just read and five others.

Mr. SMOOT. The committee not only reported this one, but reported five others, and they were all reported favorably.

The PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

The PRESIDENT pro tempore. The clerk will report the next resolution submitted by the Senator from Colorado.

The Chief Clerk read the resolution (S. Res. 243), as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Linseed or flaxseed oil, and combinations and mixtures in chief value of such oil, dutiable under the provisions of paragraph 53 of such act.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Colorado whether these applications indicate a desire for increases in the rates imposed, or reductions?

Mr. COSTIGAN. Answering the learned Senator from Arkansas, it is my understanding that in the case of each of the articles specified, except Senate Resolution 246, which is not a rate-changing investigation, the imports have been decreasing and the inference is, though the question is open, that the duties may need to be readjusted downward.

Mr. ROBINSON of Arkansas. The imports have increased.

Mr. COSTIGAN. Imports are reported to have been decreasing.

Mr. ROBINSON of Arkansas. Very well. Then I have no objection to the consideration of the resolution.

The resolution was considered by unanimous consent and agreed to.

Mr. ROBINSON of Arkansas. I suggest that the Secretary merely read the article to be investigated. We all understand the formalities.

The PRESIDENT pro tempore. The Chair was just about to suggest that that procedure be adopted.

The Chair feels justified in submitting the remaining resolutions en bloc.

Mr. KING. Mr. President, I should like to make an inquiry of the Senator with respect to the resolutions. My recollection is that in the tariff hearings when we had the Smoot-Hawley tariff bill under consideration the evidence showed that the duties imposed under the preceding law were almost an embargo with respect to a number of these commodities. I ask the Senator whether since the passage of that act there has been a reduction in the imports of the commodities referred to in these several resolutions?

Mr. COSTIGAN. I regret to say that I am unable to advise the Senator from Utah as to the exact changes since these items were considered by the Senate. However, it is my understanding that as to the items specified in each suggested rate-changing investigation under section 336 imports have been declining. If so, the facts may indicate the necessity for a readjustment in accordance with the standard laid down in section 336.

Mr. KING. Notwithstanding the depression in a number of countries in Europe and the lower wages by reason of the depression, the Senator's understanding is that the imports have been less than they formerly were?

Mr. COSTIGAN. That is my understanding.

Mr. SMOOT. Mr. President, perhaps we had better put it in this way: Notwithstanding the depression here and in the world, there has been a decrease in the imports of all commodities compared with those of 1930. I think these articles are on exactly the same footing. There is no harm, I will say to the Senator, in having the Tariff Commission make the investigation, but one item can not be selected, and it be said as to it alone that importations have decreased, because that is true both of commodities on the free list and of those on which duties are imposed.

The PRESIDENT pro tempore. Without objection, the resolutions will be considered and be regarded as having been agreed to en bloc.

The resolutions agreed to are as follows:

Senate Resolution 241

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Gloves, made wholly or in chief value of leather, dutiable under paragraph 1532 (a) of such act.

Senate Resolution 244

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Cast-iron pipe of every description, and cast-iron fittings for cast-iron pipe, dutiable under the provisions of paragraph 327 of such act.

Senate Resolution 245

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Cocoa, chocolate, and cocoa butter dutiable under subdivisions (a), (b), and (c) of paragraph 777 of such act.

Senate Resolution 246

Resolved, That the United States Tariff Commission is hereby directed, under section 332 (g) of the tariff act of 1930, to investigate, and to reply thereon to the Senate as soon as practicable, with respect to the articles classified in paragraphs 354 to 358, inclusive, of such act (1) whether the facts as to imports, production, exports, wholesale prices, and such costs or other statistically measurable factors as are available, indicate the necessity of a readjustment of the duties on any of these articles; and (2) whether any of the duties specified in such paragraphs have resulted in the practical exclusion of imports of any such article.

WAGES OF LABORERS AND MECHANICS ON PUBLIC BUILDINGS—CONFERENCE REPORT

Mr. METCALF. I send to the desk a conference report which has passed the House, and ask for its immediate consideration.

The report was read and considered, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3847) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to S. 3847, and agree to the same with amendments as follows:

Page 1, line 10, strike out "the Canal Zone."

Page 1, line 11, strike out "or Territories."

Page 2, lines 1, 2, strike out "the Canal Zone."

Page 2, line 3, strike out "or Territories."

Page 2, line 6, strike out the comma after the word "States" and insert in lieu thereof the word "or."

Page 2, line 7, strike out ", or the Panama Canal."

Page 2, lines 15, 16, strike out ", or the District of Columbia, respectively."

Page 3, lines 8, 9, strike out "or the Commissioners of the District of Columbia, respectively."

Page 3, lines 11, 12, strike out "or the Commissioners of the District of Columbia, respectively."

Page 3, lines 13, 14, strike out "or the District of Columbia, respectively."

Page 3, line 16, strike out "or the District of Columbia, respectively."

Page 3, lines 21, 22, strike out "or said commissioners, respectively."

Page 4, line 1, strike out ", if the contract be with the United States, or to the credit of the District of Columbia if the contract be with the District of Columbia."

And the House agree to the same.

JESSE H. METCALF,
WALLACE H. WHITE, JR.,
ROYAL S. COPELAND,
Managers on the part of the Senate.

WILLIAM P. CONNERY, JR.,
R. A. GREEN,
ROBERT RAMSPECK,
RICHARD J. WELCH,
W. F. KOPP,
Managers on the part of the House.

Mr. ROBINSON of Arkansas. Does the conference report represent a complete agreement?

Mr. METCALF. It does.

Mr. ROBINSON of Arkansas. The adoption of the report will pass the bill?

Mr. METCALF. It will.

The report was agreed to.

PRINTING OF FEDERAL LAWS RELATING TO VETERANS

The PRESIDENT pro tempore, laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 29) authorizing the printing and distribution of copies of the Federal laws relating to the veterans of various wars.

Mr. SHIPSTEAD. I move that the Senate disagree to the amendments of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. SHIPSTEAD, Mr. MOSES, and Mr. FLETCHER conferees on the part of the Senate.

NOMINATION OF ERNEST A. BURGUIERES

Mr. WHEELER obtained the floor.

Mr. LONG. Mr. President, will the Senator from Montana yield to me a moment?

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. I yield.

Mr. LONG. I desire to leave the city and I wish to ask unanimous consent that the appointment of Mr. Burguieres

may go over and may not be considered in executive session to-day. I desire to ask that unanimous consent in order that I may leave the city.

The PRESIDENT pro tempore. As in executive session and out of order——

Mr. ROBINSON of Arkansas. I think the Senator from Louisiana should suggest the absence of a quorum before making the request.

Mr. LONG. I thought all the Senators who were interested were present.

Mr. SMOOT. I do not see the senior Senator from Louisiana in the Chamber. Has he any objection to the request of his colleague?

Mr. LONG. I have discussed the matter and I was advised by the Senator from Utah [Mr. KING] that he thought my request would be all right.

Mr. McNARY. May we have the request stated?

The PRESIDENT pro tempore. The Senator from Louisiana, out of order and as in executive session, asks unanimous consent that the consideration of the confirmation of Mr. Burguieres as commissioner of immigration at the port of New Orleans shall not be considered at the executive session to be held this day. Is there objection?

Mr. BROUSSARD. I object.

The PRESIDENT pro tempore. Objection is made.

The Senator from Montana [Mr. WHEELER] is recognized.

Mr. WHEELER. Mr. President, I want——

Mr. KING. Mr. President, will the Senator from Montana yield to me?

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Utah?

Mr. WHEELER. I yield.

Mr. KING. Mr. President, I have no right to appeal to my friend the senior Senator from Louisiana [Mr. BROUSSARD], but I think, in view of all the circumstances under which the nomination was reported, and the fact that the junior Senator from Louisiana is compelled to leave the city to-day, the request which he has made should be granted. Of course, it is a matter for the senior Senator from Louisiana himself to decide.

Mr. BROUSSARD. I made a request of the Senator from Utah the other day which he did not grant me.

Mr. KING. I did not grant the request because I thought—and I esteem my friend very highly—the request ought not to have been granted.

Mr. BROUSSARD. I have not changed my mind at all.

Mr. KING. And I think now the request which the Senator's colleague makes should be granted, but, of course, the Senator is in a position to refuse.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

Mr. WHEELER. Mr. President, I want to call the attention of the Senate to page 100 of the bill, and I desire to move to strike out on line——

The PRESIDENT pro tempore. There is an amendment now pending.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Oregon will state his parliamentary inquiry.

Mr. McNARY. Is not the pending amendment that offered by the Senator from Alabama [Mr. BANKHEAD]?

The PRESIDENT pro tempore. The amendment is that offered by the Senator from Alabama.

Mr. WHEELER. I understand that, but I think there will be no objection to my amendment. I hope I may offer the amendment, because I am anxious to get away in a very few moments. So I ask unanimous consent that I may offer this amendment now, and I wish to invite the attention of the author of the bill [Mr. WAGNER] to it. The amendment is on page 100, in line 18, to strike out the words "or quasi-public," and likewise at the end of line 18, page 100, to strike out the words "or quasi-public."

I will say to the Senate that the term "quasi-public" as defined by the courts of the land includes public utilities of all kinds and character; and if that provision were left in the bill, it would give the Reconstruction Finance Corporation authority, under the language of the bill, to buy even stocks and bonds of public utilities. I understand from the Senator from New York that that was not the intention of the authors of the bill. I have talked to other members of the committee who have told me that that was not their understanding.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Montana can be considered only by unanimous consent, which will necessitate first setting aside temporarily the amendment offered by the Senator from Alabama.

Mr. BANKHEAD. Mr. President, I will dispose of the necessity for that proceeding. Pending the settlement or adoption of some policy by the Senate on the subject of the character of loans to be made under this bill, I will withdraw temporarily my amendment.

The PRESIDENT pro tempore. The amendment is withdrawn. The Senator from Montana offers the amendment which he has stated.

Mr. WAGNER. Mr. President, I was about to state that the committee and the authors of this bill did not intend the words "quasi-public corporations" to include public utilities, and, if there is any apprehension that it may be interpreted to include public utilities, I am sure that the other members of the committee who drafted this bill, as well as myself, have no objection to the proposed amendment.

Mr. WHEELER. I will say to the Senator that Ruling Case Law, Volume 30, lays down the general rule as follows:

> Quasi-public corporations: There is a large class of private corporations which on account of special franchises conferred on them owe a duty to the public which they may be compelled to perform. This class of corporations is known in common parlance as public-service corporations, and in legal phraseology as quasi-public corporations, or corporations affected with a public interest.

Then there are cited numerous cases from courts in various sections of the country. I am quite certain that that interpretation would be put upon it by the courts, although that was not the intention of the committee. For that reason I ask that the words to which I have referred may be stricken out.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Montana [Mr. WHEELER].

The amendment was agreed to.

Mr. HAYDEN. Mr. President, in the preparation of this bill the committee took the substance of the emergency highway legislation heretofore considered by the Senate and included it in the measure. The text is included in the bill as reported to the Senate. When the emergency highway bill was before the Senate, the Senator from Ohio [Mr. BULKLEY] offered two amendments which were merely to clarify the text. He has had them printed, and in his behalf I offer them now and ask for their consideration.

The PRESIDING OFFICER (Mr. FESS in the chair). The clerk will state the amendments.

The CHIEF CLERK. On page 105, at the end of line 7, it is proposed to insert the following:

> In the Federal highway act as amended and supplemented.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. KING. I ask that the amendment again be stated.

The amendment was again stated.

Mr. HAYDEN. Mr. President, I will suggest that for the sake of clarity the clerk also read the second amendment, because the two are related.

The PRESIDING OFFICER. The second amendment will be stated.

The CHIEF CLERK. The second amendment is, on page 105, line 9, to strike out all after the word "municipalities," and also all of lines 10 and 11 and line 12 down to and including the word "supplemented," and insert the word "and."

Mr. HAYDEN. Mr. President, the effect of the two amendments will be that the proviso will then read:

And provided further, That in the expenditure of such amounts the limitations in the Federal highway act as amended and supplemented upon highway construction, reconstruction, and bridges within municipalities, and upon payments per mile which may be made from Federal funds shall not apply.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, I presume the amendment just adopted was in order, but it does not follow that we have agreed to everything up to that point in the bill. I desire to offer an amendment to come in on page 102, at the end of line 25. I send the amendment to the desk and ask that it may be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 102, line 25, it is proposed to strike out the period after the word "act," to insert a semicolon, and add the following:

Provided, That the Reconstruction Finance Corporation is hereby authorized to purchase equipment trust certificates, the terms of maturity of which do not exceed the provisions stipulated in section 1 of this act, of American railroads secured by new equipment and the building of which new equipment will provide immediate employment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

Mr. KING. Mr. President, I should like an explanation of the amendment.

Mr. FLETCHER. Mr. President, it is perfectly well known that the equipment business—that is, providing locomotives and other equipment for railroads—has fallen off to where the production now is about 4 per cent of normal. That has been testified to by witnesses before the committee handling this bill.

Railroad-equipment-trust certificates have heretofore been regarded in the market as good negotiable paper; they bear a low rate of interest, and have been acceptable to banks, and have been regarded as high-class security. There never have been any losses on the part of investors in such trust certificates. Now, however, the banks are not taking such equipment-trust certificates; investors are not taking them; the money does not seem to be available at all, although they are perfectly good security.

The amendment is a mere authorization and the Reconstruction Finance Corporation will determine whether they are adequate security or not; whether they will accept these equipment-trust certificates issued for the purpose of constructing locomotives and other equipment for railroads, which, of course, means the supplying of demands which will give employment.

It was testified before the committee that probably 100,000 or 150,000 men would be set to work and employed if they could go on with the construction of railroad equipment, such as locomotives; and I think it is well to put in this bill some such provision as that, because one of the main purposes of the bill is to provide such measures that the industries may give employment to people.

This business has fallen off because they can not negotiate these certificates in the open market. Bankers are not taking them; investors are not taking them; but they are perfectly good security, and this amendment would open up this business of constructing locomotives as they may be needed. It is estimated that the life of a locomotive is some 20 years, I believe. We must have the locomotives if we are to continue to operate the railroads; and this is a means of enabling the railroads to construct these locomotives and put people to work.

Mr. KING. Mr. President, I regret to differ from my friend from Florida [Mr. FLETCHER], but I can not support his amendment.

Under the Reconstruction Finance Corporation act, important loans have been made to the railroads. When the act creating the Reconstruction Finance Corporation was brought before us for consideration, it was suggested, it was claimed that one of its chief purposes was to aid the railroads. It was stated that their credit was somewhat restricted, if not impaired, and that the banks, because of their large indebtedness and small earnings were reluctant to extend needed credits. Accordingly, liberal provisions were placed in the act under which loans might be obtained from the corporation.

Congress dealt generously with the railroads and many persons think that the Reconstruction Corporation has been too generous in extending credits to some of the railroads. I am unwilling to extend further credits to railroads or their subsidiaries or affiliates, either by amending the Reconstruction Finance Corporation act or by the means of the pending measure. Loans to the railroads must have the approval of the Interstate Commerce Commission before the Reconstruction Finance Corporation will affirmatively act. No application for loans has been denied by the Reconstruction Corporation that had the approval of the Interstate Commerce Commission. In view of the generous provisions already made, and the tens of millions of dollars already loaned to the railroads, there is no reason for Congress to provide additional credits to auxiliaries or ancillaries of the railroad corporations.

If loans are to be made to private corporations engaged in the construction of cars or locomotives, I see no reason why similar privileges should not be provided for other corporations. It is certain that if the Government provides loans for corporations engaged in building cars and locomotives and other railway equipment, demands will be made by industrial and business corporations for loans.

The Senator from Alabama a few moments ago offered an amendment by which private corporations—and he instanced a placer-mining company that was to operate in California—might obtain loans. He stated that the corporation to which he referred, if it functioned as anticipated, would furnish employment to several thousand men.

Mr. WALSH of Massachusetts. Mr. President——

Mr. KING. I yield to the Senator from Massachusetts.

Mr. WALSH of Massachusetts. What are equipment-trust certificates?

Mr. KING. As I understand, there are corporations manufacturing equipment for railroads which issue trust certificates or obligations in various forms.

Mr. WALSH of Massachusetts. Why could not a bill for machinery be paid by issuing equipment-trust certificates?

Mr. KING. I see no reason why.

Mr. WALSH of Massachusetts. If we get into this field of loaning on equipment-trust certificates, where are we going to end?

Mr. KING. Why not loan to mining companies? I know a number of mining and smelting companies whose equipment and machinery have deteriorated by reason of the fact that they have been shut down for some time, and they now desire to resume operations, and in order to do so on a proper plane improvements and new machinery must be had. They are as much entitled to governmental credits as corporations that supply locomotives and railroad equipment.

Mr. WALSH of Massachusetts. I do not think we want the Government to go into the banking business. As I understand, the purpose of the Reconstruction Finance Corporation act was to help banks to liquidate their frozen assets, not to put the Government into the banking business.

Mr. KING. Exactly.

Mr. WALSH of Massachusetts. These movements are in the direction of making the Federal Reconstruction Finance Corporation a national, Federal bank.

Mr. KING. Mr. President, I hope to be able to vote for a fair and just measure; but I may state now, as I stated to the Senator from New York, that if this bill is loaded down with provisions to loan money to private corporations and with other unsound and improper features I shall vote against it.

Mr. SHIPSTEAD. Mr. President——

Mr. KING. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. For the information of the Senator from Massachusetts, I desire to call his attention to the fact that the Reconstruction Finance Corporation is in fact and in law a bank and that the depositors are not voluntary depositors. The depositors are the taxpayers of the United States. The Government of the United States, through law, is taking the deposits for this bank out of the pockets of the taxpayers and loaning them to private industry, to corporations, to bail out paper that banks will not take.

Mr. WALSH of Massachusetts. It at least has some limitations under the present law, and these proposals are to remove the limitations.

Mr. SHIPSTEAD. Well, the question of extending or limiting its functions and field of loaning is another matter.

Mr. WALSH of Massachusetts. Fundamentally the Senator is right, of course.

Mr. SHIPSTEAD. But I want to call the attention of the Senator to the fact that private banking credit is paralyzed and that the only credit that is left is the Federal Government's credit, and to use this credit we have established this Federal Government bank, making the taxpayers the depositors. I believe we had better go a little carefully in that direction. I think we are on very dangerous ground in this bill or in any other bill that will provide for the extension of the loaning field of this Government bank.

Mr. WALSH of Massachusetts. I agree with the Senator.

Mr. SHIPSTEAD. I think any such bill had better be very carefully examined before we extend it.

Mr. WALSH of Massachusetts. The Senator is absolutely right.

Mr. SHIPSTEAD. I do not mean to cast any reflection upon those who manage it; but there is a policy involved here that is so revolutionary in its character, and is in a direction that is so dangerous, that I look upon it as being far more dangerous than if the Government itself were to use its own credit and own funds wherever possible under the specific direction of the Congress. I can not see, however, how anyone can defend loaning the taxpayers' money to private individuals and to private industry.

Mr. WALSH of Massachusetts. Mr. President——

Mr. KING. I yield.

Mr. WALSH of Massachusetts. The Senator said that the American people were the depositors. As a matter of fact, they are the indorsers as well as the depositors.

Mr. SHIPSTEAD. Yes; that is right.

Mr. KING. They are not only the depositors but indorsers. We wring the money from the pockets of the taxpayers and put it into the Reconstruction Finance Corporation, and proposals are submitted that it be loaned to private corporations and for purely private enterprises. There may be instances—and this is one—that are appealing and seem to call for aid from the Government; but if the precedent is established, the results will be serious. These investment securities may possess value; but if we open the door, we will have a veritable Pandora's-box problem before us. If we open it for sound and solvent corporations, corporations that may serve the public indirectly, we will have a multitude of corporations that, like vultures, will be upon Congress and the Reconstruction Finance Corporation demanding legislation and loans.

Mr. President, it seems to me so obvious that this amendment should be rejected that I shall pretermit any further discussion.

Mr. WALCOTT. Mr. President, I should like to ask the Senator from Florida if, in his opinion, this amendment might be construed as giving the Reconstruction Finance Corporation authority to loan money to railroads to enable them to take up their underlying bonds, if they could purchase them at a bargain.

Mr. FLETCHER. Mr. President, I should not think it would have anything to do with the underlying bonds.

Mr. WALCOTT. That point was discussed in this connection, and I was wondering what the Senator thought about it.

Mr. FLETCHER. This amendment is simply intended to authorize them to purchase these equipment trust certificates, which have been heretofore offered in the open market.

Mr. WALCOTT. But new issues rather than old? Is that true?

Mr. FLETCHER. Probably so. If they want to issue equipment trust certificates for building locomotives, for instance, they would have to have a new issue. I do not suppose it has anything to do with the old issues.

Mr. WALCOTT. That is the point I am trying to make. It does not seem to me clear that this amendment specifies that it must be for new construction. I think this amendment would permit the Reconstruction Finance Corporation either to purchase existing or old certificates of indebtedness, or perhaps to loan money to the railroads to take up their own certificates.

Mr. FLETCHER. No; that was not my purpose. My idea was to open the way for giving employment to people and supplying this much-needed facility.

For instance, before our committee I asked Mr. Houston:

> How many people do you think would be employed if that plan could be carried out?

That is, if the Reconstruction Finance Corporation had authority to take up these certificates.

Mr. Houston said:

> We have made some general estimates along that line. I would say that $150,000,000 a year spent in railroad equipment would employ directly in excess of 100,000 men, which, of course, would result in a larger indirect employment through the disbursement of the earnings of such men.

Then he was asked by the Senator from Delaware [Mr. TOWNSEND]:

> What would you estimate the indirect employment would run?
> Mr. HOUSTON. I would say that that would make a substantial effect upon the income of 500,000 men.

Then the Senator from Michigan [Mr. COUZENS] asked:

> You stated a while ago that the present locomotive production was 2 per cent of normal—

I think generally railroad equipment is estimated at about 4 per cent, but as to locomotives it is estimated at 2 per cent of normal now.

The Senator from Michigan continued:

> How much would this production of 2,500 locomotives bring it up?
> Mr. HOUSTON. I would say that it would bring it up to 75 or 80 per cent of what the country would normally need.

That is to say, if they had this facility now, and could arrange to construct 2,500 locomotives, it would bring the production end up to 75 or 80 per cent of what the country needs. That would give employment to some hundred thousand people, and that is the reason for offering the amendment. I have no idea of having them go back to the old certificates, or anything of that sort. I refer just to new construction, so as to give employment to the people, and at the same time supply a need.

These locomotives can not be constructed at present, although the construction is down to 2 per cent of normal. They can not build it up unless there is some way of disposing of these trust certificates. That is the whole object—to deal with new construction.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Does the Senator contend that this new construction is needed now?

Mr. FLETCHER. Yes. They say they need 2,500 new locomotives in order to bring up the production to about 75 or 80 per cent of normal needs. That is what they claim.

Mr. SHIPSTEAD. Who is it that claims that?

Mr. FLETCHER. I think the people generally concerned—the manufacturers, the American Locomotive Works, the Baldwin people, Mr. Houston.

Mr. SHIPSTEAD. The railroads?

Mr. FLETCHER. I have not asked the railroads about it; I do not know; but I think that is the situation.

Mr. SHIPSTEAD. I should think the railroads would be consulted.

Mr. FLETCHER. Necessarily it stands to reason that these locomotives can not last forever. I think the estimated life of a locomotive is about 20 years.

Mr. SHIPSTEAD. My information is that the sidetracks of the country are full of locomotives which are not being used. I may have been misinformed.

Mr. FLETCHER. Then they must be obsolete, or out of repair, and unfit for use on that account.

Mr. COUZENS. Mr. President, Mr. George H. Houston, president of the Baldwin Locomotive Works, appeared before the Committee on Banking and Currency on the 11th of June and was followed by others proposing this scheme. It was developed during the hearing, and by statistics filed with the committee, that there are over 750,000 cars idle now, and over 10,000 locomotives idle now.

The vice president of the Pennsylvania Railroad in a public statement made the assertion that not only did the railroads have now equipment greatly in excess of what they could use but for a long time after return to normal conditions they would not require any new equipment. Yet this proposed amendment is for the purchasing of equipment notes secured by new equipment and, of course, does not cover the bonds referred to by the Senator from Connecticut.

Mr. President, a reading of the hearings, the report of which has just been laid on Senators' desks, dated June 2, 7, 11, and 13, 1932, will disclose the colloquy which took place between the proponents of this measure and members of the committee; and I am quite sure, without taking up the time of the Senate to read the testimony, that Senators studying that testimony could not help reaching the conclusion that this amendment should not be agreed to. In view of all the other things which are provided in section 1 of the Reconstruction Finance Corporation act, I submit that there is no justification for this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. KING. Mr. President, I move to strike out, on page 101, beginning at line 18, all the rest of the page, and on page 102 the paragraph beginning with line 1 and ending with line 7.

This is a provision which authorizes the Reconstruction Finance Corporation—

> To advance to the Secretary of Agriculture, in addition to the amounts allocated and made available to him by section 2 of the Reconstruction Finance Corporation act, not to exceed $40,000,000, of the amounts made available under section 2 of this act, for the purpose of financing sales of agricultural products in the markets of foreign countries in which such sales can not be financed in the normal course of commerce, but no such sales shall be financed by the Secretary of Agriculture if, in his judgment, such sales will affect adversely the world markets for such products—

And so forth.

Mr. WALSH of Montana. Mr. President, if the Senator will permit, I should like to ask the senior Senator from Oregon [Mr. McNARY], the chairman of the Committee on Agriculture and Forestry, whether a bill in substance like this part of the bill under consideration did not have the approval of the Committee on Agriculture and Forestry.

Mr. McNARY. Mr. President, a bill was introduced providing for the appropriation of $100,000,000 to supply avenues of credit so that we might export our surpluses to foreign nations which do not have the credit to enable them to purchase surplus agricultural products from us, but we never got to the stage of consideration of that measure, and no action has been taken by the Agricultural Committee.

I think a bill was introduced in the House providing for the appropriation of a fixed sum, as specified in this measure, and that that measure has passed the House. It is thought that some of the nations, China and Germany particularly, and some of the other central European nations which have not the credit with which to purchase surplus agricultural products from us, through a provision of this kind may be enabled to come into the market and become purchasers; and if that were accomplished, of course, automatically the price level of agricultural products would ascend immediately. That is the theory on which the bill heretofore introduced and referred to the Committee on Agriculture and Forestry was presented, and I assume the same argument applies in support of the provision of this bill now under discussion.

Mr. WALSH of Montana. I was evidently in error. It was my impression that there was a bill making just exactly this appropriation, $40,000,000. Apparently that bill originated in the House and was passed there. It must, then, be before the Committee on Agriculture and Forestry now.

Mr. McNARY. The Senator must have in mind that when the Reconstruction Finance Corporation act was passed it contained provision for the appropriation of $100,000,000, with the possibility of the sale of debentures up to $300,000,000, to be used for this purpose. The Senator from South Carolina [Mr. SMITH] offered an amendment, which was agreed to, making available the maximum amount of $300,000,000, and that bill is in conference now. The House did pass a bill, I may say to the able Senator from Montana, carrying $40,000,000; but I do not recall that the Senate ever passed a similar measure, although such a measure was introduced and referred to the committee.

Mr. COUZENS. Mr. President, will the Senator from Utah yield to me?

Mr. KING. I yield.

Mr. COUZENS. I was wondering whether the Senator from Utah would be more favorable to this section if, on page 102, line 6, the words "or without" were eliminated. I recall in several conferences in respect to the bill the thought was expressed that this was a pretty good provision in the bill, because we would be secured either by warehouse receipts or bills of lading for the shipments of these agricultural products. Frankly, I would not object, but rather would favor this provision, if the language on page 102, line 6, "or without," were taken out of the bill. Then we would secure bills of lading or warehouse receipts for what would ordinarily be good marketable products.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Utah yield to me?

Mr. KING. Before answering the Senator from Michigan I am glad to yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. It is my impression that the Senator from New York [Mr. WAGNER] himself intends to offer an amendment striking out the language "or without." In any event, it was discussed by members of the special committee which framed the original bill, and I think that course was agreed upon.

Mr. McNARY. In the phrase "with or without security" the words "or without" should be stricken out.

Mr. ROBINSON of Arkansas. May I add to what has been said by the Senator from Montana and the Senator from Oregon this, that it was represented that this authorization for the appropriation of $40,000,000 for financing the sales of agricultural products would enable the Secretary of Agriculture to reach markets which are not accessible to the producers of or the dealers in agricultural products, new markets, in large measure.

Mr. McNARY. Mr. President, I think it is preferable, and needs no explanation or assertion upon my part that many of the exporters of our staple agricultural commodities are unable to supply the wants of foreign nations because of the want of credit, and a provision of this kind is inserted so that the Department of Agriculture, operating through the Secretary, may provide credit to foreign countries, under adequate security, for a period of time, so that it will be possible for those countries to take up surplus holdings of the Federal Farm Board which we are all so anxious to see absorbed. That is the only argument I can see favorable to this provision. I think that if it is included in the bill and wisely administered, it will have an elevating effect upon the price level in the domestic market and will permit the Farm Board to find outlets for sales of products which are denied now.

Mr. KING. One objection which I have to this provision grows out of the persistent efforts of the Farm Board, after it has squandered $250,000,000 or $300,000,000, perhaps

more, to obtain another appropriation of $100,000,000 to enable them, as they claim, to dispose of their surplus wheat.

They have already sold to China more than 15,000,000 bushels of wheat on bonds of a government which is not meeting its obligations, which is beset with enemies—I will not say foreign, but certainly domestic—and it is obvious that that security is almost valueless if it were now to be offered to the public.

The same Farm Board exchanged $25,000,000 worth of wheat for a vast amount of coffee down in Brazil. I have been unable yet to ascertain whether the board came out even or not. There was very serious complaint that instead of American ships carrying our wheat and bringing back the coffee, foreign ships were employed for that purpose.

The Farm Board by its unwise, impolitic, unsound policies has now a large amount of wheat on hand, considerably more than 100,000,000 bushels, and it has a great many bales of cotton on hand. I have data here in my desk showing the mismanagement, the unsound policies of the Farm Board, and the enormous losses which have been sustained and which, of course, have to come out of the taxpayers of the United States. The Farm Board having this wheat on hand, and its costing millions of dollars almost monthly for storage, for insurance, and other incidental expenses—and there was some testimony that it was deteriorating in value—is very anxious to find some avenues by which it may release that wheat, dispose of it, and thus minimize the losses which it has sustained, and which, of course, the American people have sustained.

I am unwilling to vote one cent to the Farm Board to aid it in its further exploitation of the American people. I am unwilling to give it the $100,000,000 which it asks, or to make it a conduit through which this $40,000,000 will be passed out for the purpose of disposing of wheat which it now has in its possession.

I am unwilling to vote to give to the Secretary of Agriculture the authority to dispose of this $40,000,000. His administration has not been satisfactory, it seems to me. The amount which has been expended by the Agricultural Department has reached monumental heights. I think the agricultural bill as originally passed carried nearly $200,000,000, not all of which, of course——

Mr. McNARY. Mr. President, the Senator has gone far enough in that. It does not carry $250,000,000, it carries $173,000,000.

Mr. KING. Nearly $200,000,000.

Mr. McNARY. That is a great difference between that and $250,000,000.

Mr. KING. I do not recall the figures, but I was going to say that something like sixty or seventy million was for roads, so that the appropriation for the Department of Agriculture was in the neighborhood of a hundred million. If I am wrong, I would be glad to be corrected.

Mr. McNARY. The Senator is very, very wrong.

Mr. KING. If it is not a hundred million, I will be glad to have the Senator correct me.

Mr. McNARY. It is about $53,000,000 for departmental activities. The balance is for roads, and cooperation with the States, in the national forests, for the protection of our national forests, enforcement of the food and drugs act, cooperation with the States in the land-grant colleges. Only $53,000,000 of the $173,000,000 goes for agricultural activities, in every State in the Union, and that, by the way, is the smallest sum appropriated for any of the departments, with the largest governmental institution in the country. If the Senator desires to dispute that proposition, or argue the virtues and activities of the department, I shall be glad to enter into a discussion with him now.

Mr. KING. I did not understand the last remark of the Senator.

Mr. McNARY. I say that if the Senator desires to discuss the work the Department of Agriculture is doing, in that spirit of criticism which he often exhibits toward it, I will be very glad to debate it with him now.

Mr. KING. The Senator may take such course as he wishes. If he desires to discuss the Agricultural Department, I have not the slightest objection. I do assert that the Agricultural Department has increased its appropriations very greatly during the past 10 or 15 years, as have the other departments. The Department of Agriculture has had $133,000,000, as I am advised, for activities not purely within the purview of its work, for seeds and relief.

Mr. McNARY. And fertilizer.

Mr. KING. I was going to say the Department of Agriculture, as I am advised by a representative of the department, has had $133,000,000, including appropriations for the corn borer, the purchase of seeds, and so on. I am making no complaint. I am merely stating that the Department of Agriculture has received, not because it sought it but because Congress conferred upon it, $133,000,000 to aid the farmers in the purchase of seed, and so forth.

Mr. McNARY. The Senator is confused in that matter. The item about which he speaks now is not an integral part of the Agricultural Department appropriation bill.

Mr. KING. I did not say that it is.

Mr. McNARY. It is a wholly different matter, carried on quite locally and seasonally, because of conditions brought about by nature, in order to relieve the farmers from their distressed condition.

Mr. KING. I said it was not strictly within its purview, but Congress had devolved upon it this duty and this responsibility. I am challenging attention to show the generosity of Congress in dealing with the agricultural situation throughout the United States. It was not by way of any criticism whatever of the Agricultural Department.

We have sold to China, as I said, some $15,000,000 worth of wheat without getting any compensation except the bonds of China. Whether there is a market in Europe for our surplus products I am not able to say. Undoubtedly there are many people throughout the world who would buy upon credit. The Bolshevik Government would buy hundreds of millions of dollars of American products and commodities if we would extend credit, the same as some of the European nations have extended credit; but I am unwilling now to tax the American people to extend credit to European or oriental nations to enable the Farm Board to get rid of some of the wheat which it has. There is owing the United States to-day billions of dollars of credits which have been extended to foreign nations and municipalities and corporations. The Senator from California [Mr. JOHNSON] quite recently had a resolution before the Committee on Finance and that committee made an investigation and it was ascertained that billions of dollars had been loaned to South American and European countries and it is quite certain that the American people will lose hundreds of millions and billions of dollars as a result.

We read in the papers that there is a revolution in Chile. We have more than $300,000,000 loaned in Chile. Competent authorities, like Dr. Max Winkler and others, have said that the securities which we have of Chile are not worth more than $15,000,000 or $16,000,000, notwithstanding the amount which we loaned to that Government is more than $300,000,000. I think before we begin to loan more money to foreign nations and extend credit to them by taxing the people of the United States, we had better relieve our people more of the burden of taxation.

I insist therefore upon striking out the entire paragraph to which I have referred.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah to strike out the paragraph.

Mr. COUZENS. Mr. President, is the motion for the elimination of the entire paragraph?

The PRESIDING OFFICER. It is.

Mr. COUZENS. I think the Senator from New York [Mr. WAGNER] has worked out perhaps a better amendment, if the Senator from Utah will permit him to offer it.

Mr. KING. Very well.

Mr. WAGNER. Mr. President, I am indebted to the Senator from California [Mr. JOHNSON] for this suggestion. I move to amend, on page 102, line 5, by striking out the word "may" and substituting the word "must"; in line 6, to strike out "with or without security, as the Secretary of

Agriculture deems advisable"; after the word "made," in line 6, insert the words "upon adequate security," so that the sentence would read:

Any loan or advance made by the Secretary of Agriculture for the purposes of this subdivision must be made upon adequate security.

Mr. McNARY. Mr. President, does that meet the criticism of the Senator from Utah?

Mr. KING. First let me inquire who is to determine whether the security is adequate?

Mr. WAGNER. The Secretary of Agriculture. Somebody must pass upon that question.

Mr. WALSH of Montana. The loans are to be made by the Secretary of Agriculture, and it must be determined by him as a matter of course.

Mr. KING. From where are the agricultural products to come? In other words, are they to consist of commodities now in the possession of the Farm Board or new commodities that may be produced this year or during the coming year?

Mr. McNARY. The Federal Farm Board has within its possession hold-over crops of 1931. This section does not limit it to those crops, but to any agricultural commodities that may be grown at any time during the existence of the measure.

Mr. KING. The amendment which is offered, of course, improves materially the text of the bill and removes some of the objections which I had.

Mr. COUZENS. With that amendment would the Senator insist upon his motion to eliminate the entire paragraph?

Mr. KING. I would prefer to strike out the entire section, but I shall not insist upon it.

The PRESIDING OFFICER. Does the Senator from Michigan withdraw his amendment?

Mr. COUZENS. I accept the amendment of the Senator from Utah instead of mine.

The PRESIDING OFFICER. The question is on the amendments which the Senator from New York has stated.

The amendments were agreed to.

The PRESIDING OFFICER. Does the Senator from Utah withdraw his motion to strike out the paragraph?

Mr. KING. I withdraw it temporarily.

Mr. HARRISON. Mr. President, I desire to offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 103, after line 13, insert the following new section:

SEC. — (a). The Reconstruction Finance Corporation is authorized and empowered to make advances to any State on the security of the bonds of such State and on such terms and conditions as the corporation deems advisable for educational or hospitalization purposes within such State.

(b) For the purpose of providing funds for carrying out the provisions of this section the Reconstruction Finance Corporation is authorized and empowered to issue its notes, bonds, debentures, or other such obligations, in an aggregate of not to exceed $300,000,000. Such notes, bonds, debentures, or other such obligations, shall, so far as practicable, be issued in the same manner and be subject to the same terms and conditions as the notes, bonds, debentures, or other such obligations, issued pursuant to section 9 of the Reconstruction Finance Corporation act.

Mr. HARRISON. Mr. President, it will be recalled that when the Reconstruction Finance Corporation bill was being considered in the Senate the Senate first adopted a provision that authorized the organization to take from States their bonds. Then it was broadened by inserting cities, and I think it finally got down to counties and drainage districts, and then the whole provision was stricken out. There are certain States in which, because of the present precarious market for bonds, it is impossible to sell bonds to finance State institutions. Consequently teachers are going without pay, hospitals are closing down, sanitariums are being forced to close their doors, and many people are being thrown out of employment. There can be no question as to the security behind these loans. It seems to me in the peculiar circumstances, as an emergency proposition only—because under normal conditions I certainly would not favor the proposal—we ought to authorize, in the discretion of the Reconstruction Finance Corporation, the taking over of the bonds of those States where the funds are to be used for hospitalization or educational purposes.

I hope the Senator in charge of the bill will accept the amendment, so something along this line can be worked out.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Michigan?

Mr. HARRISON. Certainly.

Mr. COUZENS. Does not this in part duplicate the purposes of the $300,000,000 bill which we recently passed and which has gone to the House?

Mr. HARRISON. There is a great deal of doubt as to whether the $300,000,000 or any part of it would be available for this purpose. I asked the question when that bill was being considered. I remember the Senator from Michigan was interested in seeing that none of these institutions closed. It developed there was some doubt as to whether that money could be used for these purposes. It is in order to clarify the situation and at least assure some opportunity for those States that are making every effort to sell their bonds to carry on the State institutions, that I have offered this amendment in the hope that they may be able to find some place where they can sell their bonds.

Mr. COUZENS. I think the bill which we passed, appropriating $300,000,000 to be loaned to the States, of course, included States that could under their constitutions issue bonds. It also included States that could not, but which had been pledged Federal aid to roads. This, however, is limited exclusively to States that have authority to issue bonds, giving them a double advantage of getting money from the Federal Government. I would not object to this amendment if the Senator would add "or municipalities," because then all would have the same opportunity.

Mr. HARRISON. I have no objection, may I say to the Senator, to adding those words except that before, when we adopted it as to States, the Senate approved it, and then it was loaded down with some other propositions and the whole idea was defeated.

I would not like to see an amendment such as this defeated. In answer to what the Senator suggested, it seems to me it would be wise to tack the bill, which we passed some days ago and which is now in the House, onto this bill so that the whole matter may be in conference. If this proposition shall be in conference, and the bill referred to shall likewise be in conference, then with what the House has already done the conferees could work out something that I am sure would take care of the situation.

Mr. COUZENS. I think that is a good suggestion if we add the bill that has already gone to the House to this bill. Otherwise the Senator will see that his State, for example, will get twice the opportunity for obtaining money that the State of Michigan will get.

Mr. HARRISON. I do not think that should be permitted, may I say to the Senator, and I hope that those in charge of the legislation will consider it wise to adopt the bill which we have already passed as an amendment to the pending bill, so that the whole matter may go to conference and be worked out fairly to everybody.

Mr. ROBINSON of Arkansas. Mr. President, may I interrupt the Senator?

Mr. COUZENS. The Senator from Mississippi has the floor.

Mr. HARRISON. I yield.

Mr. ROBINSON of Arkansas. I do not see any objection to that suggestion. The Senate has passed by an overwhelming vote the $300,000,000 measure for the relief of destitution, and that bill is pending in the House. We separated it from the other measure on the theory that that provision would certainly pass in some form, while the more controverted features might run the risk of delay if not of rejection. However, since no action has been taken in the body at the other end of the Capitol on the $300,000,000 provision, and since it would give the House the option of passing that bill and of dealing with the provisions of this bill separately or of including them all in one measure, I

think it is sound strategy and is a very reasonable request. If some other Senator does not do so, I shall offer the amendment.

Mr. LA FOLLETTE. Mr. President, I understood the Senator from New York consented to offer the identical bill which we have passed as an amendment to this bill.

Mr. ROBINSON of Arkansas. Very well.

Mr. COUZENS. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. I yield.

Mr. COUZENS. Will not the Senator withdraw the amendment so that we may weld the two together in one bill?

Mr. HARRISON. I am perfectly willing to do that.

Mr. COUZENS. Then it would be $600,000,000 instead of $300,000,000. So if the Senator will withdraw his amendment temporarily we can see if we can weld the two together.

Mr. HARRISON. I withdraw the amendment for the present.

The PRESIDING OFFICER. The Senator from Mississippi withdraws his amendment.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. HARRISON. I yield the floor.

Mr. KING. Mr. President, does the Senator intend that there shall be an appropriation of $600,000,000 for States and municipalities?

Mr. COUZENS. What we thought we would do was to get together and try to weld together a large amount, or some amount, to cover both purposes proposed by the Senator from Mississippi and proposed by the bill that has heretofore passed the Senate.

Mr. KING. Mr. President, speaking for myself only, I should be opposed to a measure providing any such stupendous sum. This bill, as I understand, was for the purpose of aiding the unemployment situation. There were to be constructed self-liquidating projects, roads, and so forth, which it was supposed would furnish employment to people. It looks from this amendment, though it is tendered by one of my best friends on the floor, as if we are to unfreeze some of the frozen assets of States and to enable them to find credit.

When was it that the Federal Government put the sovereign States under its wing? If States may not handle their own affairs, it seems to me the day may soon come when they will have to surrender their charters and say, "We are incompetent to handle our domestic affairs and we will have to come in under the wing of the Federal Government." Speaking for myself, I am opposed to the amendment offered by my dear friend from Mississippi, and I should vote against the proposition of authorizing $600,000,000 of liabilities upon the Federal Government for the purposes indicated.

Mr. WALSH of Massachusetts. Mr. President, I understand the amendment of the Senator from Mississippi has been withdrawn.

The PRESIDING OFFICER. The amendment has been withdrawn.

Mr. WALSH of Massachusetts. I desire to offer an amendment. On page 106, in line 24, after the word "authorized," I move to insert "and for projects recommended by the Chief of Engineers of the United States Army."

Mr. President, this amendment does not propose any increase in the appropriation. There is provided in the annual appropriation $60,000,000 for river and harbor projects, which have been authorized. It is proposed in this measure to increase that sum by $30,000,000. I do not propose to increase that amount, but I am informed by the office of the Chief of Engineers of the United States Army that there is little planned work to be done this year that will absorb the additional $30,000,000, which has been authorized. In the House text there are authorized projects that will require up to $30,000,000.

Mr. LONG. Mr. President——

Mr. WALSH of Massachusetts. I will yield as soon as I finish my statement. The Chief of Engineers informs me that if this amendment shall be adopted he can spend $18,551,200 on projects which have been investigated, recommended, and approved, but not authorized, except in the House text of this bill; that he could undertake, if this amendment were adopted, work at once, spend the money this year, and employ, according to the figures which I have before me, 5,949 additional workers. These projects are well scattered throughout the States of the Union. The table which I hold in my hand indicates the amount which can be spent in each State and the number of persons that probably could be employed.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. In just a moment I will be glad to yield. The States in which the work can be done are Alabama, California, Florida, Indiana, Louisiana, Maryland, Maine, Massachusetts, Michigan, Missouri, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington, and Wisconsin.

This table shows that the total amount of money he can spend this year on authorized projects is $66,490,000. There are $60,000,000 authorized and appropriated for, and he can spend $66,490,000. If this amendment shall be adopted, he can spend, in excess of the $60,000,000 authorized and appropriated, $18,501,200. My amendment proposes to enable him to go ahead on these projects which are projects which are ready so that men may be put to work upon them in addition to those which are already authorized.

Mr. VANDENBERG. Mr. President, do I understand that these are projects which have been recommended by the Board of Engineers for Rivers and Harbors to Congress, but which as yet have not been authorized by Congress?

Mr. WALSH of Massachusetts. Exactly; and which are authorized in the House text of this bill which has been stricken out by the Senate committee.

Mr. VANDENBERG. Do I also understand the Senator to say that of between $300,000,000 and $400,000,000 of projects already authorized by Congress itself the rivers and harbors engineers can find no work to be done; yet they can find work to be done on projects that have not been authorized?

Mr. WALSH of Massachusetts. That is exactly what I understand, and here is a table that shows it.

Mr. VANDENBERG. It is a perfectly amazing contemplation to me.

Mr. WALSH of Massachusetts. That is work they can undertake this year, which is in shape to be undertaken this year, and is limited to the sum of $66,490,400.

Mr. VANDENBERG. Mr. President, may I make one other inquiry? I am sure the Senator would not want to depart from the orderly procedure of rivers and harbors work if it were not necessary to depart from it.

Mr. WALSH of Massachusetts. Certainly not.

Mr. VANDENBERG. It seems to me that to inject into this bill a list of unauthorized projects, so far as Congress is concerned, is to go back directly—unmeditatedly, of course, so far as the Senator from Massachusetts is concerned—to the old pork-barrel method of doing rivers and harbors work.

Mr. WALSH of Massachusetts. I have no such desire at all.

Mr. VANDENBERG. I am sure the Senator has no such desire, but his amendment contemplates exactly that net result, in my judgment.

Mr. WALSH of Massachusetts. My amendment contemplates using the $30,000,000 that is in this bill by providing projects recommended and upon which employment can be had.

Mr. VANDENBERG. Yes; but it contemplates projects that have not been authorized by Congress.

Mr. WALSH of Massachusetts. That is true.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. LONG. I should like to have the attention of the Senator from Michigan for just a moment. As an example,

let me say that some of the surveys which are positively necessary have been completed, as I understand.

Mr. WALSH of Massachusetts. Exactly.

Mr. LONG. Congress is not a board of experts, but the Board of Army Engineers has completed some very important and necessary surveys, not in any particular State but throughout the country. Congress has authorized the Board of Engineers to go ahead with certain work for which there were no surveys and for which there can be no work done this year. We certainly are not putting the cart before the horse, but, on the contrary, are putting things in proper order, to let the Board of Army Engineers proceed upon work for which there are plans and surveys which make the work possible rather than to tell them to submit plans and specifications for projects on which they can not put any men to work. I have not the list that the Senator has there, but I am familiar, I think, with some of these projects. There are none of them that are not vitally necessary to this country.

Mr. WALSH of Massachusetts. And they are all authorized in the House text.

Mr. LONG. Every one of them is authorized by the House.

If we are going to do anything at all, certainly what the House has investigated and has found to be proper, and what the Board of Army Engineers has investigated and found to be proper, should be done. They have the plans and the specifications ready. They can go to work on them; whereas, without this amendment, putting this appropriation in this bill does not mean that we are going to employ a single man. It is a mere idle and empty gesture, because there are no plans and specifications that can be had to do any work on.

Mr. VANDENBERG. Mr. President, without intending any disrespect to the House, I should say that the mere fact that these projects find an authorization in this particular House text is no particular warranty of their utility, in view of the fact that this is the same House text which includes a post office at every crossroads in the United States. Surely we are not proposing to proceed with our river and harbor projects on the basis of the post-office building program which is in the pending bill.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Montana?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. WALSH of Montana. I am a little surprised that there should be any kind of controversy at all about this particular item. We have long followed now the course of making lump-sum appropriations for rivers and harbors, the amount to be expended being left in the discretion of the Board of Engineers. It is true that they usually indicate about how they propose to expend it. The chairman of the Committee on Commerce will be able to speak more definitely.

Mr. JONES. Mr. President——

Mr. WALSH of Montana. But let me continue, Mr. President. My understanding about the matter is that the Board of Engineers have already a plan, extending over a period of years, for the development of rivers and harbors.

Mr. JONES. Mr. President, I should like to correct the Senator just a moment. The Senator's statement is a little too broad.

The engineers can not use any part of this lump sum upon any project that they may have recommended, but that some Congress has not approved. In other words, they must expend every dollar that we appropriate upon projects approved by Congress.

Mr. WALSH of Montana. Exactly. That is just the point I wanted to make. They have outlined a plan of expenditure, covering a period of years, for the improvement of rivers and harbors approved by the Congress; and for the purpose of carrying out that program a lump-sum appropriation is annually made. This year the lump sum was $60,000,000, and they apply that only upon projects heretofore authorized by the Congress.

I am a little surprised at the information given to the Senator from Massachusetts. I called him up myself. I talked with him, and asked him what amount could be economically expended during the current year upon rivers and harbors over and above that which had been appropriated in the general appropriation act, $60,000,000. He answered that they could expend economically during the current year 50 per cent more, $30,000,000 additional; and that is the explanation of this item in the bill. It never was intended that a dollar of this money should be spent on any projects that have not heretofore been authorized by the Congress.

Mr. VANDENBERG. But that is not the Senator's amendment. The Senator specifically states that his proposed amendment deals with projects not authorized by Congress, and that is my whole quarrel with it.

Mr. WALSH of Montana. Mr. President, I find myself utterly unable to concur in that.

Mr. VANDENBERG. That is my whole opposition.

Mr. WALSH of Massachusetts. Mr. President, at the time the Chief of Engineers gave the Senator from Montana the information, the House may have authorized these projects. The matter was in the House bill. Under existing law the bureau is ready to spend about $60,000,000, but he can expend $30,000,000 more on these projects if he is given permission to do so. I do not understand that he is prepared to spend $30,000,000 on authorized projects.

Mr. JONES. Mr. President, may I interrupt the Senator?

Mr. WALSH of Massachusetts. I understand the Senator from New York to be told that.

Mr. WAGNER. Mr. President, I want to reiterate, if I may—although what the Senator says does not need reiteration—but, just to state my own position, we wanted to make this bill absolutely unassailable from every standpoint; and we limited the appropriations to projects which had already been authorized and approved by Congress. The Senator from Montana took the trouble to communicate with the general in charge of this work. It was as a result of the information which he gave us that $30,000,000 could be used to put people to work at once upon these authorized projects this year, that this item was included. I would resist any efforts to put into this bill any appropriation for projects not yet authorized by Congress.

Mr. WALSH of Massachusetts. Mr. President, just a moment. In this table are the amounts of money and the projects that that money can be spent on under existing authorizations. On this table he has prepared what the House bill would authorize. He has prepared what in the House bill they could undertake to begin work upon now, how many men would be employed, and what the total amount would be. That amount is $18,551,200; and the amount of money that the table shows as to projects that he is prepared to go forward on, that have already been authorized, is $66,940,450.

Mr. JONES. Mr. President, may I interrupt the Senator?

Mr. WALSH of Massachusetts. I yield to the Senator from Washington.

Mr. JONES. I have not looked it up for some little time, but I know that a year or so ago there were river and harbor projects that had been approved by Congress but had not been taken up yet by the engineers amounting to over $200,000,000. They have been passed on by Congress. If we do appropriate any additional money, it seems to me that additional money should be appropriated for those projects that have been approved by Congress.

Mr. WALSH of Massachusetts. The table shows that there are such projects, but the table also shows that the engineers can only spend on those projects this year $66,000,000.

Mr. JONES. Why provide for the expenditure of more money on the projects that have not been approved by Congress? We can increase the amount of money that he can expend upon projects that have already been approved by Congress over the $65,000,000.

Mr. WALSH of Massachusetts. If he is not prepared to go forward with them, what good is there in appropriating the money?

Mr. JONES. Then what is the good of appropriating any money in this bill for this purpose if he is not able to go over the projects that Congress has not yet approved?

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I promised to yield to the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. WALSH of Montana. If the Senator from Minnesota will pardon me, I think the situation might be cleared up if I should state that the conversation that I had in the presence of the Senator from New York with the Chief of Engineers occurred prior to the time that the House bill had been even introduced. He did not know anything at all about what was in the House bill. There was not any House bill at that time.

Mr. WALSH of Massachusetts. Is the Senator referring to the so-called Rainey bill?

Mr. WALSH of Montana. No; the so-called Garner bill, which is the bill under consideration—H. R. 12445.

Mr. WALSH of Massachusetts. That is the very bill referred to in the table before me.

Mr. WALSH of Montana. Exactly. The point I am making is that when we had our conversation with the Chief of Engineers there was not any H. R. 12445. The Speaker of the House had just come over and talked with us about what kind of provisions we were going to put in our bill, and he suggested what he was going to put in, in a general way, in the House bill. So that, at the time this conversation was had there was not any House bill. There was not any authorization of any project other than those that had theretofore been authorized by Congress. So there is no escape from the conclusion that the Chief of Engineers understood perfectly well that we were asking him what amount of money could be spent on projects heretofore authorized by the Congress; and the $30,000,000 is what he gave us, and that is included in this bill.

Mr. WALSH of Massachusetts. Mr. President, I will say that this table appears to be dated June 7, 1932.

Mr. VANDENBERG. Mr. President, will the Senator from Minnesota permit me to say, before he begins, that General Brown, testifying before the Commerce Committee within the month, has testified that he could do about $100,000,000 of work within the next fiscal year on projects already authorized; so that I am totally at a loss to understand the Senator's analysis of the situation.

Mr. WALSH of Massachusetts. Mr. President, the table speaks for itself. He says he can spend $66,000,000. We have already given him $60,000,000, and he says that he can spend on projects that are not yet authorized but approved $18,000,000.

Mr. VANDENBERG. I am unable to understand why, with $350,000,000 of fully authorized projects as yet unfinanced, we should invade any new field of unauthorized projects until we have completed the contracts to which we are already committed.

Mr. WALSH of Massachusetts. I confess to the Senator that I myself was surprised to find that; but it appears that each year, as has been stated by the Senator from Montana, the departments prepare work that they can do the next year, and they prepared that work, and that amounts to $66,000,000, and we have given it to them. Now, the point I wanted to make is that we are appropriating $30,000,000 here, and it should be spent to relieve unemployment.

Mr. WAGNER. This statement to which the Senator refers is dated May 19, 1932; and it is the information given by the Federal Employment Stabilization Board of how much more than is provided now in the appropriation bill could be expended under authorized projects by the different departments at once. Under "rivers and harbors" we have the item of $30,000,000. That was the information given on that date by the head of the bureau having that work in charge—that $30,000,000 could be expended at once in the prosecution of river and harbor improvements. That simply confirms the statement which was made to the committee by General Brown, in charge of this work.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. WALSH of Massachusetts. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. I should like to ask the Senator from New York a question.

As the bill provides on page 106, how much does the Senator claim that that will provide for rivers and harbors work if his amendment is added to the amount already authorized in appropriation bills?

Mr. WAGNER. How much all together?

Mr. SHIPSTEAD. Yes.

Mr. WAGNER. Ninety million dollars all together; $60,000,000 provided in the general appropriation bill and $30,000,000 provided——

Mr. SHIPSTEAD. For construction?

Mr. WAGNER. For river and harbor work.

Mr. SHIPSTEAD. But $23,000,000 of the $60,000,000 for rivers and harbors is for maintenance, and only $37,000,000 is for new work. Of the $60,000,000 in the Army appropriation bill, $23,000,000 is for maintenance, and only $37,000,000 for construction. If this amendment is adopted, it will total for construction $67,000,000 instead of $90,000,000; and if the Senator will permit me, I want to read General Brown's own testimony before the Commerce Committee.

He was asked by Senator VANDENBERG:

> Do you think, for instance, you could handle $150,000,000 worth of work in the next fiscal year?
>
> General BROWN. Not in the next fiscal year; but when once the work is laid out to do, I think $150,000,000 would be handled just as easily as we are handling $60,000,000 now.
>
> Senator VANDENBERG. You say "not in the next fiscal year." What I am trying to get at is, how much could you actually put into ultimate work in the next fiscal year?
>
> General BROWN. We could certainly put in $75,000,000, because that was carefully estimated by the local officers.
>
> Senator VANDENBERG. Could you put in any more than $75,000,000?
>
> General BROWN. Yes; I think we could.
>
> Senator VANDENBERG. How much?
>
> General BROWN. $100,000,000. There would be no trouble about that.

Previously to that, General Brown had made this statement:

> General BROWN. I am not afraid of any reasonable limit; no, sir.
>
> To give you a little more concrete idea of what we could do, not directly connected with the constructive force of the country, but looking at our end of it, we have over 40 districts in the United States properly organized to conduct work, and some of them spend easily $10,000,000 a year at the present time when the work is there for them to do. Our organization can certainly take care of a very large amount of work. There is no practical limit to what we could handle.

I do not want to take the Senator from the floor to speak in his time.

Mr. WALSH of Massachusetts. Mr. President, I do not care to push the amendment. I do not believe in "pork barrel" appropriations. I have no sympathy with such a proposal. But I was moved to offer this amendment because it was represented to me that this $30,000,000 might not be used.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. COPELAND. I assume that what the Senator has in mind is that this bill seeks to relieve unemployment, and that there are certain projects which have not yet been passed upon by the Congress.

Mr. WALSH of Massachusetts. The thing would not have been thought about except that I wanted to have this $30,000,000 used to give employment, and it appeared that there was a question whether it could be used without some such amendment.

Mr. COPELAND. I can see exactly what the Senator has in mind. The engineers have worked out certain projects with which they are prepared to go forward. It may well be, since we have not had a river and harbor bill for two years, that some of these projects have not been presented to the Congress, but which, in the light of present condi-

tions, are more important to the welfare of the country and more productive of labor employment than some of the projects which have been authorized. Am I right in that?

Mr. WALSH of Massachusetts. There is no doubt about it.

Mr. WALSH of Montana rose.

Mr. WALSH of Massachusetts. I am not going to press the amendment, and there is no occasion for any further debate, in view of the fact that the members of the committee reporting this bill assert that this $30,000,000 is going to be spent. I have no pride in any one of the proposed projects, and what I wanted was to be assured that the $30,000,000 would be spent for unemployment.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. SHIPSTEAD. I have no doubt of the Senator's entire good faith. What I object to is continued appropriations for rivers and harbors under a "pork barrel" method that we pursued for 40 years without completing the development of the inland waterways. We have spent $470,000,000 in 40 years, and the only project that has been finished is the Ohio River, where the Steel Corporation had enough political influence to overcome the influence of the railroads, so as to have the Ohio River project finished in order that they might have coal brought to their smelters for 21 cents a ton.

Mr. WALSH of Massachusetts. Mr. President, in order to end the matter, and upon the assurance of the committee reporting the bill that this $30,000,000 will be spent upon authorized projects and used for employment purposes, I do not care to press the amendment.

Mr. WALSH of Montana. Mr. President, I desire to say a further word. Much agitation has taken place concerning the prosecution of an extensive program of public works, and if we are correctly informed, an amendment will be offered to this bill providing for public works to cost a total of perhaps three to five billion dollars.

That necessarily would include projects not yet authorized by Congress. The committee framing the bill deemed it wise to confine the appropriations made by it to projects which have already been authorized by the Congress. If we go beyond that, we immediately enter the "pork barrel" field. Every man will want to get an appropriation for the particular project in which he is specially interested.

If we yield in this particular, we shall find no ground upon which we can oppose the extension of this program of public construction to all manner of works never authorized by Congress at all.

Mr. WALSH of Massachusetts. Mr. President, I want to say that I am in sympathy with the action of the committee in limiting the field of this bill to authorized projects, but the reason for the amendment was that there did not appear to be a means of spending this $30,000,000 except by some such amendment.

Mr. SHIPSTEAD. Mr. President, I wonder if there is not some confusion in using the words "authorized projects." I have an idea that what is really meant is projects adopted by Congress upon the recommendation of the Chief of Engineers of the Army. That is an entirely different thing from projects for which appropriations have been authorized.

Some projects have been authorized and necessary appropriations to complete the projects have not been authorized in the full amount. I am not aware that any of the projects of the House text have not had the approval of the Chief of Army Engineers.

Mr. WALSH of Massachusetts. They all have, according to this table.

Mr. SHIPSTEAD. That is my understanding. I want to say a word in favor of a comprehensive program of completing the inland waterways and the already adopted rivers and harbors program.

The testimony of the Chief of Engineers shows that if it is done in a comprehensive manner 20 or 25 per cent of the estimated expenditures will be saved; that he can economically spend $100,000,000 this year, and after this year, if the work is laid out to-day, he can spend $150,000,000 until the projects are all completed.

He has testified he will employ 160,000 men for a season of 120 days. With an estimated expenditure of three or four hundred million dollars, there is a possible saving to be made, as an economic proposition, of from seventy-five to a hundred million dollars, if we substitute a business-like method of financing and letting contracts for the completion of this work, rather than the present and past piecemeal, "pork barrel" method of constructing these works, resulting in no development of any channel heretofore except for the benefit almost solely of the contractors, never finishing a channel so that the people could have economic relief from the existing exorbitant freight charges. As a result no freight is moving, because of the charges being so exorbitant at the present price level that freight can not move throughout the country because the rates are confiscatory.

I am very sorry the committee in preparing the substitute saw fit to limit this part of the bill. I have tried to find out how much employment would be furnished throughout the United States through this relief bill, as it is a relief bill. I wish some one would give us some information about that. If this is a relief bill, is there some one who can say what this money is to be spent for, where it is to be spent, how it is going to be spent, and how many men can be employed? On a comprehensive program of rivers and harbors we had the Chief of Engineer's own testimony as to how many men he would employ, how long he would employ them, and how much money he could spend. He knows exactly where he would spend the money. He knows from the records what the expenditure of money would be, and there is no doubt about the economic relief to be afforded; there is no doubt but that the entire country would be benefited, and there is not a question of doubt about the economic benefit that would result to the country. Is there any other part of this bill that can be placed upon such a sound foundation as an immediate, comprehensive program of developing the rivers and harbors, and particularly the inland waterways?

Mr. WALSH of Massachusetts. Mr. President, I will say to the Senator that I think it can be estimated that the number of persons who would be employed under the amendment providing for the expenditure of $30,000,000 would be 9,000 people, according to the figures of the Chief of Engineers.

Mr. SHIPSTEAD. I have here the report of the hearings before the Committee on Commerce. I have before me the testimony of W. A. Klinger, who is on the executive committee of the Associated General Contractors of America. He said:

> The river contractors inform me that a full season's work means six months. My construction experience of some 22 years will prove to me that of that six months almost one-fifth is lost because of inclement weather. We therefore find that the season's actual work on the part of this labor is something like 120 days, and we think 100,000,000 men a day will employ about 160,000 men for five seasons. If you check that mathematically, I think you will find it to be correctly calculated on that basis.

That is on the basis of spending about $400,000,000 over a period of five years.

I do not care to delay the passage of the bill for the purpose of discussing this item, but if it is the intention to vote on the measure to-night, I wish some one who has figured out these items of these vast expenditures of money would explain how many men can be employed if the bill is passed. I do not say that in criticism; I am asking for information.

Of course, I want to vote for a relief bill, but I want to know how many people are going to be relieved, how many people are going to be given employment, and I trust we may have a little more detailed explanation.

If the other items in the bill are based on the economic soundness of that part of the bill that has to do with rivers and harbors, I would want to have some further explanation of it.

Mr. WALSH of Montana. Mr. President, if there is no other amendment to be offered, I desire to offer the following.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. What disposition was made of the amendment offered by the Senator from Massachusetts?

The PRESIDING OFFICER. It was withdrawn.

Mr. WALSH of Massachusetts. I withdrew the amendment.

Mr. McNARY. Very well.

The PRESIDING OFFICER. The clerk will report the amendment offered by the Senator from Montana.

The CHIEF CLERK. On page 112, after line 16, insert a new section to read as follows:

SEC. —. The Reconstruction Finance Corporation is authorized and empowered to make loans to bona fide financial institutions organized under the laws of any State or of the United States and having resources adequate for their undertaking for the purpose of enabling them to finance the carrying and orderly marketing of staple commodities produced in the United States. The Reconstruction Finance Corporation may make any such loan in such manner and upon such terms and conditions as it may determine, subject to the limitations of section 5 of the Reconstruction Finance Corporation act as to the period in which it may make loans and the amounts and maturities thereof, and also such loans shall be fully and adequately secured.

Mr. WALSH of Montana. Mr. President, I wish to make a brief explanation of the amendment. I may say it was prepared and submitted to the committee by the very able governor of the Federal Reserve Board and director of the War Finance Corporation. It will be remembered that Mr. Meyer handled the affairs of the War Finance Corporation and effected some very great good, at least in the western country in the stock business, through its operations. It was his idea that the principle there applied might be applied with excellent effect to other branches of business, and that a similar arrangement might be made.

The War Finance Corporation act, as it originally was enacted, embodied the idea which was utilized in the Reconstruction Finance Corporation act, and authorized loans to livestock-loan companies. But it was contended that manufacturing establishments, for instance, might find it impossible to get the loans that they ordinarily make in ordinary times from the ordinary sources, and that they might be able to associate themselves in a similar cooperative loan association and loans could be made to them for the purpose of holding their goods until the market improved and they could make a sale of them or arrange for the orderly marketing of them. The argument was that now the banks are forcing the holders of these stocks of goods to sell them in order to liquidate obligations at the banks. This is intended to permit the organization of financial institutions which would thus loan the money for the purpose of carrying and marketing stocks of staple goods.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from New York?

Mr. WALSH of Montana. I yield.

Mr. COPELAND. I should like to ask the Senator why he is willing to propose this amendment when this morning I wanted to have some consideration shown to insurance concerns of a mutual nature which was intended to carry or make possible the orderly marketing of the American manufacturer.

Mr. WALSH of Montana. I shall be glad to answer the Senator. I read from section 5 of the Reconstruction Finance Corporation act as follows:

To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products, the corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, mortgage loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, livestock credit corporation, organized under the laws of any State or of the United States.

It will be observed that this provides for loans to only those organizations which are financial institutions and they make loans. This is simply intended to extend the provision to another class that would make loans.

Mr. COPELAND. Mr. President, in connection with the portion of the law the Senator has just read, may I state that the insurance companies and indemnity companies are having great difficulty in getting loans under the act where indemnity insurance is included as one of the agencies?

Mr. WALSH of Montana. Yes; but the indemnity companies are something quite different. There are all sorts of guaranty companies. There are companies which guarantee construction contracts and which guarantee fidelity on the part of employees. The company the Senator speaks of is a corporation which guarantees the full and faithful performance of contracts for the sale of commodities.

Mr. COPELAND. From the fact that the Senator has presented the amendment I take it he feels that it accords perfectly with the provisions of the act.

Mr. WALSH of Montana. With the spirit of the act as originally passed.

Mr. HEBERT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Rhode Island?

Mr. WALSH of Montana. I yield.

Mr. HEBERT. As I listened to the reading of the amendment presented by the Senator from Montana it struck me that "financial institutions" might be interpreted to mean existing institutions such as banks, and that they would be permitted to borrow money to help them furnish funds for carrying livestock owners, for instance. Is that correct?

Mr. WALSH of Montana. They are authorized to do that now.

Mr. HEBERT. I understand they are authorized to do it now. What does the amendment propose in addition to that?

Mr. WALSH of Montana. This is proposed, as I suggested, to make loans to credit corporations which are organized practically upon the plan of the livestock credit corporations except in this case it would be manufacturing establishments. They would organize themselves into a cooperative association to make loans to their members for the purpose of carrying their commodities and the Reconstruction Finance Corporation would make the loans to them. This does not originate with the committee. It is suggested, as I said, by the governor of the Federal Reserve Board, the directing officer of the Reconstruction Finance Corporation.

Mr. HEBERT. Then in the case of industries such as we have in New England they could associate themselves into some form of organization and advance money to their members and upon the security of the promises of those members receive advances from the Reconstruction Finance Corporation?

Mr. WALSH of Montana. Exactly; that is the idea.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Montana.

Mr. COUZENS. Mr. President, I was out of the Chamber when the amendment was offered and perhaps explained. Did the Senator from Montana define what he means by "commodities" in his amendment?

Mr. WALSH of Montana. I tried to do so in reply to a question. It was represented to us that the purpose was to accord to manufacturers the same opportunity that is accorded, for instance, to livestock producers. Under the bill as we passed it we authorized the Reconstruction Finance Corporation to make loans to any bank, savings bank, trust company, building and loan association, insurance company, mortgage-loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, or livestock credit corporation.

The livestock credit corporation was utilized very effectively by the War Finance Corporation to help out the livestock business in the West. They organized cooperative livestock credit associations for the purpose of loaning money to the members of the cooperative organization. That money was loaned to them by the War Finance Corporation. The act as we passed it permits that work to

continue so that the livestock business has been taken care of, but it occurred to Mr. Meyer that it worked so well that he thought it would be valuable to apply it to stocks produced by manufacturers as well, who could associate themselves together.

Mr. COUZENS. Manufacturers of what?

Mr. WALSH of Montana. Of anything.

Mr. COUZENS. Automobiles and tractors?

Mr. WALSH of Montana. Staple commodities.

Mr. COUZENS. This goes a very long way. It was a matter which the Committee on Banking and Currency considered and upon which we had a vote. By our vote it was rejected. We rejected the proposal that we should lend to manufacturing institutions who are engaged particularly in competitive industry. I think this is a very unusual proposal and a very broad amendment.

Mr. WALSH of Montana. Undoubtedly it is, but I will say to the Senator that it is not intended, as will be observed, to loan to the manufacturing institutions themselves. They are to associate themselves in something in the nature of a cooperative organization for the purpose of loaning money to the manufacturers, and they may borrow money for that purpose from the Reconstruction Finance Corporation.

Mr. COUZENS. But there is nothing in the amendment which makes any reference to a cooperative organization.

Mr. WALSH of Montana. No; but financial institutions that loan money.

Mr. COUZENS. If the Senator means in the same respect as the other loans were made and wants to make it cooperative, it seems to me that the amendment should be made to read "bona fide cooperative institutions."

Mr. WALSH of Montana. That is true.

Mr. COUZENS. I think the amendment should not be adopted at all, but if it is going to be adopted I would like to ask the Senator to insert before the word "financial" the words "bona fide cooperative," so it would read "bona fide cooperative financial institutions."

Mr. WALSH of Montana. That is agreeable to me. I ask leave to modify my amendment accordingly.

The PRESIDING OFFICER. The amendment as modified will be reported for the information of the Senate.

The Chief Clerk read the amendment as modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana as modified to the amendment of the committee.

Mr. COUZENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	King	Schall
Bankhead	Couzens	La Follette	Sheppard
Barbour	Dickinson	Lewis	Shipstead
Barkley	Fess	Logan	Shortridge
Bingham	Fletcher	Long	Steiwer
Black	Frazier	McGill	Stephens
Blaine	George	McKellar	Thomas, Okla.
Bratton	Glenn	McNary	Townsend
Brookhart	Goldsborough	Metcalf	Tydings
Broussard	Gore	Moses	Vandenberg
Bulow	Hale	Neely	Wagner
Byrnes	Harrison	Norbeck	Walcott
Capper	Hastings	Norris	Walsh, Mass.
Caraway	Hayden	Oddie	Walsh, Mont.
Cohen	Hebert	Pittman	Watson
Connally	Howell	Reed	White
Coolidge	Jones	Robinson, Ark.	
Copeland	Kean	Robinson, Ind.	

The PRESIDING OFFICER. Seventy Senators having answered to their names, a quorum is present.

Mr. COUZENS obtained the floor.

Mr. BLACK. Mr. President——

Mr. COUZENS. Does the Senator desire to speak to the pending amendment?

Mr. BLACK. I was going to offer an amendment. I did not know there was an amendment pending.

Mr. COUZENS. There is an amendment pending.

I should like to ask, now that we have a quorum, to have the amendment read; and then I should like to ask for the yeas and nays, because it departs very far from the contemplation of the original legislation.

Mr. LA FOLLETTE. Mr. President, I should like to inquire of those in charge of the bill how long they intend to continue the session this evening? It is a very important amendment; we had just a bare quorum before the roll was called. It does seem to me that the bill, which is of importance, should not be passed on without proper consideration, and it is certainly not getting it at the hands of the Senate at this late hour after we have been in session since 11 o'clock this morning.

Mr. WAGNER. Mr. President, of course, the matter is entirely in the hands of the Senator from Oregon. I am quite willing at this stage to take a recess until to-morrow.

Mr. McNARY. Mr. President, I thank the Senator for his compliment and confidence, but I do not feel that the matter is wholly in my hands. So far as I am personally concerned, I want to stay here this evening and work on the pending bill and other matters coming before the Senate.

Mr. WAGNER. Very well.

Mr. McNARY. I may add at this time that if we are to carry out our own desires we must have some evening sessions and go forward with the work of the session if we are to adjourn in a reasonable length of time. I think, Mr. President, a number of Members of the Senate on the other side desire to get away next week for the Democratic convention, and nearly all Senators in the body are weary and desire a rest and a change. I think, more than that, the country itself needs quiet and rest from the session of Congress, and if we are to conclude our work and do it well and faithfully, we ought to stay here; and, so far as I am concerned, this evening I want to stay here and work on this bill.

Mr. COUZENS. Mr. President, I think the Senator is rather strenuous in his desire to keep us here, but I believe it is poor policy to legislate with 49 or 50 Senators present on an important bill such as this, and particularly on an amendment that has gone so far astray from what was proposed by the committee that drafted the so-called Wagner bill and so far astray from what the Committee on Banking and Currency intended when it reported the bill. If the Senator insists upon our staying here, I want the yeas and nays on the amendment proposed by the Senator from Montana.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. McNARY. This matter is quite impersonal with me. Of course, excepting, as I have stated, what I think is best for the Senate and the Members of the Senate and the country generally. If we have only 51 Members present no one is responsible but the absentees, and, so far as I am concerned, I should be willing to see an order adopted by the Senate authorizing the Sergeant at Arms to see that Senators are present.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Michigan has the floor.

Mr. COUZENS. I yield.

Mr. LONG. As I understand, we have a special order for 7 o'clock to-night to consider the Philippine independence bill.

Mr. McNARY. No; a proposal of that kind was made on Friday, but the able Senator from Michigan [Mr. COUZENS] objected to it. There is no order of that kind pending.

Mr. LONG. I was going to ask if we are going to continue the session to-night—I have tried to get away from here all day long—if it is not possible to hold an executive session, if it is contemplated one shall be held at the end of the day's business, so that I may make a motion to recommit a nomination? What I am trying to do is just to succeed in getting before the Senate a motion to recommit the Burguieres nomination.

Mr. McNARY. I do not know whether that inquiry is addressed to me or not, but the Senator must know under the rules that in legislative session he may ask unanimous consent to submit such a motion as in executive session.

Mr. LONG. I made that request earlier in the day.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator if an executive session is contemplated to-day?

Mr. McNARY. On Saturday the question was discussed and the Senator from Utah [Mr. SMOOT] and the Senator from Colorado [Mr. COSTIGAN] desired to take up a nomination on the calendar; but the Senator from Utah was indisposed this evening and went home and by consent the nomination goes over until another day. Consequently unless some other Senator makes a motion, and unless it is the desire of the majority, there will be no executive session to-day; but I may remind the Senator from Louisiana again that he could ask unanimous consent of the Senate, as I mentioned a moment ago.

Mr. LONG. In accordance with the suggestion of the Senator from Oregon, I ask unanimous consent that, as in executive session, we take up a motion to recommit the appointment of Mr. Ernest A. Burguieres as Commissioner of Immigration at the port of New Orleans. I ask unanimous consent to take up that motion.

The PRESIDING OFFICER. Is there objection?

Mr. BROUSSARD. Mr. President, I objected to a similar request this afternoon, and I renew the objection.

The PRESIDING OFFICER. Objection is made.

Mr. COUZENS. Mr. President——

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Wisconsin?

Mr. COUZENS. I yield.

Mr. LA FOLLETTE. While I appreciate the diligence of the Senator from Oregon and understand his desire to proceed with this bill, I wish to express it as my opinion that there is no more important bill which can be considered by the Congress than the one that is now the unfinished business. I wish to reiterate what I said a moment ago, that questions of vital public policy are being determined in connection with some of the amendments. The one now tendered by the Senator from Montana [Mr. WALSH] raises a very vital question of public policy, and I do not think it should be determined by a bare quorum of the Senate, many of whom, as the Senator has said, are fatigued. We have been in session since 11 o'clock this morning; many of us had committee meetings prior to the meeting of the Senate, and it is my opinion that the Senate can not transact business and pass upon the questions which are involved in this measure by being held in continuous session for these long hours. If the Senator from Michigan will yield to me, I will move that the Senate take a recess until 11 o'clock a. m. to-morrow.

Mr. COUZENS. I yield.

Mr. LA FOLLETTE. I make that motion.

The PRESIDING OFFICER. The question is on the motion of the Senator from Wisconsin that the Senate take a recess until 11 o'clock to-morrow morning.

Mr. McNARY. Upon that I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote, I withhold my vote.

Mr. HEBERT (when his name was called). I have a pair with the Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I do not know how he would vote, and therefore withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WAGNER (when his name was called). I have a general pair with the junior Senator from Missouri [Mr. PATTERSON]. I am not informed as to how he would vote if he were present. Therefore, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WATSON (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH], which I transfer to the Senator from Vermont [Mr. AUSTIN] and will vote. I vote "nay."

The roll call was concluded.

Mr. HEBERT. I am informed that the Senator from Florida [Mr. FLETCHER], with whom I am paired, would, if he were present, vote as I intend to vote. Therefore, I am free to vote. I vote "nay."

Mr. BINGHAM. I understand that I may transfer my pair to the Senator from Vermont [Mr. DALE] and vote. I vote "nay."

Mr. LOGAN (after having voted in the negative). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Mississippi [Mr. HARRISON], and will let my vote stand.

Mr. WAGNER. I am informed that I can transfer my pair with the junior Senator from Missouri [Mr. PATTERSON] to the junior Senator from Washington [Mr. DILL]. I do so, and vote "nay."

Mr. BRATTON. I have a pair with the Senator from New Hampshire [Mr. KEYES]. I transfer that pair to the Senator from Florida [Mr. FLETCHER], and will vote. I vote "nay."

Mr. McNARY. I desire to announce the following general pairs:

The Senator from North Dakota [Mr. NYE] with the Senator from North Carolina [Mr. BAILEY];

The Senator from West Virginia [Mr. HATFIELD] with the Senator from North Carolina [Mr. MORRISON];

The Senator from Wyoming [Mr. CAREY] with the Senator from Ohio [Mr. BULKLEY];

The Senator from Colorado [Mr. WATERMAN] with the Senator from Wyoming [Mr. KENDRICK]; and

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER].

The result was announced—yeas 27, nays 39, as follows:

YEAS—27

Black	Connally	Gore	Norris
Blaine	Coolidge	Howell	Schall
Brookhart	Copeland	King	Shipstead
Broussard	Costigan	La Follette	Tydings
Bulow	Couzens	Lewis	Walsh, Mass.
Caraway	Frazier	Long	Walsh, Mont.
Cohen	George	McGill	

NAYS—39

Ashurst	Glenn	Moses	Steiwer
Bankhead	Goldsborough	Neely	Stephens
Barbour	Hale	Norbeck	Thomas, Okla.
Barkley	Hastings	Oddie	Townsend
Bingham	Hayden	Pittman	Vandenberg
Bratton	Hebert	Reed	Wagner
Byrnes	Kean	Robinson, Ark.	Walcott
Capper	Logan	Robinson, Ind.	Watson
Dickinson	McNary	Sheppard	White
Fess	Metcalf	Shortridge	

NOT VOTING—30

Austin	Dill	Jones	Smoot
Bailey	Fletcher	Kendrick	Swanson
Borah	Glass	Keyes	Thomas, Idaho
Bulkley	Harrison	McKellar	Trammell
Carey	Hatfield	Morrison	Waterman
Cutting	Hawes	Nye	Wheeler
Dale	Hull	Patterson	
Davis	Johnson	Smith	

So the Senate refused to take a recess.

DEPARTMENT OF LABOR—ERNEST A. BURGUIERES

Mr. LONG. Mr. President, I have endeavored throughout the day to get unanimous consent to vote to recommit the appointment of Mr. Burguieres as commissioner of immigration of Louisiana and whatever territory is affected; but there has been objection made by my colleague, which has prevented that from being done.

I announced here on the floor of the Senate this morning that I must necessarily leave this evening. I can not wait here any longer. I have been advised by more than one member of the Committee on Immigration that they were not present when this nomination was ordered to be reported to the Senate. I have also been advised by at least one member of the committee—if I might make the statement, by the Senator from Utah [Mr. KING]—that he will move to have that appointment recommitted to the committee.

I wish to say, gentlemen of the Senate, that had I had the slightest doubt that the objections which I made against the confirmation of this appointment were sufficient, I would have produced any other necessary proof that might have been required to prove that this appointment should not have been made. When I was here—and I was here for some time after the appointment was made—I produced what I thought was sufficient proof for that purpose; and I was assured by members of the committee, from such understanding as I had, that there was certainly no further need for me to worry about the committee reporting the nomination favorably.

The Senator from New York [Mr. COPELAND] and the Senator from Utah [Mr. KING] were not present when this matter was brought up during my absence from the Senate.

I have undertaken to-day to secure unanimous consent, as in executive session, so that I might present to the Senate a motion to recommit this nomination in order that we might have a fair chance on this matter. I can not be here after to-day. It is impossible for me to be here.

Mr. BINGHAM. Mr. President——

Mr. LONG. I yield to the Senator from Connecticut.

Mr. BINGHAM. Does the Senator intend to object to this nomination on the ground that the nominee is personally objectionable to him?

Mr. LONG. That is one objection, Mr. President.

Mr. BINGHAM. Then, Mr. President, I shall support the Senator's contention; and I suggest to him that he move that the Senate proceed to the consideration of executive business.

EXECUTIVE SESSION

Mr. LONG. I move, then, in line with the Senator's suggestion, that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Louisiana.

On a division, the motion was agreed to; and the Senate proceeded to the consideration of executive business.

Mr. WALSH of Montana. Mr. President, I ask unanimous consent that we proceed to the consideration of the matter proposed by the Senator from Louisiana, and that thereupon the Senate rise and proceed to the consideration of legislative business.

Mr. LA FOLLETTE. I object.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER laid before the Senate a message from the President of the United States nominating FREDERICK W. DALLINGER, of Massachusetts, to be a judge of the United States Customs Court, which was referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

Mr. ODDIE and Mr. McKELLAR, from the Committee on Post Offices and Post Roads, each reported favorably sundry nominations of postmasters.

Mr. REED, from the Committee on Finance, reported favorably the nomination of Albert H. Ladner, jr., of Philadelphia, Pa., to be collector of internal revenue for the first district of Pennsylvania in place of Joseph S. MacLaughlin, deceased.

Mr. HEBERT, from the Committee on the Judiciary, reported favorably the following nominations:

Lester O. Gore, of Alaska, to be district judge, district of Alaska, division No. 2, to succeed G. J. Lomen, whose term expired February 16, 1930; and

Philip Forman, of New Jersey, to be United States district judge, district of New Jersey, to succeed William A. Runyon, deceased.

The PRESIDING OFFICER. The nominations will be placed on the calendar.

TREATIES

The PRESIDING OFFICER. If there are no further reports of committees, the calendar is in order.

The Chief Clerk proceeded to read Executive A (71st Cong., 3d sess.), protocols concerning adherence of the United States to the Court of International Justice, transmitted by the President of the United States on December 10, 1930.

Mr. REED. Let the protocols go over.

The PRESIDING OFFICER. The protocols will be passed over.

ORDER OF BUSINESS

The Chief Clerk read the nomination of T. V. O'Connor to be a member of the United States Shipping Board for a term of six years from June 9, 1932.

Mr. McNARY. Mr. President, after conference with the senior Senator from New York [Mr. COPELAND] and the senior Senator from Tennessee [Mr. McKELLAR], the Senate proceeded to the consideration of this nomination on Saturday, but its consideration was not concluded. I hope we may go forward now and conclude it, and get it out of the way before we take up any other matter.

Mr. KING. Mr. President, will the Senator yield for one minute?

Mr. McNARY. I am very happy to yield.

Mr. KING. In view of the fact that the junior Senator from Louisiana——

Mr. NORRIS. Mr. President, we are unable to hear the proposition of the Senator.

Mr. KING. I think my friend from Nebraska desires to understand the proposition of the able Senator from Oregon, and I yield, if the Senator will permit me.

Mr. McNARY. Mr. President, I am simply stating the historical fact that on Saturday, before the recess, we were considering the nomination of the chairman of the Shipping Board, Mr. O'Connor. At that time it was agreed that we would not reach a vote because the Senator from Tennessee [Mr. McKELLAR] desired to rest after a long speech. The matter now is the first on the Executive Calendar. It will require unanimous consent to take up another matter; and I suggest that we go forward upon this nomination where we left off on Saturday.

Mr. KING. Mr. President, will the Senator yield?

Mr. McNARY. Very gladly.

DEPARTMENT OF LABOR—ERNEST A. BURGUIERES

Mr. KING. In view of the fact, as I was about to observe, that the junior Senator from Louisiana [Mr. LONG] is compelled to leave the city this evening, and this executive session was called at his instance, it occurs to me that it would be a proper act of courtesy if we could take up his matter first; and when that is disposed of I have not the slightest objection to the consideration of the matter referred to by the Senator from Oregon. Would the Senator object to that?

Mr. McNARY. Mr. President, I have no desire to inconvenience the able Senator from Louisiana. If it is agreeable to his colleague that the matter come up out of order, I have no objection to it.

Mr. KING. Then, Mr. President, I move that the nomination of Mr. Burguieres be recommitted to the Committee on Immigration.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah.

Mr. REED. Mr. President, in the absence of the Senator from West Virginia [Mr. HATFIELD], who is chairman of the committee, I think it is only fair that I should make a statement as to why this nomination was favorably reported by the committee. I myself never heard of the man or the appointment until it was brought up in the last meeting of the Immigration Committee. I do not know the man. I know nothing about his merits or demerits, and I do not want it thought that this is a matter in which I am particularly interested.

The statement was made to us by the Senator from West Virginia at this committee meeting that he had a great volume of testimony favorable to this man who is nominated; that the only thing against him was the personally-obnoxious objection made by the Senator from Louisiana [Mr. LONG]. The committee took the position then, and subsequently the statement has been made on the floor, that if this were an office to be exercised wholly within the State of Louisiana the objection of the Senator would be

conclusive, and we would report adversely on the nomination; but the committee took the position that as this is not such an office, as its functions extend over many States and affect many States, no Senator from any one of those States ought to be allowed to interpose that objection successfully, just exactly as we have said several times before with regard to nominees for Federal commissions or nominees for courts whose jurisdiction extended over several States.

That was why the committee did not regard the Senator's objection as conclusive when he said that this nominee was personally obnoxious to him; and as all the testimony, according to the Senator from West Virginia, was in favor of the nominee, the committee voted to report the nomination favorably to the Senate.

Mr. LONG. Mr. President, I just want to advise the Senator—because I am sure he was not present, and there is bound to be some mistake—that I presented some telegrams from the various interests opposing this man, particularly the laboring people, at the time I appeared there. The Senator from Utah [Mr. KING] was there; the Senator from New York [Mr. COPELAND] was there; and I was given to understand beyond any question that there was not any need of going further.

Mr. REED. I do not know who gave the Senator that advice. I was not present at that time.

Mr. LONG. I was seeking to convey the information that it was not solely my objection at the time. I did present these telegrams, and I think the Senator from Utah can tell the Senator that I did.

Mr. KING. Mr. President, I have no interest whatever in this matter. I desire, however, always to be fair to Senators, no matter whether I agree with them or not.

I am a member of the Committee on Immigration. This nomination was called up before the committee several weeks ago. Senator LONG appeared and stated that this man was personally obnoxious to him, and that he objected to his confirmation. At the same time he called our attention to two letters or telegrams, I have forgotten which, purporting to come from labor organizations of Louisiana, New Orleans, as I recall, in which it was stated that this man was unfavorable to labor, and that they were very much opposed to his confirmation.

There was not a full attendance of the committee. After hearing Senator LONG, and after the telegrams were presented for our consideration, I have forgotten who made the motion, or whether it was only a suggestion, but at any rate there was an understanding that the matter was shelved, and Senator LONG was advised that no further action would be taken.

Some time later I attended a meeting of the committee, but the matter was not brought up during my presence. I was compelled to go to a meeting of the Committee on Finance, and after remaining in the Committee on Immigration for perhaps half or three-quarters of an hour, during which time a number of measures were disposed of, I excused myself and went to the Committee on Finance. I am making no criticism whatever, but after I had departed, I understand that the name of Mr. Burguieres was again brought to the attention of the committee. Of course, I do not know what occurred. The Senator from Pennsylvania [Mr. REED] has just stated what occurred in regard to the matter. I knew nothing about the action that was taken until I saw the nominee's name upon the Executive Calendar, and when it was reached, I think the Senator from Pennsylvania moved the confirmation.

Mr. REED. Mr. President, I had never heard of it before. The matter was laid before the Senate by the Presiding Officer. I did not know it had ever been up before, and I did move for the confirmation of the nominee, after the nomination was laid before the Senate.

Mr. LA FOLLETTE. Mr. President, will the Senator from Utah yield?

Mr. KING. In just a moment. I found that Senator LONG was not here; and I then called attention to the fact that he was absent, and insisted that the matter go over until he returned. After some colloquy, that understanding was reached and the matter went over. That is all I know in regard to this nomination, and I have felt that in view of the action first taken, and the understanding which Senator LONG received from what we said and what we did, he ought to have been advised as to when it would be taken up again and an opportunity afforded him to present his views. That is the reason why I have championed his cause, so to speak, particularly during his absence, and why now I have made the motion to recommit.

I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I wanted to ask the Senator from Pennsylvania whether there was an actual quorum of the committee present, or whether the members were simply put on the list being counted for a quorum, as is done in so many of the committees during these days?

Mr. REED. It was just as happens in so many of our committees, members coming in and going out.

Mr. LA FOLLETTE. I wanted to know whether there was an actual quorum present when the nomination was voted to be reported to the Senate.

Mr. REED. I do not know.

Mr. NORRIS. Mr. President, may I ask the Senator from Pennsylvania, having heard the statement made by the Senator from Louisiana, and also the verification of it by the Senator from Utah as to what happened at a meeting when the Senator was not there, and as to the understanding had by the Senator from Louisiana, does not the Senator think the nomination should go back to the committee?

Mr. REED. It has been in the committee twice, as I understand it. This is the second time it has been reported, is it not?

Mr. KING. No.

Mr. REED. Is this the first time it has been on the calendar?

Mr. KING. Yes.

Mr. NORRIS. It seems to me, without expressing any opinion about the merits, because I have none, with the understanding the Senator from Utah seems to indicate was had, it being understood by him at that time that the matter was ended, and it coming up again when the Senator from Utah was not there and the Senator from Louisiana was not there, it seems to me in real good faith we ought to send this nomination to the committee.

Mr. REED. I do not know. If the Senator from Louisiana expects to produce evidence tending to show that the nominee is unfit, of course he ought to be given a chance to produce it, but if he merely wants this matter to go back to the committee so that he can claim that the nominee is personally obnoxious to him, and rest on that, I am going to oppose sending it back to the committee.

Mr. LONG. Mr. President, I want to do both. I think that there are a number of Senators here who will not support the Senator on the jurisdictional point he is making, but I propose to show that there are over 13,000 men who object to this nominee. I thought the matter was settled.

If this matter goes back to the committee, I do not believe the committee will ever report the nomination again. As a matter of fact, the Senator from New York [Mr. COPELAND] was at the meeting when I attended it, and he was not at the other meeting when the nomination was ordered reported. He was favorably inclined to my position at the time, and others were as well. But I had left town when the matter was reported, and I received a telegram from the Senator from West Virginia [Mr. HATFIELD] while I was down in Louisiana which said, "Do you still object to the confirmation of Mr. Burguieres?" I wired him back that I still objected. I thought he simply wanted to know whether I still objected to the nomination, but the next thing I knew it was reported out. I was not at the meeting and knew nothing about it, and I venture the assertion that except for the technical quorum there were very few men at the meeting, because I am quite positive that with a quorum the committee would not have reported the nomination in view of the understanding I had at that time.

Mr. REED. Surely the Senator from Louisiana is not reproaching members of the committee for not being present?

Mr. LONG. Not at all—nor any other committee. I am not going to call the pot black. What I am trying to do is to let the committee have its day in court.

Mr. REED. We have to get along with the public business. I am not disposed to delay this. It ought to be decided

Mr. BINGHAM. Mr. President, in order that my position might not be misunderstood, I am one of the old-fashioned Senators who believe in State rights and in the right of a State to be represented by the Senators who sit here. I believe that when a Senator from a sovereign State stands up on the floor of the Senate and states that a nominee is not fit to hold a certain office, is personally obnoxious to him, that it is my duty, believing as I do, to vote with him, no matter how many of my friends may feel differently about the matter——

Mr. BROUSSARD rose.

Mr. BINGHAM. Even though the other Senator from the same State who is a personal friend of mine believes differently. The States are represented here by two Senators, and if one of those two representatives makes such a statement as was made on this floor by the junior Senator from Louisiana, no matter how much I may disagree with him on every position he takes—and I think it fair to state that probably there are no two Senators on this floor who are more divergent in their views on public questions than the junior Senator from Louisiana and I—nevertheless, when he takes the position he has taken regarding this matter it seems to me that the only fair thing to do is to send the nomination back to the committee for further consideration.

I yield to my friend from Louisiana.

Mr. BROUSSARD. Did the Senator from Connecticut hear the junior Senator from Louisiana to-day express that objection?

Mr. BINGHAM. On the floor this evening, in response to a question of mine, he suggested that the nominee is personally obnoxious to him, and it has been my practice during the seven and a half years I have been here always to vote in accordance with any such preference expressed by a Senator, no matter on which side of the aisle he might be.

Mr. BROUSSARD. My understanding of the statement made two or three times by my colleague was that the nominee was obnoxious to the labor people.

Mr. BINGHAM. I asked the junior Senator, the Senator's colleague, whether the nominee is personally obnoxious to him, and he stated that he is. Then I suggested that I should vote with him, although he knows as well as any Senator on this floor that he and I rarely vote on any question on the same side of the issue.

The PRESIDING OFFICER. The question is on agreeing to the motion to recommit.

The motion was agreed to, and the nomination was recommitted to the Committee on Immigration.

UNITED STATES SHIPPING BOARD—T. V. O'CONNOR

The legislative clerk read the nomination of T. V. O'Connor, of New York, to be a member of the United States Shipping Board.

Mr. McKELLAR. Mr. President, on Saturday this nomination was discussed, and I stated then, and I wish to state again now, that I regard Mr. O'Connor as unfit to hold this office.

I expect every Senator here knows Mr. O'Connor, and I imagine most of us know the peculiar things about him which render him unfit. One of those is not to be said in disparagement of Mr. O'Connor; it was his misfortune and not his fault, no doubt, but we all know that Mr. O'Connor is not an educated man, and we all know that Mr. O'Connor is the kind of man who can be influenced very easily by those who desire to influence him. He has never had the experience which would fit him for a place like this. He has never had any business experience which would qualify him for a position of this kind. To turn over a great corporation, with ships which had cost billions of dollars, and with almost unlimited sums of money under the control of the board of which he was chairman, puts him in a peculiar position where the Government might be taken advantage of, and I want to say that this record of Mr. O'Connor shows that the Government has been taken advantage of time and time again.

I pointed out on Saturday that $22,000,000 had been lost by the grossest kind of inefficiency and carelessness, by disregard of the law.

Mr. NORRIS. Mr. President, will the Senator yield while I suggest the absence of a quorum?

Mr. McKELLAR. I yield for that purpose.

Mr. NORRIS. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. JONES in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Howell	Patterson
Barbour	Costigan	Jones	Pittman
Barkley	Davis	King	Reed
Bingham	Dickinson	La Follette	Robinson, Ark.
Black	Fess	Lewis	Robinson, Ind.
Bratton	Frazier	Logan	Sheppard
Brookhart	George	McGill	Steiwer
Broussard	Glenn	McKellar	Thomas, Okla.
Byrnes	Goldsborough	McNary	Townsend
Capper	Gore	Metcalf	Vandenberg
Caraway	Hale	Moses	Wagner
Carey	Hastings	Neely	Walsh, Mass.
Cohen	Hatfield	Norbeck	Watson
Connally	Hayden	Norris	White
Coolidge	Hebert	Oddie	

The PRESIDING OFFICER. Fifty-nine Senators have answered to their names. A quorum is present.

Mr. McKELLAR. Mr. President, the Shipping Board has been a very unsuccessful institution, as we all know. During the war we spent on the Shipping Board in 1917 the sum of $50,100,000; in 1918 we spent $1,067,533,816.55; in 1919 we spent $1,810,190,032.80; or a total of $2,927,883,849.35. There were certain reappropriations which went back into the Treasury of $4,000,000, which reduced the total net appropriation during the war period to $2,922,953,640.49.

After the war was over the shipping interests got busy and got control really of the Shipping Board. I digress there long enough to say that in my judgment one of the greatest mistakes Congress has ever made was in not having long ago abolished the Shipping Board and everything that pertains to it. The Government would have been a great deal better off, our shipping would probably have been a great deal better off, and the constant outpour from the Government Treasury to the big shipping interests would have been discontinued long ago, and the entire country would have been better off.

I want to call attention to some of the appropriations which have been made during the incumbency of Mr. O'Connor. I would include also those made just prior to his going into office. I shall read only the round numbers, because I intend to have the letter from which I read inserted in the RECORD in full, and it will give the figures in full.

For the fiscal year 1920, $357,000,000; for 1921; $37,000,000; for 1922, $103,000,000; for 1923, $70,000,000; for 1924, $50,000,00; for $1925, $30,000,000; for 1926, $24,000,000; for 1927, $24,000,000; for 1928, $22,000,000; for 1929, $18,000,000; for 1930, $16,000,000; for 1931, $11,000,000; or a total for the 10 years after the war, in large part while Mr. O'Connor was chairman of the board, of $707,000,000.

What have we received for that sum? We have sold our ships. They are gone. We have paid enormous salaries. We have paid to the members of the Fleet Corporation for a while salaries of $35,000 a year each. I think we paid one or two attorneys $35,000 a year and then after a hard fight we got it reduced to $25,000 a year, and one remains now at $18,000. He is still drawing $18,000 a year, yet the Shipping Board, when confronted with a loss of $22,000,000, did not even consult that attorney and ask for his opinion. When confronted with one of the most important contracts they ever made, they did not even call him in.

There was some $74,000,000 reappropriated from the Treasury, so that the net appropriations from 1920 to 1931 were $692,000,000.

Mr. Sandberg, the vice chairman, wrote me a letter under date of June 20, 1932, and I shall ask permission to have it inserted in the RECORD in full at the close of my remarks on this subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit A.)

Mr. McKELLAR. Mr. Sandberg wrote in part as follows:

In connection with the second paragraph of your letter, I wish to advise that the appropriation acts for the fiscal years 1921 and 1922 authorized sales receipts totaling $70,000,000 and $55,000,000, respectively, to be used for administrative expenses of the Merchant Fleet Corporation for payment of claims, losses from operations of vessels, and completion of vessels under construction. The records of the Merchant Fleet Corporation indicate that the total amount of sales receipts used under this authority was $107,619,426.55.

There was $4,000,000,000 expended, ships costing millions of dollars sold for a song, and the total turned over to the Shipping Board was $107,000,000 plus.

Furthermore, the appropriation acts for the fiscal years 1925 to 1931, inclusive, authorized the use of sales receipts totaling $22,325,000 to defray expenses of liquidation.

That was under this man, wholly unfitted to perform his duties, as every Senator knows. There is not a man who knows Mr. O'Connor who will rise in his place and say he believes he is a man fitted for the position. Under his administration $22,000,000 were expended for expenses of liquidation.

The total amount authorized has not been used, however; $5,476,219.19 having been transferred to the Construction Loan Fund instead of being used to defray liquidation expenses.

Instead of being used to defray liquidation expenses, that fund was transferred as stated, making upward of $17,000,000 used for liquidation. They had a lawyer they were paying $35,000 a year for quite a while and then we reduced his salary to $18,000, and, I think, the Economy Committee had reduced it again—and all this under the administration of the man whose name has been sent here for confirmation.

Listen to this:

These appropriations, since the fiscal year 1927, include $10,000,000, for one year and $5,000,000 for four years, or since 1928, and represent a special fund designated as fighting fund and are not to be used for operations by the Shipping Board.

What is that? Do we know? What does Mr. O'Connor use the fighting fund for? Can any Senator answer the question? I shall be glad to yield to him if he can.

This amount is still in the hands of the Treasurer and can not be used except for the purpose for which it was appropriated.

Who knows for what it was appropriated?

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from New York?

Mr. McKELLAR. I yield with pleasure.

Mr. COPELAND. Did the Senator say that this large fund was to pay the expenses of litigation?

Mr. McKELLAR. Does the Senator refer to the $17,000,000?

Mr. COPELAND. I ask was that fund to be used to defray the expenses of litigation?

Mr. McKELLAR. No; to defray the expenses of liquidation.

Mr. COPELAND. That is quite different.

Mr. McKELLAR. I do not know; it is pretty nearly the same. I will refer to the way they liquidate. I am glad the Senator from Utah called attention to it.

Under Mr. O'Connor's administration, which we are asked to indorse by confirming his nomination, a ship which is known as the *City of Eureka*, which cost the Government $1,894,000, was sold for $64,800. Then before it was delivered it was repaired at an expense of $44,500. The man responsible for such transactions as that we are called upon by our votes to confirm as the head of this great institution with all this money at its disposal.

Mr. HOWELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I yield.

Mr. HOWELL. Do I understand that the vessel in question was sold for $64,000?

Mr. McKELLAR. It was sold for $64,800, but before it was delivered, after the sale, $44,500 was expended in repairs, the Shipping Board getting net for the ship $20,300.

Mr. HOWELL. How is it possible to explain such a transaction?

Mr. McKELLAR. It is not explainable. "Mr. O'Connor is a good fellow, just confirm him." He is a man who will do what the shipping interests want done.

Mr. HOWELL. Where is that vessel now?

Mr. McKELLAR. I do not know; I can not tell the Senator; but it cost the Government $1,894,000 and it was sold for $64,800. It was then repaired before it was delivered at a cost of $44,500, the Government getting $20,300 net for it. That hardly paid the expenses of the sale. I doubt if the Government received a cent; but that is not a very unusual thing, for ships were practically given away. As the Senator from Oklahoma [Mr. GORE] suggests to me, what the Government received would not have gotten the barnacles off the vessel. The truth of the business is the most ideal man that could be found in America by the shipping interests when there were such things to be done, in my judgment, was Mr. O'Connor, and we all know that. Every Senator knows it just as well as I do. He is not the kind of a man to have charge of this enormous trust fund belonging to the American people. In addition to all this money that has been appropriated every year, he has a revolving fund of $325,000,000 that he lends out as heretofore shown at the most ridiculous rates of interest.

Mr. DAVIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Pennsylvania?

Mr. McKELLAR. I yield.

Mr. DAVIS. Was it a part of the contract of sale of the vessel to which the Senator from Tennessee refers that the ship was to be conditioned before the sale was completed?

Mr. McKELLAR. I do not know what the contract was. Here is the record. What difference does it make? "Part of the contract!" The board made any kind of a contract the shipping interests wanted. As the Senator from Oklahoma suggests to me, the Government was lucky that the repairs did not exceed the price of the ship; and I am not so sure but that they did. Who knows what has happened about it? With unlimited sums of money, with almost billions of dollars worth of property in the hands of this man, with large appropriations in his control every year, it has been one of the most lamentable, indefensible activities that has ever been established by the Government at any time; and I am not so sure that it is not worse even than the Farm Board.

I am not sure that there is any charge that Mr. O'Connor and those associated with him gambled on the exchanges. They sold ships for nothing; they gave up the Government's property for nothing; they loaned the Government's money for rates of interest that brought practically nothing.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Oregon?

Mr. McKELLAR. I shall yield in just a moment. However, I do not believe they gambled. I am not sure, but I do not think there is anything in the record to show that they gambled. The members of the Farm Board, through their cooperative associations, went on the wheat-gambling market and the cotton-gambling market, and lost the Government's money, but here it was just like pouring it in a rat hole, and all that with the Government $3,000,000,000 behind in its running expenses for this year. I now yield.

Mr. McNARY. Mr. President, I rise for the purpose of proposing a unanimous-consent agreement. I ask unanimous consent that when the Senate shall have concluded its business to-day it take a recess until 11 o'clock to-morrow morning.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

Mr. McKELLAR. I have brought out the fact as to one ship. I now want to call the attention of Senators who are still here to the fact that notwithstanding the low sale prices at which these ships were sold, the board also, after the contract was made and pursuant to it, made repairs on 18 vessels at a cost totaling $280,722. That is entirely apart from the two vessels sold at $1,000 each, which had cost hundreds of thousands of dollars. Yet we are asked to approve the nomination of this man.

Mr. President, I was asked the other afternoon about how the board arrived at these remarkable rates of interest, one-fourth of 1 per cent, three-eighths of 1 per cent, one-half of 1 per cent, and various other infinitesimally small rates of interest. I did not give the information as fully and as accurately as I now want to give it to the Senate.

I wish to invite attention to a very remarkable situation. I think the responsibility of the Shipping Board and of Mr. O'Connor has been sufficiently shown by the statements I have already made, but I desire to call attention to the fact——

Mr. ASHURST. Mr. President, I rise to a point of order. I make the point of no quorum.

The PRESIDING OFFICER. Does the Senator from Tennessee yield for that purpose?

Mr. McKELLAR. Will the Senator withhold the point for a little while?

Mr. ASHURST. Very well.

Mr. McKELLAR. Mr. President, the United States Government did not borrow the money the Shipping Board was lending at any such rate as one-fourth of 1 per cent, at any time under any circumstances. The rate of yield to the United States or to those from whom the United States borrowed, never was one-fourth of 1 per cent as certified by the Treasury; it never was three-eighths of 1 per cent; it never was one-half of 1 per cent; it never was 1 per cent. These ridiculous rates were never the rates of yield to those from whom the Government borrowed. The Government sold its obligations for about 3½ per cent, and after they were sold on the market they were quoted privately—not publicly, because there were no such quotations. For instance, if Senator A had a Government obligation of date June 1, 1930, for $100,000 and he was paid a rate of interest of from 3 to 3½ per cent and, for some reason, he sold it to Senator B at an increase of one-fourth of a per cent or one-half of a per cent, the Government took that private sale, of which there was no record, and used it as the rate of yield. It was a fraud upon the American people, an outrageous and unmitigated fraud; and yet we are asked to approve this whole miserable and indefensible business by the confirmation of the man who is responsible for it.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from New York?

Mr. McKELLAR. I yield.

Mr. COPELAND. It might have been a fraud, but it was the law.

Mr. McKELLAR. It was not the law at all.

Mr. COPELAND. It was not the law?

Mr. McKELLAR. No; it was not the law. If the Senator had listened to what I have had to say he would know that the Government was paying 3½ per cent for its money, but at a private sale of an obligation the Government had already sold if a ridiculously low rate of interest was added that was certified as the yield, and on that basis the rate was determined to be one-half of 1 per cent. I will give the facts and figures.

I take an instance from one of the Dollar loans. I am not talking about dollars now, but I am talking about a man by the name of Dollar who ran the Dollar Shipping Corporation.

The loan agreement for the two Dollar loans of $5,280,500 each, $10,561,000 in all, was dated October 26, 1929. Keep that in mind. I have to-day ascertained from the Treasury Department the lowest rate of interest on any Government obligation on October 26, 1929, was 3.43 per cent, which is practically 3½ per cent. Hence had the board conformed to the opinion of the Attorney General as expressed as a part of their own views, the interest rate on that loan would have been 3½ per cent instead of one-fourth of 1 per cent and 1 per cent, respectively, and the United States would have collected $3,040,312 more interest than it will collect if the lower rate shall be maintained.

How did they arrive at the rates stated? They did not arrive at those rates from the yield on any Government obligation, but from the yield on a private transaction, and the very effort to fix it in that way shows that anybody could have defrauded the Government. How easy it would be for one member of a shipping corporation to buy in privately an outstanding obligation of the Government—and that is what was done—and return it to the seller 10 minutes afterwards, at a rate of interest of one-fourth a per cent or one-half a per cent higher, and then, after the transaction was completed, let the Treasury know about it and have it certified. Certainly, however, any such plan or system is an open door to fraud, and it ought not to be countenanced by the Senate at the expense of the American people to the extent of the enormous sum of $22,000,000.

I come next to the loan agreement of the Export Steamship Co. That is the one of which George H. Herberman—a favorite, as shown here, of the chairman of the board—is the head. It is dated August 31, 1929, and the lowest rate of yield for that date was 3.57 per cent, or over 3½ per cent. The United States would have collected from that company $1,783,437 more than it will collect at the lower rates if this agreement had provided for 3.57 per cent. It was just a gift. Mr. O'Connor in that transaction simply gave $1,783,437 of the Government's money—not his money, but a trust fund; not a gambling fund, but a trust fund—he just gave that to his friend George Herberman, and that is all there is to it.

Senators, are we going to confirm the nomination of a man who thus deals with the public moneys of the United States? It is inconceivable that this body will vote to confirm him.

I call attention next to the loan agreement for the Oceanic Steamship Co., dated October 25, 1929. The lowest rate of yield for that date was 3.44 per cent, hence the rate to the nearest one-eighth of 1 per cent was 3.4 per cent instead of one-half of 1 per cent. The Government lost by that transaction $1,128,125. The testimony here of others who did not stand so close to the Shipping Board is that they were right there trying to get loans at this low rate of interest, but they could not get them. They did not know why, but they could not get them. One man said that he had to pay as much as 2 per cent at the same time.

Similar results were had in the cases of 10 others; and many millions of dollars more would have been collected had the board applied the plan of the second half of the Attorney General's opinion.

A great deal has been said about the Attorney General's opinion. Mr. President, in his opinion the Attorney General said that it was the duty of the board—he did not use the word "duty," but that is the substance of what he said. I am not surprised that Mr. O'Connor did not know its meaning, but that is what the Attorney General's opinion was—that it was the duty of the board that a contract rate should be put in. Mr. Mellon advised a contract rate. Everybody who had anything to do with it advised a contract rate except Mr. O'Connor, and except his attorney, Mr. Parker, who is drawing $18,000 a year to protect the Government's interests; and nothing is shown here to demonstrate that he ever took any part in it.

Like another Senator who spoke here the other day, I think that instead of this man being confirmed the whole miserable business ought to be examined into, and these men turned out of office for being unfaithful trustees.

Right in that connection, to show you how we get along—those of us who want to stand for the Government and stand against this waste and extravagance and misuse of

the Government's funds—let me say that last January, I think, I got a resolution through ordering an investigation of this very matter, among others, an investigation of the Shipping Board and its contracts; and what happened? A subcommittee of five was appointed to examine into it, consisting of two Democrats and three Republicans; and the chairman has never called that subcommittee together to make the examination. Why is it?

The great shipping interests have a man in there of exactly the kind they want, a man who suits them, a man who does what they want rather than what the Government wants. They have him there. He is exactly the kind of man they want. The great shipping interests are all for Mr. O'Connor. They want him confirmed; but what are the American people going to say about it? If the American people knew about what is going on in the Shipping Board, and how it is just a rat hole for their taxes to go into; if they knew that scores of millions per year are being spent upon it, or a total of nearly $4,000,000,000, they would rise and do away with those who are responsible for any such system of Government.

Commissions! Commissions! I have often felt during the last few years, since I have been brought in contact with these commissions which cost the Government enormous sums of money, which cost the Government more than the Government itself cost to run a few years ago, that I would never vote for another commission; and I have my very serious doubts, as long as I shall be here, whether I shall ever vote for any other commission; a commission where they "pass the buck," so to speak, from one to the other; where they pass responsibility, to use a proper word, from one to the other.

Take this very man. He first charged me with having defeated or postponed a bill on account of which, he said, the Government had lost money. When confronted with the indisputable fact, he had to admit that they had made no loans of this kind during the time that bill was under consideration. Then what did he do? He once said that the Treasury Department was to blame for it, and Senators here talk about the Treasury Department being to blame for it. First the Congress was to blame, then the Treasury Department was to blame, and then the Attorney General was to blame. Everybody was to blame except the man who did the work, the man who lost the money, the man who was directly responsible for the care and keeping of this trust fund intrusted to his hands. All of them were responsible except this man. The fact is, however, that he is the responsible man. The law puts him there in charge of this matter; and the Senate ought not to confirm him when it is known that he has already lost to the Government, in giving away interest rates to shipping companies, the enormous sum of $22,000,000.

Mr. President, the shipping companies not only got that from O'Connor, but they are getting vast subsidies besides. I will give you an illustration.

One of the shipping companies which operates largely out of New Orleans—I do not know whether it is a southern company or a northern company, but I think it operates out of New York also—is known as the United Fruit Co. The vice president of that company testified, Mr. O'Connor being present, that it was worth from two hundred to two hundred and fifty million dollars; that it was paying dividends; that it owed no money; that it discounted its bills; that it was paying its dividends; that it was able to look after itself in every way; and what was it getting? It was getting these loans to build its ships, three-quarters of the cost of the ship, including everything that furnished the ship, including kitchen ware, cooking utensils, table linen, tableware, everything that could not possibly last 20 years. They were borrowing three-quarters of the cost of ships and wares like that under a building program, so they say. The Government was furnishing three-quarters of the money, and at the end of five years the ships could not possibly be worth what the Government had in them. That was what was being done; and that company was borrowing this money at a fraction of 1 per cent.

When everybody else in the country was hard up, and had to pay large rates of interest, from 6 per cent on up, here were these favored shipping companies, under the beneficent rule of Mr. O'Connor, borrowing money at one-quarter of 1 per cent, and three-eighths of 1 per cent, and one-half of 1 per cent, and five-eighths of 1 per cent, and some had to pay the high price of three-quarters of 1 per cent; some had to pay the enormous sum of 1 per cent for their money; and, by the way, they have a bill over there to declare a moratorium on even that! Can you blame them? They are the favorites of the Government and the favorites of Mr. O'Connor. How nice and easy!

But that is not all they got. After they built their ships in that way at Government expense, they asked for a mail route, and, as one of them testified, they sometimes carried a hatful of mail—a hatful of mail! Sometimes two or three different shipping companies were operating on the same route, and they had to divide up the hatful of mail. It is in the testimony that one company that had a contract or subsidy of $102,000 were asked how much mail they carried. Their reply was that they carried 3 letters and 45 pounds of parcel post. That, under the international rates, would have cost $3 to carry; and under this beneficent law of the Postmaster General and the Shipping Board chairman and the Shipping Board itself they got $102,000 for carrying 3 letters and 45 pounds of parcel post!

Mr. FESS. Mr. President, will the Senator yield?

Mr. McKELLAR. Certainly.

Mr. FESS. Does not the Senator agree with me that the facts he is emphasizing here strongly argue against Government operation of anything of this sort?

Mr. McKELLAR. I do not know that they argue so strongly against Government operation. They are not half as strong against Government operation as they are against Government subsidies.

If the Senator will pardon me just a minute, I want to follow the line of the United Fruit Co. This great corporation, worth from two hundred to two hundred and fifty million dollars, gets in subsidies on three routes the enormous sum of $1,200,000 a year.

The Bible was never truer on any page of it than where the Savior of Mankind said:

> For unto everyone that hath shall be given, and he shall have abundance; but from him that hath not shall be taken away even that which he hath.

Think of it, Mr. President! A great shipping company, worth $200,000,000, not owing a cent of bonded indebtedness, not owing debts at all, paying their bills in advance, paying their dividends in this time of depression, getting $1,200,000 a year as a subsidy from the Government; and, my friend, you are going to vote for this man. I saw in the paper this morning that there were 57,000 families in Philadelphia alone, in your State, that were in distress and did not have bread to sustain them.

Mr. FESS. Mr. President——

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield.

Mr. FESS. What I stated was the result of my conviction, that if we put the Government into an operation of this sort, the Senator and I and others will complain of what is being done, or what is not being done, because it is not as we want it. We know all about this shipping situation. It was a mistake, I think, for us not to come out squarely and vote for a subsidy to make up the difference between the cost of operation here and in competing countries instead of calling it a mail subvention, because when we call it a mail subvention, and it is really a subsidy, which I have always supported, then we have such serious concrete examples as that which the Senator cites, where a line will carry a very small amount of mail and the Government pay a large amount.

Mr. McKELLAR. There is not a word in the law, Mr. President, about a mail subvention. There is not a word in the law about a mail subsidy. That has been scrupulously

kept out of the law. I do not know why, but it was scrupulously kept out of the law. The Post Office Department is instructed to let these mail contracts out to the lowest bidder. Competition is required under the law, but there has been no competition. Thirty-nine out of the 44 contracts which have been let have been let without the slightest competition. They have been let at the highest rate the law allowed the department to pay. In other words, these shipping companies have simply become the wards and favorites of the Government, and are preying upon the Government. Think of it, with 10,000,000 people out of employment in this country, with 57,000 families in want and destitution in Philadelphia, and great, rich shipping companies receive something like $40,000,000, all told, in subsidies from our Government.

Think again, I say to my dear friend from Ohio, a scholarly and splendid man; think again, my friend, that this Government, while paying out this $40,000,000 in subsidies every year, is behind in running expenses in the enormous sum of $3,000,000,000. Is it not a remarkable situation, is it not a pitiful situation, that these great, rich, strong, splendid shipping companies are receiving this untold wealth out of the Treasury of the United States while 10,000,000 of our people are unemployed, in want, and in destitution?

I heard the Senator from Pennsylvania say that he was going to vote to continue this very system, with this very man at the head of it, and while he is voting to keep paying these great subsidies to the great, rich, powerful corporations of the country, 57,000 families in one of the cities in his State are in want and destitution.

I care not how you waste Government money; I am trying not to do it. I feel that I have a duty to perform. I examined the witnesses when they came before the committee. I know what has been done by this board. I know that the Government's moneys are being wasted. I know they are being thrown away. I know that these enormous riches are being thrown into the laps of great rich corporations, which do not deserve them. I know that they do not do anything that merits any such favor, and I am bringing the matter before the Senate and the country.

It may be possible that the Senate will confirm this man. He is responsible for the present situation more than any other man. He is there, being used by these very great interests, an ideal man for the place in the opinion of those who want to get gratuities from our Government and who want to reach their hands into the public till. It was easy when we had all the money in the world, but we have not that money now. There is a deficit in this year alone in our running expenses of $3,000,000,000; and if I know what figures mean, the deficit will be greater next year, even, with the billion dollars more in taxes you have put on the people, than it was this year.

Senators, when we finish with all the appropriation bills we will have spent this year more than $6,000,000,000, and we have revenue coming in of less than $2,000,000,000. If the new tax bill, which taxes everything, brings in as much in the way of taxes as we expect, another billion of dollars, that will make just three billion, and we will have spent more than twice that sum.

Where do we expect to go? How do you expect to run the Government if you are going to make gifts to the rich and powerful, as you are doing to the ship companies and the aircraft companies of the country?

Mr. President, in my judgment, what we ought to do is to abolish the Shipping Board. It would be cheaper to tell the great shipping companies, "If we have anything left, come and take it. We give it to you." It would be infinitely better than to keep up this great Shipping Board, at the great expense at which it has been kept up, $700,000,000 in 10 years; and if we have it another 10 years, with the official handling it, there will be another billion dollars more of the people's money spent. Where are we to get the money? You are grinding down the American people in taxes and giving the money away to the great corporations of the country which do not need it. None of them is in the hands of receivers; none of them is in want. They are living on the fat of the land. Why give them these great sums? Why keep up a board which continues to throw money into their laps?

Mr. President, I am here to-night speaking for a fair deal to the ordinary man. I am against subsidies of any kind. Talk about building up the American merchant marine; I doubt very much whether, with the expenditure of this $4,000,000,000 under this Shipping Board, we really have as good a merchant marine as we had when we started. Indeed, Mr. President, there are three of the companies I know of—and I will give their names, the United Fruit Co., the Munson Line, and the International Mercantile Marine—which get millions in subsidies out of this very fund, get their money at fractional parts of a per cent, on 20 year's time, with inadequate security, three of them asking now the privilege of not even paying interest on it, and they run more foreign ships than they run American ships.

Senators, is it possible to build up a merchant marine by subsidizing foreign ships? That is what we are doing. There is an amendment in one of the appropriation bills right now putting a limitation on some of the appropriations; and what is that limitation? It is a limitation that no part of the sum shall be paid to any concern that is running a foreign-flag ship in competition with an American-flag ship. Is that going to be agreed to? We have had the fight of our lives even to get it started; and I have no doubt that if it is possible to throw that provision out, it will be thrown out. What are we doing? Building up an American merchant marine? In heaven's name, no; you are building up a foreign merchant marine.

There is not a Senator in this body who does not know the history of the International Mercantile Marine; not one. It flies and has flown foreign flags for many years. Their president said that if we continue the present liberal policy and subsidize their ships he hopes that in time he might dispose of some of his foreign ships and buy American ships; and as long as he could get a subsidy and as long as he could get a rate of interest of a fourth, or a sixth, or an eighth, or a half of a per cent—getting the money virtually for nothing—on 20 years' time, he would let that sort of a ship carry the American flag, provided it would get a subsidy for carrying it.

Mr. President, some of these subsidies are the most outrageous pieces of business that the mind can conceive of. I asked one shipowner before the committee, "How much mail do you carry for this $400,000 you get?" "Well," he said, "the amount of mail carried is infinitesimal." "What do you mean by infinitesimal?" He said it was not material. "What do you mean by that?" He said it was not a hatful of mail.

On another route, from New Orleans to Cuba, according to the testimony, we are paying one shipping company $400,000 a year for carrying 759 pounds of mail, if I remember the figures correctly. Then, what did they do? There was a man by the name of Brush who went over to England and built a ship which carried freight cars. He got the money in England and built a ship which carried 90 freight cars and put that into the trade. He was flying the British flag; it was a British ship. He was an American running it, and he went to the Shipping Board and the Postmaster General and sought a mail contract. The very plain terms of the law prohibited a British ship, running under the British flag, from getting the mail contract. But they said, "Now, we will give you three-fourths of the cost of another ship like the one you have, carrying not less than 90 cars, and you can take that ship and put it under the American flag, and we will give you a contract." I do not remember the amount of the contract, but it was a very large sum—$600,000, as I remember.

"We will give you that contract, that subsidy, and we will make the other shipping concern that now carries 759 pounds of mail from New Orleans to Habana, Cuba, divide up with you so each of you will have just half." Ninety freight cars on one ship to carry less than 800 pounds of mail! Let me tell you the remarkable thing about it, the insincere and, as I believe, the dishonest thing about it. When the Post Office

Department advertised that contract, they knew they were about to let a contract to carry less than 800 pounds of mail. The advertisement for the contract said that no bid would be received unless the company making the bid had a capacity of 90 freight cars on their ship, making it so that no other company in the world could bid on that subsidy except this one concern, and that one concern had been flying the British flag for years.

Mr. DAVIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Pennsylvania?

Mr. McKELLAR. I yield.

Mr. DAVIS. The Senator will remember I asked where that particular ship was built, and, if I remember correctly, it was stated that it was built at Newcastle-on-Tyne?

Mr. McKELLAR. Yes.

Mr. DAVIS. I asked why that ship was built in a foreign shipyard, and it was stated because they could build it for one-half there what it would cost them to build it in an American shipyard; in other words, they paid about $1,000,000 for that particular ship, while to build the same kind of a ship in an American shipyard would have cost approximately $2,000,000 or more.

Mr. McKELLAR. Yes; but the Government would pay three-fourths of the $2,000,000 as well as three-fourths of the cost of furnishing the ship, and in addition to that, after putting up three-fourths of the cost of building it in this country, then they put up a subsidy, the exact amount of which I do not remember, but my recollection is it was something like $600,000, for running the ship. It would have been cheaper for the Government to have given that man a pension of $100,000 and not let him run that ship in the American trade at all. That is what they are doing with Government money, and we are sitting here doing nothing when it is our duty to look into the qualifications of officers whose names are sent here by the President.

There was another company operating between Key West and Habana, Cuba, that had been carrying mail for years on a ship they owned, that carried only 30 cars. They were cut out by the advertisement. The advertisement was so worded that no other company in the world except this British concern could bid on it. No other company could comply with its requirements. Why is it necessary for the United States Government through its agencies to engage in dealing like that? It is little short of infamous. If this were a lawsuit it would be properly characterized, but here on the floor of the Senate I think as much as we can say is that it was infamous and wicked. It is a wicked waste of the people's money at a time when we can ill afford it, at a time when our Treasury is bankrupt to the extent of $3,000,000,000 for operating expenses for this year, and when we are facing a like situation for the next year. It is time this thing were brought to an end. What right have we to give away the people's money in any such fashion as that? And yet that is what we are doing, just taking a shovel and shoveling it out. If it were gold we could not shovel it out as fast as this board is shoveling it out under those circumstances.

Am I wrong about it? Does anybody dispute the facts? I will yield to any Senator who wants to defend the work of this board. I will gladly yield to him to let him defend the board. It can not be defended, and we all know it. We are not fooled about it. There is not a Senator here who does not know the facts. In private business we would not stand for it a moment. Forty-four subsidy contracts carrying these millions for 10 and 20 years under a law requiring competition, and not a competitive bid in 39 of them, and the others were competitive only in name; and yet we are upholding that thing by our vote on Mr. O'Connor.

Mr. President, I have from time to time furnished the Senate with these facts. They are indisputable. They are in four issues of the RECORD, and there is no doubt about them. The Dollar Steamship Line is borrowing money from the Federal Treasury at this time, paying one-fourth of 1 per cent interest, when the Government itself can not borrow under 3 per cent to save its immortal soul. If we continue these extravagant and indefensible appropriations, the time will not be long distant when the Government can not borrow money at any price.

There have been $6,000,000,000 of appropriations for the coming year, beginning July 1. Senators ought to want to know why it is. When we first came here last December the President sent a recommendation for an appropriation of $203,000,000 for the veterans. We appropriated it. He next sent in a recommendation for a deficiency appropriation of $125,000,000, and we appropriated it. He next sent in a message for the current expenses of the Government of $4,601,000,000. Then he sent in a message for farm bonds to help, not the farmers but to increase the value of the bonds in the hands of bondholders $125,000,000. Then for the banks and the railroads and the other corporations he recommended $2,000,000,000 for the Reconstruction Finance Corporation.

Now we will have before us in a day or two a bill carrying $125,000,000 for a home-loan plan. I have no doubt it will be passed. We have $300,000,000 carried in the bill which the Senate has already passed for the relief work, and probably that is the only bill that is really defensible of all of them. All of these appropriations amount to the enormous sum of $6,675,000,000 in round numbers. Where are we going to get the money when we have less than $2,000,000,000 coming in now and a prospective $1,000,000,000 more? If this is continued we will be "in the hole" in the matter of running expenses more than $3,000,000,000 and probably nearer $4,000,000,000. If we continue these extravagant expenditures we are going to ruin our Government.

Mr. President, during the entire session I have stood here from time to time on the floor of the Senate and pleaded with the Senate and pleaded with those who represent our Government to reduce expenditures. I have pleaded with Government officers who came here to reduce their expenditures. "Let us cut down the expenditures of the Government." What has been the answer? Every Cabinet officer has written to the committee or come before the committee and said, "Oh, no; you can not cut my department."

There was a recommendation for an appropriation for the State Department of $400,000 for wine for foreign embassies. It was said that ambassadors and ministers of the United States in foreign countries appeared to better advantage when they had wine at their dinner parties. So we had a wine bill of $400,000.

When the Appropriations Committee cut it out the most earnest plea came from the State Department, "For heaven's sake, save our wine. We can not get along with our European neighbors and our foreign neighbors unless we serve them wine when they come to see us and when we give them dinner parties." Think of it! There are 10,000,000 people out of employment in the United States and yet the Government is spending $400,000 for wine for our ambassadors to entertain. O Mr. President, "Willful waste makes woeful want" is an old saying; and if we continue this waste, this extravagance, this turning over of these immense sums to boards that squander it and throw it away and misuse it, there will come a day of reckoning just as sure as we sit here.

It is for these reasons, Mr. President, that I am here pleading with the Senate to reject the nomination of Mr. O'Connor, who is responsible for such a large part of this loss. There is no telling how much it will be altogether. Millions have been spent by the Shipping Board and there is nothing to show for them. It may be that it is a race between the Farm Board and the Shipping Board. I do not know which is the most extravagant. The Shipping Board had so much more to be extravagant with. The poor Farm Board had only $500,000,000. They are at the doors of Congress begging for more. They want another appropriation. They have been outraged because we do not turn over the Treasury to them, the poor bankrupt Treasury, the borrowing powers of the Government to-day, and yet in comparison with the Shipping Board they have just one-eighth as much.

The Farm Board have received $4,000,000,000 which they have squandered in just reckless confusion. When it is wound up I doubt whether the country will get $12,000,000 from it all. There has been $4,000,000,000 of the people's money expended and nothing to show in return. When I think of the Shipping Board and the Farm Board I am reminded of an old Sunday school song that I used to attempt to sing when I was a boy:

Nothing but leaves.
The spirit grieves
O'er years of wasted life;
O'er sins indulged while conscience slept,
O'er vows and promises unkept,
And read through years of strife
Nothing but leaves, nothing but leaves!

And so it is with this board. What have we got to show? Nothing but leaves! Nothing but leaves!

They have given money away; they have wasted their opportunities; they have destroyed the board by extravagant, riotous living; they have paid out and squandered untold riches of this Government; they and other boards have brought the Treasury to bankruptcy and ruin, with nothing to show for it.

Do not let it be said of us—

O'er sins indulged while conscience slept.

Let us do our duty. We ought to abolish this kind of board; we ought to refuse to confirm unfaithful servants such as the chairman of the Shipping Board, and I appeal to the Senate not to do so. I am going to make a motion at the proper time when other Senators shall have finished to recommit this nomination to the Committee on Commerce and let them examine into it. This man ought not to be confirmed until a committee has examined into the matter and called him before it.

I am told—I do not know how much truth there is in it—that his record is in the hands of the administration and that the Department of Justice compiled that record. Why is it not before the Senate? We are asked to confirm his nomination. Why are not the facts here? Let us permit the nomination to go back to the Committee on Commerce, from which it came. It was not considered there; it was merely reported out as a matter of course.

There is another reason why the nomination should be recommitted. The Economy Committee has reduced the membership of this board to three. There is no reason for continuing this man in office; there are plenty of commissioners remaining to do the work. So I shall ask the Senate, when we get ready to vote, to recommit the nomination. We shall not make any mistake by doing that, as would be realized if Senators had studied this question as I have. The very silence of Senators with reference to this nomination shows that they know that this man is not fitted for the office to which he has been nominated. I shall therefore ask that the nomination be recommitted to the Committee on Commerce.

EXHIBIT A

UNITED STATES SHIPPING BOARD,
Washington, June 20, 1932.

Hon. KENNETH MCKELLAR,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In reply to your inquiry of June 20, 1932, I take pleasure in giving you below the amounts which have been appropriated for the purposes of the Shipping Board and Merchant Fleet Corporation from the inception of the Shipping Board through the fiscal year 1931, divided into two groups, the first, fiscal years 1917, 1918, and 1919, which we have considered the World War period, and the second the fiscal years 1920 to 1931, inclusive:

Fiscal year:	
1917	$50,100,000.00
1918	1,067,533,816.55
1919	1,810,190,032.80
Total	2,927,823,849.35
Less amounts returned to United States Treasury and amounts reappropriated from year to year	4,870,208.86
Net appropriations	2,922,953,640.49
Fiscal year:	
1920	857,272,986.00
1921	37,298,133.33
1922	103,959,000.00
1923	$70,459,000.00
1924	50,411,500.00
1925	30,344,000.00
1926	24,330,000.00
1927 [1]	24,198,574.00
1928 [1]	22,290,000.00
1929 [1]	18,688,750.00
1930 [1]	16,494,000.00
1931 [1]	11,346,000.00
Total	767,091,943.33
Total, fiscal years 1920 to 1931, inclusive	767,091,943.33
Less amounts returned to United States Treasury and amounts reappropriated from year to year	74,777,324.52
Net appropriations, 1920 to 1931, inclusive	692,314,618.81
Net appropriation total, fiscal years 1917 to 1931, inclusive	3,615,268,259.30

In connection with the second paragraph of your letter, I wish to advise that the appropriation acts for the fiscal years 1921 and 1922 authorized sales receipts totaling $70,000,000 and $55,000,000, respectively, to be used for administrative expenses of the Merchant Fleet Corporation for payment of claims, losses from operations of vessels, and completion of vessels under construction. The records of the Merchant Fleet Corporation indicate that the total amount of sales receipts used under this authority was $107,619,426.55.

Furthermore, the appropriation acts for the fiscal years 1925 to 1931, inclusive, authorized the use of sales receipts totaling $22,325,000 to defray expenses of liquidation. The total amount authorized has not been used, however, $5,476,219.19 having been transferred to the construction loan fund instead of being used to defray liquidation expenses.

None of the amounts mentioned in the two preceding paragraphs are included in the tabulation given in the first part of this letter.

Very truly yours,

S. S. SANDBERG, *Vice Chairman.*

Mr. WHITE. Mr. President, my interest in this nomination is, to a very large extent, impersonal. The nominee is not from my State or from my immediate locality, and I have with him only that acquaintance which many other Senators have with a large number of public officials in the city of Washington. I would be content to keep silent now if it were not for my profound conviction that this man has been unjustly and unfairly assailed here in this body and elsewhere.

The Senator who has just taken his seat has discussed the responsibility of this nominee with respect to the construction-loan fund, so called, and he has also spoken with respect to the postal contracts let under the terms of the 1928 merchant marine act. Because I believe all Senators here fully understand that the Shipping Board has no responsibility whatsoever with respect to the letting of mail contracts under the 1928 act, I pass by without answer that part of the Senator's remarks. I do feel, however, that, in order fairly to pass upon the culpability or nonculpability of this nominee with respect to the construction-loan fund it is essential that the Senators here gathered should have before them a history of the construction-loan fund, its present terms, and the action of the Shipping Board thereunder.

The construction-loan fund was written originally into the merchant marine act of 1920. By the appropriate section of that act there was created this construction-loan fund—for what purpose? To aid—and that is the language of the law—to aid private citizens in the building in American yards of American ships for the American merchant marine, and, as declared in the 1920 act, for the larger purpose of building up an American merchant marine that would contribute to the national defense and would carry the major portion of the commerce of the United States in American-flag ships.

That original section of the law conferred upon the Shipping Board complete discretion as to the matter of interest rates on loans made from this fund. I am only going to

[1] These appropriations, since the fiscal year 1927, include $10,000,000 for one year and $5,000,000 for four years, or since 1928, and represent a special fund designated as fighting fund, and are not to be used for operations by the Shipping Board. This amount is still in the hands of the Treasurer, and can not be used except for the purpose for which it was appropriated.—S. S. S.

speak about interest rates because that seems to be the matter particularly in controversy here. The act gave to the Shipping Board with respect to rates upon the loans authorized by that act complete and full discretion. We amended that law in 1924 by increasing the total amount of the fund, and in that 1924 act we made a change with respect to interest rates. We provided while vessels were under construction and while they were operated in the coastwise trade of the United States that the interest rate should be within the discretion of the Shipping Board but not less than 5¼ per cent. We further provided in that legislation—and when I say "we" I mean, of course, the Congress of the United States—that while vessels were operated in the foreign trade, the rate of interest should be in the discretion of the board, but not at a less rate than 4¼ per cent, making a reduction of 1 per cent in the minimum rate authorized while the vessel is engaged in the foreign trade. In 1927 we amended the law but made no change in respect to the authority and with respect to the responsibility of the board concerning interest rates.

Then we passed the act of 1928, known as the merchant marine act of 1928. In that legislation we made a radical change in policy with respect to the interest rate. With respect to loans made while a vessel was under construction and while she was in the coastwise trade, we retained the provision in the 1924 law giving the Shipping Board discretion as to the rate of interest but with the limitation that the rate should not be less than 5¼ per cent; but when we came to fix the rate which should be charged while the vessel was in the foreign trade, we took from the Shipping Board absolutely and completely all discretion and we wrote into the law a formula by which the rate should be determined. That formula was, as I think all Senators know, that the rate on these loans should be the lowest rate of yield on any Government security outstanding at the time the loan was made, with certain exceptions named in the law.

Why did we make that substantial change in policy? We made it, let me say to the Senate, because during the eight years theretofore while this construction loan fund provision had been upon the statute books it had failed completely to do for shipping in the foreign trade what the purpose of Congress was with respect to it. During those eight years, from 1920 to 1928, there had been made but 14 loans of a total amount of $18,629,000, and there had not been built for our overseas trade in the whole span of eight years in a single shipyard of America, whether on the coast of the Atlantic or on the Gulf or upon the Pacific, a single American ship, while in approximately that same time foreign nations had built more than 1,500 new ships and they had put into the trade of the United States nearly 800 new and modern ships, competing for the trade of this country, and for the trade of the world to and from this country.

In the face of that failure of the construction-loan fund, we wrote into the law a formula which would result in a rate of interest low enough, as we believed, to be an effective aid to Americans who were willing to undertake the hazardous task of building ships in American yards and entering into the foreign trade of the United States. We fixed a rate of interest, as we believed, sufficiently low to overcome or offset in some degree the cost differentials against the United States in the building of ships. We not only wrote that definite formula into the law, the application of which should determine the rate of interest, but we took from the Shipping Board the right to apply that formula, and we said that the rate of interest under that rule should be as certified by the Secretary of the Treasury. In that act of 1928—and I emphasize it because it was a fundamental change and has a bearing upon the acts of the board and upon the acts of the nominee now here—we took from this nominee and we took from the Shipping Board all discretion with respect to the rule as to the rates of interest while the ship was in the foreign trade. And it is these rates that are criticized.

I think it is fair to say that when that rule was written into the law there was no thought in the mind of any person sponsoring the legislation that there would be any such rates of interest carried on loans as have resulted from the application of that formula.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER (Mr. GLENN in the chair). Does the Senator from Maine yield to the Senator from Massachusetts?

Mr. WHITE. I yield.

Mr. WALSH of Massachusetts. Who was to determine whether loans should be made?

Mr. WHITE. It rested with the Shipping Board to determine whether or not loans should be made; but when it was determined that a loan should be made, so far as the Shipping Board was concerned, authority with respect to the rate while the vessel was in the foreign trade ceased.

Mr. WALSH of Massachusetts. And the Treasury had authority over the rate of interest?

Mr. WHITE. The Treasury had authority to take the rule or the formula written into the law and apply it to the facts and certify the rate so found to the Shipping Board, and this certification by the Treasury governed the rate while the vessel was in the foreign trade.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Tennessee?

Mr. WHITE. I yield.

Mr. McKELLAR. Was it the rate of yield of a person who had bought an obligation from the Government or was it the rate of yield of any Government obligation outstanding as between private individuals?

Mr. WHITE. The language speaks for itself. The law says it was the rate of yield on any Government security outstanding, and that means, I take it, any Government security outstanding in all the United States by whomsoever held. I hope the Senator will permit me to proceed.

Mr. McKELLAR. Just one further question. Did the Government borrow money at any time from anybody at one-quarter of 1 per cent or one-eighth of 1 per cent or one-half of 1 per cent or even at 1¾ per cent? Will the Senator answer that?

Mr. WHITE. I will come to that as I proceed, unless I forget what I want to say, and, if I do, if some one will remind me I will come back to it.

Mr. McKELLAR. I will remind the Senator of it.

Mr. WHITE. At the time the legislation was enacted, no one had in mind that contracts would be entered into carrying rates of interest as low as some of those subsequently certified.

Mr. McKELLAR rose.

Mr. WHITE. Please do not interrupt me. I did not interrupt the Senator from Tennessee.

At the time the law was under consideration, and when the law was enacted, the rate of yield on Government securities outstanding was approximately 3.22 per cent. It fluctuated somewhat, but that was approximately the rate of yield on Government securities outstanding—3.22 per cent. I have no doubt that every Senator who voted for this law believed that a rate somewhere in that neighborhood would be the rate carried by the loans.

What happened after that to change the situation so completely and to bring about a result so different than that we anticipated?

In the fall of 1929 we saw that period and that time of abundant money in the United States, with the resulting downward tendency of interest rates. That was not all, however, nor was it the chief factor in the working out of these rates. In June, 1929, Congress legislated amending section 5 of the Second Liberty Loan act; and by this legislation of June, 1929, we authorized the Treasury of the United States to issue short-time securities at such rates of interest as the Treasury might see fit; and we provided for the issuance by the Treasury of so-called Treasury bills on a discount basis and payable at maturity without interest.

Under the authority of that law, along about December of 1929 the Treasury began that new method of financing involved in selling these short-time securities, and these Treasury notes to which I have referred. Of course, the result was that there was a rate of yield upon these securities that no one ever dreamed of when this shipping legislation was under consideration in January and February and March and April, 1928.

When was it first brought to the notice of the Shipping Board that these low rates were about to come into force and that certificates were coming into the Shipping Board at rates less than 3 per cent?

I stand here and say to the Members of the Senate that from the time the merchant marine act of 1928 was written until April 1, 1930, there had not been a certificate of less than 3 per cent. There had not been a loan made bearing interest of less than 3 per cent.

On April 1, 1930, there was received by the Shipping Board the first certificate under the law bearing a rate of interest of less than 3 per cent. That was the certificate that was received in the case of the *Santa Clara*. That loan bore a rate of interest of 2¾ per cent, as certified to the board by the Treasury Department. That was received, as I say, on the 1st day of April, 1930.

On the 2d day of April the board, I am told, confronted with that problem, discussed the matter in their meeting. On April 9, the board again discussed the matter in their meeting, and considered whether they were obligated to accept that rate as certified by the Secretary of the Treasury, or what their authority was in the matter.

About that time, I think on the 10th day of April, the Senator from Michigan [Mr. VANDENBERG]—his attention having been called to the situation—wrote the Shipping Board a letter inquiring as to interest rates, and the Shipping Board replied giving the information called for so far as they were able to do so.

Then on April 15 the chairman of the Shipping Board—this nominee who is here—called the matter officially and formally to the attention of the entire Shipping Board, in a written statement prepared by him, and in which he invited the consideration of the Shipping Board as to what should be done and could be done in the premises.

A committee was then or immediately thereafter named to wait upon the Secretary of the Treasury to see if there could not be some other interpretation put upon this law, under which the Shipping Board might make these loans at other rates than those which resulted from this formula under this new method of financing.

The Senator from Tennessee stated that no loans were made until some months after that certificate came in, with the exception of two, I believe. I am not sure whether it is two or one, but let us call it two. The Senator from Michigan [Mr. VANDENBERG] on or about April 24, 1930, reported to the Senate his amendment changing the law with respect to these interest rates, changing that rule as carried in the act of 1928. The amendment of the Senator from Michigan provided that no loans should thereafter be made carrying a rate of interest less than 3½ per cent.

For some reason—I do not know what; I see no advantage in indulging in recriminations—that legislation lay here in the Senate for almost 10 months of time without action by this body; and while no new contracts were entered into in that span of 10 months, except the two mentioned by the Senator from Tennessee, there came into the Shipping Board 13 certifications of interest at rates substantially below 3 per cent under contracts theretofore entered into.

That is the history of this matter. I stand here and I say to every Senator within the sound of my voice that with respect to these loans, and with respect to the rates on them, this commissioner had not the responsibility of those here in this body who voted for the formula which under this changed method of financing worked out these regrettable results. I have no more sympathy with the rates of interest on a number of these loans than has the Senator from Tennessee; but, unlike the Senator from Tennessee—and he did not vote for the legislation, so it is not his responsibility—I am unwilling to make out of this situation a Roman holiday. I am unwilling to make this commissioner a vicarious sacrifice. I want the Senate of the United States to face its part of the responsibility, and acknowledge that it voted for the law which properly applied under its terms as written worked out in a few instances results which we all regret. But what has been the result as a whole? I am almost tempted to talk about some of these mail contracts, but they are really beside the issue here.

It is rather difficult to say what I want to say about this table relating to loans and which purports to prove a loss on interest of $22,000,000 without seeming to challenge the sincerity of the Senator from Tennessee. I beg every Senator here to believe that I have no such purpose. I give him full credit for the highest motives; but this table was prepared, not by the Senator from Tennessee, but by a discharged employee of the Shipping Board; and I say to the Senate that there is hardly a truthful or accurate statement in the three pages making up this report.

What are the facts about the operation of this construction loan fund to this very hour? There have been made, or authorized, in the 10 and more years of its life to March of this year, loans totaling almost $152,000,000. Of all of these loans, there are just 20 in the total amount of $36,600,000 that bear a rate of interest less than 3 per cent, and of them only 11 bear an average rate of interest of less than 3 per cent. When we take the rate of interest during the period of construction of 5¼ per cent, when we take the rate of interest during the time these ships are employed in the coastwise trade, and when we take the rate of interest during the time the ship is employed in the foreign trade, and average them up, what do we find? On all these loans to April, 1932, the average rate paid to the Government of the United States is 4¼ per cent, and the rate on all these loans while the ships are in the foreign trade averages 3.08 per cent.

That is the story of these loans in general and without going into details with respect to them, as I might wish to do if it were not already late.

Something has been said of the enormous expense of this shipping program to the Government of the United States. It is true that as the outcome of the war, and of the great shipbuilding program then undertaken, we spent, in the construction of Government ships, almost three and a half billion dollars. We built 2,500 ships of ten and one-quarter million tons. When this great war was over we found that those mass-production ships, while they served the immediate demand, were totally inadequate for the purposes of the commerce of the United States in time of peace and to compete with the ships of other nations.

When 1927 and 1928 came and this legislation was under consideration, we faced very definite alternatives. One was to do nothing, to pursue a policy of inaction, under which the American ship would disappear from the seas, under which the percentage of American goods carried by American ships would constantly decrease and the percentage of goods carried in foreign ships would constantly increase. I say to you, Senators, that the percentage of American goods carried in foreign ships measures America's commercial dependence upon alien and upon foreign interests.

During the period from 1921 up until 1931 we paid foreign ships, for carrying the products of the American farm and the American factory and for bringing to this country those things which American dollars bought, $6,000,000,000—money gone, never to return to this country of ours. And in 1928, as I said, we faced these alternatives:

We could do nothing, and we could see our ships disappear and our dependence upon foreigners grow; and we could see the time coming when we would be carrying in our ships, as we did for the 10 years before 1914, 10 per cent of our goods, and paying foreigners to carry 90 per cent of our goods; we could foresee $3,500,000,000 spent for our ships gone forever. The second alternative we faced was governmental operation; and what did that involve? Why, Sena-

tors, that involved a replacement program; for our fleet had lived half its useful life, and the testimony before the Committee on Merchant Marine and Fisheries in the House of Representatives showed that if we had begun a replacement program for these vessels of ours we would have faced an expenditure within 10 years of time of from five hundred million dollars to a billion dollars in capital expenditure; and everyone knew that the Congress of the United States would not authorize such an expenditure. So, as the final alternative, we wrote into the law provisions that would get the Government out of the shipping business, that would give us a privately owned merchant marine which would contribute to the national defense, which would result in carrying on our ships and the major portion of the commerce of the United States under our flag. That is the course we determined upon and one of the means we adopted to these ends was this amended construction-loan fund.

What is the net result of that construction-loan fund? Under that construction-loan fund there have been built in American yards, or there are under construction in American yards, or there are to be constructed in American yards, under existing contracts, 59 new American ships, and there is to be the reconditioning of 33 other American ships. This contemplated an expenditure in our shipyards of approximately $318,000,000, and it involved a program that would give employment to 35,000 Americans a year for more than three years of time.

Under this law, and under this construction-loan fund, and under the ocean mail titles of the law, we have been saving money for the United States. From 1921 to 1926 we spent in this country to meet the operating loss of the United States Shipping Board a little more than $29,000,000 a year, and during the same period of time the administrative expenses were something over $11,000,000 a year, an outlay of more than $40,000,000 a year, not counting the cost of the laid-up fleet, not taking into account interest, depreciation, or other proper items of expenditure.

In 1931, what was the picture? In 1931 the operating loss of the Shipping Board was a little over $4,000,000, and we paid for administrative expenses about $2,900,000, a total of $6,900,000, a reduction since this law was written on the books in the cost to this Government of $33,000,000 a year. Against this saving add the expense of this construction-loan fund, taking these figures inserted in the RECORD by the Senator from Tennessee, every one of which I think merits challenge, and the cost of the ocean mail title, and you have a total cost in 1931 of a little over $17,000,000, or approximately one-half of the expense to this Government in the operation of its ships in the years 1921 to 1926.

Mr. President, this nominee is here before us. I have tried to sketch hurriedly and imperfectly the record of the Shipping Board with respect to these loans. At no time when these loans were made of which complaint is here uttered was the chairman of the board upon the loan committee of the Shipping Board. He was one of seven members of the board.

Senators, when this merchant marine legislation was introduced, it carried no such provision as is now contained in the law. I introduced in the House in February, 1928, a bill proposing a change in this construction-loan fund. I proposed to vest discretion in the Shipping Board as to the rate on loans, with a minimum rate while vessels were in the foreign trade of 2½ per cent. I say it of my own knowledge and upon my own responsibility that this chairman of the Shipping Board approved that provision and, to the best of my knowledge and belief, he at no time ever gave his sanction to this particular loan-rate provision that was in fact written into the law, although the legislation generally had the sanction and the approval of the entire Shipping Board.

Mr. President, this man, so far as I know, has been faithful, he has been intelligent, he has been honest, in the performance of his duty; and I believe as fully and as firmly as I believe anything that this opposition is a proposal to offer him up, as I have said, as a vicarious sacrifice, shifting from our shoulders, to him, responsibility with respect to these loans which was never properly his.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WHITE. I yield.

Mr. VANDENBERG. I want to recall the Senator to his chronology, because I think the crux of the case lies in the chronology.

If the personnel of the Shipping Board is to be challenged for its relationship to these low interest rates, which none of us condone, it has always seemed to me that the challenge lies against the failure of the personnel of the Shipping Board itself to have initiated an inquiry into these low rates, and the possibility of their advantageous correction. Do I understand, from the Senator's previous narration of the facts, that it is his dependable information that the Shipping Board initiated such an inquiry a week or 10 days before the receipt of my letter, which heretofore has presumably been the first information the board had upon the subject?

Mr. WHITE. Let me repeat what I said. I said that the first certificate received from the Treasury Department certifying a rate of less than 3 per cent was dated March 31, and was received by the board on April 1, 1930. I am informed that immediately that certificate challenged the attention of the attorneys of the board and the construction-loan committee of the board, of which the chairman of the full board was not a member. I am told, and I believe, that in a meeting held on April 2, the next day after it was received, it was discussed, and the rights and responsibilities of the Shipping Board under it were considered. In fact, I am told, and believe it to be true, that the check due the borrowing company was held up by the board for two or three days while they considered what their rights and their responsibilities were. Then, again, on April 9, they held another meeting of the board at which, I am informed, this whole matter was further discussed.

Whether that constituted the initiation which the Senator has in mind or not I do not know, but I do feel sure that the situation excited the interest and the apprehension of the board, and that when the Senator's letter was received they were giving a most careful consideration to the situation which confronted them.

As to what degree the Senator's letter influenced the Shipping Board or Chairman O'Connor in this act of April 15, I can only conjecture—I hope it did have its influence, as assuredly any letter from the Senator should—but on the 15th of April the chairman of the board presented a memorandum to the board discussing the situation, and immediately thereafter a committee waited upon the Secretary of the Treasury to see whether the Secretary could not change the rule as to yield certifications which were in anticipation. That is as near as I can come to a direct answer to the Senator's question.

Mr. VANDENBERG. Let me phrase my question differently. Of course, I have no pride of opinion in my letter or its authority in relation to the correcting of this outrageous situation, but I do have a very keen interest, as a measure of the diligence of the personnel of the Shipping Board, in knowing the Senator's judgment as to whether or not the correction would have been made had not the letter been received. So I ask the Senator this categorical question. Is it his judgment that the shipping-rate situation would have been speedily corrected upon the initiative and action of the board itself?

Mr. WHITE. I think the Shipping Board—and I have already said this—and all the members thereof, were greatly and gravely concerned about the situation which had been so suddenly thrust on them. It is a pure matter of speculation as to whether they would have acted without the Senator's letter or not, but the fact remains that they did consider the matter of the rate, that it became a subject of discussion in the board, that they went to the Secretary of the Treasury about it, and it is a matter of record that they whole-heartedly approved the legislation initiated by

the Senator. I think that is as complete an answer as I can make to the Senator's question.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. WHITE. I yield.

Mr. McKELLAR. The Senator while a Member of the House introduced this amendment to the then law himself, did he not, at the request of the board?

Mr. WHITE. To what amendment does the Senator refer?

Mr. McKELLAR. To amend subsection (d) of section 11 of the merchant marine act of June 5, 1920, as amended by section 301 of the merchant marine act of May 22, 1928? Did not the Senator introduce that bill at the instance of the Shipping Board?

Mr. WHITE. My recollection of the matter is that that was introduced by Representative FREE and not by me.

Mr. McKELLAR. It was introduced at the request of the Shipping Board, was it not?

Mr. WHITE. I have no knowledge as to that.

Mr. McKELLAR. It was so stated.

Mr. VANDENBERG. It was Representative FREE's bill.

Mr. McKELLAR. I have that bill before me, and I want to ask the Senator this question: In that bill, which was reported and passed by the House, were not the same interest rates repeated? I will read the bill. It is as follows:

> During any period in which the vessel is operated exclusively in coastwise trade, or is inactive, the rate of interest shall be as fixed by the board, but not less than 5¼ per cent per annum. During the period in which a vessel for the foreign trade is being constructed, equipped, reconditioned, remodeled, or improved; and/or during any period in which such a vessel is operated in foreign trade the rate shall be the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except Postal Savings bonds), and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request. The rates of interest herein prescribed shall also apply to advances hereafter made on contracts heretofore entered into.

Mr. WHITE. May I look at it?

Mr. McKELLAR. Certainly. Mr. O'Connor testified he had that bill introduced in the House. The Senator says the board has something to do with changing the rates. I know that when that bill got over to the Senate, upon recommendation of the Senator from Michigan [Mr. VANDENBERG], all of that language was stricken out and a provision inserted, " as fixed by the board, but not less than 3½ per cent per annum." That was what did the work.

The truth of the business is, I will say to the Senator and to the Senate, that the board had nothing under heaven to do with changing the rates of interest, which the Senator from Maine himself has said were deplorable and indefensible, as I understood him just a few moments ago; but the correction was made by the Senator from Michigan [Mr. VANDENBERG] and the committee in the Senate, and that is why we got relief from the rates which the Senator from Maine has not defended, which the Senator from New York has not defended, and which no Senator can defend on this floor.

Mr. WHITE. Mr. President, a significant fact is that that bill was introduced in the House in January, 1930, or earlier, and I have already said over and over again that the first certificate bearing a lower rate of interest than 3 per cent came in April, 1930, at least three months after the legislation was introduced in the House, and at a time when the board had no reason to believe that any such rate of certificated interest would come to it.

The PRESIDING OFFICER (Mr. GLENN in the chair). The question is, Shall the Senate advise and consent to the nomination?

Mr. McKELLAR. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BRATTON (when his name was called) On this question I have a pair with the Senator from New Hampshire [Mr. KEYES]. In his absence, not knowing how he would vote, I withhold my vote.

Mr. CAREY (when his name was called). On this vote I have a pair with the junior Senator from Ohio [Mr. BULKLEY]. Not knowing how he would vote, I withhold my vote. If privileged to vote, I would vote " yea."

The PRESIDING OFFICER (Mr. GLENN in the chair) (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is necessarily absent. I therefore refrain from voting. If at liberty to vote, I should vote " yea."

Mr. HEBERT (when his name was called). I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote " yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I am unable to secure a transfer, and therefore must withhold my vote. If at liberty to vote, I would vote " yea."

Mr. METCALF (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote.

Mr. WATSON (when his name was called). I transfer my general pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Vermont [Mr. AUSTIN] and vote " yea."

The roll call was concluded.

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if he were present he would vote as I have voted, and therefore I will let my vote stand.

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I find I can transfer that pair to the junior Senator from Kentucky [Mr. LOGAN], which I do, and vote " yea."

Mr. BANKHEAD. I have a general pair with the senior Senator from Minnesota [Mr. SHIPSTEAD]. I transfer that pair to the junior Senator from Oklahoma [Mr. GORE] and vote " nay."

Mr. BINGHAM (after having voted in the affirmative). I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent. I transfer that pair to the Senator from Missouri [Mr. PATTERSON], and let my vote stand.

Mr. JONES. I find that I can transfer my pair with the senior Senator from Virginia [Mr. SWANSON] to the senior Senator from Ohio [Mr. FESS], which I do, and vote " yea."

Mr. McNARY. I desire to announce the following general pairs:

The Senator from North Dakota [Mr. NYE] with the Senator from North Carolina [Mr. BAILEY];

The Senator from Colorado [Mr. WATERMAN] with the Senator from Wyoming [Mr. KENDRICK];

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Nevada [Mr. PITTMAN];

The Senator from Minnesota [Mr. SCHALL] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Massachusetts [Mr. COOLIDGE]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Mississippi [Mr. HARRISON].

The result was announced—yeas 35, nays 16, as follows:

YEAS—35

Ashurst	Dale	Kean	Shortridge
Barbour	Davis	McNary	Steiwer
Barkley	Dickinson	Moses	Townsend
Bingham	Goldsborough	Norbeck	Vandenberg
Broussard	Hale	Oddie	Wagner
Byrnes	Hastings	Reed	Walsh, Mass.
Capper	Hatfield	Robinson, Ark.	Watson
Connally	Johnson	Robinson, Ind.	White
Copeland	Jones	Sheppard	

NAYS—16

Bankhead	Costigan	King	Neely
Black	Frazier	La Follette	Norris
Blaine	Hayden	McGill	Thomas, Okla.
Bulow	Howell	McKellar	Trammell

NOT VOTING—45

Austin	Dill	Keyes	Smoot
Bailey	Fess	Lewis	Stephens
Borah	Fletcher	Logan	Swanson
Bratton	George	Long	Thomas, Idaho
Brookhart	Glass	Metcalf	Tydings
Bulkley	Glenn	Morrison	Walcott
Caraway	Gore	Nye	Walsh, Mont.
Carey	Harrison	Patterson	Waterman
Cohen	Hawes	Pittman	Wheeler
Coolidge	Hebert	Schall	
Couzens	Hull	Shipstead	
Cutting	Kendrick	Smith	

So T. V. O'Connor was confirmed as a member of the Shipping Board for the term of six years.

Mr. COPELAND. Mr. President, the term of this nominee expired on the 9th of June. I ask unanimous consent that the confirmation may be as of that date.

The PRESIDING OFFICER. Is there objection?

Mr. McKELLAR. Can that be done?

Mr. COPELAND. It was done six years ago under exactly similar circumstances.

Mr. McKELLAR. I shall object for the present until I can look into it.

Mr. NORRIS. I do not see how by any action we could change what the law would be on the subject.

Mr. McKELLAR. As at present advised I would be unwilling to grant unanimous consent until I have looked into it, so I shall have to object.

Mr. COPELAND. I shall not press the matter, but it so happened that six years ago in relation to the same appointment we had similar circumstances. However, if my friend from Tennessee presses his objection, of course, I can not insist.

The PRESIDING OFFICER. Objection is made. The clerk will state the next business on the Executive Calendar.

THE JUDICIARY—B. B. MONTGOMERY

The Chief Clerk read the nomination of B. B. Montgomery to be United States marshal, northern district of Mississippi.

Mr. SHORTRIDGE. Mr. President, I ask that the nomination may go over.

The PRESIDING OFFICER. It will be passed over.

Mr. NORRIS. Mr. President, may we not have some understanding about the nomination? It has gone over for two or three weeks. I do not think the Senate, without reason, ought to keep continuing to put it over.

Mr. SHORTRIDGE. It has gone over several times because of the absence of the Senator from Mississippi [Mr. STEPHENS]. I was willing to take it up, so far as I was concerned.

Mr. NORRIS. The Senator from Mississippi is not opposed to confirmation, is he?

Mr. SHORTRIDGE. I do not know that he is; but it was not taken up because of his absence. It could have been taken up, but out of regard for the Senator from Mississippi and upon suggestion it went over.

Mr. NORRIS. I am satisfied the Senator from Mississippi is in favor of the confirmation.

Mr. MOSES. Mr. President, it is my understanding that both Senators from Mississippi are in favor of the confirmation.

Mr. NORRIS. I do not see why this should go over on account of the absence of the Senator from Mississippi.

Mr. SHORTRIDGE. I am opposed to the confirmation. I was willing to have the matter come up at former sessions, but I was assured that the Senator from Mississippi [Mr. STEPHENS] was absent, as indeed he was, therefore the matter went over. I did not wish to discuss it in his absence. Therefore I am now suggesting that it go over, and if at the next executive session we can take it up, it will be entirely agreeable to me; but I am not ready this evening.

Mr. NORRIS. We might have that understanding, then.

Mr. SHORTRIDGE. So far as I am concerned, it can be taken up at the next executive session.

The PRESIDING OFFICER. On objection, the nomination will be passed over.

UNITED STATES TARIFF COMMISSION

The Chief Clerk read the nomination of Edgar Bernard Brossard to be a member of the United States Tariff Commission.

Mr. COSTIGAN. Mr. President, the senior Senator from Utah [Mr. SMOOT] is interested in this nomination and suggested this afternoon that it might go over. I request that it go over.

The PRESIDING OFFICER. Without objection, it will be passed over.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of John Farr Simmons to be consul general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

FEDERAL FARM BOARD

The Chief Clerk read the nomination of C. B. Denman to be a member of the Federal Farm Board.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The nomination will be passed over.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. ODDIE. I ask unanimous consent that the nominations of postmasters be confirmed en bloc, with the exception of Calendar No. 4793, Charles J. Moos, of St. Paul. At the request of the Senator from Wisconsin [Mr. BLAINE] I ask that that nomination may go over.

The PRESIDING OFFICER. Without objection, the nomination of Charles J. Moos, St. Paul, will be passed over, and, without objection, all other nominations for postmasters are confirmed en bloc.

THE COAST GUARD

The Chief Clerk proceeded to read sundry nominations for the Coast Guard.

Mr. VANDENBERG. I ask unanimous consent that nominations for the Coast Guard be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

COAST AND GEODETIC SURVEY

The Chief Clerk read sundry nominations for the Coast and Geodetic Survey.

Mr. VANDENBERG. I ask unanimous consent that the nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

IN THE ARMY

The Chief Clerk read the nomination of Col. Robert Swepston Abernethy to be brigadier general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

TRANSFER OF LAND IN FAYETTE COUNTY, KY.

Mr. McNARY. I move that the Senate now return to the consideration of legislative business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon.

The motion was agreed to.

ADDITIONAL REPORTS OF COMMITTEES

Mr. BARKLEY, from the Committee on Finance, to which was referred the bill (H. R. 10825) to authorize the transfer of certain lands in Fayette County, Ky., to the Commonwealth of Kentucky, reported it without amendment.

Mr. KEAN, from the Committee on the District of Columbia, to which was referred the bill (S. 4694) to amend section 812 of the Code of Laws for the District of Columbia, reported it without amendment and submitted a report (No. 846) thereon.

Mr. WATSON, from the Committee on Banking and Currency, to which was referred the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, reported it with amendments.

ADDITIONAL BILL INTRODUCED

Mr. HOWELL introduced a bill (S. 4913) to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes; which was read twice by its title and referred to the Committee on Territories and Insular Affairs.

PUBLIC-WORKS PROGRAM—AMENDMENT

Mr. STEIWER and Mr. CAREY, jointly, submitted an amendment intended to be proposed by them to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which was ordered to lie on the table and to be printed.

Mr. BARKLEY. Mr. President, I ask unanimous consent for the present consideration of House bill 10825, which is at the clerk's desk.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. May the clerk report the bill?

The Chief Clerk read the bill (H. R. 10825) to authorize the transfer of certain land in Fayette County, Ky., to the Commonwealth of Kentucky, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to transfer to the Commonwealth of Kentucky without expense to the Government of the United States all the right, title, and interest of the United States in and to certain lands in Fayette County, Ky. (being a strip of land fronting on the Lexington Hospital Reservation), described as follows:

Beginning at a point in the center line of the Leestown and Frankfort Pike at the corner of Patrick Sharkey's property, which point is station 67+75 in the center line of survey made by the State highway department, and on file at their office at Frankfort, Ky.; thence along the center of said pike for the following seven courses: North 49° 32′ west a distance of 976 feet; thence north 51° 26′ west a distance of 892 feet; thence north 49° 20′ west a distance of 1,070 feet; thence north 47° 50′ west a distance of 577 feet; thence north 48° 3′ west a distance of 264 feet; thence north 50° 3′ west a distance of 300 feet; thence north 49° 20′ west a distance of 663 feet to a point on the northwest line of the Viley Pike, said point being south 48° 20′ west a distance of 14 feet more or less from station 115+15 of the above-mentioned highway survey, and in the west boundary line of the property of Ella Staley; thence along said boundary line of the property of Ella Staley south 48° 20′ west a distance of 16 feet, more or less, to the south boundary line of the proposed 60-foot right of way; thence along said south boundary line of the new Leestown Road survey for the following nine courses: South 47° 14′ east a distance of 435.5 feet to the point of beginning of a 30-minute curve; thence left along the said 30-minute curve a distance of 534.7 feet; thence south 49°54′ east a distance of 207.8 feet to the point of beginning of another 30-minute curve; thence right along the last-named 30-minute curve a distance of 398.9 feet; thence south 47° 54′ east a distance of 521.5 feet to the point of beginning of another 30-minute curve; thence left along the last-named 30-minute curve a distance of 738.5 feet; thence south 51° 35′ east a distance of 866.4 feet to the point of beginning of a 1-minute curve; thence right along said 1-minute curve a distance of 149.2 feet; thence south 50° 5′ east a distance of 890.7 feet to a steel pin in the west boundary line of Patrick Sharkey's property; thence along said west boundary line north 30° 52′ east a distance of 30 feet to the point of beginning, and being a strip of land required for the 60-foot right of way of the Leestown and Frankfort Road, as shown on map of said road by the Kentucky State Highway Department.

Mr. McNARY. Will the Senator explain the emergency of this bill?

Mr. BARKLEY. This is a bill authorizing the Veterans' Bureau to convey to the State of Kentucky a 15-foot strip of land along the public highway in front of the veterans' hospital at Lexington in order that the State may improve a road. The Veterans' Bureau wants it, the State wants it, and everybody else wants it.

Mr. BINGHAM. Is the bill on the calendar?

Mr. BARKLEY. It was reported unanimously to-day by the Senate, but it is not on the printed calendar.

Mr. McNARY. Has the bill passed the House?

Mr. BARKLEY. The bill has passed the House.

Mr. McNARY. Very well.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

ADDITIONAL PETITIONS

Mr. ASHURST presented telegrams in the nature of petitions from E. W. Montgomery, president of the chamber of commerce; Walter T. Martin; and A. C. Taylor, all of Phoenix, Ariz., praying for the maintenance of adequate appropriations for the Air Mail Service, which were referred to the Committee on Appropriations.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

Mr. PITTMAN. I submit an amendment and ask to have it reported.

The PRESIDING OFFICER. There is a pending amendment, the Chair will state to the Senator from Nevada, the amendment being that of the Senator from Montana [Mr. WALSH].

Mr. LA FOLLETTE. I suggest the absence of a quorum, the Senator from Montana not being present.

Mr. McNARY. Mr. President, have we resumed the consideration of the unfinished business?

The PRESIDING OFICER. Yes.

Mr. McNARY. The Senator from Montana and the Senator from Michigan, who are opposing the amendment, are presently absent from the Chamber, and I ask that the amendment go over for the present.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PITTMAN. I should like to have my amendment stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 101, at the end of line 17, it is proposed to insert the following:

(b) For the purpose of carrying out the provisions of subdivision (a) of this section there is hereby created a central project board to be composed of a director of the Reconstruction Finance Corporation, designated by the board of directors of the corporation for that purpose, the Director of the Federal Employment Stabilization Board, an engineer in the Government service, to be designated by the President, and an engineer who has had contracting experience, and an architect, to be selected from civil life by the corporation. There shall be in each of the 12 Federal reserve districts a district project board to be composed of a representative of the corporation, to be designated by the corporation, and an engineer who has had contracting experience, and an architect, to be selected from civil life by the central project board. It shall be the duty of each district project board to make an investigation and survey with a view to ascertaining the projects within its district with respect to which loans might be made under such subdivision; and upon receipt by the corporation of an application for a loan under such subdivision it shall be referred to the direct project board for the proper district for examination and report as to whether the project covered by the application is of a class with respect to which loans may be made under such subdivision unless the corporation has in its possession sufficient information upon which to act. The report of the district project board, together with its recommendations, shall be transmitted to the central project board which shall consider the same and make a report thereon to the corporation, with its recommendations. The members of such boards chosen from civil life shall serve without compensation except that the corporation shall pay to each such member his necessary traveling expenses. All expenses of such boards shall be paid by the corporation under regulations to be prescribed by the board of directors thereof.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Nevada.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Utah?

Mr. PITTMAN. Does the Senator from Utah desire to ask a question?

Mr. KING. Yes; I desire the Senator to explain the amendment, which is apparently very important. I should like to ask if it is intended to restrict the discretion and the power of the Reconstruction Finance Corporation?

Mr. PITTMAN. Not at all. The amendment is intended to facilitate the action of the Reconstruction Finance Cor-

poration. It is evident that from all parts of the United States there will be applications for loans by self-liquidating projects. Information must be had with regard to them either through agents of the corporation or through some advisory board. So, for zoning purposes, I took the Federal reserve zones of the United States and provide for an advisory board in each one of those zones, such boards being supposed to be familiar with the character of the projects in the respective zones. The boards are to be composed, as stated in the amendment, of an engineer, a contractor, an architect, and a business man, who are to draw no salary whatever, but who are to constitute advisory boards pure and simple on the theory that they know what are bona fide projects within the respective zones and what are not.

Then there is a separate board, a central board, composed quite similarly that is not supposed to be partial at all, but is to look over the whole United States. The central board submits to the local boards only the one question, "Is it the type of project that is contemplated under this act?" The information is furnished to the central board which passes on it and then turns the facts over to the Reconstruction Finance Corporation. The Reconstruction Finance Corporation is not bound by the report made to it, nor does it have to delay for the purpose of obtaining the advice if it has the information already in its possession.

Those who favor this amendment thought that it would save time, that such boards would possibly be more impartial than a board appointed from Washington to go out and ascertain what was going on in the various zones. The effort was to get a competent board by having a contractor, an engineer, an architect, and a business man in each zone to pass on the question as to whether the applicant was the type of self-liquidating corporation contemplated by the bill.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. In many instances would not the primary question be a legal one as to whether they qualified legally?

Mr. PITTMAN. If doubt rose on that question the facts would be certified to the central board. In other words, when a corporation claims that it is a self-liquidating corporation, it applies of course directly to the Reconstruction Finance Corporation; that corporation says, "We never have heard of this concern," and so it sends out a local board to find out what it is, what its business is, what its purpose is, what its royalties are, with the request that the facts be transmitted right away.

Mr. KING. Mr. President, will the Senator yield?

Mr. PITTMAN. Yes, sir.

Mr. KING. This is a very important amendment and one which seems to have meritorious features. I was wondering why the committee which prepared this bill did not anticipate the steps which were necessary to fully advise the Reconstruction Finance Corporation as to the worthiness of the many applications and why it is submitted now, so to speak, in the last hour.

Mr. PITTMAN. The reason is this: In discussing the bill in the House this question was raised, and it has been raised in the press two or three times. The question was what extra aids should we give to the Reconstruction Finance Corporation to investigate the applicants for loans, and in discussing the matter a suggestion was made, not exactly in this form but in a form very much like it. It was thought that if we could have a board of eminent experts in each zone, who would draw no salary at all, men of high standing who would be capable of considering all the facts and instantly report them back, it would facilitate the work. That is what we thought. We also provided that it is only advisory both as to the facts and as to the recommendations, and if the Reconstruction Finance Corporation has already the information in its possession or can obtain the information, then this delay is not necessary.

If there is any debate on it or if the Senate desires an opportunity to study the amendment further, personally I do not desire to urge it to-night.

Mr. McNARY. Mr. President, let me inquire of the able Senator in charge of the bill if he desires to go forward with the consideration of the bill further to-night.

Mr. WAGNER. I think we have done enough for the day. Several Senators who wanted to participate in the further discussion of the bill have already left, and I suggest that we recess at this time.

"THE WAY OUT FOR THE FARMER"—INTERVIEW WITH HON. FRANK O. LOWDEN

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed in the RECORD an interview with Hon. Frank O. Lowden, of Illinois, entitled "The Way Out for the Farmer."

There being no objection, the interview was ordered printed in the RECORD, as follows:

[From the Sunday Star, Washington, D. C., June 19, 1932]

THE WAY OUT FOR THE FARMER

By Oren Arnold

If you could spend two hours with him, you'd surely conclude that what this country needs is to squat on its haunches over there in the shade and enjoy a whittle and talk with farmer Frank Lowden. Frank Lowden is a distinguished tiller of the soil from down Illinois way, and also from over in Arizona. Either address is good for he has had crops in both States.

That is, he is about the biggest farmer in America, in many ways, and besides being ex-Governor of Illinois, he almost got put into the White House a few years ago!

For three years Farmer Lowden represented a rural district in Congress. For four years he was Illinois' governor, and that State is fourth in value of agricultural products. He has studied farm problems in the United States and in Europe intensely for 15 years, and his own big experimental farm at Oregon, Ill., is internationally known.

"American farmers pay $6,000,000,000 for manufactured goods each year," says he, "They supply one-eighth of the railroad tonnage and one-half the total value of our exports.

"They comprise nearly 30 per cent of our total population, but they receive less than 10 per cent of the national income and pay 30 per cent of that for taxes. Those are just some of the things we might mention.

"Still, we can not lament a situation and leave it to right itself. Happiness and prosperity won't flourish as volunteer crops."

But Mr. Lowden has learned some good tricks about cultivating prosperity and happiness. Right now he calculates he can see some big changes coming along for the farmer, probably for the better, and he has some really startling suggestions to be considered. Here, sit down on this bale of alfalfa, and let's listen:

"I've discovered that city residents really love the farm, after all, and yearn for it." (He's talking casually now from his cottage porch in Chandler, Ariz.) "This means they are sympathetic at heart.

"It's an old story to say that city people and farmers are mutually dependent, but it's true now more than ever, and both groups had better admit it. In the civilized world it is only among rural peoples that the birth rate is keeping ahead of the death rate of mankind.

"Hence we see that our cities must constantly get new recruits from the farms, where health conditions are different and 'the good life' is more attainable. We all recognize, too, the obvious fact that the country must clothe and feed the teeming populations in our industrial centers, indeed, must furnish the very raw products upon which those industries thrive.

"But all that is material. What I'm getting at is something deeper, something spiritual, I suppose. Something stronger.

"You know the myth of Antæus? No matter how often he was overthrown, his strength was always miraculously renewed whenever he touched the earth. That's the point—human society must persistently keep its contact with the earth, or it is doomed.

"If we let anything break this contact, we'll fall; remember that Hercules discovered the source of Antæus's strength and, by holding him aloft, easily achieved a victory over him. Keep close to the earth, this year and in all the years to come."

And that's Governor Lowden's "philosophy of the farm."

One development in American agriculture which has interested him greatly, especially in the past three years, has been farm electrification. This interest doubtless was increased because of a somewhat startling application of electric power to farm life in Arizona, where for nine years he and Mrs. Lowden have made their winter home.

There in Maricopa County, where their farm is located, every major roadway is threaded with power lines, carrying inexpensive electricity to the front gate of every farm home. There the rural housewives have been emancipated by this modern miracle of pressing a button and seeing the milking, the churning, the cooking, the cooling, the washing, the sweeping, all silently and efficiently done.

There the electricity comes from the farmer-owned hydroelectric power plants, a part of the great power and irrigation system headed by Roosevelt Dam, so that a farmer-user of electricity is buying his "juice" from himself and pocketing the proceeds. It is a new departure in the application of domestic electric power, and Frank Lowden has seen the importance of it.

"Everywhere electricity is fast replacing steam in the industrial world," said Mr. Lowden.

"Electric power, like steam, can best be generated in large units, but unlike steam, electricity is easily distributed over a wide area.

"In the past, with steam power, the tendency was toward a centralization of population. It seems very likely that the rapid application of electric power will bring about just the opposite—a decentralization of peoples, and perhaps the greatest beneficiary of this movement will be the farm.

"We find an increasing number of farms employing electric power. In these farm homes a great portion of the drudgery which heretofore has been inseparable from farm living is being abolished, and when we abolish drudgery we make the farm the most attractive place in the world to live.

"Much talk is heard now of 'factoryizing' the farm. If this means to replace man power with mechanical power wherever possible, then I'm heartily in favor of it.

"But if this 'factoryizing' means allowing large corporations to take over the land and specialize on one or two crops, thereby forcing out the family-sized farms of the area, I think it is neither desirable nor practical. In that effort we have, perhaps, gone too far already.

"Agriculture was much less distressed when the farm was a self-supporting home. Those, I suppose, are the 'good old days' often referred to. But when the factories came along and began producing commodities in quantity the farmer could buy them easier than he could make them at home.

"At first glance this looks like an admirable situation. But the hitch arose when the farmer found himself unable to maintain a fair basis of exchange.

"That is, the exchange value of his farm produce fell way below the value of the things he had to start buying from the factories, and so the new ideal failed in practice. Thus our big American problem is to help him stabilize this rate of exchange."

And Mr. Lowden believes he sees an opportunity for the farmer to retrace the steps taken toward impractical "factoryization." He thinks electricity is about to enable Mr. and Mrs. Hank Farmer everywhere to do at home again many of the things they had recently relegated to the factory.

An instance he names is bakery bread. Because neat-appearing "factory" wagons came to deliver bread almost everywhere cheaply, many families, in town and country alike, came to rely upon them, and the art of home bread making has waned.

But now that farmers have electric mixers, electric beaters, and automatic electric ovens that even cook to perfection while the housewife is away from home, the old art is being revived, minus the bulk of drudgery.

It is possible again to cite a specific example of this right in the Salt River Valley of Arizona where Mr. and Mrs. Lowden have spent the past nine winters. The irrigation association of about 9,000 farmers there operate their own retail electric appliance store, and the electric range and electric mixer are among the most popular items.

"It is, of course, well known that the farmer receives a ridiculously low price for much of the raw material he grows, and buys back the finished product at a high price," says Mr. Lowden. "All consumers profit but little by low-priced wheat or cheap cotton. The profits are spread around too generously between the two ends.

"Thus, to the extent at which the farmer makes his own commodities for home use does he escape the loss spread between the price paid at the farm and the retail stores. He may even be able to make a profit, in some instances, by himself retailing a finished product made in his own individual 'factory.'

"These I hope and believe are some of the benefits of decentralization which the farmer will receive, as a result of a new machine-age application based on electricity."

Another far-reaching problem which has concerned Mr. Lowden for many years, and which seems to be growing in importance annually, is that of farm taxation.

It was alarming to him to discover that farmers receive but 10 per cent of the national income and then pay 30 per cent of their net income in taxes. But the cause of it, and the correction, is a serious thing which can not be dismissed in a brief conversation.

Still another national disgrace, which must inevitably be paid for, is that the steady deterioration of American farm land is being ignored, says Governor Lowden.

"It is imperative that we awake to the need of proper and persistent refertilization," this distinguished farmer declares. "We have been taking strength out of our soils, and putting nothing back, for too many years.

"Our lands are losing their richness and, of course, their productivity. Land that is overworked through constant cropping loses its humus or organic matter, and erosion sets in at an increasing rate. We must quickly adopt some plan to conserve our soil's strength.

"Just think what it would mean in the conservation of our soil if every third year we would plant every acre in clover or some other legume. But that will be well-nigh impossible.

"Suppose, however, that the States, recognizing the threatened danger to all arable lands, made this agreement with the farmer—to exempt from taxation all lands planted to some good legumes. It would not only be practicable, it would be highly advisable. Even the Federal Government might well add its encouragement by paying a reasonable bounty to the owners of land on acres that were allowed to rest and recuperate their strength for future service.

"More than 360,000,000 acres of land are cultivated in the United States. If we could plant just 20 per cent (a very minimum of what is needed) of this to legumes, and pay a Federal bounty of $2 per acre on the soil so resting, the cost would be under $150,000,000. This amount is considerably less than the Government now receives through customs offices in the supposed interest of farming."

Another grievous error committed in America is the persistent farming of lands that could not be profitable under any circumstances, and the persistent growing of crops of which there already is an oversupply. Call it stubbornness, call it ignorance, call it what you will, but the fact remains that it causes a tremendous national waste.

But Mr. Lowden again has the germ of an idea which may, ultimately, be the solution to that problem, too.

"Something comparable to our city zoning systems must come to rural regions of the United States," he predicts. "As cities became larger and larger it was found necessary to restrict the citizen in the use of his land. Building restrictions of many kinds followed. City zoning was introduced.

"I will not venture to say in detail just how this zoning idea can be applied to our farming areas, but for our own good some sort of restriction and orderly planning of crops on a big scale must be considered.

"I suspect the answer may come through the farmers themselves, through organization and cooperation."

Incidentally, Florence Pullman Lowden, the ex-governor's wife, quite agrees with him about the advantages of rural life.

"If Mr. Lowden were a poor man again and we had to choose between a humble farm and a job in the city," she says, "I wouldn't hesitate a minute. I'd choose the farm home, however small."

RECESS

Mr. McNARY. Under the unanimous-consent agreement entered into earlier in the evening, I move the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 9 o'clock and 26 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until to-morrow, Tuesday, June 21, 1932, at 11 o'clock a. m.

NOMINATION

Executive nomination received by the Senate June 20 (legislative day of June 15), 1932

JUDGE OF THE UNITED STATES CUSTOMS COURT

FREDERICK W. DALLINGER, of Massachusetts, to be judge of the United States Customs Court.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 20 (legislative day of June 15), 1932

CONSUL GENERAL

John Farr Simmons to be consul general.

MEMBER OF THE UNITED STATES SHIPPING BOARD

T. V. O'Connor to be a member of the United States Shipping Board.

COAST GUARD

To be commander

Carl H. Abel.

To be district commander with rank of lieutenant commander

Howard Wilcox.

To be lieutenants

Julius F. Jacot.
Glen E. Trester.
Chester A. A. Anderson.
Edward E. Hahn, jr.
Emanuel Desses.
Wilbur C. Hogan.
Dale T. Carroll.
Kenneth P. Maley.
Samuel F. Gray.
Earl K. Rhodes.
Carl B. Olsen.
Walter C. Capron.
Watson A. Burton.
Frank K. Johnson.
Chester W. Thompson.
Edwin C. Whitfield.
Leslie D. Edwards.
Frederick G. Eastman.
Dwight H. Dexter.

COAST AND GEODETIC SURVEY

To be aides (with relative rank of ensign in the Navy)

Charles Andrew Schoene.
William Robert Tucker.
Philip Antoine Weber.
Horace Guy Conerly.
Charles Francis Chenworth.

APPOINTMENT IN THE REGULAR ARMY

Col. Robert Swepston Abernethy, to be brigadier general.

POSTMASTERS

CALIFORNIA

Richard G. Power, Colusa.
Morgan J. Kavanagh, Trona.

COLORADO

William L. Thurston, Carbondale.
Carl W. Elsner, Kiowa.
Charles V. Engert, Lyons.

KENTUCKY

Willard Gabhart, Harrodsburg.

MINNESOTA

Emil C. Kiesling, Murdock.

MISSOURI

Fred Robinette, Bolckow.

NEW YORK

Arthur L. Harvey, North Syracuse.
John A. Scheuermann, West Albany.

OKLAHOMA

James S. Biggs, Stuart.

PENNSYLVANIA

Roland H. Wright, Lincoln University.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 20, 1932

The House was called to order at 12 o'clock noon by the Clerk of the House of Representatives.

DESIGNATION OF SPEAKER PRO TEMPORE

The Clerk read the following communication from the Speaker pro tempore [Mr. RAINEY].

THE SPEAKER'S ROOM,
HOUSE OF REPRESENTATIVES OF THE UNITED STATES,
Washington, D. C., June 20, 1932.

I hereby designate Hon. WILLIAM B. BANKHEAD to act as Speaker pro tempore to-day.

HENRY T. RAINEY,
Speaker pro tempore.

Mr. BANKHEAD took the chair as Speaker pro tempore.

PRAYER

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, "in Thy presence there is fullness of joy, at Thy right hand there are pleasures forevermore." O inspire us with this truth—so wonderful, so vast, and so glorious. How constant and how unvarying is Thy providence at all times. Fill us with sacred impulse as we approach our duties; may they be performed with well-ordered understanding. Do Thou invigorate our purposes; to them add earnestness, endeavor, and righteous achievement. Make adversity a blessing wherever found; bless it in all its forms—at the fireside, at the wayside, and in all the relations of life. O bring peace to all our land, not languid peace, but peace based upon justice, upon knowledge, upon truth, and upon patriotic devotion. Spare us from all bitterness, from sharp passions of the unguarded moment, and allow not care and anxiety to break our spirits in any way. In the name of our Saviour. Amen.

The journal of the proceedings of Saturday, June 18, 1932, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate insists upon its amendments to the bill (H. R. 11452) entitled "An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HALE, Mr. KEYES, Mr. BINGHAM, Mr. BROUSSARD, and Mr. TRAMMELL to be the conferees on the part of the Senate.

EXTENSION OF REMARKS—THE PILLARS OF OUR SOCIAL STRUCTURE

Mr. NELSON of Wisconsin. Mr. Speaker, there are five institutions which condition our national life, liberty, property rights, and general welfare. These are the state, business, home, school, and church. In my address at the presentation of a bust of George Washington to the State of Wisconsin I said:

> Were Washington with us to-day, what deplorable and disheartening national evils he would witness to his great grief—evils that disrupt our homes, deteriorate our schools, destroy our faith in God, disturb our national prosperity, and endanger our peace at home while entangling us in wars abroad.

I wish now to dwell upon these evils more in detail, particularly pointing out what the institutions of business, home, school, and church must do to enable us to raise our moral standards as a people, for only by raising our moral standards can we raise the levels of life, liberty, security of property and happiness. It is fitting to recall at this point the profound truth that "it is righteousness that exalteth a nation."

BUSINESS AND AGRICULTURE

My first appeal is for the preservation of our industrial well-being. It is self-evident to any student who observes the trend of events that the small business man is being pushed aside or driven out by the tremendous concentration of wealth in the hands of the few big-business interests. We see this concentration going on in our banking system, more especially in the ever-enlarging system of chain stores, and in the most dangerous development of hidden combinations of all forms of big business in what is known as holding companies.

While I sympathize greatly with the victims of this increasing and intensified concentration of wealth that is taking place in our country and which is driving to the wall the smaller business men in our villages and cities, I am particularly alarmed over the condition to-day of our fellow citizens on our farms; for the history of nations shows that when evils become so acute that they can not be endured by the men and women who toil upon the soil, then governments are overthrown and new governments take the place of those which failed to accord them the necessary protection.

I wish especially to emphasize the fact that the plight of agriculture is far from being solely the concern of the farmer and his family. We do not always stop to think of the close relationship between the farm and other business. The reduced buying power of the farmer directly affects the city merchant, and eventually it affects every one of us. Each city is honeycombed with agricultural interests. Consider the stockyards, packing plants, commission houses, implement stores, flour and feed mills. Beyond these there is a secondary list—drug, hardware, and dry-goods stores whose merchandise go to the country trade; railroads which move agricultural products; banks, insurance companies, and real-estate men.

Agriculture is our basic business industry. It is the backbone of our national existence. One-fourth of our population is on the farm, and our land wealth comprises one-fifth of our national wealth. As agriculture was the first to collapse under the depression, so should it receive our first and greatest efforts to afford relief. It demands the application of more equitable standards.

Grave inequalities have crept into our legislative system, especially since the war, granting special privileges to certain groups at the expense of others. We have shamefully discriminated against the farmer, forgetting that without his long hours of hard toil we could not live. We have given him no special privileges, not even adequate protection. We guard our manufacturers' profits by levying high import duties on foreign competing merchandise; we pour concessions into the laps of men whose business investments consist of banks, stocks, and bonds through the Federal reserve act, the Glass-Steagall bill, and the Reconstruction Finance Corporation. Likewise, we favor railroad investors by passing the Esch-Cummins law; and where it has not worked to suit them, they beg Congress for a gift of $360,000,000.

This represents their liability under the recapture provision of that law, according to an estimate made by the Interstate Commerce Commission. We safeguard labor by the immigration law, the 8-hour law, and the Adamson Act. We have permanent commissions and boards functioning in the interest of these groups. But what does agriculture have, or has ever had, to place it on a parity with other industries in legislative privileges or on an economic equality with them in our national life?

Agriculture took its first big slump in 1920. Soon after the passage of the Esch-Cummins Act, at the time the railroads went back to private ownership, freight rates on agricultural products were increased nearly 60 per cent. The price the farmer received for his goods in the world market decreased by the amount of freight advance, so that what served as a boon to railroad owners really started the farmers' distress. A far greater cause of agricultural depression, however, was the 1920 deflation policy of the Federal Reserve Board, occasioning approximately $18,000,000,000 decline in land values and $14,000,000,000 in loss on the 1920 and 1921 crops. By this forced panic agriculture, which had not yet recuperated, slumped still farther. Big business profited by this debacle, and proceeded to blow its inflation bubble until it burst in 1929, hurling agriculture still deeper into depression. The inequity of our tariff system, discriminating between agriculture and other businesses in rate fixing, has left the farmer helpless. Monopolies are made possible by our patent laws and corporation laws, which tend always to suck the lifeblood of the farmer. Now that he can not pay the price for new machinery these vulture trusts have raised the price of repair parts 25 per cent.

It is obvious that there is a tragic unbalance in our economic system. The farmer has suffered first and longest and hardest; but can our country not see that when his producing power and buying power are lost, America is lost?

Alexander Hamilton, the author of the protective system, favored protection for agriculture side by side with that of industry. Said he:

> Bounties are sometimes not only the best but the only proper expedient for uniting the encouragement of a new object of agriculture with that of a new object of manufacture * * *.
>
> The true way to conciliate these two interests is to lay a duty on foreign manufactures of the material the growth of which is desired to be encouraged, and to apply the produce of that duty, by way of bounty, either upon the production of the material itself or upon its manufacture at home or upon both.

If, then, it is inherent in our protective system that industry and agriculture walk side by side, why have we elevated the one at the expense of the other?

The evils of special privileges are neutralized when all have equal special privileges. To repeal all protective measures that have been enacted is, for the present, impossible. If it is not feasble to wipe out a system so firmly established in our economic life, we must raise the farmer to the protected level of the manufacturer, to the beneficiary level of the banker and the railroad owner. Fairness and justice demand it.

The way has been paved to some extent by the Federal Farm Board, even though its powers are limited. The agricultural marketing act, which created this board, although merely experimental, brought some good in that it has encouraged and developed cooperative marketing and has given the farmer greater bargaining power. This law, as you will recall, was a compromise measure growing out of the McNary-Haugen bill. The bills before the House covering the equalization-fee, debenture, and farm-allotment plans seek to strengthen and widen the powers of the board so as to make it more useful to the farmers.

At the time of the previous consideration in Congress of the equalization fee and the export debenture, I voted for them because I felt that they provided the only means of doing justice to the farmer. Both failed of enactment. Now our attention is again being directed to these measures and to the farm-allotment plan. All these have the object in view of giving the farmer the benefit of the tariff on his product by taking the surplus off the domestic market. They are based upon the idea of segregating all farm crops into two parts, that for domestic consumption and the surplus for sale abroad, and of making the tariff rates effective on both portions. The proposed regulations for stabilizing price levels, curtailing speculation, and making tariff effective on the domestic portion would rest on the commodities rather than on the individual producer. Other advantages of the proposed legislation would be to give farmers and their organizations complete control in marketing their commodities; to make production cost the indicator, but not the guaranty, in determining price; to allow the sale of the entire crop, and to prevent importation of foreign agricultural products that would affect adversely domestic markets.

In previous years the American Farm Bureau supported only the equalization fee, which provides that a levy be made on the whole product sufficient to meet the loss of the surplus sold on the world market. The National Grange formerly backed only the export debenture plan, which provides that a debenture certificate be issued to the exporter equal to one-half of the tariff levied upon imports of such articles. This plan has worked successfully in many foreign countries. Until this year the Farmers' Union has favored only the cost of production plan, under which sale of farm products in this country below production cost would be prohibited; the amount necessary for home consumption would be determined and its price fixed, and just so much and at such price could the farmers sell their crop. Now all these farm organizations have united, and at this session of Congress are advocating a "triple-barreled" program, which consists of the three plans included in the bills before the House—equalization-fee, debenture, and farm-allotment plans. Under the proposed legislation the Federal Farm Board is empowered to employ any one or any combination of these three plans. The joint statement of these organizations as presented to Congress is as follows:

> We insist that the agricultural marketing act shall be continued in force as a principal method of stimulating cooperative marketing and advancing the cause of disposing of surpluses so that they will not depress the domestic price.
>
> The marketing act should be amended immediately by the inclusion of the debenture plan, equalization fee, or any other method which will make it effective in controlling surpluses, in making tariffs effective on farm crops, and in securing for American farmers cost of production on those portions of their crops sold for consumption in our own Nation; nothing less is a remedy for the agricultural marketing problem.

To confirm or disprove my own leaning toward the debenture, I sent the equivalent of a questionnaire to presidents of land-grant colleges, professors of our agricultural colleges, and many eminent scientists. They have responded overwhelmingly in favor of the debenture plan, under which a tariff is made effective on imported farm products whenever an exportable surplus is produced.

If, as has been said, the export debenture or the equalization fee is "turning the tariff halfway round for the benefit of the farmer," is not that the best argument in favor of these plans? Should not the farmer, in all fairness, have the advantage of any or all of these plans whereby he may be protected as the manufacturer is protected by the tariff?

A vicious circle is at work in the case of the farmer. Banks refuse to loan money to satisfy mortgages until a crop is produced, and, in addition, they press payment of matured notes. If these are not met, they take the stock that the farmer needs in producing his crop.

The farmer has long since come to the realization that he must do everything for himself that is humanly possible, and he is willing to do it. He appreciates and practices increased efficiency—abandonment of low-producing acreage, diversification of crops, and due care of his finances. Given by law equality with other industries, the farm population will again be put on a paying basis; but if injustice is allowed to continue, there is a natural law that deals with such infractions of equity. History shows us that the fall of every empire began with the decay of agriculture.

The farmer suffers unbearably when statistics as the following are true: The Department of Agriculture gives as the farmer's price level of farm commodities as of May 15, 1932, at 56 per cent of the pre-war level, and the price the

farmer has to pay for the merchandise he buys at 112 per cent of the prices for the same period. Stating it briefly, the farmer's dollar is worth only 50 cents. Lest we forget, I wish to bring to your attention also the fact that taxes on farm property have increased from the index of 100 in 1914, to 266 in 1930.

The need for Government intervention in the farmer's economic welfare is apparent to all. Let us, therefore, use the power given us by the people in rescuing one-fourth of our population now suffering immeasurably from discriminatory privileges accorded other interests. Let us give our undivided support to the bills now before the House, whose declared policy is—

That speculation in agricultural commodities and their food products should be minimized, that cooperative associations should be stimulated under the direction and ownership of the producers of farm commodities, and, finally, that advantageous domestic markets should be preserved for farm crops by the prevention of depressing influences on the prices of the commodities incident to surpluses of such crops.

And last but not least, let us not forget that just so surely as effect follows cause, the farmer will not perish alone. He will drag down with him the perpetrators of the injustice he has been made to suffer, unless he is placed on a basis of economic equality with other industries.

The distress of agriculture can be traced directly to our disregard of the farmer's right to justice and equality before the law. The present plight of agriculture is the most eloquent plea possible to us that we raise our moral standards.

OUR HOMES

The welfare of the Nation depends largely upon the moral condition of the home. It is the first and most important pillar of our country. This is where the good wife and mother plays the most effective and important part in national affairs. Theodore Roosevelt, that great lover of home life, once said:

Questions like the tariff and currency are literally of no consequence whatever compared with the vital questions of having the unit of our social life, the home, preserved.

The preservation of this unit is to-day being attacked from many sources. Of these agencies that threaten to destroy all that is best in the home—love and virtue—the divorce court and the motion picture are in need of stricter and more careful surveillance and regulation.

In the right sort of home will be found what centuries ago a Roman consul well described as "the lifelong fellowship of all divine and human rights." Unfortunately, however, many American homes are not of that kind. We have with us far too much Reno. Domestic tragedies are too frequent for the safety of our Nation. The family is the unit of the Nation, and when these units decay the national life must become decadent and corrupted. This is significant when we see the lives of 10,000,000 people, from 1906 to 1916, affected by divorce. A divorce is granted every five minutes. There is a divorce for every five marriages.

Since woman has demanded and has rightly received her privilege of a share in rearing the structure of government—the ballot—she has inherited with it responsibilities. Upon her particularly must rest the duty of seeing that only such laws as are right or moral shall be imposed upon the home, for she knows best its needs, its dangers, and its unlimited influence and power. While laws control to some extent the acts of man and protect individual rights, they can not create or control human affections nor virtues. Lowered standards of life must inevitably result in broken homes and broken lives. The women of the country must ever be on guard against economic, physical, and moral hazards that come in many forms to the home. The divorce court is one and the obscene motion picture is another. There is too much Hollywood with us, as well as too much Reno.

Love for the story is as old as man. To-day we have the most far-reaching story-teller of all time—the movie giant that "bestrides the world." Every experience known to man is woven into the stories that are spread upon the screen; every emotion of which he is capable is deliberately stirred.

The American motion-picture industry has come to wield a subtle influence greater than any other single influence in the United States. Approximately 10,000,000 tickets are sold every day. Roger Babson, the eminent statistician, sent questionnaires to the principals of the schools of New England, asking which of the institutions to-day had the most influence over children, and 70 per cent of these principals replied "the movies."

This largest industry of our country represents an investment of $2,500,000,000. It is practically controlled by five men. What are the ideals of these five men wielding such tremendous influence in the American home? Are they intent on building high moral standards, training good citizenship, upholding the traditions of our fathers, or are they out for financial gain at any price?

Psychology avers that "suggestion tends to reproduce itself in infinite action." It is generally agreed that crime is on the increase, and there is a world-wide disregard for law and order. In this country it is popular to blame all that is wrong with us on prohibition or on President Hoover. But the fact is that this letting down of moral standards, this disregard for spiritual values, is over the whole world. It is evident that there is some powerful influence at work that is common to all countries. Roger Babson tells us that his statistics and study lead directly to the movies as the basic cause.

This is a serious finding because 90 per cent of the pictures that are shown in the different countries of the world are of American manufacture. Protests are coming from many countries against this "Niagara of scum" that is flowing out of America. An English paper has the following comment:

How America can permit these contemptible pictures of her youth and of her society to be distributed over the civilized world passes understanding.

Lord Irwin, late Viceroy of India, said that the three major things that made the white man lose reputation and prestige in the Orient were: The defeat of Russia by Japan, the World War, and the corrupting character of American movies.

Fifty Americans living in Tokyo, Japan, appealed to America to control the shipment of her films to that country, as a protection of America's reputation in Japan. And in speaking of the destructive moral effects which the movies are having in that island empire, a Japanese non-Christian said that their "greatest problem was with the films that came from America, which were highly detrimental to the morals of the Japanese people."

John R. Mott, chairman of the International Missionary Council, listed above all obstacles to missionary work "the bad movies which show race superiority, and inflame the grosser passions." In view of the fact that the church is sending millions of dollars to foreign missions it is a travesty to send motion pictures that defame our own country, destroy the work of the missionaries, and demoralize the youth of the world, "fouling civilization."

Serious as this far-reaching work of demoralization is in its effect on the youth of other countries, it must make us look with deep concern on its influence over our own young people. The police department of Chicago reported to the motion-picture producers of California that even old-time crooks were studying motion-picture hold-up men, drug peddlers, white slavers, automobile thieves, and every other variety of criminal in order to get pointers from screen actors.

Thousands of children pour through the children's court of which Franklin C. Hoyt is judge. He issues the following warning:

Children flock into a motion-picture house and witness scenes of marital infidelity, murder, and rapine that 50 years ago would have been considered unfit for adults; so-called "sex" pictures, for instance, children should never see.

In this connection Prof. E. A. Ross, University of Wisconsin, says:

If we wish to become the most erotic people in the civilized world, we have only to yield up our children to the demands of the moving-picture industry.

This huge industry, with its tremendous power, politically and morally, is practically unregulated. It is said that the worst methods of the worst trusts, combines, and syndicates in the history of America are charged against this Motion Picture Trust. Artists, actors, distributors, exhibitors, and independent producers complain of its unfair tactics. Art is sacrificed to pure commercialism, in that even a good short story or novel is, in its adaptation, shorn of its meritorious qualities and distorted into a mere appeal to the grosser emotions. When a law is introduced in any State or in Congress toward regulation of this industry, this trust throws its full strength into a lobby to defeat legislation. Government censorship is at present inadequate, and only a few States have laws properly supervising motion pictures. Parent-teachers' associations, women's clubs, church organizations, and welfare groups have appealed for action. Bills have been introduced in Congress attempting to compel the industry to reform itself, but little has been accomplished.

Senator BROOKHART introduced a bill that would change the vicious practice of block booking. By this system the local theater is compelled to take whatever the producers see fit to send for a year's supply and accept it sight unseen, good or bad. Since the only point of contact and means of adjustment between the public and the picture industry is the local theater manager, the public is at the mercy of the producers, who force indecent pictures upon the exhibitor and upon the community. Parents must take earnest interest in this matter and see to it that legislation is enacted to protect the child and the home from the vicious influence of this unregulated industry.

OUR SCHOOLS

First the home, and next the school, is the pillar upon which much of the welfare of our country rests. In my studies in the University of Wisconsin under Professor Stearns, who was one of the best teachers of pedagogy in the country and afterwards as superintendent of schools, I had an opportunity to learn something of the teacher's and the pupil's problems. These problems are more complex to-day than ever before. It is plain to be seen that the children of this generation must be guided through a difficult and dangerous world, through a world of marvelous opportunities. Infidelity in the domestic realm, greed in the economic, laxity in the moral, and unbelief in the spiritual are battering away at the foundations of society. With the perpetuity of these foundations we are all equally concerned.

We see that we are in a period of changing civilization. Readjustment to present environment must be made. Standards of honesty, truth, and virtue must be restored, even raised, or society will lapse into a riot. There is a moral order that is as exact as the physical order. In this moral order we find law, uniformity, and dependability. Violations of the moral law bring certain consequences, as proportionate and as perfectly adapted as violations of the physical law. For that reason education of the head fails unless supported by a corresponding education of the heart in the fundamental principles of courage, honesty, virtue, truth, love, and reverence. Calvin Coolidge rightly said:

> An intellectual growth will only add to our confusion unless it is accompanied by moral growth.

If our science outstrips our morals, we shall find ourselves but victims of our own advancement.

A large share of this readjustment then must fall on the school and on the teacher. "The child," says the Jewish Talmud, "is the foundation of the universe." It has always been true, and likely will continue to be so, that no one except the mother in the home has so great an influence over the destiny of the child as has the teacher. For this reason no one should be better qualified or more alert than the teacher to help guide upwards our changing and shaky democracy that is to-day so much on trial. This the teacher can do both in the wise use of his own citizenship and in the responsible training of young Americans to meet the social problems they will be called upon to face; and which they can face adequately only if they have developed the proper intelligence and character, with sufficient physical, moral, and spiritual courage.

The school deals directly with the mind and with that spiritual element we call truth. It is only by means of the truth that any of our social conflicts can be met or solved. "Ye shall know the truth, and the truth shall make you free." Not only know the truth, but love it, and die for it if need be. But one of the real reasons the world finds itself so hampered and hindered in its onward and upward progress is that there has come to be so little regard for the truth. Falsehood is not hated, shunned, crushed wherever it raises its head. On the other hand, it has intrenched itself in most of the departments of life. It is evident to the teachers in the schools where destructive and false theories are advanced as facts. It is evident in the home where the artificial and the unreal are substituted for that which is genuine and fundamental. It is evident in the business world in glaring forms of gambling, watered stock, and in all manner of dishonest business practices. Confidence is everywhere shaken. We must bring back to our everyday life, and everyday problems, truth. Centuries ago the question was asked, What is truth? We may ask to-day, Is truth in the saddle, or greed, selfishness, and appetite?

To restore truth to its proper place—the home, the school, the church, the statesman—the electorate must combine. Of nothing have I become more convinced during my nearly 25 years of public service than that our democracy is just what we, the people, make it.

If those who represent the home, the school, the church, the state, are incapable of discerning, or unwilling to be guided by, the basic principles of right and truth, or lack that fine sensibility toward the needs of life, and the proper valuation of the beautiful, the true, the good, we shall have a corrupted democracy and a hateful autocracy. The citizens themselves are to blame. It has been said that instead of trying to make the world safe for democracy we must make our democracy safe for the world. Some one has pictured the world as "full of loosened bowlders and crumbling rocks, coming from we know not where." It is, therefore, the serious task of the teachers and the school to help attack these bowlders with a trained corps of recruits, for whether or not the blessings of liberty shall be saved for our democracy in the face of dictatorships of plutocracy or dictatorships of the proletariat depends much upon how effectively the school, the training camp for future citizens, understands and cooperates in the moral adjustments that make for good government.

OUR CHURCH

We must look to the church for effective help in an effort to raise our moral standards and, specifically, to lift the country out of this most incorrectible of economic depressions.

Analysis upon analysis of the causes that have produced this panic have been made by laymen and by economists. Panaceas upon panaceas have been offered as the cure. Usually, however, the diagnosis and the remedy are wholly materialistic in content. Now and then there is heard a voice above the materialistic babel which acknowledges that back of it all and over it all is a Guiding Hand, an unfailing Providence.

What do we mean by Providence? Do we mean something haphazard and incidental? No; quite the contrary. Providence rules and overrules all things for good. This depression is for our individual and our national good if we are exercised thereby. To go on with the dishonesty in business, the stock gambling, the orgy of spending, the war madness, would be to intensify these evils and their consequences. The depression came as a penal and remedial check. "Man draws down upon himself, as with a strong rope, the consequences of his deeds." Reproof, when rejected is followed by ruin. Obedience to the law of right and justice will turn the fatal tide.

Many seem to rejoice in the idea that after the Creator had set the world in motion He withdrew and left it to manage itself. Some one has aptly said that as well might the passengers of a train rejoice that they were rid of the engi-

neer and were left to the mercy of an unguided locomotive. Men seem loth to admit that we can not get along without a Providence and resent the fact that Providence will not change the moral and spiritual or even the material laws to accommodate us in our indulgence, in our dishonesty, and in our lust for war. We can not defy Providence as individuals nor as a nation. Pope Pius XI is right when he writes:

To settle the crimes men come and go, cross the seas, cross the mountains, meet and discuss, but in all that talking, conferring, and debating who has mentioned God? Who has spoken of His providence?

It is evident that the hand of God is being felt and that the things of the world are obeying the hand of God.

Recently a minister of one of the largest churches in Washington, D. C., so inspired his congregation as to cause them to forget church convention and applaud when he said:

What this country needs is a great revival of genuine religion. God seems to be shaking mightily the earth, reminding us in every way that a man's life consists not in the abundance of the things which he possesseth. He is saying to America in unmistakable language, "Let not the rich man glory in his riches, neither let the wise man glory in his wisdom, let not the mighty man glory in his might, but let him that glorieth glory in this, that he understandeth and knoweth Me." A personal experience of God is the only cure.

The country is being surfeited with analysis and counselors for our national well-being * * *. Down underneath it all the explanation is plain—we have reared a generation that has lost its faith in God. A third of the people in America have frankly no religion at all for the census taker to record. Synagogues have been converted into social clubs, and the Catholic and Protestant Churches have suffered sufficient losses in the last 15 years to turn the scale in America from morality to immorality, from the time-honored respectabilities of our fathers to pleasure, booze, and divorce. What America needs is a mighty revival of religion. The heart cry of humanity is for God. In view of this, never did the church of Jesus Christ have such an open door of opportunity.

Where shall this revival begin? Where else than in your life and in mine?

We must look to the pages of Revelation for the significance and remedy of this and all depressions. This distress has not come by accident nor by chance. There are no accidents either in the moral or the spiritual realms. All is under law. Everything is held within the chain of causation. We were not destined to have this panic, nor was it fate. Neither is Providence the author of evil. It might have been averted, and can now be ameliorated, and the tide turned into prosperity if men will restore the standards that have been lowered and debased. Moral ruin is preceded by spiritual ruin and followed by economic ruin. If we shut out the principles of justice and truth and love, the effect is immediate—selfishness, falsehood, and evil. This is the moral law in full operation.

Although there should always be separation of church and state, the sphere of the church should be jealously guarded and observed in its distinct function of inculcating moral principles, in setting up moral standards by which actions may be judged. Religion must have a moral influence on politics; it must supply the standards and sanctions. It can create an ethical and spiritual environment that will protect against persecution of those who stand for high principles.

It is of vital importance to the church that government shall have a moral standard. It is of supreme importance, too, that men holding the reins of government shall have high ideals. Government is made up of men, and will be no better than the men who control it. Good fruit is not gathered from a corrupt tree. Immoral men will not make moral laws, nor protect the moral standards. The church, therefore, must not be merely casually interested in seeing responsible men in responsible places, but must take an active part in keeping them there so long as they are faithful to their trust, and only so long. There is great need of more vigilance on the part of the citizenship, and especially that of the best citizenship—our church.

The history of our own and every other country demonstrates the truth that nations as well as individuals must recognize divinely constituted and immutable laws that govern the universe in the material, moral, and spiritual realms. Infraction of these laws brings inevitably its own punishment; and obedience, its certain reward. Unquestionably the right way for us to-day is to restore and to raise the standards that have been permitted to fall dangerously low. National life, liberty, and welfare are all directly and indirectly affected by the good or bad adjustments made by the citizenship and statesmanship of a people. Our hopes must rest upon the substantial institutions of our country—business, home, school, and church—for an active interest and an intelligent effort to restore and raise our fallen standards. Unless this is done, our beloved land will no longer be the habitation of a free and happy people.

STOP WASTE IN WASHINGTON

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my remarks on the joint resolution (H. J. Res. 438) introduced by myself, and to include therein some letters I have written to the President of the United States and the Attorney General.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I have introduced House Joint Resolution 438, for the purpose of repealing the law authorizing the purchase of that lot of land at the foot of Capitol Hill, known as the old Census Building property, and opposite the Driscoll Hotel.

It came to my attention accidentally that the assessed valuation on the tax books of this property was recently more than doubled, and manifestly there can be but one purpose in this. That purpose was to help build up a fictitious value for the property. It had been learned that the property would be acquired for enlarging the Capitol Park in connection with the expansion of the boulevard from the Union Passenger Station to the Peace Monument. I understand that the Driscoll Hotel has been acquired for about two-thirds of a million dollars, and I assume that other property in that same block has cost or will cost at the same rate.

WORSE THAN WASTE

Now, Mr. Speaker, this old Census Building occupies one-half of a city block and is in a fairly good state of repair. I understand that the plans contemplate its being demolished and the ground upon which it stands converted into a part of the Capitol Park, and therefore used purely for beautification of the grounds. I feel that to wreck such a building at this time and to acquire the land at very high prices is a needless and extravagant waste. I have applied to the President, to the Attorney General of the United States, to the district attorney of the District of Columbia to stop the condemnation proceedings now pending to acquire that property.

From the experience we have had in acquiring property in the District of Columbia, undoubtedly the award in condemnation will represent several times the actual commercial value of the property. In fact, this old Census Building property has practically no commercial value. If it were not located near to the Capitol grounds, where the Government has spent hundreds of millions of tax money, it would have no value at all. There is no factory, nor bank, nor store near. It is the most conspicuous and outstanding example of the unearned increment. In these times of economic distress and of financial panic, when the taxpayers are gasping under their oppressive burdens, when millions are without employment and tens of millions, including women and children, face suffering, starvation, and death itself during the coming winter, it would be almost criminal to spend good cash to enrich the already enriched Bliss estate. The Bliss estate has profited enormously by reason of having acquired strategic properties, and, as the hundreds of millions of tax money rolled into Washington from every part of the country, it added millions and millions of value to these Bliss properties.

Under normal conditions, we might have to stand this mulcting of the Public Treasury by greedy and grasping land owners in Washington, but as conditions now are, we would be remiss and derelict in our duty if we continued to pour out millions into the pockets of these real-estate

owners in Washington by cashing in, at the public expense, their unearned increment.

THE COUNTRY SHOCKED AT WASTE

Mr. Speaker, the country generally is amazed at what has gone on, and what is going on in Washington. Friends and constituents of mine, who visit the city, are shocked that good buildings along Pennsylvania Avenue, worth millions of dollars, are being wrecked merely to gratify pride. I know that this started before the panic began, and when we thought our income was exhaustless. But even then, I never supported the project. I never voted for the $14,000,000 Arlington Memorial Bridge. I never voted for the $7,000,000 Memorial Highway, built along the banks of the Potomac when to have followed the old road or to have established a new road on the hills would have cost only one-third of the $7,000,000. I have never voted for a seventeen million dollar Department of Commerce Building, established upon land that cost the Governmet many millions of dollars. And particularly was I shocked beyond expression when I learned that the Fine Arts Commission of the District of Columbia had condemned the District Building and the Post Office Department Building, because they do not fit into the scheme of architecture adopted for the new buildings.

As a consequence, it was contemplated that the beautiful marble District Building be torn down. Likewise, it is planned to demolish the Post Office Department Building. This building is made of granite, with walls as solid as the pyramids themselves. They will stand a thousand years if the foundations last. It was claimed that the foundations were giving way and sinking. That can be easily corrected. Engineers can force concrete and asphalt underneath and around the foundations of that building, with terrific pressure, that will make the foundations as solid as Gibraltar itself.

WANTON WASTE FOR MERE TASTE

Mr. Speaker, this Fine Arts Commission and these architects that have condemned the District Building and the Post Office Building would doubtless have condemned the Capitol and the White House as out of harmony with their scheme of architecture. And what is their style of architecture? Look at the Department of Commerce Building from the east side. It looks like a ginger cake sandwiched in between two baked Irish potatoes. The west front is decent, but the east front is not only ugly, but it is ludicrous.

Take also the new Income Tax Building, in the rear of the Post Office Department. I asked a friend of mine, driving around the city with me, to look at it and to tell me what he thought of it. I had not indicated to him whether I approved or disapproved of its style. He studied it for a moment and exclaimed, "Why, it looks like a penitentiary."

Mr. Speaker, it is time to apply some common sense to business around Washington. The rest of the country is weltering in the depths of despair. If Washington alone is to prosper, if joy riders are to be found alone in Washington, if the signs of pleasure and merrymaking are to ring only in Washington, then the resentment and the wrath of the Nation will rise against Washington, and if and when it does then there will be a day of reckoning sad to contemplate.

A CHANCE TO PRACTICE ECONOMY

Mr. Speaker, I am printing along with these remarks certain letters that I have addressed to the President of the United States, and to his Attorney General, and to his district attorney in Washington, asking that the condemnation proceedings for the useless expenditure of money at this time be stopped, and that the money be held in the Treasury for the relief of the millions through the country at large who are not the beneficiaries of the tax money that pours into Washington in an unbroken, even if now in a reduced, stream. Responsible business men and patriotic citizens write me expressing their righteous indignation and their half-repressed wrath that the sound of revelry, the surge of extravagance and high living, the constant gouging of the public money for private benefit, continue to go on in Washington while the rest of the country sits in sackcloth and ashes, not of repentance for sins committed but as the innocent victims of policies promulgated by the party and party leaders that continue to hold high carnival while the country mourns.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C., June 19, 1932.

The Hon. HERBERT HOOVER,
President of the United States,
The White House.

MY DEAR MR. PRESIDENT: Having read with deep interest several of your recent messages urging strict economy and the elimination of all unnecessary expenditures at this time. I am respectfully calling to your attention House Joint Resolution 438, introduced by me yesterday, to repeal the law authorizing the purchase of land to enlarge the Capitol grounds and especially referring to a certain lot of land west of First Street NW., opposite the Driscoll Hotel and commonly known as the old Census Building property, belonging to the Bliss estate. The only value this land has is due to the fact that the United States Government located its Capitol and has spent millions of dollars in its vicinity. It is the most conspicuous example of the unearned increment.

We do not need this land at this time, and the owner is demanding several times the assessed value thereof as an additional excuse to extort a high price from the Government. I believe you will agree with me that the Government has been terribly imposed upon in most instances where it has bought property in the District of Columbia. No doubt you agree that the cost of the land on which the Department of Commerce Building was erected represents several times its true value, commercially, industrially, or otherwise.

Many citizens of the United States visiting Washington recently have been not only surprised but outraged and some of them have been enraged by the wasteful destruction of buildings along Pennsylvania Avenue, which are worth millions of dollars and which may be used this next winter to house the destitute, homeless, and hungry people. When these people have learned that the land on which these buildings stood is to constitute a mere pleasure park and beauty spot, and that this land has cost tens of millions of dollars, their rage seems to know no bounds.

This old Census Building, the purchase of which I am seeking to stop, is far better than the house in which you and I were born and the schoolhouses which you and I attended when little boys. That building would house and care for a thousand hungry and destitute men during a severe spell of weather next winter. To wreck it in order to produce a beautiful lawn of grass may be all right in times of prosperity, but in times like these it will not do.

Mr. President, I have written to the Attorney General, begging him to stop the pending condemnation proceedings, and I have written to the district attorney, begging him to do so, and I am urging the chairman of the Committee on Public Buildings and Grounds to give me an early hearing so that the committee may report my joint resolution before we adjourn in the hope that it may become law. If all of these other recourses fail, it is in your power, Mr. President, to order the Attorney General to suspend the condemnation proceedings, and I earnestly beg you to do so. Even after Congress adjourns, I will make inquiry from you from time to time to ascertain what your attitude is with reference to this unnecessary expenditure of money at this time in the interest of vanity only. I do not oppose the erection of any buildings here at this time, because that gives employment to labor, but I do oppose the paying for land more than it is worth merely to wreck a good building and to create a beauty grass plot on that spot.

Trusting that you may give this matter early consideration and begging you to order the suspension of the condemnation proceedings, I am

Yours very respectfully,

J. J. MCSWAIN.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C., June 19, 1932.

Hon. WILLIAM D. MITCHELL,
Attorney General of the United States,
Department of Justice, Washington, D. C.

MY DEAR MR. ATTORNEY GENERAL: I respectfully call your attention to House Joint Resolution 438, introduced by me yesterday, and I intend to push vigorously for the passage of this resolution before Congress adjourns. However, if Congress should adjourn before its passage, I expect to seek vigorously its passage at the next session of Congress. I am therefore respectfully urging that you order the district attorney to suspend all proceedings now pending for the condemnation of this property at this time of national distress, when millions are out of employment and tens of millions facing hunger next winter, and it is no time to be spending money merely to gratify pride and vanity.

I respectfully urge you to take this matter up with the President of the United States, who has been making a great fight for economy.

With great respect, I am,

Yours truly,

J. J. MCSWAIN

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C., June 19, 1932.

Hon. LEO ROVER,
United States District Attorney,
United States Courthouse, Washington, D. C.

MY DEAR MR. DISTRICT ATTORNEY: I am respectfully calling your attention to House Joint Resolution 438, introduced by me yesterday, and beg to say that I have applied to the President to order these proceedings stopped. I have applied to the Attorney General to order these proceedings stopped. I am now applying to you also to stop these proceedings of condemnation. I expect to push for the passage of my resolution. If it fails to become a law at this time, if you will suspend condemnation proceedings until Congress convenes in December that will give us a chance to pass the resolution at this time. No public interest is involved, but merely a matter of pride. It will not stop construction but will stop destruction. I am, therefore, respectfully asking you to exercise your own power, even if the President and the Attorney General do not do so, to hold up condemnation proceedings.

Yours very sincerely,

J. J. McSWAIN.

JUNE 20, 1932.

MY DEAR MR. PRESIDENT: I wrote you yesterday, June 19, concerning the necessity for practicing economy by stopping the acquisition of further land in the District of Columbia for purposes of mere beauty. Of course, where a building is to be erected on the site, and this building construction will employ labor, that presents a different case, and I am strongly in favor of that. But to buy land on which are buildings that are worth millions of dollars, and then to wreck these buildings and to convert the land into a mere park for purposes of proper pride under ordinary conditions is, under the present conditions, an unjustifiable extravagance and waste.

As I am rushing House Joint Resolution 438 to action at this session, if possible, I should be pleased to have your cooperation in this item of economy. Will you not, therefore, please send your answer to these two letters by a special messenger, in order that I may have the same in time to present to the Committee on Public Buildings and Grounds to-morrow, Tuesday, June 21, at 10.30 a. m.?

Mr. President, we have been working with you in every possible way to effect economy, and I believe that you will thank me for calling your attention to this one other way by which we can practice economy.

Certainly the people throughout the country feel that they are not having an even break with Washington. With Government pay rolls going on in Washington, retail and wholesale business is about as good as ever. With many millions of dollars being expended in Government buildings, labor has employment. In other parts of the country real-estate prices are down to 25 per cent of normal. In Washington, where the Government is buying property, it is more than 25 per cent above a fair price.

Something must be done in order to prove to the people of the Nation that these professions of desire to practice economy are sincere. Washington must not continue to prosper and have her real-estate owners revel in luxury and wealth while the real-estate owners in other parts of the country are weltering under terrific burdens and are not able to collect enough rents to pay taxes and insurance.

These are facts, Mr. President, and I am confidently counting upon your cooperation in this further step toward economy.

Yours very respectfully,

J. J. McSWAIN.

Hon. HERBERT HOOVER,
President of the United States,
The White House, Washington, D. C.

JUNE 20, 1932.

MY DEAR MR. VICE PRESIDENT: I respectfully call your attention to House Joint Resolution 438, and respectfully ask that you have your commission meet at an early date, for the purpose of stopping the condemnation proceedings now pending in relation to the property mentioned in said joint resolution.

I feel sure that you agree with me that this is no time in our country's history to be paying high prices for real estate to be converted into a grass plot.

The proposed enlargement of the capitol grounds progressed too slowly for the celebration of the George Washington bicentennial. Therefore, there is no use, at this time, of acquiring additional land. It is my humble opinion that the acquisition of any more land at this time should be stopped. With millions of people out of jobs, and tens of millions of them hungry, to be paying high prices for Washington real estate is unjustifiable. The real-estate owners throughout the rest of the Nation are struggling under burdens of taxation that they can not pay. Many of them would be glad to sell their real-estate holdings at half of what they cost. I am in that fix. To be paying fancy prices in Washington, merely to create a pretty park, will meet the condemnation of the country.

For that reason I am appealing to you to call the commission together and to stop all further proceedings, so that the money may be diverted to the useful purpose of relieving the people and of furnishing employment to the millions of unemployed.

With great respect, I am,

Yours sincerely,

JOHN J. McSWAIN.

Hon. CHARLES CURTIS,
Vice President of the United States,
Chairman of the Capitol Grounds Commission,
The Capitol, Washington, D. C.

Here is copy of House Joint Resolution 438:

Joint resolution to repeal the authority to buy, and to stop condemnation proceedings to acquire, that lot of land west of First Street NW., and opposite the Driscoll Hotel, and commonly known as the old Census Building property, belonging to the Bliss estate

Resolved, etc., That any authority heretofore granted for the purchase of that lot of land in the District of Columbia, immediately west of First Street NW. and opposite the Driscoll Hotel, and known as the old Census Building property, be, and the same is hereby, repealed, and that any condemnation proceedings now pending for the purchase of said lot of land be, and the same are hereby, terminated and ended, for the reason that it appears that the owner thereof is demanding an excessive and unreasonable price therefor, and that the condition of the Treasury and the country will not justify the purchase of said property at this time, and that its use is not now necessary, and that the owner thereof has procured the property to be assessed at more than twice its former assessment, since the owner thereof learned that the United States Government would probably desire to purchase said property, and that the purpose of the owner in so raising the assessment was to justify a demand for an excessive and unreasonable price therefor.

LEGISLATIVE APPROPRIATION BILL

Mr. McDUFFIE. Mr. Speaker, I call up conference report on the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER pro tempore. The gentleman from Alabama calls up conference report on the bill H. R. 11267 and asks unanimous consent that the statement may be read in lieu of the report. Is there objection? [After a pause.] The Chair hears none.

The Clerk began the reading of the statement.

Mr. LaGUARDIA. Mr. Speaker, I reserve all points of order on the conference report.

Mr. STAFFORD. Mr. Speaker, I question whether the request does not come too late.

The SPEAKER pro tempore. In the opinion of the Chair, it is too late to reserve points of order on the report.

Mr. McDUFFIE. Points of order on a conference report should be made at the time the report is filed.

Mr. LaGUARDIA. No; I have looked that up. I spent the Sabbath in that way.

The SPEAKER pro tempore. The Clerk will read the statement.

Mr. LaGUARDIA. Mr. Speaker, are my points of order reserved?

The SPEAKER pro tempore. In the opinion of the Chair, the reservation of points of order came too late, inasmuch as the statement was being read.

Mr. LaGUARDIA. Mr. Speaker, I made my point of order before the report was read.

The SPEAKER pro tempore. If the gentleman will permit, the gentleman from Alabama [Mr. McDUFFIE] asked unanimous consent that the statement be read in lieu of the report, and the Clerk began the reading of the statement. Thereupon, after a part of the statement had been read, the gentleman from New York sought to interpose a reservation of points of order. The request came too late.

Mr. LaGUARDIA. Mr. Speaker, if the Chair will bear with me a moment, it seems to me that points of order may be reserved either before the statement is read or before the report is read. The decisions are clear on that point, if the Chair is going to be technical. As soon as the gentleman asked unanimous consent to have the statement read, I was on my feet.

I sought to get the attention of the Chair, and it seems to me that on a reservation of a point of order the Speaker

might at any time look the other way while the Clerk starts the reading of the report and thereby deprive a Member and the House of reserving points of order, which he has the right to do.

The SPEAKER pro tempore. The Chair can not reasonably be expected to anticipate the action of Members on the floor. The Chair is compelled to conform to the rules of the House, and the reading of the statement in lieu of the report was held by Speaker Gillett as precluding the right to interpose a point of order against the conference report. That decision was made on April 3, 1922, and may be found on page 4947 of the CONGRESSIONAL RECORD of that date.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The Chair has ruled. The gentleman can appeal from the decision of the Chair if he desires to do so.

Mr. LAGUARDIA. What is the Clerk reading now?

The SPEAKER pro tempore. The statement of the conferees for which unanimous consent was given by the House. The Clerk will proceed with the reading of the statement.

Mr. SNELL. Mr. Speaker, had the Clerk started to read the statement?

The SPEAKER pro tempore. The Clerk had started the reading of the statement.

Mr. SNELL. Mr. Speaker, we want to be fair. I do not think there is anything to be gained by rushing too fast. I did not understand the Clerk had started to read any statement, and I think in the interest of fair play——

Mr. McDUFFIE. Mr. Speaker, I submit to the House as a whole that the Clerk had read a paragraph.

Mr. LAGUARDIA. Oh, no.

Mr. BLANTON. The House is not responsible for gentlemen not taking advantage of their rights under the rules. The rule is plain, and the Speaker has properly ruled.

Mr. MICHENER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MICHENER. Assuming the Clerk had commenced the reading and that the Chair is correct in the ruling, inasmuch as this is a matter in which we are all interested and all want to be fair, I ask unanimous consent that the proceedings up to the point where the Clerk was directed to read the statement be vacated.

Mr. BLANTON. I object, Mr. Speaker. There is a proper time for making points of order. If our friends can not conform to the rules, it is their own fault. The Chair has ruled correctly.

The SPEAKER pro tempore. The gentleman from Texas objects. The Clerk will continue the reading of the statement.

Mr. SNELL. We will govern ourselves accordingly.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. LAGUARDIA. Will the report be read later?

The SPEAKER pro tempore. The report will not be read. The House gave unanimous consent for the reading of the statement in lieu of the report.

The Clerk completed the reading of the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate (Nos. 46–168, both inclusive) to the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 49, 51, 62½, 65, 67, 71, 75, 77, 78, 79, 80, 94, 96, 97, 98, 99, 100, 102, and 132.

That the House recede from its disagreement to the amendments of the Senate numbered 48, 50, 52, 53, 54, 55, 56, 63, 72, 73, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 95, 103, 104, 110, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, and 168, and agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

"COMPULSORY RETIREMENT FOR AGE

"SEC. 204. On and after July 1, 1932, no person rendering civilian service in any branch or service of the United States Government or the municipal government of the District of Columbia who shall have reached the retirement age prescribed for automatic separation from the service, applicable to such person, shall be continued in such service, notwithstanding any provision of law or regulation to the contrary: *Provided*, That the President may, by Executive order, exempt from the provisions of this section any person when, in his judgment, the public interest so requires: *Provided further*, That no such person heretofore or hereafter separated from the service of the United States or the District of Columbia under any provision of law or regulation providing for such retirement on account of age shall be eligible again to appointment to any appointive office, position, or employment under the United States or the District of Columbia: *Provided further*, That this section shall not apply to any person named in any act of Congress providing for the continuance of such person in the service."

And the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows: On page 13 of the Senate engrossed amendments, line 9, strike out "206" and insert "207"; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows: On page 13 of the Senate engrossed amendments, line 22, strike out "207" and insert "208," and on page 14 of the Senate engrossed amendments, line 4, after "payment," insert a comma and the following: "under section 3" and a comma; and the Senate agree to the same.

Amendment numbered 59: That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment as follows: On page 14 of the Senate engrossed amendments, line 11, strike out "208" and insert "209"; and the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 210. The provisions of all acts heretofore enacted inconsistent with sections 207, 208, and 209 are, to the extent of such inconsistency, hereby repealed, and such sections shall take effect on July 1, 1932."

And the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

"SEC. 211. (a) During the fiscal year ending June 30, 1933—(1) no officer or employee of the Government shall be allowed or paid a higher rate of compensation for overtime work (either day or night) or for work on Sundays and holidays; (2) wherever by or under authority of law compensation for night work (other than overtime) is at a higher rate than for day work, such differential shall be reduced by one-half; (3) in so far as practicable, overtime work shall be performed by substitutes or unemployed regulars in lieu of persons who have performed a day's work during the day during which the overtime work is to be performed, and work on Sundays and holidays shall be

performed by substitutes or unemployed regulars in lieu of persons who have performed a week's work during the same week.

"(b) This section shall not apply to compensation for overtime services performed by Federal employees under existing law at the expense of private interests."

And the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " 212 "; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(b) This section shall not apply to any person whose retired pay plus civilian pay amounts to less than $3,000: *Provided,* That this section shall not apply to regular or emergency commissioned officers retired for disability incurred in combat with an enemy of the United States."

And the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " 213 "; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 56 of the House bill, line 5, strike out " 210 " and insert " 214 "; and the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

" ANNUAL LEAVE WITH PAY REDUCED TO 15 DAYS

" SEC. 215. Hereafter no civilian officer or employee of the Government who receives annual leave with pay shall be granted annual leave of absence with pay in excess of 15 days in any one year, excluding Sundays and legal holidays: *Provided,* That the part unused in any year may be cumulative for any succeeding year: *Provided further,* That nothing herein shall apply to civilian officers and employees of the Panama Canal located on the Isthmus and who are American citizens or to officers and employees of the Foreign Services of the United States holding official station outside the continental United States: *Provided further,* That nothing herein shall be construed as affecting the period during which pay may be allowed under existing laws for so-called sick leave of absence: *Provided further,* That the so-called sick leave of absence, within the limits now authorized by law, shall be administered under such regulations as the President may prescribe so as to obtain, so far as practicable, uniformity in the various executive departments and independent establishments of the Government."

And the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: On page 17 of the Senate engrossed amendments, line 9, strike out " 214 " and insert "216 "; and the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " including printing and binding done elsewhere under contract by the Public Printer, or obtained in the field under authority of the Joint Committee on Printing for the exclusive use of a field service; of the foregoing amount $2,500,000 shall be for printing and binding for the use of the legislative branch of the Government "; and the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: " Or to the manufacture of postal cards and money orders for the Post Office Department "; and the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment as follows: On page 21 of the Senate engrossed amendments, line 4, strike out " 312 " and insert " 313," and on page 64 of the House bill, line 7, strike out " 313 " and insert " 314 "; and the Senate agree to the same.

Amendment numbered 105: That the House recede from its disagreement to the amendment of the Senate numbered 105, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " 315 "; and the Senate agree to the same.

Amendment numbered 106: That the House recede from its disagreement to the amendment of the Senate numbered 106, and agree to the same with an amendment as follows: On page 21 of the Senate engrossed amendments, line 18, strike out " 315 " and insert " 316 "; and the Senate agree to the same.

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment as follows: On page 22 of the Senate engrossed amendments, line 3, strike out " 316 " and insert " 317 "; and the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment as follows: On page 22 of the Senate engrossed amendments, line 23, strike out " 317 " and insert " 318 "; and on page 24 of the Senate engrossed amendments strike out lines 1 to 6, both inclusive; and on page 24 of the Senate engrossed amendments, line 7, strike out "(d)" and insert "(c)"; and the Senate agree to the same.

Amendment numbered 109: That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with an amendment as follows: On page 24 of the Senate engrossed amendments, line 21, strike out " 318 " and insert " 319 "; and on page 24 of the Senate engrossed amendments, line 22, strike out " and " and insert " or "; and the Senate agree to the same.

Amendment numbered 111: That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

" SEC. 320. Authorizations heretofore granted by law for the construction of public buildings and public improvements, whether an appropriation therefor has or has not been made, are hereby amended to provide for a reduction of 10 per cent of the limit of cost as fixed in such authorization as to projects where no contract for the construction has been made. As to such projects where a contract has been made at a cost less than that upon which the authorization was based, such cost shall not, unless authorized by the President, be increased by any changes or additions not essential for the completion of the project as originally planned."

And the Senate agree to the same.

Amendment numbered 112: That the House recede from its disagreement to the amendment of the Senate numbered 112, and agree to the same with an amendment as follows: On page 25 of the Senate engrossed amendments, line 19, strike out " 320 " and insert " 321 "; and the Senate agree to the same.

Amendment numbered 113: That the House recede from its disagreement to the amendment of the Senate numbered 113, and agree to the same with an amendment as

follows: On page 26 of the Senate engrossed amendments, line 5, strike out "321" and insert "322"; and the Senate agree to the same.

Amendment numbered 114: That the House recede from its disagreement to the amendment of the Senate numbered 114, and agree to the same with an amendment as follows: On page 26 of the Senate engrossed amendments, line 22, strike out "322" and insert "323"; and the Senate agree to the same.

Amendment numbered 115: That the House recede from its disagreement to the amendment of the Senate numbered 115, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "*Provided further*, That in order to expedite the merging of certain activities, the President is authorized and requested to proceed, without the application of this section, with setting up consolidations of the following governmental activities: Public Health (except that the provisions hereof shall not apply to hospitals now under the jurisdiction of the Veterans' Administration), personnel administration, education (except the Board of Vocational Education shall not be abolished), and Mexican Water and Boundary Commission, and to merge such activities, except those of a purely military nature, of the War and Navy Departments as, in his judgment, may be common to both and where the consolidation thereof in either one of the departments will effect economies in Federal expenditures, except that this section shall not apply to the United States Employees' Compensation Commission"; and the Senate agree to the same.

Amendment numbered 131: That the House recede from its disagreement to the amendment of the Senate numbered 131, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "The duties, powers, and functions of the Personnel Classification Board are hereby transferred to the Civil Service Commission; and"; and the Senate agree to the same.

Amendment numbered 133: That the House recede from its disagreement to the amendment of the Senate numbered 133, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "are hereby"; and the Senate agree to the same.

Amendment numbered 150: That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: "and all officers and employees of the division and commission not indispensable to the service shall be dismissed"; and the Senate agree to the same.

The committee of conference have not agreed on amendment numbered 46.

JOHN McDUFFIE,
L. W. DOUGLAS,
WILL R. WOOD,
Managers on the part of the House.

W. L. JONES,
REED SMOOT,
FREDERICK HALE,
E. S. BROUSSARD,
SAM G. BRATTON,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate (Nos. 46–168, both inclusive), to the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 46: On this amendment, embracing Title I of Part II of the bill, relating to furloughs, permanent and temporary salary reductions, etc., the committee of conference have reached no agreement.

On amendment No. 47: This amendment eliminates the House provision requiring the permanent separation from the service of employees who reach or have reached the retirement age. The House recedes with an amendment restoring the House provision and adding a proviso which authorizes the President to exempt from the operation of the section, when in his judgment the public interest requires, persons designated by him.

On amendment No. 48: This amendment inserts a section heading. The House recedes.

On amendment No. 49: This amendment makes a change in a section number. The Senate recedes.

On amendment No. 50: This amendment provides that deductions from compensation for the purposes of making up retirement funds shall be based on the regular rate of compensation of employees, rather than on the rate as temporarily reduced by this act. The House recedes.

On amendment No. 51: This amendment makes a change in a section number. The Senate recedes.

On amendment No. 52: This amendment strikes out the House provision reducing certain traveling and per diem allowances by $2 each; and the House recedes. This amendment and amendments 57 to 60, inclusive, are complementary.

On amendment No. 53: This amendment makes a clerical change in a subsection letter; and the House recedes.

On amendment No. 54: This amendment brings officers of the military services under the provisions of law relating to per mile allowances for motor-cycle and automobile travel in cases where such travel is authorized. The House recedes.

On amendments Nos. 55 and 56: These amendments make changes in subsection letters; and the House recedes.

On amendment No. 57: This amendment is a substitute for the matter struck out by amendment No. 52. It changes the present law by substituting for the expense allowance for travel in the continental United States now provided by section 3 of the subsistence expense account of 1926, amounting to $7 per day, and likewise for the $6 per diem allowance in lieu of expenses provided by section 4 of such act, a per diem allowance of $5 per day for such travel; and the expense allowance for travel outside the continental United States, under section 5 of such act, amounting to $8 per day, as well as the $7 per diem allowance in lieu of expenses under section 6 thereof are replaced by a per diem allowance of $6 per day for such travel. The House recedes with an amendment changing the section number.

On amendment No. 58: This amendment repeals the provisions of existing law, which amendment No. 57 makes superfluous, and also makes a change in section 7 of the subsistence expense act of 1926, relating to rules and regulations, made necessary by the abolition of allowances for actual expenses, accomplished by amendment No. 57. The House recedes with an amendment making a change in a section number and a clarifying change in language.

On amendment No. 59: This amendment prohibits payment by the Government of the expense connected with the transportation of automobiles belonging to individuals, but authorizes the War Department and the Navy Department each to spend not more than $5,000 in any fiscal year for such transportation. The House recedes with an amendment changing the section number.

On amendment No. 60: This amendment repeals existing law so far as inconsistent with the matter added by amendments Nos. 57, 58, and 59. The House recedes with an amendment changing a section number and making the sections inserted by amendments Nos. 57, 58, and 59 effective July 1, 1932.

On amendment No. 61: This amendment strikes out the House provision relating to a higher rate of compensation for overtime, night, Sunday, and holiday work. The House bill provided that in certain cases such work should be done by substitutes. The amendment provides that it be done by

substitutes or unemployed regulars. The House recedes with an amendment inserting the substance of the House provision, except that the differential in compensation for regular night work is reduced by one-half instead of eliminated, and the Senate provision on unemployed regulars is included.

On amendment No. 62: This amendment makes a change in the section number, and the House recedes with an amendment making a further change in the section number.

On amendment No. 62½: This amendment substitutes for the House provision that any officer retired from the military services and holding a civilian office or position under the United States or the District of Columbia shall not be entitled to retired pay in excess of an amount which combined with the annual rate of compensation from such office or position makes the total rate from both sources more than $3,000, a provision that the combined rate from both sources shall not exceed the rate of pay and allowances which such officer was receiving immediately before his retirement. The Senate recedes.

On amendments Nos. 63 and 64: Amendment No. 63 strikes out the House provision which excepted from the provisions of the House bill limiting the retired pay of persons employed by the Government officers on the emergency officers' retired list and persons retired for disability incurred in line of duty. Amendment No. 64 excepts persons whose retired pay, plus civilian pay, amounts to less than $3,000, and emergency officers' retired for disability incurred in combat with an enemy of the United States. The House recedes on amendment No. 63 and recedes with an amendment on amendment No. 64 excepting from the section regular officers retired for combat disability.

On amendment No. 65: This amendment makes a change in a section heading. The Senate recedes.

On amendment No. 66: This amendment makes a change in a section number. The House recedes with an amendment making a further change in the section number.

On amendment No. 67: This amendment strikes out the provision of the House bill relating to the dismissal of married persons in any reduction in personnel in the Government service. The Senate recedes.

On amendment No. 68: This amendment strikes out the provision of the House bill authorizing the Postmaster General to make temporary assignments in the Postal Service during the fiscal year 1933. The effect of the conference action is to restore the House provision with a change in the section number.

On amendment No. 69: This amendment provides that hereafter no civilian officer or employee of the Government who receives both annual and sick leave with pay shall be granted leave of absence with pay in excess of 15 days excluding Sundays and legal holidays. Leave unused in any year may be cumulative for any succeeding year. Civilian officers and employees of the Panama Canal located on the Isthmus who are American citizens and officers and employees of the Foreign Service are excepted. The period during which pay may be allowed under existing laws for so-called sick leave for absence is not limited, but such sick leave of absence within the limits now authorized shall be administered under regulations prescribed by the President so as to obtain uniformity in the various departments and establishments.

The House recedes with an amendment under which no civilian officer or employee of the Government who receives annual leave with pay shall be granted annual leave of absence with pay in excess of 15 days in any one year, excluding Sundays and legal holidays. Leave unused in any year may be cumulative for any succeeding year. Civilian officers and employees of the Panama Canal located on the Isthmus who are American citizens, and officers and employees of the Foreign Services holding official station outside the continental United States are excepted. The provision is not to be construed as affecting the period during which pay may be allowed under existing law for sick leave, and sick leave as now authorized is to be administered under regulations prescribed by the President so as to obtain uniformity in the various departments and establishments. The amendment also makes a change in the section number.

On amendment No. 70: This amendment authorizes and directs the heads of departments and establishments of the Government to furlough without pay such employees carried on their rolls such time as in their judgment is necessary to keep within the appropriations made for the fiscal year 1933. The higher salaried shall be furloughed first whenever possible without injury to the service and rules and regulations shall be promulgated by the President to secure uniform action by the heads of departments and establishments in applying this section. The House recedes with an amendment changing the section number.

On amendment No. 71: This amendment makes a change in the heading of three sections. The Senate recedes.

On amendments Nos. 72 and 73: These amendments substitute for the $10,000,000 limitation contained in the House bill, upon the amount which may be expended for printing and binding, a limitation of $8,000,000 upon the amount which may be obligated for such purpose. The House recedes.

On amendment No. 74: This amendment strikes out the allocations made by the House bill, of $2,500,000 to the legislative branch, and $225,000 for farmers' bulletins, and includes within the limitation upon obligations, certain printing done elsewhere than at the Government Printing Office. The House recedes with an amendment inserting the matter proposed to be inserted by the Senate amendment, restoring the House provision relating to the legislative branch, and eliminating the provision for farmers' bulletins.

On amendment No. 75: This amendment strikes out the provision in the House bill relating to distribution, by the Director of the Bureau of the Budget, among the various agencies of the Government, of the funds available for printing and binding. The Senate recedes.

On amendment No. 76: This amendment excepts the legislative branch of the Government and the manufacture of postal cards and money orders from the operation of section 302. The House recedes with an amendment eliminating that part of the Senate provision relating to the legislative branch.

On amendment No. 77: This amendment strikes out the limitation upon expenditures for paper, contained in the House bill. The Senate recedes.

On amendments Nos. 78, 79, and 80: These amendments make changes in section numbers, and the Senate recedes.

On amendment No. 81: This amendment provides that the United States Shipping Board shall hereafter consist of three members, whereas the House bill provided for four members. The House recedes.

On amendment No. 82: This amendment provides that one commissioner of the Shipping Board shall be appointed from the States touching the Atlantic Ocean or a navigable river directly tributary thereto. The House bill provided that such commissioner should be appointed from the States touching the Atlantic Ocean. The House recedes.

On amendment No. 83: This amendment strikes out the House provision that one commissioner should be appointed from the States touching the Great Lakes. The House recedes.

On amendments Nos. 84, 85, and 88: These amendments make clerical changes which are necessary because of amendments Nos. 81 and 86. The House recedes.

On amendment No. 86: This amendment reduces the term of office of the commissioners from four years, as provided in the House bill, to three years. The House recedes.

On amendment No. 87: This amendment provides that the commissioners shall hold office until their successors are appointed and qualify. The House recedes.

On amendment No. 89: This amendment provides that the concurrence of two commissioners shall be compliance with existing law requiring the concurrence of four or more. The House bill required the concurrence of three commissioners for the same purpose. The House recedes.

On amendment No. 90: This amendment strikes out the House provision relating to the salaries of officers and em-

ployees of the United States Shipping Board or the United States Shipping Board Merchant Fleet Corporation. The matter is covered by amendment No. 46; and the House recedes.

On amendments Nos. 91, 92, and 93: These amendments make changes in subsection letters. The House recedes.

On amendment No. 94: This amendment makes a change in the section number. The Senate recedes.

On amendment No. 95: This amendment strikes out the House provision fixing the price of certain governmental publications, when sold to the public, at 30 per cent over the cost of printing and binding, in lieu of the 10 per cent prescribed by existing law, and substitutes therefor a provision which fixes such price at 50 per cent of the cost of the publication, as determined by the Public Printer, allows a discount of not to exceed 25 per cent to book dealers and quantity purchasers, provides that such printing shall not interfere with work for the Government, that surplus receipts shall be deposited in the Treasury as miscellaneous receipts, that terms, conditions, and manner of sale shall be prescribed by the Superintendent of Documents, and that the provisions of this section shall be in lieu of certain provisions of existing law with respect to the selling price of documents. The House recedes.

On amendments Nos. 96, 97, 98, 99, and 100: These amendments make changes in section numbers. The Senate recedes.

On amendment No. 101: This amendment requires the several executive departments and independent establishments to include in their annual reports to Congress a statement of receipts from fees and charges paid to such department or establishment under this act and existing law. The House recedes with an amendment making changes in section numbers.

On amendment No. 102: This amendment makes clerical changes in section numbers. The Senate recedes.

On amendment No. 103: This amendment strikes out the House provision for the transfer of fish-cultural stations to States and Territories. The House recedes.

On amendment No. 104: This amendment strikes out the House provision for the transfer of agricultural-experiment stations to State and Territories. The House recedes.

On amendment No. 105: This amendment makes a change in a section number. The House recedes with an amendment making a further change in the section number.

On amendment No. 106: This amendment repeals the act authorizing and directing the Director of the Census to collect and publish statistics concerning hides, skins, and leather. The House recedes with an amendment making a change in the section number.

On amendment No. 107: This amendment authorizes not to exceed 12 per cent of any appropriation for an executive department or independent establishment or for the municipal government of the District of Columbia for the fiscal year 1933 to be transferred with the approval of the Director of the Bureau of the Budget, or in the case of the War Department and Navy Department with the approval of the President, to any other appropriation or appropriations under the same department or establishment. No appropriation is to be increased more than 15 per cent by such transfers. Statements of such transfers are to be included in the Budget for the fiscal year 1935; and those made up to the time of the submission of the Budget for the fiscal year 1934, and all contemplated for the remainder of the fiscal year 1933 are to be included in the Budget for the fiscal year 1934. The House recedes with an amendment changing the section number.

On amendment No. 108: This amendment—

(1) Limits the amount authorized to be appropriated under the George-Reed Act to $1,500,000 for the fiscal year 1933;

(2) Reduces the amounts appropriated for the fiscal year 1933 by the Smith-Hughes Act for vocational education by 10 per cent throughout, except in the case of the Federal Board for Vocational Education;

(3) Substitutes for the appropriation for the fiscal year 1933 made by the Smith-Hughes Act for the Federal Board for Vocational Education an authorization of an appropriation of the same amount; and

(4) Reduces the amounts authorized to be appropriated and expended for the fiscal year 1933 for vocational education in Hawaii and Puerto Rico by 10 per cent in each case.

The House recedes with an amendment inserting the matter proposed to be inserted by the Senate amendment except the provision substituting for the appropriation for the fiscal year 1933 made by the Smith-Hughes Act for the Federal Board for Vocational Education an authorization of an appropriation of the same amount, changing the section number, and making a change in a subsection letter.

On amendment No. 109: This amendment reduces the rate of interest upon any judgment against the United States or upon any overpayment in respect of any internal-revenue tax to 4 per cent. The House recedes with an amendment making a change in the section number and a clarifying change in language.

On amendment No. 110: This amendment inserts a heading for three sections. The House recedes.

On amendment No. 111: This amendment reduces the limits of cost of authorizations heretofore granted by law for the construction of public buildings and public improvements, whether appropriations have or have not been made therefor, by 10 per cent of the limit of cost fixed in such authorization if no contract for construction has been made. Where a contract has been made at a cost less than that upon which the authorization is based, the cost shall not be increased by changes not essential for completion of the project.

The House recedes with an amendment changing the section number and changing the last sentence of the Senate provision so as to provide that where a contract has been made at a cost less than that upon which the authorization was based, such cost shall not, unless authorized by the President, be increased by any changes not essential for the completion of the project.

On amendment No. 112: This amendment provides that except as otherwise specifically provided by law, the leasing of buildings and properties of the United States shall be for a money consideration only, and that the leases shall not contain provisions for the alteration, repair, or improvement of the buildings or properties as a part of the consideration for the rental. The House recedes with an amendment changing the section number.

On amendment No. 113: This amendment provides that in case of leases hereafter made or renewals of leases previously made, the rental paid for any building or part of a building to be occupied for Government purposes shall not exceed the per annum rate of 15 per cent of the fair market value of the rented premises at the date of the lease, and that no expenditure shall be made for alteration, improvements, or repairs of such premises in excess of 25 per cent of the amount of rent for the first year of the rental term or for the rental term if less than one year. The amendment does not apply to leases of premises in foreign countries for the Foreign Service of the United States. The House recedes with an amendment changing the section number.

On amendment No. 114: This amendment provides that the per diem fee for jurors now fixed by law at $4 shall be $3 during the fiscal year 1933, that the per diem fee for witnesses now fixed by law at $2 shall be $1.50 during the fiscal year 1933, and that the provisions relating to per diem for expenses of subsistence of witnesses shall be suspended during such year. The House recedes with an amendment changing the section number.

On amendment No. 115: This amendment authorizes and requests the President to proceed, without regard to the other provisions of the section amended, with setting up the consolidations of the following governmental activities: Public Health (except hospitals now under the jurisdiction of the Veterans' Administration), Personnel Administration, Education (except the Board of Vocational Education shall

not be abolished), and Mexican Water and Boundary Commission, and to merge such activities of the War and Navy Departments relating to the purchase of supplies and matériel as will effect economies. The amendment also excepts the United States Employees' Compensation Commission from the operation of the section amended. The House recedes with an amendment which inserts the provisions of the Senate amendment except those relating to the War and Navy Departments. In the case of those departments the provision applies to the merging of such activities, except those of a purely military nature, as, in the judgment of the President, may be common to both and where the consolidation thereof in either one of the departments will effect economies in Federal expenditure.

On amendments Nos. 116, 117, 118, 119, 120, 121, and 122: These amendments strike out the title in the House bill creating a public works administration. The House recedes.

On amendments Nos. 123, 124, 125, and 126: These amendments make changes in section and title numbers. The House recedes.

On amendment No. 127. This amendment changes the effective date of the consolidation of the Bureau of Navigation and the Steamboat Inspection Service from July 1, 1932, as fixed in the House bill, to October 1, 1932. The House recedes.

On amendments Nos. 128, 129, and 130: These amendments make changes in section numbers. The House recedes.

On amendment No. 131: This amendment transfers the duties, powers, and functions of the Personnel Classification Board to the Civil Service Commission, whereas the House bill authorized the President to make the transfer by Executive order. The House recedes with an amendment making a clerical change.

On amendment No. 132: This amendment retains the position of Director of Classification, which was abolished by the House bill. The Senate recedes.

On amendment No. 133: This amendment makes a clerical change. The House recedes with an amendment making a further clerical change.

On amendments Nos. 134, 135, 136, and 137: These amendments are clerical changes made necessary by amendment No. 131. The House recedes.

On amendments 138 and 139: These amendments make changes in section numbers. The House recedes.

On amendments Nos. 140 and 141: These amendments are clerical changes made necessary by amendment No. 131. The House recedes.

On amendments Nos. 142, 143, 144, and 145: These amendments make changes in section numbers. The House recedes.

On amendment No. 146: This amendment is a clerical change made necessary by amendment No. 131. The House recedes.

On amendment No. 147: This amendment fixes October 1, 1932, as the effective date for the transfer of the Personnel Classification Board to the Civil Service Commission. The House recedes.

On amendments Nos. 148 and 149: These amendments make changes in section numbers. The House recedes.

On amendment No. 150: This amendment strikes out the provision in the House bill that upon transfer of the Radio Division to the Federal Radio Commission all officers and employees not, in the judgment of the President, indispensable to the efficient operation of the Federal Radio Commission shall be dismissed. The House recedes with an amendment providing that employees of the Radio Division and the Radio Commission not indispensable to the consolidated services shall be dismissed.

On amendments Nos. 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, and 161: These amendments make changes in section and title numbers. The House recedes.

On amendments Nos. 162 and 163: These amendments provide that the joint congressional committee on veterans' relief shall be composed of 5 Members of the Senate and 5 Members of the House of Representatives, instead of 7 Members of each House, as provided in the House bill. The House recedes.

On amendment No. 164: This amendment fixes the date by which the joint congressional committee on veterans' relief shall report as January 1, 1933, rather than the first Monday in December, 1932, as provided in the House bill. The House recedes.

On amendments Nos. 165, 166, and 167: These amendments make changes in section and title numbers. The House recedes.

On amendment No. 168: This amendment makes the provisions of part 2 of the legislative appropriation act applicable to the appropriations available for the fiscal year 1933, whether contained in the legislative appropriation act or in acts prior or subsequent to the date of the approval of such acts. The House recedes.

JOHN McDUFFIE,
L. W. DOUGLAS,
WILL R. WOOD,
Managers on the part of the House.

Mr. McDUFFIE was recognized.

Mr. DALLINGER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. Does the gentleman from Alabama yield to the gentleman from Massachusetts?

Mr. McDUFFIE. I would rather proceed, unless the gentleman has a point upon which he is exceedingly disturbed. Will not the gentleman make it after I have completed my statement?

The SPEAKER pro tempore. The gentleman from Alabama is recognized for one hour.

Mr. McDUFFIE. Mr. Speaker, it is my purpose to yield to the gentleman from Indiana one-half hour after I have made at least a partial statement covering the items involved in these points of difference, which were agreed upon in the conference by the committee. If I may have the attention of the House, I shall endeavor to do that briefly.

Gentlemen, one who has not served in this effort to economize and curtail the Government expenses can not appreciate what a burdensome task it is, and in some instances what a painful task it is in all of the difficulties to be overcome.

It matters not what we do in our effort to adjust ourselves to new conditions in this country, it means that some sort of a sacrifice must be made. Indeed, the time has come, just as it comes in war, when every citizen of this country, and especially that citizen who is so fortunate as to be employed by Uncle Sam in these distressing times, should be patriotic enough to contribute his part under these conditions. I believe we all have that desire.

Few nations in the world have had to undergo what we have undergone within recent months. The reserve, the conservative state of mind of the American people under most trying and terrible conditions is most commendable. I am sure that attitude will continue. I am sure that the American people believe that this Congress is using every effort to alleviate, where it is possible, the suffering throughout the country, and to so adjust by legislation conditions, wherever it can be done, to create new conditions and new opportunities, in order to bring us out of this slough of despond and distress.

The legislative branch of the Government, in my opinion, is doing everything possible to meet conditions. I believe the American people and the American taxpayer everywhere, especially since we have been forced to put additional burdens on them in the tax bill we have just passed, are demanding the strictest economy in the Federal Government.

Since we placed additional burdens on the people to maintain the Government, certainly no man in this House will deny that it is the duty of the House to curtail the expenses of this Government wherever possible.

The salary roll of this Government amounts to $1,330,000,000—more than 25 per cent of the total cost of the Government. How are you going to retrench, how are you to effect economies in government, if we do not attack this salary roll? But I can not go into that just now, and I will discuss the reduction later on.

I wish to direct your attention to the report. The report is not at all satisfactory to me, it is not satisfactory to many gentlemen here, but you all know that legislation is largely a matter of compromise. I can not have my way, the gentleman from Indiana can not have his way. Gentlemen on the Senate side, neither one, can have his way, but you know the very purpose of conference committees is to compromise or strike a happy medium. We have tried to bring to you what we thought was feasible, equitable, and fair.

Now, you may say that there are certain discriminations, even in the particulars we have agreed upon.

Gentlemen complain about the question of the dismissal from the service, in the reduction of personnel, of married women or married men, when both are on the Government pay rolls. Here is the reason we did that. In a time like this when there are many men without employment, and many men eligible for Government employment; where there are men on the pay roll with large families; and on the other hand in cases where men and their families are on the pay roll, it seemed but fair, in the event dismissals must come, they should be made in cases where two or more of the same family are on the Government pay roll. Thus an opportunity is given to the man with dependents who is on the pay roll to retain his job. One bread-winner, at least in every family, was the thought behind the consideration of this report, and should be the thought of those who have the power to dismiss. So much for that.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. McDUFFIE. In a moment.

Mr. YATES. Will there be a separate vote upon that particular question?

Mr. McDUFFIE. No; not on the question of married women in the service. That is a part of the conference report.

Mr. YATES. Then there is no way to vote on that question?

Mr. McDUFFIE. No; there is no way to divide it here. Of course, if the conference report is voted down, the gentleman from Illinois knows that we go back to conference.

Mr. YATES. I simply have my convictions upon that subject and want to have an opportunity to vote on it separately.

Mr. McDUFFIE. As to the savings in the bill outside of the salary reductions, I made an estimate—in fact, several—and checked over the figures presented to both the Senate and the House committees. Those figures were secured from gentlemen who are supposed to be experts, actuaries of the Government, gentlemen of long experience. According to my calculation, outside of any salary reduction at all, using the figures presented to each committee, there will be only $50,000,000 savings in this conference report, or, giving myself more latitude, I will say, hoping I am correct, between $50,000,000 and $75,000,000. I can not see any more. Under the furlough plan, if it be adopted, as written by the Senate, they claim, and no one can be definite about it, that we might add $80,000,000 more to that.

Title I, Part II, dealing with the question of retirement pay, is a matter that doubtless all are interested in, and I shall try to touch on those phases which might be deemed controversial. Both the Senate and the House committees were under the impression that where a man is drawing retired pay and a salary from the Government in some civil position, he should elect to have the one or the other in the event both salaries exceeded $3,000.

We have not estimated the savings to be accomplished by that section, but gentlemen know that there are hundreds of officers drawing salaries from the Government in civil positions as well as their retired pay. The question came and the difference came largely on the question of who might be exempted. We agreed to exempt any officer, either regular or emergency, and the term "emergency" includes provisional officers who were actually hurt in combat with the enemy.

Mr. BULWINKLE. Mr. Speaker, will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. BULWINKLE. Did the gentleman take into consideration when he provided for this exemption on the part of those hurt in combat, let us say, an aviator, back of the lines, who is on a practice required by the regulations, who crashed? We will say that the aviator hurt in combat had his leg cut off, and that the man back of the line on a practice flight who crashed also had his leg taken off. There would seem to be some discrimination there as against the aviator back of the lines. Can not the words by unanimous consent be so fixed as to include those who were actually hurt in service in line of duty.

Mr. McDUFFIE. If we do that, unquestionably we will fail to reach many on the pay roll, and there are 225 of them in the Veterans' Bureau alone, who play golf, play baseball, drive automobiles, and still draw large salaries, some of them as high as $9,000 a year from the Government in addition to their retired pay, which ranges from $106 to $325 a month.

Mr. BULWINKLE. That may be so, but is it not a fact that you are permitting an injustice against those men who were actually hurt in the service?

Mr. McDUFFIE. I do not think there will be great discrimination.

Mr. LAGUARDIA. Is this the provision in respect to those who were hurt in combat?

Mr. McDUFFIE. Yes. If there be an injustice, we hope in the future to remedy it, but the gentleman knows that we can not write a bill of this character and reach every man and prevent every little injustice. I doubt if there are a dozen men who will be adversely affected by the provisions of this report. If a man were shot down by the enemy, unquestionably he was in combat, and unquestionably the provisions of this bill do not affect him.

Mr. LAGUARDIA. On that score would an airplane crash be considered combat?

Mr. BULWINKLE. No; and that is the trouble that I am bringing to the gentleman's attention. If a man were in battle with the enemy, undoubtedly it will be considered combat.

Mr. LAGUARDIA. If he lost a leg, it would make no difference how it occurred.

Mr. BULWINKLE. That is what I am saying.

Mr. McDUFFIE. I wish you two gentleman had had the burden of doing this job so far as that is concerned. We have done the very best that we could. [Applause.] We can not please everyone. A man shot down in an airplane may or may not be on the Government pay roll or be drawing a salary in some civilian position, but undoubtedly the Government is taking care of him, and, by the way, this Government is taking care of its soldiers ten times better to-day than any other Government to-day or in all the history of this world. [Applause.]

Mr. BULWINKLE. Will the gentleman permit another interruption?

Mr. McDUFFIE. Just a short one.

Mr. BULWINKLE. That may be true, but there is no reason why any soldier should have an injustice done him.

Mr. McDUFFIE. Nobody wants to do any soldier an injustice. I do not know how many men would be affected by this provision. We have changed it to include the regular who was injured in combat. We have gone as far as we could and at the same time preserve the original purpose of this particular section.

Now, may I proceed? I want to say one thing. We are going to cut the salaries of Members of Congress at a greater rate than we cut the salaries of men drawing lesser salaries, because the Congressmen are in the higher brackets. There is a mistaken idea abroad in this country that should be corrected. I think it should be said and I think the country ought to know it, that an injustice has been done to the legislative branch of the Government, and these gentlemen in the press gallery ought to tell the whole story to the country. They ought to tell those who believe that cutting the expenses of Congress would dissipate most of the burdensome overhead of Government that such is not the

case. As a matter of fact, the cost of the legislative branch of the Government, eliminating the Library of Congress, the Botanic Garden and the Government Printing Office, is only about one-half of 1 per cent of the total annual cost of this Government. Yet the people back home in some instances seem to feel that if we cut the salaries of Congressmen we will have cured most of the evil.

The higher the salaries go the fewer there are on the pay roll, and when we get to the $10,000 bracket, of course, the bulk of those gentlemen are in the legislative branch of the Government. If the salaries of all Congressmen and clerks are eliminated, the amount as related to the whole is infinitesimal. I think the country should know that. We should take a cut and we are willing to, and we are to-day cutting our own salaries. In addition to the income-tax provisions, in addition to the cut in stationery allowance, in addition to the cut of 25 per cent on mileage, upon which we have agreed in this conference report, as compared with the rest of the cut or the program, if you please, certainly the country can not complain that we have favored ourselves in this economy program.

Mr. YATES. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. YATES. How much is the salary cut of a Congressman right now?

Mr. McDUFFIE. We have not cut them in this conference report. I hope the House will do the cutting when we have completed this report and take up the amendment in disagreement, which deals with the question of cutting all salaries.

Mr. LAGUARDIA. Do not both plans cut them 10 per cent?

Mr. McDUFFIE. Ten per cent. Under either plan a Congressman's salary is cut 10 per cent.

Now, the question comes on one more proposition that I want to call to your attention, and that is the question of extra compensation for overtime, night work, Sundays, and holidays. The House provision carried language that provided a reduction of the higher rates for overtime, night work, and so forth, than the average rate of pay of a man working in the daytime. We compromised on that. The Senate eliminated that provision. We compromised on work for overtime, holidays, and Sundays at the same rate of pay as that paid for regular time. As to night work, instead of making the pay for night work the same as day work, we provided a 7½ per cent differential rather than the 15 per cent differential which night work now enjoys. We go further and provide that in every instance, in order to have more employment, that a substitute must be used rather than have a man work overtime or on legal holidays after having already performed a day's work. In that way we hoped to be able to take care of some small part of the unemployment.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. KELLY of Pennsylvania. I fear the gentleman made a misstatement by stating the provision was 7½ per cent for night work instead of 15. The differential is 10 per cent, and under this amendment it is 5.

Mr. McDUFFIE. Well, it is the same ratio. It was just cut in two. That is all.

Mr. KNUTSON. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. KNUTSON. The House bill provided $1.86 for traveling allowance for railway mail clerks. The railway mail clerk can not possibly live on $1.86. He must rent a room for $1——

Mr. McDUFFIE. Permit me to say that the gentleman is mistaken in his conclusion about that. In 1926, I think it was, the railway mail clerks had their allowance raised or made $3 per day. It was just a way of raising their salaries, of course. Under living conditions to-day I dare say there is not a single man amongst them who will tell you that he can not get every accommodation needed, and as comfortable as he did a year or two ago, for $2 a day; and that is all we did. We struck $1 from the $3. We have done that not only to these gentlemen but to every other man who travels for the Government.

Mr. KNUTSON. But those men are obliged to rent quarters at the other end of the line, and $2 a day is not sufficient.

Mr. McDUFFIE. Well, that is a difference of opinion. I think the gentleman is wrong about that. I have talked to one or two of those gentlemen—not to the paid lobbyists around here, but one or two of the boys who are on the job and pay these lobbyists—and their opinion was that they could live on the $2 a day. If that be true, there is certainly no great injustice done them. They are fortunate, as we are, to be on Uncle Sam's pay roll at a time like this.

Now, on the question of annual leave, under the provisions of the furlough the annual leave for 1933 is eliminated, while in the report leave is reduced to 15 days. That is not satisfactory to me. It is estimated there will be some saving by it. It depends, probably, on which plan of salary reduction is adopted. If we adopt the furlough plan, there is no saving by it. But there is the question of accrued leave that is distressing me. A man is in the foreign field or at home, and he has a lot of accumulated leave.

In 1933 we are providing there shall be no leave, but after 1933 we provide there shall be 15 days leave rather than 30 days. It does not interfere with his sick leave, but provides that the President by proper regulations may determine and fix the conditions under which sick leave may be granted. I do not know how you gentlemen feel about that; but if we are to carry through the policy approved by both the White House and by both committees of Congress, there is nothing else to do but accept the report on this provision.

The Senate committee estimated $22,000,000 savings on the 15-day leave provision, but I am not at all sure of it. I feel some provision should be made to take care of the accrued annual leave and, moreover, I feel the Public Health Service should be treated as we treat the Army and Navy personnel in this question of leave. Opinion was divided in the conference, and the next Congress, I hope, will make the necessary correction of any injustice.

Mr. DALLINGER. Why did the House conferees strike out the word "both" in the sixty-ninth amendment? The Senate put in the bill the language that if an employee receives both annual and sick leave it should be cut in two.

Mr. McDUFFIE. The per diem employees do not receive annual leave.

Mr. DALLINGER. They do not get any annual leave; is that right?

Mr. McDUFFIE. They do not get any annual leave, and we did not think it was fair to apply this to one set of employees and not apply it to the other. I think the House will agree to that proposal.

There are two more suggestions I want to make, and then I wish to yield to the gentleman from Indiana.

The first is the question of public works. You will recall that the House passed a provision establishing a Department of Public Works. I was heartily in favor of it because I thought it offered some hope for savings to the Public Treasury. The Senate struck it out absolutely, and we found an inclination on the part of some Members of the Senate to eliminate from its operation not only rivers and harbors work, and yards and docks, as we had done, but to eliminate all work in reclamation construction, eliminate all work on highways, and eliminate all work on flood control. What is left for this proposed bureau except public buildings? So, your conferees decided that if they had to yield for the elimination of more than three-quarters of the public works of the country, we should not set up another large bureau here in Washington.

We were also impressed with the fact that the committee studying this problem for more than a month had great difficulty in bringing it out on the floor or putting it on the Calendar. The Economy Committee, I might say, having in its membership the chairman of the Committee on Public Expenditures, and the ranking Republican member of that committee, inserted the public-works provision as part

of our program. I regret we could not prevail in conference and I hope you will be satisfied with what we have done.

There is one more proposal in the conference report that has given rise to some discussion. We took up the question of the saving of money in the construction of public buildings. The Senate included a provision that where authorizations were made a 10 per cent reduction should be had on the theory that both labor and material had declined in this country more than 10 per cent, and in that way an effort was made to conserve the funds of the Public Treasury.

Objection was made to section 319 by the gentleman from Missouri [Mr. COCHRAN]. We thought we were curing the trouble about which he complains. The provision is to the effect that where a contract has been let no changes could be made. In many instances it is said, where it is found that buildings can be constructed for less money than authorized and the contract is let, immediately the community affected, like your community or my community, tries to find some way by which they could utilize every penny of the authorized funds, whether needed or not. This has been done by having a different type of steps or by changing from brick to stone, or other changes. It was with a view of stopping that practice or that possibility, if you please, that we adopted those provisions as to construction.

Mr. Speaker, I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. Mr. Speaker, I have no objection to that part of section 319 which provides where the contract has already been let. The agreement should be carried out after the contract has been signed. But the first paragraph of section 319 provides for a 10 per cent reduction where the contract has not been let. There is no economy there because it is going to require the architect to resubmit plans. For instance, I am told by the Treasury Department that if this paragraph stands, instead of constructing a 6-story building in St. Louis they will only be able to construct a 5-story building, as the architect must redraft his plans.

Further than that, the Swanson amendment to the naval appropriation bill adopted some years ago gave the Supervising Architect the right to award a contract if in excess not more than 5 per cent above the money appropriated. The first paragraph of section 319 will probably also eliminate the Swanson amendment. Therefore, you are not reducing the cost only 10 per cent, but you are probably reducing the cost 15 per cent. I may say to the gentleman from Alabama that this item is on page 80.

Mr. McDUFFIE. I can see grounds for the position taken by the gentleman from Missouri [Mr. COCHRAN]. I recognize that no one wishes to see a building that is to be constructed in his part of the country constructed at so much less as to destroy the very purpose of the construction of the building; and I may say to the gentleman frankly my understanding was that when we wrote in there the language that contracts must not be changed unless otherwise ordered by the President we were taking care of the very situation about which the gentleman complains.

Mr. COCHRAN of Missouri. That was my understanding, but I find the bill does not cover projects where the contract has not been awarded.

I may add that when the appropriation was authorized for the St. Louis building the Government intended to construct a 10-story building. They found the amount would only permit the construction of a 6-story building, and now, under this provision, it will be cut down to a 5-story building.

Mr. McDUFFIE. Yes.

Mr. COCHRAN of Missouri. We are paying about $75,000 a year in rentals for public agencies in St. Louis. Where is the economy?

Mr. McDUFFIE. That is another abuse we are endeavoring to correct. We are going to put a stop to exorbitant rentals for public buildings. We are providing in section 321, I think it is, that no appropriation shall be expended for rental of buildings at a rental in excess of 15 per cent of the fair market value of the building.

The question of rent paid for public buildings throughout this country has become almost scandalous and it is time for the Congress to take some affirmative action in an effort to remedy that situation. In another provision it is provided that when the Government rents or leases a building it must be for a money consideration and that the question of repairs shall not be a part of the consideration of the contract.

Mr. BRITTEN. Will the gentleman yield?

Mr. McDUFFIE. For a brief question.

Mr. BRITTEN. It is my impression that this provision for an arbitrary cut of 10 per cent of the appropriations for buildings will result in extravagance rather than in economy, because of this fact: The architects in the Office of the Supervising Architect in the Treasury Department have drawn plans for certain buildings, based upon conditions to-day or of last month. Those plans are ready for submission to the contractors for bids. Now, if the Congress arbitrarily cuts 10 per cent from their estimates, are you not likely to have extravagance rather than economy?

Mr. McDUFFIE. The Comptroller General does not think so, and the conferees were inclined to believe that these provisions will not hinder greatly the work of the Treasury Department and likely save money. It is a Senate provision of the economy bill.

Let me say that we have touched vocational education. I am almost afraid to mention this to you, because I think there were 10 gentlemen on this floor who voted against striking it out of the House bill. The House bill provided no cut at all for 1933, but provided for a decrease in appropriations amounting to 10 per cent every year for 10 years, with the idea of getting the Government out of that field. A good many gentlemen to whom I have talked said it was nothing but fair that this activity should take its 10 per cent cut like everything else, and that if we did not disturb it for the years following 1933 there would be no objections. Therefore we have carried a cut of 10 per cent, which means a saving of $730,000 for the year 1933.

Mr. Speaker, I now yield to the gentleman from Indiana [Mr. WOOD]. [Applause.]

Mr. WOOD of Indiana. Mr. Speaker, it is not my purpose to occupy more than a few minutes upon this question. As you all know, the question before the House now is the conference report, and the first vote will be whether the House accepts or rejects that report. I appeal to every one of you to vote in favor of the adoption of the report.

For an entire week your conferees, together with the conferees of the Senate, labored long and earnestly to arrive at a conclusion as to that which was best to do. This report represents an unanimous agreement with reference to all the items outside of the pay cut or furlough proposition. As has been stated by the gentleman from Alabama, all in this report did not suit all the members of the conference. It would have been humanly impossible to have it so, but there, must be a spirit of compromise, made necessary by reason of the situation in which we find our country.

The whole country is looking toward Washington to-day to see whether or not we are honest in the declarations we have been making not only through the public press but by private letters that the Congress is endeavoring to reduce governmental expenditures. So far as the reduction of salaries is concerned and so far as a reduction of various departments is concerned, this is the last opportunity you will have during this session of Congress. I hope there will not be a dissenting voice, for I believe all of us are unanimous in the opinion that we must do something to reduce governmental expenditures.

That is all I desire to say upon this question. As I stated before, this was a compromise upon the part of the conferees. I wish to compliment the gentlemen on the other side and gentlemen upon our side for the unanimity and good spirit in which they arrived at their conclusions in adopting this unanimous report. [Applause.]

Mr. McDUFFIE. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, naturally the chief contest on the conference report will be made on the pay schedule, as to which there is no agreement.

Many Members have asked what opportunity they would have to vote to accept or to reject the various recessions and concessions made in the conference report. The parliamentary situation is that if the conference report is approved, then everything in agreement is approved. If the conference report is voted down, then the House will have an opportunity to pass upon each and every difference between the Senate bill and the House bill. I shall vote against the report for that reason.

Now, Mr. Speaker, I want to say, in all kindliness and not in a spirit of criticism, that in this instance the House views were not sympathetically represented in conference. It is known, and is no secret, that on the salary question this House voted a salary reduction with an exemption of $2,500.

Gentlemen, it so happens that each of the House conferees were against that proposition, so that at no time, as far as we know, was the House proposal sponsored in conference. But that is a question which we shall have to take up in a few minutes.

The gentleman from Alabama said in the matter of vacations and leaves that he wanted to be fair, and therefore took in the per diem employees, who otherwise would have been excluded if the furlough plan of the Senate, including both annual and sick leave, had been retained. However, Mr. Speaker, that is not a provision applicable to all, because it is specifically limited to civilian employees and does not include the Army, the Navy, the Public Health Service, or the Geodetic Survey.

If the purpose of the conferees was to embarrass all in the service of the United States on the question of annual leave, I do not see why they did not so state instead of making an exception of the uniformed force of the United States.

Mr. McDUFFIE. May I say to the gentleman that in 1933 all leave for everybody is eliminated?

Mr. LAGUARDIA. Yes.

Mr. McDUFFIE. Then, by 1934, if this committee has done an injustice to anyone, surely the Congress will be ready to correct it.

Mr. LAGUARDIA. For the present year, then, it is applicable to everybody?

Mr. McDUFFIE. For 1933.

Mr. LAGUARDIA. That covers that point. By 1934 I hope Congress will have come to its senses and that decent, humane, and American working conditions and salaries will be restored.

Now, Mr. Speaker, on the question alluded to by the gentleman from Alabama——

Mr. McDUFFIE. May I interrupt the gentleman?

Mr. LAGUARDIA. Certainly.

Mr. McDUFFIE. I beg the gentleman's pardon; the elimination of leave entirely for 1933 is in the furlough plan.

Mr. LAGUARDIA. And that is applicable to everybody?

Mr. McDUFFIE. Yes.

Mr. LAGUARDIA. In the matter of the 10 per cent reduction on appropriations and authorizations heretofore made for public buildings, I submit, Mr. Speaker, that the motive which prompted the Congress to appropriate for public buildings was to relieve the unemployment situation. I am told by every official of the Treasury Department, from the Secretary of the Treasury down, that this reduction will retard construction and will defeat the very purpose of the appropriation. It may in some cases prevent construction entirely; it will require in nearly all cases entirely new specifications, with indefinite delay.

I submit, Mr. Speaker, that in this time of stress, when Congress has appropriated for public works, it is folly to bring out an arbitrary reduction, thereby necessitating the making of new specifications, new plans, retarding advertising for bids, and delaying the commencement of public works.

Have we reached the point where our only method of relieving distress is by creating more distress?

I submit, Mr. Speaker, that if we are not so lacking in resourcefulness, that this country's morale is not down so low that our only hope is to bring the whole standard of living down, we must do that. That is not my way of bringing relief.

In this connection I will state specifically what I believe Congress should do. Congress should do everything within its power to bring the country to a 5-day working week basis. As I have stated, while it has not the power to legislate a 5-day week for private industry, it can do so in many ramifications of trade and industry indirectly. It is within the power of the Government to force a 5-day week. I have introduced a series of bills carrying out such a policy. Under the provisions of this bill a great deal toward that end might be accomplished; for instance, provide that all Government contracts for construction of buildings, ships, work material, and supplies shall be produced on a 5-day-week basis.

Close the Post Office on Saturdays as well as the Customhouse, Internal Revenue, Comptroller of the Currency, and all Government agencies, thereby assisting trade and business also to close on Saturdays and Sundays and going on a 5-day week.

Require all national banks and banks members of the Federal reserve system to likewise close on Saturdays.

Place all railroad employees on a 5-day-week basis.

A 5-day-week basis will mean the immediate employment of 15 per cent additional workers now employed in industry, trade, and commerce.

But as I said before, it depends on the sincerity of a 5-day week and the will, courage, and determination to put it through. If it is not done and done real soon, I tell you now, my colleagues, that we will meet in this Chamber before very long to provide measures to meet a situation which is too terrible to contemplate. We should have provided a 5-day week long ago—and that is not enough. We must go to a shorter workday. It is the only way of meeting the machine age, the displacement of labor by machines, and the increased production. And that brings us to the very point now at issue.

Increased production, yes; but our trouble at this moment is decreased purchasing power. That is why I am against this whole question of wage reduction. It is not right. It is unsound. It is not the American way of solving the problem. It is not the progressive way. It is regression. Of course, there is a school of thought, I know it, who want to see a great class of impoverished people. I can tell these gentlemen that they are making the mistake of their lives. The American people will never submit to one enormous class of impoverished people and a small group owning all of the property and controlling the lives of the great mass of American people. Never. While certain gentlemen are to-day gloating and taking pride in the amount of money that will be saved to the Government, and as they say, to the taxpayers, I tell them that it will be no such saving. The $80,000,000 that this bill will take out of the pockets of Government employees is just $80,000,000 taken from circulation. Every cent of it is taken from circulation because almost every cent of the salaries of underpaid Government employees is immediately spent for necessities of life. None of this money goes into hoarding. Every cent of it is spent for living expenses. Government employees are not overpaid. That is not so. It is unfair to these loyal employees to create that impression. The propaganda that has been going out against Government employees would make the uninformed believe that they work little and are greatly overpaid.

I repeat, that is not so. But it is not only the Government employee that is involved. Just as sure as we are meeting here to-day, this reduction will be followed by private industry, by business, who will give their employees and workers another cut, another reduction in salary. All of this reduces the purchasing power of the American people. How, then, can we ever get back to normal conditions? Who furnishes the market for American industry? Not the few multimillionaires; not at all; but the great masses of wage earn-

ers and the white-collared class. This constant reduction of salaries and wages is simply prolonging the depression and increasing our economic troubles. At the very time that demand is made to reduce wages, to cut salaries, a systematic program of inflation is going on which must eventually increase commodity prices. Is it fair? Is it just? Why, is it decent? The plan is, of course, to take it all out of the wage earners and the white-collared class and make them pay the entire cost of the bankers' depression. Let me tell you, gentlemen, that American labor and American manhood and American womanhood will not submit to it. I pointed out in the days of prosperity just what was facing us ahead. I was not heeded then. It required no prophet to see that the orgy of speculation and the carnival of financial manipulation could not last.

I begged this Congress to do something constructive. I have been urging a legalized 5-day week with full pay for all Government departments and for all industries in any way connected or dependent on the Government. I have urged direct relief and I have pleaded for a large, comprehensive, far-reaching program of construction of public works, assistance in the way of loans for semipublic works, and aid for housing and the clearing out of slums in our cities, and I have even urged loans to stimulate private industry, commerce, and agriculture. I have presented time and time again a constructive program. I refuse to be a party to this destructive plan now before us. There are some who are so childish, who are so dull, who are so gullible as to believe that everything will adjust itself if we simply balance the Budget and reduce Federal pay and then go home. Suppose the Budget is balanced in this way. What of it? That will not put a single man to work. Suppose there is a nation-wide reduction of pays and salaries. That will not restore industry and business. A deceived American public may to-day believe and be the victim of a propaganda of false economics, but it will not be many months before they will learn how they have been deceived. The way to balance the national Budget is to balance the family budget. When the family budget is balanced it means more food being purchased, more clothes, more household effects, it means more homes being built—all of which means the restoration of American industry and American business, and what is more, the continuance of American institutions. I shall continue to fight for a constructive program. I shall continue to insist upon keeping the American scale of wages and the American standard of living. There is enough wealth in this country. We have sufficient natural resources in this country to keep up the American wage scale and the American standard of living. Less special privileges, less concentration of wealth, less control of the industries into a few hands, and we will soon get back to normal conditions. The economy in this bill will not be a lasting economy. It is a wasteful, unjust, unfair plan which can not be conducive to any real and lasting economy or to any good.

Mr. McDUFFIE. Mr. Speaker, I yield five minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, the parliamentary situation, as I understand it, will require the House first to either approve or vote down that part of the conference report which has been agreed to by the conferees, and this relates to all items with the exception of the pay-cut provision.

The conferees have, to some extent, removed discrimination, eliminating and changing certain sections, but they still discriminate against the postal employees because of the fact that the postal employees are not only subject to either the furlough plan or the straight pay-cut plan, but they lose certain monetary rights in the way of allowances to which they have been entitled and which they have heretofore enjoyed under the law. In fixing the basic pay of postal employees the allowances I refer to were considered.

It is my understanding that the provision in reference to the rural carriers' allowance has been amended to make it more satisfactory. The original provision was most unfair. I exerted myself in an effort to have it changed and I do not have a rural carrier in my district.

Now, Mr. Speaker, in reference to the pay cut or furlough plan, I have introduced a bill providing for a 5-day week in the Government service. It was my belief then and it is my belief now, that the day has arrived in this country, due to labor-saving devices and mass production, when a shorter work day and a shorter work week must be agreed upon, not only by the Government, but by private industry.

You are going to hear a great deal with reference to the amount of money saved by the two proposed plans. You should take into consideration that the figures are based on the pay roll as of to-day. Cooperating with the Bureau of the Budget, the Appropriations Committee of the House sent the appropriations bills to the Senate with a reduction of over $627,000,000 below the present fiscal year. The Senate is further reducing the appropriations and the amount will exceed $650,000,000.

Do you mean to say that out of the savings, which will be approximately $650,000,000, some of it is not going to be taken from the pay roll of the United States? If this be correct, then the amount of saving which is brought about under either of the plans will not reach the figures which their sponsors claim for them.

In other words, I maintain you can not reduce the expenses of this Government as we have, and for which I voted, $650,000,000, without discharging thousands of Government employees. Therefore when the employees are discharged by reason of the pay-cut plan their salary will not be considered in the savings on salaries.

The gentleman from Alabama [Mr. McDUFFIE], most sincere, and an able legislator, in his remarks would lead one who did not know the facts to conclude that the only savings the Congress is affording the taxpayers comes in this bill. Such, of course, is not the case. I have stated above and I will state again we have already reduced expenditures $650,000,000 and the taxpayers should know this. This bill will increase that amount to over $800,000,000.

The gentleman from Alabama says that the total savings in this bill other than through salaries is from $60,000,000 to $70,000,000. He should tell the House why. The Economy Committee, I can assure the House and the country, was prepared to bring in recommendations for reductions on many appropriations but the Appropriations Committees of the House and Senate agreed to recommend the reductions and therefore the Economy Committee was forced to abandon that field.

When you take into consideration that you can not reduce a permanent appropriation, other than by new legislation, I am sure the country will understand we have not failed the taxpayer in bringing about reductions in expenditures. When the facts are known the country will approve of our work. So many misleading statements have been made on this floor for political purposes that the taxpayer is not to be blamed for not understanding the situation.

Mr. Speaker, getting back to the savings by reason of reductions in personnel and salaries, regardless of arguments to the contrary the Government clerk, I mean the average Government clerk, has not been overpaid. The basic pay was arrived at after many years of careful study. The Government might be overmanned, and no doubt it is in many departments, but the duty to reduce the personnel rests with the officials who administer the laws, and not with the lawmakers. If the officials do not reduce the departments that are overmanned the Congress will.

Personally, I would rather see all Government employees work 11 months with pay than to see thousands dismissed and receive no pay. No Government official's or employee's job is secure regardless of whether he is a civil-service employee or not.

The only way the unemployed can be placed to work is to reduce the hours of labor.

This is being done all over the country. One of the great oil companies last week placed their men on a 4-day week rather than discharge a man. Two great factories in my

section did likewise, while one industrial establishment instead of having three 8-hour shifts decided on four 6-hour shifts.

The business man sees the necessity for action along this line, why should the Government not take notice?

My effort since I became a member of the Economy Committee was to strive for fair play for all. Treat all classes of Government employees alike. We have not secured all that we desired, but some agreements have been reached and some discrimination eliminated.

What is our situation now? Vote for a straight reduction in salary for all Government employees receiving above $1,200 of 10 per cent or vote for a plan which requires all Government employees to receive a 30-day furlough without pay, provided their salaries are above $1,200.

One means a saving without putting thousands of employees out of a job, while the other means a like saving but also the discharge of thousands of employees.

This is no time to increase the number of unemployed. It is far better for the man to have earning power 11 months in the year than to have no earning power.

With the opinion I hold in reference to providing a shorter work week in order to take care of the unemployed in this country I feel it will be for the best interests of the country and for the best interests of the Government employees if we adopt the furlough plan rather than the straight pay-cut plan. [Applause.]

I propose to vote for the furlough plan rather than the straight pay-cut plan. I feel, while this will create a real saving, it will keep more people employed, whereas if we adopt the straight pay-cut plan, thousands and thousands of employees more than those that are already booked for dismissal will be added to the unemployed.

I have given a great deal of study to this question, and, as I understand it, we are not going to have an opportunity to vote upon anything except a straight pay cut affecting all employees receiving $1,200 and up, or the furlough plan, and I have come to the conclusion that it will be for the best interests of all concerned, employees and taxpayers, if the House adopts the furlough plan.

We must vote for one of the two plans. I still feel a mistake is being made in disturbing the employees in the low brackets. The man receiving barely a living wage will be the one to suffer most. I would far rather effect the savings by applying a higher percentage of reduction to those in the higher brackets, no matter what percentage is necessary to accomplish this saving, than to disturb the man with a family who receives a small salary and who is now striving hard to make both ends meet. [Applause.]

[Here the gravel fell.]

Mr. BYRNS. Will the gentleman from Alabama yield for a question?

Mr. McDUFFIE. I yield.

Mr. BYRNS. The gentleman from Missouri [Mr. COCHRAN] has referred to the rural carrier and my attention was called to the matter a moment ago. I would like to ask the gentleman to tell the House just what this report does with reference to the rural carrier.

Mr. McDUFFIE. Not a thing. The rural carrier is not involved in this report one way or the other.

The question with respect to the rural carrier will come on the question of which one of the plans or what plan may be adopted as to salary reduction.

Mr. BYRNS. It was stated to me that there was a cut made with reference to maintenance and also salary in the case of the rural carrier.

Mr. McDUFFIE. It is not in the report, I will say to the gentleman.

I now yield to the gentleman from Indiana [Mr. WOOD] five minutes.

Mr. WOOD of Indiana. I wish to say, in answer to the argument of the gentleman from New York [Mr. LAGUARDIA] with reference to the 10 per cent reduction that was made upon public buildings, that it has been estimated—and I think the gentleman from Tennessee [Mr. BYRNS] will bear me out in this statement—that in nine out of every ten contracts that have heretofore been let for public buildings under estimates that were made a year or two prior to that time, the bids have been from 10 to 25 per cent under the amount allocated for the construction of the building.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. LAGUARDIA. That would be quite proper, any saving which could be made should be made, but here you make it mandatory.

Mr. WOOD of Indiana. The only reason for that is that in some instances, where, we will say, there is allocated $500,000 for a public building, and the contract is let, not for $500,000, but for $400,000. Immediately after the contract is let all the influence possible is brought to bear on the Treasury Department to get changes made in the structure, in order to consume that extra $100,000, on the theory that inasmuch as $500,000 was allocated, the community is entitled to have $500,000 spent there. This will save that.

Mr. BRITTEN. The gentleman from Indiana is not applying his remarks to what the gentleman from New York has said. The gentleman from Indiana is talking about one thing and the gentleman from New York about another. The gentleman from New York is complaining about the arbitrary cut of 10 per cent on appropriations for public buildings that have not been contracted for, and the gentleman from Indiana is talking about another condition.

Mr. WOOD of Indiana. I am talking about conditions where allocations have been made. I say if the same rule is carried out as heretofore these contracts will be let for 10 or 25 per cent under the allocation, and then they will want the whole amount expended in that community.

Mr. BRITTEN. Conditions are not the same as they were two or three years ago. To-day the Supervising Architect has drawn the plans on conditions existing throughout the country at present. So the figures will not be those that the gentleman from Indiana is commenting on.

Now you are providing for extravagance on these contracts. Plans and specifications have been drawn on the basis of existing conditions, and now Congress steps in and says that existing appropriations be reduced 10 per cent. In many cases new plans will have to be drawn, new proposals advertised for, expensive delays will ocur, and the Treasury will suffer. That action will retard the work, as the gentleman from New York has properly said. This section will add to the distress of the country.

Mr. Speaker, the important question before the House is whether or not the many thousands of employees of the Federal Government in all parts of the United States should at this time have their salaries reduced. The pending proposal of the gentleman from Alabama [Mr. McDUFFIE], chairman of the so-called Economy Committee, is that all salaries be reduced 11 per cent above $1,000 exemption. In other words, he proposes to reduce salaries of postal carriers and clerks who now are receiving more than $85 per month; he proposes also to do away with the Saturday half-holiday; he proposes to stop differential pay for night work and would stop extra pay for work on holidays and Sundays.

Mr. Speaker, Uncle Sam is not a bankrupt, nor is he in the hands of a receiver. Such drastic and far-reaching action will have a bad effect upon the general morale of millions of people in every walk of life. It will break down our standards of living; it will destroy confidence in our Government; it will incite manufacturers and business men to further reduce the salaries of their employees; it will create still further depression, to say nothing of its shattering effect upon several hundred thousand Federal employees who are supporting average families of 4½ persons. This attempt at economy will not reduce taxes. It is wrong in principle. It is destructive. I shall vote for immediate salary reductions in all of the higher brackets and shall favor those provisions in the pending bill which authorize the President to reorganize and consolidate the executive departments in the interest of greater efficiency and economy in Government.

Mr. Speaker, I shall continue to support all economy measures presented to the House; but I will not give my

support nor vote to reduce salaries in the lower brackets so long as the Government refuses to collect a tax on wholesome real beer, which would make salary reductions and nuisance taxes unnecessary. American standards must not suffer reductions because of costly ineffective prohibition.

Prosperity will never return through the vehicle of cheap labor, cheap prices, or lowered standards of living. Industry always suffers when the buying power of the masses is reduced through the imposition of wage reductions and unemployment increases.

Many of the reasons assigned for the reduction of wages in private industry do not at all apply to the Government or to the employees of the Federal Government. The competitive argument can not apply, nor can the alleged sheer necessities claims by private employers as a justification for reduction in wage earners' pay apply to the underpaid workers in the Federal Government.

The savings which would accrue to the Treasury of the United States as a result of pay cuts imposed upon Federal workers in the lower brackets would be comparatively unimportant. The Federal Budget can not be balanced by a reduction in salaries alone. There are certain expenditures which can not be curtailed, but there are many directions still open for ways of economy and these should be diligently pursued. Costly commissions and departments should be entirely wiped out. The Federal Farm Board has taken half a billion dollars out of the Treasury and will undoubtedly lose every dollar of it. The Federal Trade Commission, a large section of the Department of Commerce, the Department of the Interior, the Department of Agriculture, and of the Department of Labor could readily be dispensed with at an annual saving of hundreds of millions of dollars, and some of this may be accomplished by the bill now before the House. I certainly hope it does.

All of these directions for increased economy should be carefully analyzed before we give thought to a reduction of the lower-salaried Federal employees.

I have had a bill pending before this Congress for months which provided for a 5-day week, 8-hour day, as a means of equalizing the employment and saving money for the Treasury, but up to the present moment I have been unable to get even a hearing on this bill, much less its serious consideration, although the President himself and many Members of the House from time to time publicly express themselves in favor of a 5-day week. I recall this fact merely to show that there are many directions where economy might be practiced before we take the drastic step on general salary reductions.

The greatest task of the Government to-day is to provide work for the unemployed, to relieve existing human distress, and to restore the faith and confidence of the American people in American business. A return to normal conditions depends upon the development and application of sound, wise, constructive policies. Wage cutting in the lower brackets must cease and the people must be assured that it is at an end if buying power is to be restored and business is to be revived. Hoarding of cash will then stop. The time is here when the leadership of the Nation, both in private industry and in governmental affairs, must speak out, assuring the people that all our concentrated economic, industrial, and governmental power will be utilized in an effort to stop the decline in wage-earners' incomes and in commodity prices.

Uncle Sam should not take the lead in a direction which will hurt the little business man, the local storekeeper, and the merchant who knows his daily customer familiarly and who knows that his credit is sound. Let us not take a backward step to-day, but on the contrary, let us proceed with every confidence that better times are coming.

We, in Chicago, probably come into closer contact with our mail carrier than we do with any other Federal employee, and we do not like to think of his salary being reduced, because he struggled along during the very prosperous years of our country, with a bare living. When a vacancy occurred in the Postal Service it was hard to fill it because wages were high and there were very few able-bodied men who were willing and ready to become mail carriers and postal clerks at the low rates of wages and the high cost of living. To-day the situation is changed and the mail carrier with his steady job is indeed fortunate, but that is no reason why we should reduce his salary.

He is not in competition with anyone else nor is his employer in any sense a competitor with others. To reduce the postman's salary would give little comfort to others in his home neighborhood whose salaries had already been reduced by their respective employers. To reduce the postman's salary would give little comfort to the local storekeeper and merchant to whom he may already be indebted in a small amount. To reduce the postman's salary would add little to the Treasury of the United States and would but do harm in the little home neighborhood where he is more or less a fixture and a cheer carrier as well as a mail carrier. I believe in economy in government and I have been backing President Hoover in his desires for economy in every direction, but I truly believe, my good friends, that to reduce the postman's salary is not economy. It would be bad business practice and until Uncle Sam takes advantage of his many, many other opportunities for the establishment of economy, he should not disturb salaries in the lower brackets. To vote a reduction in his salary and at the same time allow salaries ranging from ten to seventy-five thousand dollars per annum in the Federal Farm Board to remain untouched would make me blush with shame, and I shall oppose it so long as there is breath in my body.

Mr. WOOD of Indiana. I dare say that there is not one out of ten where those conditions would obtain.

Mr. BRIGGS. Will the gentleman yield?

I do not presume the reference in section 319 of the bill applies to the estimates not finally decided upon by the interdepartmental committee and ratified by Congress. It only applies to those submitted to Congress and ratified by specific authorization.

Mr. WOOD of Indiana. It applies to all where contracts have not been made.

Mr. BRIGGS. But there are some designations of public buildings, with estimates by the interdepartmental committee that have not yet been submitted to Congress for appropriation, although such buildings have been included in the public-buildings program.

Mr. WOOD of Indiana. It can not apply to those.

Mr. BRIGGS. Some of these estimates have not been sent to Congress for an appropriation, but have already been revised and cut down in view of the reduction in building costs, and this new provision in section 319 would not apply to those.

Mr. WOOD of Indiana. That is correct.

Mr. McDUFFIE. Mr. Speaker, I yield three minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, we might just as well not fool ourselves. This so-called economy bill, as shown by the conference report, is not going to save one-half of the money we expect to save. Every time we propose a retrenchment that affects any particular bunch of employees in the Government, you will find their organizations coming in and reading the law to us, and Members bow to their will, and no economy is effected.

What we ought to do in this bill is to cut every single salary in the Government above $1,500 at least 25 per cent. [Applause.] If we will exempt all salaries of $1,500—and it takes about $1,500 for an ordinary family to live—if we will exempt salaries up to $1,500 and then cut every other salary 25 per cent, we will save some money worth while.

We ought to begin with our own salaries, and cut them 25 per cent. That is what I propose in my resolution, H. J. Res. 344, which has been before and considered by the committee since March 19, 1932. And as I propose in that resolution, we ought to provide that no officials of this Government, other than the President and Supreme Court judges, over whom we have no control, shall draw salaries above $7,500. That ought to be the maximum. Neither Senators nor Congressmen ought to draw more than $7,500,

and we will get just as loyal and faithful service for that amount as we have ever gotten for the Government.

It is simply ridiculous and absurd to continue allowing officials of this Government to draw salaries of $10,000, $12,000, $15,000, $20,000, $25,000, and $35,000. Just why do we not stop it? I am not in favor of it. If you are not in favor of it, why do not you vote with me to stop it? We can stop it in this bill, by limiting salaries to $7,500 maximum, and not allow any salary to go over that amount.

I know that the people I represent are not in favor of these large salaries. I know that they want them reduced. And for one I am going to keep hammering on this subject until we get them reduced. I do not intend to vote for another bill that allows salaries to go over $7,500. And I predict that before the second session of this Congress adjourns, we are going to reduce all salaries at least 25 per cent, and cut down all of the high salaries to a maximum of $7,500.

Mr. COLLINS. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I regret that I can not yield to my friend, as I have only a few minutes. Take the Army appropriation bill of my friend from Mississippi [Mr. COLLINS], who worked hard and faithfully, and brought in a bill here to cut 2,000 surplus Army officers off the pay roll of the Government, something that ought to be done. When that was under consideration we found their organizations in the gallery, and their representatives on this floor, coming in here and striking that provision out of the bill, until we got a roll call, and then we put it back in the bill.

Then the matter went to the Senate, and you found those same organizations besieging our Senators over there, and the Senate succumbed, and they took that provision out of the bill, and there will not be any cut of these surplus 2,000 officers, unless you stand behind Mr. COLLINS, as I am going to do, and make the Senate recede. But, before we get through—and mark my words—you are going to hear from the people back home, and you will have to effect some of these economies when you come back here in December. I do not know how your people are thinking about it, but I know what my constituents in my district are thinking about it. They want retrenchment, they want real retrenchment, they do not want any make-believe retrenchment or any camouflages. They want to cut down the expenses of the Government.

We are going to have to start some time on the fixed charges. The President, for four years, has been bringing in his $4,000,000,000 Budget annually, when he ought to have brought in a $3,000,000,000 Budget. He could kill any bureau right now by taking the money away from it. Why does not he do it?

This furlough plan, which the President has caused the Senate to place in this bill, will cause at least 33,000 additional employees to be placed on the pay roll. Would not that be absurd and foolish? Why, we ought to take off of the pay roll and send home right now at least 50,000, as we have that many more than we need. Yet this ridiculous furlough plan will add 33,000 new employees, whom we will never get off of the pay roll, and who will draw their retirement benefits. I am going to vote for both amendments that will be offered by my colleague from Alabama [Mr. MCDUFFIE], although I am against both, as they are less objectionable than the Senate furlough proposal, and will do the least harm. I do not like either, but I like less the proposal of the President, which he has had the Senate put on this bill, and which Mr. MCDUFFIE seeks to amend.

Mr. MCDUFFIE. Mr. Speaker, I move the previous question on the conference report.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. LAGUARDIA. Am I correct that voting down the previous question will simply extend debate, or will that throw the conference report open to the House?

The SPEAKER pro tempore. Voting down the previous question would simply extend debate, it would not indicate any action on the part of the House. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question now is on the adoption of the conference report.

The question was taken; and on a division (demanded by Mr. CONNERY) there were—ayes 210, noes 36.

Mr. CONNERY. Mr. Speaker, I demand the yeas and nays.

The SPEAKER pro tempore. The gentleman from Massachusetts demands the yeas and nays. Those in favor of ordering the yeas and nays will rise and stand until counted. [After counting.] Fifteen Members have risen, not a sufficient number, and the yeas and nays are refused.

So the conference report was agreed to.

The SPEAKER pro tempore. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Page 44, line 11, strike out:

"TITLE I—COMPENSATION REDUCTION OF FEDERAL EMPLOYEES

"COMPENSATION DEFINED

"SEC. 101. As used in this title, the term 'compensation' means any salary, pay, wage, allowance (except allowances for subsistence, quarters, heat, light, and travel), or other emolument paid for services rendered in any civilian or noncivilian office, position, employment, or enlistment; and includes the retired pay of judges, and the retired pay of all commissioned, warrant, enlisted, and other personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, Lighthouse Service, and the Public Health Service; but does not include payments out of any retirement, disability, or relief fund made up wholly or in part of contributions of employees.

"SCHEDULE OF TEMPORARY REDUCTIONS

"SEC. 102. (a) During the fiscal year ending June 30, 1933, the compensation for each civilian and noncivilian office, position, employment, or enlistment in any branch or service of the United States Government or the government of the District of Columbia is hereby reduced as follows: Compensation at an annual rate of $2,500 or less shall be exempt from reduction; and compensation at an annual rate in excess of $2,500 shall be reduced by 11 per cent of the amount thereof in excess of $2,500.

"(b) For the purposes of determining the percentage of reduction under this section applicable to any office, position, employment, or enlistment, the compensation for which is calculated on a piecework, hourly, or per diem basis, the annual rate of compensation shall be held to be the total amount which would be payable for the regular working hours and on the basis of 307 working days, or the number of working days on the basis of which such compensation is calculated, whichever is the greater.

"EXEMPTIONS FROM REDUCTION

"SEC. 103. Section 102 of this title shall not apply to—

"(a) Any office, position, employment, or enlistment the compensation for which is expressly fixed by international agreement; or

"(b) Compensation paid under the terms of any contract in effect on the date of enactment of this act, if such compensation may not lawfully be reduced; or

"(c) Any office the compensation of which may not, under the Constitution, be diminished, in the case of any incumbent, during the term for which he was elected or during his continuance in office, unless the application of such section to such office will not result in a diminution of compensation prohibited by the Constitution; or

"(d) Any office, position, employment, or enlistment the compensation for which is adjustable to conform to the prevailing local rate for similar work; but the wage board or other body charged with the duty of making such adjustment shall immediately take such action as may be necessary to effect such adjustment; or

"(e) Commissioners of the United States Shipping Board, members of the Federal Farm Board (except the Secretary of Agriculture), members of the International Joint Commission, United States section, or members of the Board of Mediation.

"GOVERNMENT CORPORATIONS

"SEC. 104. In the case of a corporation the majority of the stock of which is owned by the United States, the holders of the stock on behalf of the United States, or such persons as represent the interest of the United States in such corporation, shall take such section as may be necessary to apply the provisions of sections 101, 102, and 103 to offices, positions, and employments under such corporation and to officers and employees thereof.

"REMITTANCES FROM CONSTITUTIONAL OFFICERS

"SEC. 105. In any case in which the application of the provisions of this title to any person would result in a diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person, and cover

into the Treasury as miscellaneous receipts, remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

"REDUCTIONS INAPPLICABLE WHEN COMMODITY PRICE LEVEL RISES

"SEC. 106. If at any time prior to June 30, 1933, the President finds that for a period of 120 days the average wholesale commodity price level is within 10 points as high as the average wholesale commodity price level of the year 1926, indicated by the figure 100 in the revised index of the Bureau of Labor Statistics of the Department of Labor, he shall issue a proclamation to that effect, and upon the issuance of such proclamation the foregoing provisions of this title shall cease to be in effect.

"LIMITATION ON JURISDICTION OF COURTS

"SEC. 107. No court of the United States shall have jurisdiction of any suit against the United States or against any officer, agency, or instrumentality of the United States arising out of the application of any provision of this title, unless such suit involves the Constitution of the United States.

"PERMANENT SALARY REDUCTIONS

"SEC. 108. Beginning July 1, 1932, the salary of each of the members of the International Joint Commission, United States section, shall be at the rate of $5,000 per annum.

"SEC. 109. Beginning July 1, 1932, the salaries of the commissioners of the United States Shipping Board, the members of the Federal Farm Board (except the Secretary of Agriculture), and the members of the Board of Mediation shall be at the rate of $10,000 per annum.

"SEC. 110. Beginning July 1, 1933—

"(a) The salaries of the appointive members of the Federal Reserve Board, the commissioners of the Interstate Commerce Commission, the Administrator of Veterans' Affairs, and the commissioners of the United States Tariff Commission, shall be at the rate of $10,000 per annum.

"(b) The salaries of all judges (except judges whose compensation may not, under the Constitution, be diminished during their continuance in office), if such salaries are in excess of $10,000 per annum, shall be at the rate of $10,000 per annum.

"SEC. 111. After June 30, 1932, no officer or employee of the Reconstruction Finance Corporation shall receive a salary at a rate in excess of $10,000 per annum.

"APPROPRIATIONS IMPOUNDED

"SEC. 112. The appropriations or portions of appropriations unexpended by reason of the operation of this title shall not be used for any other purposes, but shall be impounded and returned to the Treasury."

And insert in lieu thereof the following:

"TITLE I—FURLOUGH OF FEDERAL EMPLOYEES

"FURLOUGH PROVISIONS

"SECTION 101. During the fiscal year ending June 30, 1933—

"(a) The days of work of a per diem officer or employee receiving compensation at a rate which is equivalent to more than $1,200 per annum shall not exceed 5 in any one week, and the compensation for 5 days shall be ten-elevenths of that payable for a week's work of 5½ days: *Provided*, That nothing herein contained shall be construed as modifying the method of fixing the daily rate of compensation of per diem officers or employees as now authorized by law: *Provided further*, That where the nature of the duties of a per diem officer or employee render it advisable, the provisions of subsection (b) may be applied in lieu of the provisions of this subsection.

"(b) Each officer or employee receiving compensation on an annual basis at the rate of more than $1,200 per annum shall be furloughed without compensation for one calendar month, or for such periods as shall in the aggregate be equivalent to one calendar month, for which latter purpose 24 working days (counting Saturday as one-half day) shall be considered as the equivalent of one calendar month: *Provided*, That where the nature of the duties of any such officer or employee render it advisable, the provisions of subsection (a) may be applied in lieu of the provisions of this subsection: *Provided further*, That no officer or employee shall, without his consent, be furloughed under this subsection for more than five days in any one calendar month: *Provided further*, That the rate of compensation of any employee furloughed under the provisions of this act shall not be reduced by reason of the action of any wage board during the fiscal year 1933.

"(c) The compensation paid any officer or employee to whom this section applies shall, notwithstanding the provisions of this section, be an amount not less than an amount calculated at the rate of $1,200 per annum.

"SEC. 102. No officer or employee shall be exempted from the provisions of subsections (a) and (b) of section 101, except in those cases where the public service requires that the position be continuously filled and a suitable substitute can not be provided, and then only when authorized or approved in writing by the President of the United States.

"SEC. 103. All rights now conferred or authorized to be conferred by law upon any officer or employee to receive annual leave of absence with pay are hereby suspended during the fiscal year ending June 30, 1933.

"DEFINITIONS

"SEC. 104. When used in sections 101, 102, and 103 of this act—

"(a) The terms 'officer' and 'employee' mean any person rendering services in or under any branch or service of the United States Government or the government of the District of Columbia, but does not include (1) officers whose compensation may not, under the Constitution, be diminished during their continuance in office; (2) Senators, Representatives in Congress, Delegates, and Resident Commissioners; (3) officers and employees on the rolls of the Senate and House of Representatives; (4) carriers in the Rural Mail Delivery Service; (5) policemen and firemen of the District of Columbia; (6) public officials and employees whose compensation is not paid from the Federal Treasury; and (7) the active enlisted personnel of the Army, Navy, Coast Guard, and Marine Corps.

"(b) The term 'compensation' means any salary, pay, wage, allowance (except allowances for subsistence, quarters, heat, light, and travel), or other emolument paid for services rendered, but does not include (1) retired pay included within section 106; (2) payments out of any retirement, disability, or relief fund made up wholly or in part of contributions of officers or employees; (3) compensation the amount of which is expressly fixed by international agreement; or (4) compensation paid under the terms of any contract in effect on the date of the enactment of this act if such compensation may not lawfully be reduced.

"COMPENSATION REDUCTIONS IN SENATE AND HOUSE OF REPRESENTATIVES

"SEC. 105. During the fiscal year ending June 30, 1933—

"(a) The salaries of the Vice President, the Speaker of the House of Representatives, Senators, Representatives in Congress, Delegates, and Resident Commissioners are reduced by 10 per cent.

"(b) The allowance for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners is reduced by 8.3 per cent.

"(c) The rate of compensation of any person on the rolls of the Senate or of the House of Representatives (other than persons included within subsection (a), if such compensation is at a rate of more than $1,200 per annum, is reduced by 8.3 per cent. This subsection shall not apply to session employees or to persons whose compensation is paid out of sums appropriated for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners. As used in this subsection the term 'compensation' shall have the meaning assigned to such term in section 104 (b).

"(d) This section shall not reduce below $1,200 per annum the rate of compensation of any person to whom this section applies.

"RETIRED PAY

"SEC. 106. During the fiscal year ending June 30, 1933, the retired pay of judges and the retired pay of all commissioned, warrant, enlisted, and other personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, Lighthouse Service, and the Public Health Service, if such retired pay is at a rate of more than $1,200 per annum, shall be reduced by 8.3 per cent. This section shall not reduce below $1,200 per annum the rate of retired pay of any person to whom this section applies.

"PERMANENT SALARY REDUCTIONS

"SEC. 107. Beginning July 1, 1932, the salaries of the commissioners of the United States Shipping Board, the members of the Federal Farm Board (except the Secretary of Agriculture), the members of the Board of Mediation, the commissioners of the Interstate Commerce Commission, the commissioners of the United United States Tariff Commission, the American commissioner of the General Claims Commission, United States and Mexico, and the umpire and American commissioner of the Mixed Claims Commission, United States and Germany, shall be at the rate of $10,000 per annum; and after June 30, 1932, no officer or employee of the Federal Farm Board, the United States Shipping Board Merchant Fleet Corporation, or of any governmental function named in this section, shall receive a salary at a rate in excess of $10,000 per annum.

"RURAL CARRIERS' EQUIPMENT ALLOWANCE

"SEC. 108. During the fiscal year ending June 30, 1933, payments for equipment maintenance to carriers in the Rural Mail Delivery Service shall be three-eighths of the amount now provided by law.

"GOVERNMENT CORPORATION

"SEC. 109. In the case of a corporation the majority of the stock of which is owned by the United States, the holders of the stock on behalf of the United States, or such persons as represent the interest of the United States in such corporation, shall take such action as may be necessary to apply the provisions of sections 101, 102, and 103 to offices, positions, and employees under such corporation and to officers and employees thereof.

"REMITTANCES FROM CONSTITUTIONAL OFFICERS

"SEC. 110. In any case in which the application of the provisions of this title to any person would result in a diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person, and cover into the Treasury as miscellaneous receipts, remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

"APPROPRIATIONS IMPOUNDED

"SEC. 111. The appropriations or portions of appropriations unexpended by reason of the operation of this title shall not be used for any purpose other than the payment of salaries, but shall be impounded and returned to the Treasury.

"LIMITATION ON JURISDICTION OF COURTS

"SEC. 112. No court of the United States shall have jurisdiction of any suit against the United States or against any officer, agency,

or instrumentality of the United States arising out of the application of any provision of this title, unless such suit involves the Constitution of the United States."

Mr. McDUFFIE. Mr. Speaker, I move to recede and concur in the Senate amendment with the following amendment which I send to the desk and ask to have read.

The Clerk read as follows:

TITLE I. COMPENSATION REDUCTION OF FEDERAL EMPLOYEES

COMPENSATION DEFINED

SECTION 101. As used in this title, the term "compensation" means any salary, pay, wage, allowance (except allowances for subsistance, quarters, heat, light, and travel), or other emolument paid for services rendered in any civilian or noncivilian office, position, or employment; and includes the retired pay of judges, and the retired pay of all commissioned and other personnel of the Coast and Geodetic Survey, the Lighthouse Service, and the Public Health Service, and the retired pay of all commissioned and other personnel (except enlisted) of the Army, Navy, Marine Corps, and Coast Guard; but does not include the active or retired pay of the enlisted personnel of the Army, Navy, Marine Corps, or Coast Guard; and does not include payments out of any retirement, disability, or relief fund made up wholly or in part of contributions of employees.

SCHEDULE OF TEMPORARY REDUCTIONS

SEC. 102. (a) During the fiscal year ending June 30, 1933, the rate of compensation for each civilian or noncivilian office, position, or employment in any branch or service of the United States Government or the government of the District of Columbia, is reduced as follows: If more than $1,200 per annum, but less than $12,000 per annum, 10 per cent; if $12,000 per annum or more, but less than $15,000 per annum, 12 per cent; if $15,000 per annum or more, but less than $20,000 per annum, 15 per cent; if $20,000 per annum or more, 20 per cent.

(b) Subsection (a) shall not operate: (1) So as to reduce any rate of compensation to less than $1,200 per annum, or (2) so as to reduce the rate of compensation of any postmaster or postal employee of a post office of the first, second, or third class whose salary or allowances are based on gross postal receipts, or of any postmaster of the fourth class, to a rate which is less than 90 per cent of his average rate of compensation during the calendar year 1931.

(c) In the case of any office, position, or employment, the compensation for which is calculated on a piecework, hourly, or per diem basis, the rate of compensation per annum shall be held to be the total amount which would be payable for the regular working hours, and on the basis of 307 working days, or the number of working days on the basis of which such compensation is calculated, whichever is the greater.

EXEMPTIONS FROM REDUCTION

SEC. 103. Section 102 of this title shall not apply to—

(a) Any office, position, or employment the compensation for which is expressly fixed by international agreement, or

(b) Compensation paid under the terms of any contract in effect on the date of enactment of this act, if such compensation may not lawfully be reduced, or

(c) Compensation which may not, under the Constitution, be diminished, or

(d) Any office, position, or employment the compensation for which is adjustable to conform to the prevailing local rate for similar work, but the wage board or other body charged with the duty of making such adjustment shall immediately take such action as may be necessary to effect such adjustment, or

(e) Persons whose compensation is derived from assessments on banks and/or is not paid from the Federal Treasury, or

(f) Salaries or retired pay reduced or fixed by section 107.

GOVERNMENT CORPORATIONS

SEC. 104. In the case of a corporation the majority of the stock of which is owned by the United States, the holders of the stock on behalf of the United States, or such persons as represent the interest of the United States in such corporation, shall take such action as may be necessary to apply the provisions of sections 101, 102, 103, and 107 to offices, positions, and employments under such corporation and to officers and employees thereof, with proper allowance for any reduction in compensation since December 31, 1931.

REMITTANCES FROM CONSTITUTIONAL OFFICERS

SEC. 105. In any case in which the application of the provisions of this title to any person would result in a diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person, and cover into the Treasury as miscellaneous receipts, remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

LIMITATION ON JURISDICTION OF COURTS

SEC. 106. No court of the United States shall have jurisdiction of any suit against the United States or (unless brought by the United States) against any officer, agency, or instrumentality of the United States arising out of the application of any provision of this title, unless such suit involves the Constitution of the United States.

SPECIAL SALARY REDUCTIONS

SEC. 107. (a) During the fiscal year ending June 30, 1933—

(1) The salary of each of the members of the International Joint Commission, United States section, shall be at the rate of $5,000 per annum;

(2) The salaries of the following officers shall be at the rate of $10,000 per annum: Commissioners of the United States Shipping Board, members of the Federal Farm Board (except the Secretary of Agriculture), members of the Board of Mediation, commissioners of the Interstate Commerce Commission, commissioners of the United States Tariff Commission, the American commissioner of the General Claims Commission, United States and Mexico, and the umpire and American commissioner of the Mixed Claims Commission, United States and Germany;

(3) No officer or employee of any of the boards or commissions enumerated in paragraph (1) or (2) shall (except as provided in paragraph (4)) receive salary at a rate in excess of $10,000 per annum;

(4) No officer or employee of the United States Shipping Board, the United States Shipping Board Merchant Fleet Corporation, or the Reconstruction Finance Corporation shall receive a salary at a rate in excess of $10,000 per annum, except that in the case of any position the salary of which at the date of the enactment of this act is at a rate in excess of $12,500 per annum such salary may be at a rate not in excess of $12,500 per annum; and

(5) The salaries and retired pay of all judges (except judges whose compensation may not, under the Constitution, be diminished during their continuance in office), if such salaries or retired pay are at a rate exceeding $10,000 per annum, shall be at the rate of $10,000 per annum.

(b) The reduction in compensation provided in other sections of this title shall not apply to any salary or retired pay reduced or fixed under the provisions of subsection (a) of this section.

APPROPRIATIONS IMPOUNDED

SEC. 108. The appropriations or portions of appropriations unexpended by reason of the operation of this title shall not be used for any purpose, but shall be impounded and returned to the Treasury.

Mr. LaGUARDIA. Mr. Speaker, I reserve the point of order on the gentleman's amendment.

Mr. McDUFFIE. Mr. Speaker, will the gentleman state the point of order?

Mr. LaGUARDIA. Mr. Speaker, I make the point of order that the subject matter contained in the gentleman's motion at this time is not proper in that there is nothing before the House at this time which shows a change of attitude on the part of the House in its action on the question of salary reduction. There are two propositions before the House. One is the House bill providing for a reduction with a $2,500 exemption, and the other is the Senate so-called furlough plan. The gentleman seeks to concur in the Senate plan with an amendment, and the matter in the amendment is not germane to that plan. The gentleman's motion is beyond the province of conferees. The subject matter contained in the motion is an entirely new proposition. If conferees have failed to agree on either the House bill or Senate bill, then they should be discharged. If the gentleman seeks to carry out a reduction plan, then I submit that the House has not indicated by vote or otherwise that it recedes from its original position. What the gentleman is seeking to do is to get legislative action de novo on a matter which has already been passed on by the House. When we come to that point—enter on our own initiative or from the Senate—new conferees representing the views of the House should be and would be appointed. I repeat, Mr. Speaker, that the view of the House must first be presented by friends of the proposition to the Senate conferees. There is no indication in the report or otherwise that the House bill was actually sponsored in conference by the conferees on the part of the House, and I submit that at this stage we can not legislate de novo in order to carry out the personal views or preference of the conferees. The House should at least be given the opportunity to express itself on its own bill. In this roundabout method the House is compelled to take other action without first knowing what the attitude of the other body on the proposition may be.

Mr. Speaker, I also desire to make the additional points of order that the motion of the gentleman from Alabama contains subject matter which is not in the House bill, which is not in the Senate bill; and specifically I point to that part of the gentleman's motion which provides "that no court of the United States shall have jurisdiction of any suit against the United States, or (unless brought by the United States) against any officer, agency," and so forth.

Mr. McDUFFIE. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. McDUFFIE. Will the gentleman turn to page 48 of the Senate bill, where appears the limit of jurisdiction of courts; and in the House bill, see page 55, at the bottom of the page. It is the very language which is carried in both the House and Senate. That is not new matter.

Mr. LAGUARDIA. Very well. I had not the gentleman's amendment and was compelled to take notes as the clerk was reading. I can not imagine anybody drawing a provision like that. Surely no one will for a moment contend the validity of such a proposition.

Mr. McDUFFIE. Well, strange things are happening these days.

Mr. LAGUARDIA. I will concede that. To recur, Mr. Speaker, on the purpose of the gentleman's amendment, I submit that it is not for the purpose of coming to an agreement on the legislative proposition which is the real purpose of the conference, and must be the only purpose of the conference report. It is seeking to foist upon the House a new proposition, upon which the House has already taken action, and for which there is no basis in the Senate bill or in the conference report. The conferees, I submit, can substitute their will and views for those of the House. The House conferees personally were not in favor of the House action in regard to pay reduction. That is well known. The House views were not in the hands of its friends. The House was not represented in that respect. The motion of the gentleman, therefore, would prevent the House from insisting on its bill and appointing new conferees. Therefore, I submit the motion is not proper at this time, the subject matter is not germane to the Senate bill, and the House has not as yet indicated any change in its attitude.

Mr. McDUFFIE. Mr. Speaker, the argument of the gentleman from New York seems to hinge entirely upon his own conjecture and conclusions as to what took place in the conference committee. The gentleman raised one specific point, if I remember correctly, and that was with reference to the provisions dealing with the jurisdiction of courts.

Mr. LAGUARDIA. I withdrew that.

Mr. McDUFFIE. And it was pointed out to the gentleman that both the House and Senate had passed that provision. Now, I do not know any other specific point of order that the gentleman has raised. I do not recall one, and I think the gentleman's point of order is not well taken.

Mr. SCHAFER. Mr. Speaker——

The SPEAKER pro tempore. Does the gentleman from Wisconsin desire to be heard on the point of order?

Mr. SCHAFER. I do.

The SPEAKER pro tempore. The Chair will be glad to hear the gentleman from Wisconsin.

Mr. SCHAFER. Mr. Speaker, I believe the Chair should hold that the amendment offered by the gentleman from Alabama is out of order, because the amendment goes beyond the range of difference between the action of the House and the Senate. The furlough plan incorporated in the bill by the Senate and the salary-reduction plan as passed by the House contain no salary reductions in salaries below $2,500 per year. I believe on that point alone the amendment is not germane, and therefore it is not in order, as the conferees have exceeded their authority.

Mr. McDUFFIE. Mr. Speaker, I think the Chair has ample precedent for overruling the point of order raised by the gentleman from Wisconsin; because, in the first place, we are not dealing with a conference report; and, in the second place, I direct the attention of the Speaker to the fact that anything that is germane is permissible to be written in an amendment such as I have offered.

The SPEAKER pro tempore (Mr. BANKHEAD). The Chair is ready to rule.

The gentleman from New York [Mr. LAGUARDIA] interposes a point of order against the amendment offered by the gentleman from Alabama [Mr. McDUFFIE] to the Senate proposal, upon the ground that it does not affirmatively appear that the House conferees really took into consideration the action and voice of the House in the conference. That, of course, is a matter entirely beyond the province of the Chair, and is a matter of speculation, necessarily. The Chair, therefore, overrules that point of order.

The gentleman from Wisconsin [Mr. SCHAFER] raised the point of order that the provisions embodied in the motion of the gentleman from Alabama to recede and concur with an amendment to the Senate amendment was beyond the limits fixed in either the House bill or the Senate amendment. The Parliamentarian has furnished the Chair with a syllabus of an opinion by Chairman Hepburn, of Iowa, made on February 26, 1902, which may be found in Hinds' Precedents (vol. 5, sec. 6187). It is as follows: "In amending a Senate amendment the House is not confined within the limits of amount set by the original bill and the Senate amendment." The Chair thinks that that decision disposes of the point of order raised by the gentleman from Wisconsin. The Chair desires to say in passing upon these points of order that in cases of this kind the only requirement is that the amendment proposed in the motion to recede and concur with an amendment must be germane to the Senate amendment. This question arose on May 3, 1922, when Mr. Speaker Gillett, in overruling a point of order similar to this, held that to a Senate amendment providing a new method of taxation in the District of Columbia and revising the fiscal relationship of the District of Columbia and the United States with other incidental propositions and an amendment proposing a different scheme is germane, although different in detail.

The Chair thinks that these decisions fully cover points of order raised by the gentleman from New York and the gentleman from Wisconsin, and therefore overrules the points of order.

Mr. McDUFFIE. Mr. Speaker, my purpose is to yield to the gentleman from Indiana [Mr. WOOD] one-half of the time to be used.

Mr. WOOD of Indiana. That is entirely satisfactory.

Mr. McDUFFIE. Mr. Speaker, I shall be brief. Mr. Speaker, we are dealing with a very serious question. The human equation that entered into the work of your committee was more effective than anything else. As I said a while ago, it is a painful duty, it is an unhappy task, to act upon the question of reduction of salaries.

If I read aright the sentiment that comes to my desk, expressed by thousands of letters in the last three months from all over the United States, the people of America are demanding that we cut down Government expenses. [Applause.]

Now, what do we propose here? We propose, without hurting any individual seriously, especially in the light of the fact that the cost of living has declined more than 10 per cent, to save for the taxpayers, those people upon whom we have recently placed additional burdens, $112,500,000. It may be that here in Washington the cost of living is high, but Washington must yield, as the rest of the country has done.

The House did pass a pay-cut proposal with an exemption of $2,500. At the same time the House turned down by an overwhelming vote the proposal to try to introduce into Government work the 5-day week or the staggering plan. The question here is, Shall we save some money for those who have these burdens to bear? To-day or next week, every time you buy a little candy, or go to a theater, or stamp a letter you will be paying a part of the money that goes to pay for Government salaries. I wish to repeat, more than one-quarter of the annual cost of operating the Government is involved in the salary roll. We do not propose to hurt anyone seriously by this amendment.

As a matter of fact, I think we should do to-day what every nation has done, what every State has done, what every municipality has done—take at least a 10 per cent salary cut from top to bottom. May I suggest that even 10 per cent is not enough? [Applause.]

The 5-day week policy may be a wise one for industry in this machine age. I shall not enter into a discussion of that at this time. It may be a very important question, but we should not settle it in this way. As a permanent policy I

might not indorse it, but no man here can tell me that any government on earth has ever been able to make that policy apply in government work.

Why these gentlemen representing labor and industry continue to pound this Congress, and even reach the White House and reach the administration, and make them, if you please, embark upon a new field, a new policy known as the staggering or furlough plan, is more than I can understand. Why, they say, you are setting an example for industry. Mr. Speaker, industry has already set the example, and industry has necessarily made cuts from one end of this country to the other. There is no doubt about that.

They say also a 10 per cent cut will lower the standard of living in this country. Everyone knows the standard of living has already been lowered, and many a man who was a millionaire in 1929 is working with his hands to-day. The standard of living must under these conditions temporarily decline from what it was in 1929. The American people are now driven to a simpler mode of living. Nobody doubts that. If this plan could work in government successfully, it might be justified at a time like this; but why go into uncharted seas, if you please, when the plain, simple, businesslike, straightforward, manly, courageous thing to do is just to treat everybody alike and apply a flat pay cut from top to bottom?

What about the savings? Under the provisions as passed by the Senate it is estimated there will be $80,000,000 or $83,000,000 of savings. I do not care which figures you take, for no man has yet been able to say definitely how much it will save. The President of the United States wrote a letter some time in May to the engineers or somebody, and unfortunately addressed it to the wrong man. It was put in the RECORD by the distinguished gentlewoman from New York [Mrs. PRATT]. In that letter the President said the staggering plan will keep 100,000 people on the job and add 30,000 more.

Again I ask you, if your policy here is to save money, where is the economy in your staggering plan?

Is your policy here to-day—and that is what the President has very recently called upon us to do—to economize in government? All Americans are making the same call to-day, because they all pay a part of this. Why should not we have the courage to stand up and say: "Here is the businesslike thing to do"? Can we not get a little business in government? Must it be said that a political body can not act in a businesslike way in making adjustments to meet new conditions? The answer, of course, is that it is difficult, if not almost impossible.

Let me repeat: In the light of the fact that the cost of living is down 15 per cent and even more, 10 per cent cut is little enough to place upon any man who is fortunate enough to be on Uncle Sam's pay roll in times like these. The people will demand a greater reduction than we propose.

We regret, all of us regret, to see wages come down. But, Mr. Speaker, we are face to face with facts in this country, not theories. We know how men have been laid off in industry. We know how wages have been cut 20 to 25 per cent. We know that practically every city of the United States has made a flat cut. Now, why should the Government employee through his highly paid propagandist, one Luther Stewart, whose salary probably will not be cut, it matters not what we do, urge and insist that Congress, on the theory that we are establishing a great principle, get away from a businesslike method of salary reduction and adopt something that is problematical and untried and will eventually prove a disappointment?

Are you going to yield? Oh, I know the administration is now against this flat cut. The gentleman from Iowa [Mr. RAMSEYER], who was the father of this furlough plan originally in the House, says the President is for it, but every reasonable man knows it is not a sound policy.

I have not been a bitter partisan since I have been a Member of Congress, nor one who seeks to take undue advantage. I think my record will bear out this statement. What I am objecting to is that the President of the United States said in the newspapers, "Here is a great program. We are going to save $238,000,000 by the Senate bill." The Senate passed the bill, with the 10 per cent cut on all salaries over a thousand dollars, which of itself would have made a saving of $117,000,000 plus. Then the President demands his furlough plan as his own policy, and his followers in the Senate reverse their position, indorsing a furlough plan in preference to the other plan. He then goes to the country, if you please, with the impression, at least, that economy failed in the legislative branch of the Government, that we failed to economize in the legislative branch, and he, the great nominee of the Republican Party, the President of the United States, stands out as the only original economist, when by his own act he destroyed the economy measure in the Senate.

The result is the country gains the impression that the Congress is not doing its duty. He would climb to the heights over the dead bodies, politically speaking, of his own party Members of the Congress. It is selfish and unfair and unworthy of the President, I care not who changes his mind.

It is not fair to the House of Representatives and it is not fair to the legislative branch of the Government for the President to tell the country that this or that plan will save and then proceed to strike it down by his own hand. [Applause.] And you gentlemen know it. My beloved and distinguished friend over there, the minority leader, Mr. SNELL, is a business man. Deep down in his heart—and I can read it at this moment—he knows that it is a wild theory or an impossible theory to apply the furlough plan as written by the Senate in the work of this Government. In his plants he would not do that. In your business you would not do that. I challenge you to point to one government, point to one city or county if you please, point to any organization other than industrial which have adopted the furlough plan in preference to the flat cut.

Mr. LINTHICUM. Will the gentleman yield? The gentleman said that the estimated saving under the furlough plan was $83,000,000. What is the estimated saving under the gentleman's plan?

Mr. McDUFFIE. One hundred and twelve million five hundred thousand dollars, a difference of $33,000,000, provided the furlough can effect the amount claimed for it. [Applause.]

Mr. Speaker, I yield three minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, of course, I can do nothing more in three minutes than explain my own position with reference to these two plans. It is impossible for me in that time to discuss either one of them.

I am going to vote for the proposition to reduce salaries by the percentage plan as proposed by the gentleman from Alabama. I confess to you it does not suit me, as I think every Member of this House knows. If I had my way I would begin at a certain percentage, with a proper exemption, and then I would go up to 25 per cent at least upon salaries of $10,000 and more. But here we are confronted with a proposition of accepting one or the other of these two plans. I can not see to save my life how the furlough plan is going to save the money which its proponents insist it will save. I can not see how we are going to save $80,000,000 or any other very large sum, and I predict that when the history of it is written you will find that this idea of saving $80,000,000 or $90,000,000 by the furlough plan is all a pipe dream. Of course, the election will be over then. Here we are confronted with a proposition by which we know what we are going to save. We know exactly how much it will keep in the Treasury. It will save not less than $112,500,000 and that can be easily and accurately calculated. Why should you and I, representing the taxpayers back home, turn the one down in order to accept a will-o'-the-wisp, something that nobody can tell and nobody can estimate as to its savings?

I would rather make this percentage a little less on these lower salaries but we can not get everything we want and we can not have everything we want. I am the more recon-

ciled because the cost of living has gone down more than 10 per cent. We are faced here with the proposition of accepting one or the other. For my part, representing those who pay the taxes, as you and I do, I am going to take that proposition which guarantees how much you are going to save rather than something that many doubt will save as much as is claimed, and even those who claim a saving can not tell how much it will save. [Applause.]

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Speaker, I yield three minutes to the gentleman from Oklahoma [Mr. McCLINTIC].

Mr. McCLINTIC of Oklahoma. Mr. Speaker, when this proposition first came before this body I do not think there were very many who had a proper realization of the conditions that exist throughout the Nation. I feel that at the present time there is a greater emergency existing from the standpoint of the necessity of reducing expenditures than ever before. I take the same position as the distinguished chairman of the Appropriations Committee, who has just preceded me, and that is that we ought to have a graduated scale of reductions, so it might be said when we go home we were in a measure willing to do that which is now being done by certain kinds of private industry, and that is to reduce our own salaries in a proper proportion to that which is now being done by many institutions.

If I could have my way, I would present this amendment:

That the following scale of reductions in salaries shall apply to all officers, employees, and Members of Congress, unless otherwise exempted by law:
5 per cent on salaries of $2,000 to $3,000.
7½ per cent on salaries of $3,000 to $4,000.
10 per cent on salaries of $4,000 to $5,000.
15 per cent on salaries of $5,000 to $6,000.
20 per cent on salaries of $6,000 to $7,500.
25 per cent of all salaries exceeding $7,500.

On every roll call I voted with the Economy Committee on amendments to bring about reductions, and the chairman of the committee knows that I am in favor of reducing salaries of Members of Congress 25 per cent, so that the reduction will amount to twenty-five hundred dollars.

It does seem to me that such a reduction in salaries would be in line with present conditions. We know that the purchasing value of the dollar is practically 33⅓ per cent more than it was a few years ago. I take the position that if we can not get an amendment like that which I have read, we surely ought to be willing to vote for the proposition that is now before us, which will save us $30,000,000 more than that which is provided for in the furlough plan.

For that reason I am going to stand by the chairman of the committee, and I hope his amendment will be adopted. [Applause.]

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Speaker, I now yield 30 minutes to the gentleman from Indiana [Mr. WOOD], to be yielded as he sees fit.

Mr. WOOD of Indiana. Mr. Speaker, I yield five minutes to the gentleman from Iowa [Mr. RAMSEYER]. [Applause.]

Mr. RAMSEYER. Mr. Speaker, I thought the gentleman from Alabama would in his time explain to you just what is before the House and what further steps are contemplated.

There are two proposals before the House. One is known as the pay cut, which has been sponsored by the gentleman from Alabama for weeks; in fact, ever since there was an Economy Committee. That, in the shape it is here to-day, is a 10 per cent cut on all salaries of Federal employees except those who receive salaries of $1,200 or less. The other proposal is the furlough plan, which, as originally sponsored by me on the floor of this House, exempted salaries of Federal employees of $1,200 and less, and for officers and employees receiving $1,200 or more the 30-day furlough without pay applies. No salary would be reduced to less than $1,200 per annum.

I explained this before, and I have not the time in the few minutes I have to go over it again.

We are confronted with this peculiar situation: The gentleman from Alabama is in control of the time. He is offering this pay-cut amendment, for which he stands. If that fails, in his own time he is going to offer the furlough plan. Now, those who are for the furlough plan should vote down the pay-cut plan. Then the Members of the House will have an opportunity to vote for the furlough plan.

In the shape the two amendments are now in there is some difference of opinion as to just the amount of money that can be saved by the two plans. The difference is not large and the savings may be a little larger in the pay-cut plan. I can not go into the details of the two plans in the few minutes I have.

There is a principle involved here that is of vital concern to the whole country, and that is the 5-day week. We have about 8,000,000 men out of employment. If happily we could go back to the times we had in 1928 and 1929, there would still be 1,500,000 or 2,000,000 men out of employment. The only way you can get those people back to work and give them purchasing power is to shorten the number of days in the week and possibly shorten the number of hours in the day. There is absolutely no other solution of that.

Now our great Government comes along with this furlough plan and the most vital thing in this plan is the 5-day week. We have quite a number of per diem employees in the Government service. The Government undertakes to set an example to private industry and to the world by establishing the 5-day week. The way to take care of part of the unemployed, especially those technologically unemployed, is to pass the work around.

I want to tell my Republican colleagues that last week in Chicago, the Republican Party in its platform vigorously and enthusiastically declared for the 5-day week. Certainly no Republican can consistently, a week following that declaration I have just referred to, vote against the 5-day week proposal in the furlough plan.

I want to tell you Democrats that your convention is going to be next week and it is possible that your convention is going to indorse the 5-day week. Then, I ask you, why one week vote against the 5-day week when your party, the next week, may declare in favor of it?

Mr. LaGUARDIA. If the gentleman will yield, the gentleman should also state that in that same Republican platform there is a plank on high salaries and high wages.

Mr. RAMSEYER. Here in the furlough plan we are maintaining the wage scale. We are not changing it, nor reducing it.

[Here the gavel fell.]

Mr. WOOD of Indiana. Mr. Speaker, I yield the gentleman three more minutes.

Mr. RAMSEYER. As I stated before, the savings in the furlough plan are about the same as the savings in the pay-cut plan.

It has been carefully worked out with respect to the Post Office Department. I had this chart [indicating] before you the other time this matter was up. This part shows you the working of the furlough plan. It shows the gross saving under the furlough plan and the net saving, so far as the Post Office Department is concerned. If this furlough plan is incorporated in the law it will not mean the discharge of any employees and will mean additional substitute employees of 14,500.

How it may work in the other departments I can not say, because I have only had time to study its operation as applied to the Post Office Department. The furlough plan saves money, is more humane, is abreast of the best thought in so far as treating labor fairly is concerned, and is a forward step in recognition of the 5-day week for employees in the Government service. The Government is setting an example for all industry to follow. [Applause.]

This furlough plan will save money and is more humane, and since I originally presented this furlough plan to this House, the labor leaders of the country have come out for it and have indorsed it.

Mr. CONNERY. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. CONNERY. They have indorsed it as the lesser of two evils.

Mr. RAMSEYER. They have indorsed it. We have got to take one or the other, either the furlough plan or the pay-cut plan. You have only the two proposals before you and labor has come out definitely for the furlough plan, without any ifs or ands.

Mr. MOUSER. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. MOUSER. And the Letter Carriers' Association of a number of States has indorsed the furlough plan as their choice of the two.

Mr. RAMSEYER. I think the gentleman is correct. So far as the Government employees are concerned, there can be no question at all as to this furlough plan being much better for them, and at the same time saving considerably more money for the Treasury.

Mr. McDUFFIE. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. McDUFFIE. Did not the gentleman hear Mr. Brown, the Postmaster General, say to the President in our presence at the White House in one of our conferences that he did not see how he could work the furlough plan in the Post Office Department?

Mr. RAMSEYER. The gentleman is incorrect. The only thing Mr. Brown stated was that the furlough plan could not be applied to rural carriers and effect a saving. The gentleman knows how we propose to take care of the rural carriers. We intend to be fair to the rural carriers and to all Federal employees. In closing I want to emphasize that you vote down the McDuffie pay-cut amendment and then we can adopt the furlough plan. [Applause.]

[Here the gavel fell.]

Mr. RAMSEYER. Mr. Speaker, in order to present accurately the Postmaster General's attitude on the furlough plan and his attitude toward the rural carriers, I present for the RECORD a letter from him which I received this morning, as follows:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., June 20, 1932.

Hon. C. WILLIAM RAMSEYER,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: It has been reported to me that I have been quoted by certain Members of Congress as saying that the furlough plan could not satisfactorily be applied to the Postal Service. I have at no time made any such statement, and I would appreciate it if you will so advise those with whom you are associated in drafting the various provisions of the economy bill.

I have, of course, drawn attention to the fact that the furlough plan can not be applied to advantage in the Rural Free Delivery Service, where we have no surplus employees and where it would accordingly be necessary to replace every furloughed regular by a substitute who would draw the same compensation. With this exception, however, the furlough plan is admirably suited to the situation which now exists in the Postal Service. This exception was, of course, taken care of in your draft of the furlough legislation by a provision exempting rural carriers from the furlough and subjecting them, instead, to a reduction of 2½ cents per mile in their allowance for equipment maintenance.

It is my understanding that the conferees are now giving consideration to a provision, which would apply generally throughout the entire service, subjecting all employees who for any service reason can not advantageously be placed on furlough without pay to a reduction of 8⅓ per cent in salary. It is my opinion that this provision could be more equitably applied to rural carriers than the proposed reduction in their equipment-maintenance allowance, and I recommend, therefore, that the special provision dealing with rural carriers on the basis of their equipment allowance be eliminated from the legislation. In this connection, however, it would be advisable, in my judgment, to provide that the gross compensation of rural carriers, including the amount of the vehicle allowance, should be made subject to the proposed reduction.

Yours very truly,

WALTER F. BROWN.

Mr. WOOD of Indiana. Mr. Speaker, I yield three minutes to the gentleman from South Dakota [Mr. WILLIAMSON].

Mr. WILLIAMSON. Mr. Speaker, the furlough plan, as has already been stated, will be very simple in operation. The present employees, on the average, take one month's leave with pay. Under the furlough plan, they will be obliged to take one month's leave during the fiscal year 1933 without pay. Those who say they can see no savings simply refuse to look at the facts. Under the furlough plan the employees will give exactly the same amount of time to their work that they are giving now, but each of them will receive one month's less pay. Multiply the number of employees by the amount they receive for one month and you get the exact saving. There is nothing complicated or uncertain about that. This computation will give you $85,000,000. This saving we know there is in the furlough plan. Other salary cuts and savings in the amendment which we propose to substitute for the McDuffie proposal will bring the savings up to about $100,000,000, making the total savings of the economy bill something like $165,000,000. At the same time, the furlough plan recognizes the principle of the 5-day week. This principle is being more and more recognized by business and industry as the only solution for our labor problem. We can not go on improving labor-saving machinery and speeding up mass production indefinitely without reducing the hours of labor, if labor is to find employment. It is better that the Government should pay its employees for 11 months only and keep them at work than to add thousands of them to the ranks of the unemployed. They ought not at this time to be sent out into the labor market to push out or prevent others from securing employment.

It is better that each individual should get less and that more should be employed. This is an emergency measure and all of us will have to make some sacrifices. Members of Congress take a 10 per cent straight cut on salary, a reduction of 25 per cent in mileage allowance, and 8.3 per cent on clerical services. This cut is proportionately heavier than the employees are required to take.

The question of how the rural carriers are affected has been raised a good many times during the morning. The rural carriers will receive exactly the same kind of cut on their basic pay that other employees receive who are affected by the furlough plan. Their equipment allowance is reduced one-eighth. The original provision left their basic pay untouched but cut their mileage allowance three-fifths. It was found that this operated unequally as between the carriers on short and long routes and discriminated unfairly against them as compared with other services. This discrimination is rectified by the amendment and is satisfactory to the carriers who have always expressed a willingness to take their share of any reduction that might be made.

[Here the gavel fell.]

Mr. LAGUARDIA. Mr. Speaker, it must be made clear that there are two alternatives. One is the pay cut, with 10 per cent reduction and $1,200 limit, and the House plan, which provides for 11 per cent reduction and $2,500 exemption. Unfortunately that is not before us now. It should be. The parliamentary strategists are so far succeeding in keeping the House bill provision as to pay cuts away from the House itself.

As between the two plans, anyone with any sympathy for the wage earner will take the lesser of the two evils. The lesser of the two evils is indicated by a difference of $30,000,000. Under the modification contained in the motion of the gentleman from Alabama, according to his own statement, it would cost the Federal employees about $30,000,000 more if adopted than the furlough plan. I naturally want to save this $30,000,000 for the badly treated Federal employees.

Mr. CONNERY. The gentleman will recollect that labor was in favor of the $2,500 exemption.

Mr. LAGUARDIA. Yes; but unfortunately that is not before the House now. The only redeeming feature of the furlough plan is that it furnishes a basis for a 5-day week. That can be made a real basis, but it depends on how it is administered. If the administration is sincere, if the administration, I repeat, is sincere and honestly seeks to establish a 5-day week, the furlough plan affords an opportunity to do so; otherwise the poor Federal employee will simply suffer.

If the Treasury Department will put the Treasury Department, with the Internal Revenue, Comptroller of the Currency, customhouse, and other bureaus, on a 5-day

basis, that will compel the banks and importers and exporters and business generally to go on a 5-day basis, and that in turn would force factories and industries on a 5-day week. If we can put banks, commerce, and industry on a 5-day-week basis, it will produce additional employment for 2,500,000 persons.

We have assurance from the Secretary of the Treasury, and responsible members of the administration have previously stated their approval of a 5-day week. Gentlemen, if the administration will translate that approval into action, a 5-day week can be established. I want to see results. The President is also on record as being in favor of the 5-day week. It takes more than a mere approval of the principles of this proposition. It now requires the will, the courage, and the determination to see it through. It requires the ability to resist the selfish demands of exploiters.

So I say that if Congress provides a furlough on the basis of a 5-day week, if properly administered, it may force industry, commerce, and banks to go on a 5-day week.

We can not legislate for a 5-day week in private industry under the limitations of the Federal Constitution, but we can by this provision, if honestly and properly administered, compel the banks, commerce, and industries to go on a 5-day week.

I would like to vote down the whole proposition and have new conferees, but that seems to be impossible. Yet I shall continue to fight against unjust pay reductions; but as between the two propositions I shall prefer the furlough plan. [Applause.]

Mr. WOOD of Indiana. I yield three minutes, Mr. Speaker, to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Speaker, there is not now before us the question as to what I or other individual Members would choose if we had the power to dictate action. Here are two alternatives, the 10 per cent wage cut or the furlough plan for governmental workers. Under all the circumstances I believe there should be no hesitation on the part of those who wish to give the greatest protection possible to the moderate wage standards of these competent and faithful employees in voting against the motion of the gentleman from Alabama [Mr. McDUFFIE].

When the so-called economy bill was brought in, I stated that I did not believe that the wage cuts provided in it would help to lift us out of the swamp of depression in which we find ourselves submerged. I voted to exempt from reduction wages up to $2,500 a year, and I should be glad to vote again for that provision.

However, this parliamentary situation now forces us to choose between shorter hours with reduced pay or present hours with still greater reduction in pay. Facing such a choice, I vote for the furlough plan.

The adoption of this furlough plan will have one great advantage. It will be a step in the direction of the 5-day week. Unfortunately the workers will have to pay the total cost of the shorter hours for the year, but I am hopeful that such a condition will not apply after 1933.

Under this plan, the wage standards which have been secured only after many years of devoted effort will be left untouched. With our return to normal times, there should be no hesitation in making those wage schedules apply to the 40-hour week.

Every vote in this House should be weighed as to its effect upon employment. Unemployment is a menace to national safety and security. It must be overcome and the only cure for unemployment is employment.

For 10 years American industry substituted machine power for man power without the slightest regard for the consequences. During that period 1 out of every 14 men was fired while the remaining 13 turned out the production of 18 men. In 1929 our factories produced 42 per cent more than they did in 1919, with 456,000 fewer workers. American railroads transported more business with 253,000 fewer employees. Coal corporations increased the output per man 23 per cent and discharged 100,000 mine workers.

Mr. Speaker, it is a great thing to have improved machinery and more efficient methods of production, but if there is any wisdom and enlightened common sense among us, we must make sure that for every worker put out of a job by these machines and methods, there is a job created by shortened hours.

If the 40-hour week could be established in all industry, 8,000,000 or more idle workers would have their hands busy with productive tasks within 30 days. It is a remedy which goes to causes, not symptoms.

It is in accordance with American progress and creates no revolutionary change in our system. It would permit the production of all the necessities, comforts, and luxuries needed by every American family.

Therefore, since we must choose between present working hours with reduced pay and shorter hours with reduced income, I choose the shorter hours. If we must adopt a policy of reduced purchasing power for Government workers, let us also adopt the policy of the 5-day week. Then we may hope to salvage a great and permanent benefit for Government workers in the future and set an example to private industry, which, when adopted, will prove that our great inventions and labor-saving devices have not been a curse to human beings.

We can master these machines by shorter hours and make possible a higher standard of living and a more abundant life for the workers of this Nation.

Mr. Speaker, I noted from the chart displayed by the gentleman from Iowa [Mr. RAMSEYER], that the furlough plan will mean a reduction of $39,000,000 from the pay roll of the Postal Service, the largest and most comprehensive agency of the Government for advancing the public welfare.

If I had the time I should like to analyze the action already taken by the House in relation to this great service institution.

The estimated revenues for the fiscal year 1932 are $597,000,000 and the total expenditures for all postal and nonpostal activities will be $797,000,000.

The revenues dropped $60,000,000 in 1932 over 1931 but the deficit will increase only $52,000,000 which shows that $8,000,000 was absorbed by various economies in the service.

Now the legislation passed in this session affecting the service will apply to the fiscal year 1933.

The 1-cent tax on first-class mail is estimated to yield $135,000,000. The second-class increase will amount to $5,000,000 according to the department. The increased rates and weights approved by the Interstate Commerce Commission and the increased rates on special services passed by the House, will mean increased revenues of $34,750,000.

In other words, there is in sight an estimated increase in postal revenues of $174,750,000.

Now, if we calculate that the normal revenues will continue for 1933 at only the abnormally low returns of 1932, the total revenues for 1933 would be $772,000,000.

That is the revenue side of this equation. Let us turn to the expenditures. In 1932 the total expenditures are $797,000,000. Of this amount the total expended for salaries and wages was $555,000,000.

The decreased compensation to postal workers under the furlough plan at 8.3 per cent will amount to $39,000,000.

The elimination of automatic promotion amounts to $1,800,000.

Leaving vacancies unfilled will save $7,000,000.

The cut in travel allowance will mean a lessened cost amounting to $1,500,000.

The cut for supervisors and postmasters due to decreased receipts in the offices will mean $2,600,000.

With the night differential of 10 per cent cut in half, there will be a reduction of $2,500,000.

The total amount involved in these curtailing measures is a little over $54,000,000.

If we take this amount from the expenditures for 1932, we have $743,000,000 as the total for 1933.

In 1932 the sum of $50,000,000 was paid for air mail and merchant marine subsidies and the other policies which Con-

gress has declared to be charges against the Treasury and not the postal budget.

Taking the same figure for 1933, we find that there will be expended in that year the sum of $693,000,000 for truly postal operations.

Receipts at $772,000,000 and expenditures at $693,000,000 means that we have not simply balanced the postal budget, but have forced a surplus of $79,000,000.

Surely on such a showing under the furlough plan no one should now contend that we should go still farther and under the wage-cut proposal before us take more than $10,000,000 in addition from the pay envelopes of postal workers.

I have taken opportunity to confer with the official representatives of the leading postal organizations. These men are patriotic leaders of patriotic American workers. They know the conditions, and while they believe, as I do, that reducing purchasing power at this time will not help in this time of trouble, I believe I speak their sentiment when I say that they gladly choose the furlough plan in preference to this 10 per cent wage cut with all that is involved in it.

I hope the motion before us will be voted down and the furlough plan will be substituted for it. [Applause.]

Mr. WOOD of Indiana. Mr. Speaker, I yield three minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, a strange situation confronts us to-day in that we are called upon by the conferees to vote either for or against two plans, both of which the House has heretofore rejected. Certainly, the pay-cut plan has no right before us to-day, and the only right the furlough plan has for consideration is the fact that it was written into the bill in the Senate by friends of the workers who insisted that it was by far the best policy to adopt at this time, the only forward-looking economic policy considered at this session of Congress. The pay-cut plan is a backward economic plan and should not be countenanced by the Congress. Speaking as a member of the Post Office Committee, I am in favor of the furlough plan as proposed by the progressive Senators of both Democratic and Republican Parties in the Senate. I can say to you it will be more acceptable to the postal employees than the wage-reduction plan. Already postal receipts have been reduced in the past two years by 30 per cent. We have increased the postal rates which will further reduce postal business. We are now threatened with a 10 per cent cut in the Post Office appropriation bill, and in this very bill in the second section there is a mandatory-furlough plan that will require the Postmaster General and the head of every other department to furlough the employees in order to keep within their appropriations. The only difference between that furlough plan, which has been already accepted by the House and Senate conferees and which will be left in the bill, no matter what we do now, and the furlough plan we are now debating, is that it is a disorderly plan and it should be obviated by accepting this orderly plan. I plead with you, my colleagues, to defeat this pay-cut plan, which we repudiated before, and to accept the furlough plan as the least of evils. A furlough plan may eventually be forced on the employees of the Post Office Department, because the provisions in section 2 of the bill, the drastic cut in the appropriations, the tremendous decrease in the volume of postal business are bound to result in a furlough, but we do not want a furlough and a pay cut also. The Democratic Convention next week in Chicago will go on record for the 5-day plan, and if the gentleman from Alabama takes his pay-cut plan to the convention at Chicago, I am sure it will be voted down by the resolutions committee. The Republican Convention has approved a 5-day week. By accepting this plan we can expect to secure a permanent 5-day week for all Federal employees in the near future. A shorter work day and a shorter work week is the necessary solution of the unemployment situation that confronts the country to-day.

Our rejection of the furlough plan to-day sets the House against the 5-day week and we may expect the conferees to come back with a horizontal reduction in wages and salaries of all Government employees that will be followed by further wage cuts in private business throughout the entire country. Let us maintain wage standards and the sacrifice we make to-day will result in a greater victory for the workers everywhere. [Applause.]

Mr. McDUFFIE. Mr. Speaker, I yield three minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Speaker, the members of the Economy Committee of the House and of the Senate have labored long and hard in trying to bring in a bill whereby we would be able to reduce salaries of Government employees, including our own salaries. At this late date in the session we have come to the place where we have the privilege only of voting up the amendment of the gentleman from Alabama [Mr. McDUFFIE] or accepting the furlough plan proposed by the President. As far as I am concerned, I do not believe we will have a very great amount of savings from either of these plans. To-day down in South Carolina farmers are trucking into Washington and into the markets of the country their products and are unable to get a price that will pay them enough to pay for the trucking or the express thereon.

This Congress is now being called upon by the people of the country, including the farmers as well as every other type of citizens, requesting Congress to reduce Government expenses, including salaries, just as they have had to reduce expenses in their business. Now in the closing days of Congress you come in with this measly cut or with the furlough plan that will bring only a very small saving into the Treasury at this time. A number of amendments were offered when the House bill was under consideration, going as high as a 25 per cent cut in salaries of $10,000 and over, your salary and my salary. I voted for these amendments, but they were promptly voted down. It is no wonder that the press and the people of the country are lambasting Congress with all kinds of statements about the way that we are trying to legislate and requesting that Congress adjourn.

Mr. LANKFORD of Virginia. Mr. Speaker, will the gentleman yield?

Mr. FULMER. Yes.

Mr. LANKFORD of Virginia. The gentleman speaks of the farmers selling their products. Does he not think that if we were to spread out employment and give more by a staggering system that that would help the farmer sell his produce which he now can not sell?

Mr. FULMER. If I had my way about it, we would pass legislation, call it emergency or what not, to give the farmer a fair price for that which he produces. If you will do that, you would not be called upon to reduce anybody's salary.

Mr. LANKFORD of Virginia. But that is not before the House.

Mr. FULMER. Well, I will say to the gentleman, if I have my way about it, this type of legislation will come before the House before we adjourn.

Mr. McDUFFIE. Mr. Speaker, I yield three minutes to the gentleman from North Carolina [Mr. DOUGHTON].

Mr. DOUGHTON. Mr. Speaker, I shall vote for the proposal advocated by the chairman of the committee, the gentleman from Alabama [Mr. McDUFFIE] for the reason that it proposes a larger cut in Government expenditures than does what is known as the furlough plan.

I do not think there is a great deal of difference in the two plans, as far as the results to be obtained are concerned. My only objection to both is that the reduction is not great enough. If there is any one thing that the taxpayers of this country are insisting upon, and with every reason, it is that the expenses of Government shall be curtailed or reduced. My mail is loaded down every day with requests that we reduce Government expenses. In fact the taxpayers are demanding that it be done.

In my judgment, Mr. Speaker, the first thing we should have done when Congress convened, before considering a revenue bill, before imposing additional taxes to burden those who are already heavily burdened, would have been to work out a well-considered plan of economy whereby the expenses of Government would have been reduced. We

should have balanced the Budget in this way. That is what the administration should have recommended instead of waiting until the closing hours of this Congress and then come forward with some plan which will only make slight reductions. Mr. Speaker, we should effect drastic reductions in the expenses of the Government. States are finding it necessary to economize to the limit. Counties are finding it necessary to economize. Municipalities, individuals, all classes of business and all conditions of people are finding it absolutely necessary to curtail expenses. I have the kindliest feeling for the Government employees, but those who are so fortunate as to have Government positions at this time, whose salaries are secure and safe and certain, should, with patriotic spirit voluntarily come before Congress and request their salaries to be reduced.

Mr. Speaker, we, the representatives of the people in the Congress, should show our good faith first by reducing our own salaries at least 20 or 25 per cent. Then we could with perfect justification proceed to reduce the salaries of others who work for the Government. The cuts should be smaller in salaries in the lower brackets; that is, from $1,200 to $2,000 per annum. In my judgment, they should be reduced 5 per cent; from $2,000 to $5,000, 10 per cent; from $10,000 to $20,000, 25 per cent, and above that a still greater reduction should be made.

Had this course been pursued, it would not have been necessary to impose additional taxes to burden the people at a time when they are unable to bear present burdens. If we are not willing to meet this just demand of our constituents, or if we fail to do so, in my opinion, they will send representatives here who will respond to their requests. Not a dollar of additional taxes should have been imposed until the most rigid economy possible, consistent, of course, with efficiency in Government, had been brought about.

It would not be necessary to explain to the people why burdensome and irritating taxes had been imposed if we had at the outset reduced expenses of the Government in keeping with present conditions existing throughout the country.

Mr. WOOD of Indiana. Mr. Speaker, I yield three minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, I listened with interest to the advocacy of the pay-cut plan offered by the chairman of the conferees of the House in preference to the furlough plan, and I listened to the discussion by the distinguished chairman of the Committee on Appropirations of this body. The only argument for the pay-cut plan rather than the furlough plan was that it could be more readily understood by the intellectually indolent. [Laughter and applause.] There is no question at all that equal if not greater savings will result from the furlough plan rather than the pay-cut plan, but the pay cut provides a reduction in salary without any change of the days and hours of employment. With the savings effected throughout the appropriation bills and reduced appropriations for the various bureaus and divisions of the departments it will mean a discharge of thousands of employees who can be saved on the pay rolls if each of them will do a little less work and take a little less money. [Applause.] Because it is harder to understand the furlough plan than the pay-cut plan is no reason why we should be so mentally lazy as to turn thousands of employees out on the street to swell the army of unemployed when it is not necessary. [Applause.] Let no one fear to vote against the pay cut and vote for the furlough plan, lest the pay-cut plan carry, and he be in a position where apparently he may have voted against economy, because everybody interested in this question throughout the length and breadth of the land knows that the alternative is between the brutal pay cut, and the humane thing is the furlough system. That is the issue we will vote on.

Mr. McDUFFIE. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. McDUFFIE. Why is it that every other nation, every State, every municipality has dealt with it in the way that the gentleman says can be understood by the intellectually indolent?

Mr. LEHLBACH. That is the reason why we, the representatives of the people in their Federal Legislature, should point the right way. [Applause.]

Mr. WOOD of Indiana. Mr. Speaker, I yield three minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Speaker, this House has before it at this time an opportunity to accomplish more for working America than has been presented to this House at any time during my 14 years' service here. Everyone present knows that in this country to-day there are more than 8,000,000 workers out of employment. Everyone ought to know that one of the contributing factors to that unemployment is the production and use of labor-displacing machinery in this country, together with the continuation of the 6-day week and the 8-hour day. Everyone ought to know that our production capacity because of these labor-displacing devices has reached a point where we can supply everything we can consume in eight or nine months in the year if we continue to operate our institutions the accustomed number of hours per week. Everyone ought to know unemployment had become a serious problem in this country even in 1928 and 1929, the years when prosperity was at its height, and all because of the conditions I have just described. Everyone ought to know also that the time has come when mass production and the operation of labor-saving machinery for six days a week and eight hours a day has to stop. Otherwise we will have a continually growing army of unemployed.

The gentleman from Pennsylvania [Mr. KELLY] stated a moment ago that if we could adopt a 5-day week in this country, all of the 8,000,000 men who are now unemployed will be put back to work. We must go farther than that. We must establish not alone the 5-day week but in times of stress, such as we have now, we must reduce the hours of work per day.

Statistics show us that if we could distribute the present available work among all desiring work and put them upon a 5-day-week and a 6-hour-day basis, every unemployed man in this country could go to work; bread lines would disappear; those ragged, hungry, penniless, disheartened bonus marchers who are here would not be here to-day. They would each have a job, and, after all, that is what they most desire. There would be a job for everybody everywhere in this country, with a remuneration that would at least give to every family in the country the necessities of life.

I say to you, my friends, that the thing that confronts this House is the selection of the road which we must follow in the years to come. To adopt the pay-cut slash with no reduction of either the days per week or the hours per day, offered by the gentleman from Alabama [Mr. McDUFFIE], is to discourage all attempts to find the real solution of the problem facing the country, to retard or delay for no one knows how long, a return to more normal conditions, and after such return to hasten another advent of the present distressing conditions.

To adopt the 5-day week furlough plan is to really install the 5-day foundation upon which the work week should be based to give needed encouragement to industry everywhere to do likewise. When this has been accomplished we will have a happier, a more prosperous, a more contented people. By all means this House should go on record as favoring the policy which definitely will accomplish this result. [Applause.]

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. WOOD of Indiana. Mr. Speaker, I yield four minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, no man appreciates better than I do the importance of economy at this time and that the people of the United States are looking to us for economy measures. No man has worked harder than I have from the beginning of this session of Congress to keep down the appropriations. I also appreciate the fact that we must go even farther than that.

I fully appreciate the importance of the statement made by the chairman of your committee that it is impossible to overlook the $1,336,000,000 paid for Federal salaries. I agree with him that there must be at this time some decrease in that amount of money. The only difference between the gentleman from Alabama [Mr. McDUFFIE] and myself is the way in which to accomplish that result.

Personally, I am in favor of the furlough plan for two definite reasons. I am in favor of it, first, because it adopts the principle of the 5-day week. When this country gets back to the condition where every laboring man in America is employed for five days a week we will be mighty happy. [Applause.]

I am confidentially informed that several of the largest corporations of the United States at the present time either have adopted or immediately are going to adopt the 5-day-work week, and it is all right for the Federal Government to set the example.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. McDUFFIE. The gentleman from New York left the impression that by the adoption of the furlough plan we would soon be back to that happy condition in this country.

Mr. SNELL. We hope we are on the way toward realizing that condition, and I am sure we will arrive there quicker by the furlough plan than by adopting the straight-cut plan, for we will not separate any man from the pay roll under the furlough plan—just give him a month vacation without pay.

Mr. McDUFFIE. Then you will not save any money, will you?

Mr. SNELL. We are going to give every man, under the furlough plan, a month's vacation without pay, and that will save just about the same amount of money. Furthermore, I am opposed to reducing the basic-wage rate at the present time. This wage rate, or scale of Government employees' salaries, has been arrived at after very careful consideration by Congress and various committees, and we should not by one stroke of the pen cut it all off and destroy it.

This is exactly the same proposition the President suggested to the employers of labor two years ago: Stagger your employees, try and keep them all on the pay roll, give them all some work at a reasonable wage, and then the money will be equally distributed among all.

There is nothing indefinite about the furlough plan. Every single man or woman gets a month's leave without pay, and those employees that are indispensable have their wages cut 8⅓ per cent. So economy is accomplished clear down and it is absolutely definite. There is nothing indefinite about it, nothing that you can not understand.

Mr. PARSONS. How will there be any saving when you propose to add 35,000 employees to the pay roll?

Mr. SNELL. You simply put them on part-time pay, when the regulars are laid off.

Mr. PARSONS. If you do that you will only have a saving of $48,000,000 in the bill.

Mr. SNELL. No; you save just as much money, or a very little different amount than the 10 per cent straight cut.

And we must vote down this amendment in order to get a straight vote on the furlough plan.

Mr. McDUFFIE. I yield to the gentleman from Arkansas [Mr. FULLER] such time as he desires.

Mr. FULLER. Mr. Speaker, I favor the pay-cut plan because it is definite and certain. The furlough program, commonly called the staggering plan, is indefinite and uncertain.

Those who are most opposed to the pay-cut plan base their opposition upon the grounds that it sets a bad precedent to cut Government salaries. What the people of the country are demanding is a cut in Federal salaries. The cost of living has been reduced in the country generally in the neighborhood of 20 per cent; certainly Government employees ought to be willing to accept a 10 per cent cut. This proposition will make a savings of $112,500,000, whereas it is claimed that only $80,000,000 will be saved by the furlough plan. This furlough plan provides for a 5-day week. It means that an employee shall only work five days in the week and that some one else will be hired to fill in the rest of the week. I can not understand how there will be a saving to the Government by reason of this procedure, and no one can explain it successfully. The pay cut will not only be more economical and save the taxpayers more money but it will work to the great interest and benefit of the employees. Industries and railroads have cut their employees' salaries, and it is nothing more than right that Government employees should take a cut in their salaries.

This Congress has passed a tax bill to produce more than a billion dollars for the year ending June 30, 1933. Government employees should not complain at accepting a cut. I know that the Federal employees in my district are willing to accept a 10 per cent cut, and I know they will not be hurt as much by this cut as they would by the adoption of the furlough plan, which requires them to take a month's vacation without pay. Where these vacations are taken some one has to take their place and draw the same salary. In my opinion, the so-called furlough or staggering plan is just an easy way of putting this matter over until after the election and will amount to no saving and no economy for the Government. Both plans provide for the same cut in the Congressman's salaries. Considering the reduction in a Congressman's salary of $1,000, the increase he will have to pay on his income tax, the deductions for clerk hire, stationery, and mileage will mean that each Congressman is contributing in the neighborhood of $2,000 to this economy program, and none are complaining.

If we do not practice economy in the reduction of salaries, men are going to be sent to this Congress next fall who will make a radical reduction. The people of this Nation are justly demanding it, and it is poor policy to advocate that a pay cut should not be made simply because it would set a bad precedent. If we adopt a 5-day week plan—mark my prediction—with the organization back of the civil-service employees, they will come to future sessions of Congress and continue until they are successful in having enacted a law giving them their full pay for a 5-day week. It will mean more people on the pay roll and a greater expense instead of economy for the Government. The furlough plan is not practicable and not workable. It is just a question of deciding upon a certain plan of economy for an uncertain experiment.

Mr. McDUFFIE. Mr. Speaker, I yield two minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. WHITTINGTON. Mr. Speaker, the country is demanding economy in government. We have under consideration the conference report of the Economy Committee for the reduction of Federal salaries.

TWO PLANS

There are two methods. One is the reduction of 10 per cent of all salaries in excess of $1,000, known as the pay-cut plan, and the other method is the so-called furlough or staggering plan, advocated by President Hoover, which contemplates 12 months' work for 11 months' pay. The 10 per cent or pay-cut plan is definite and certain and would result in reductions in salaries aggregating $112,500,000. The furlough plan is indefinite and uncertain and is estimated to save in salaries $80,000,000.

It is said that the furlough plan provides for less work and less salary. It is advocated under the guise of promoting the 5-day week in industry. If the purpose is to do less work, there will not be much economy. Economy can only result by doing the same work for a smaller salary. The 5-day week really contemplates less compensation for fewer days. If industry is to pay the same compensation for five days' work that is being paid for six days' work, there will be no economy and there will be no opportunity for increasing the number of workers.

FURLOUGH INDEFINITE

Again it is said that the furlough plan will enable the Government to retain thousands of employees more than could be retained under the pay-cut plan.

It is urged that under the furlough plan 30,000 additional workers will be given employment. Where are the savings? Where are the ultimate reductions? Where does the taxpayer come in?

When the economy measure was being considered by the House on April 30, I stated that the real opportunity for economy in government was the reduction of the salaries of Federal employees. The statement stands. The Federal Budget is approximately $4,000,000,000. Federal salaries aggregate $1,341,670,730. We might as well face the facts. Economy in government means the reduction of salaries and it means the elimination of useless and unnecessary employees. One-third of the Budget is for salaries and one-fourth is for veterans.

Those who advocate the furlough plan are side-stepping the issue. The taxpayer is demanding economy. Where would be the benefit if one employee is retained at the same salary and then furloughed, to be replaced by a substitute at the same or similar salary? The President has been preaching economy. The furlough plan, as proposed by him, would enable the Chief Executive to expend the one-twelfth of all salaries in employing other Government clerks and officials. There would be no real economy. The argument for a 5-day week to support the furlough plan is deceptive and fallacious. There is a place for the 5-day week. It is not necessary, however, in order to foster the 5-day week, for the Government to pay for six days and only get five days' work.

The gentleman from New Jersey [Mr. LEHLBACH], frankly admitted that no State or municipality had adopted the furlough or staggering plan. He asserted that Congress will be setting the example to both States and municipalities, as well as to industry. But it will be a sorry example. Can it be that the 435 Members of the House and the 96 Members of the Senate are right, and that all of the States, municipalities, and industries of the country are wrong? Can it be that the wisdom of Congress surpasses the combined wisdom of the Nation? I suggest that we ought to follow wise examples rather than set unwise precedents. Congress should follow the examples of economy set by all States and municipalities, as well as by industry.

PAY CUT DEFINITE

I observe that the Members of Congress who opposed any salary reductions whatsoever are now supporting the staggering plan. I am, therefore, confirmed in the view that the reduction by the pay-cut plan is more economical. In other words, the definite and certain economy under the pay-cut plan would result in savings to the Government of at least $33,000,000 more than under the furlough plan. Those who opposed any salary reduction at all recognize this fact.

It is interesting that the opponents of salary reductions are now advocating the furlough plan. Evidently the taxpayers are being heard from. The issue should be met squarely. Taxpayers are asking for real reductions and not furloughs.

The furlough plan is indefinite in many particulars. It is difficult to determine whether it contemplates the payment of eleven-twelfths of the existing salaries by the month or whether the same salary shall be paid and work done for the last month without any salary. There is a stipulation in the bill, however, that provides for impounding the savings of salaries for one month. This provision should be safeguarded. There should be no provision for the employment of substitutes or additional employees out of this fund. Otherwise there will be no real economy.

REAL SAVINGS

The President of the United States urges economy. It is to be regretted that the administration is opposing the definite and certain economies, which all can understand, provided in the percentage reduction of all salaries and wages. The furlough plan is calculated to mislead. In pleading for the furlough plan the President has urged that opportunity will be given for taking on additional workers. In the next breath the President of the United States complains that Congress has not given him full authority to reorganize the executive departments of the Government, without any report to Congress. What does the reorganization of government mean? What does the elimination of waste mean? What is involved in governmental extravagance? Nothing more or less than the elimination and discharge of unnecessary employees. Reorganization without the elimination of unnecessary employees is worse than useless. It means no economy whatsoever. If the President side-steps the issue by substituting furlough for percentage reduction, he can very easily side-step the issue by reorganizing and combining with no resulting economy, for economy will come only and largely by the elimination of Federal employees. If our sympathy for those who are to lose employment is to get the better of our judgment there will never be any elimination of waste and duplication. It is noticeable that those who opposed the reduction of salaries of Government employees 60 days ago have reversed themselves. They see the fallacy of their former arguments. If high salaries with oppressive taxes will relieve the depression, it would follow that increased salaries with still higher taxes would cure the depression. Such an argument is absurd.

GOVERNMENT EMPLOYEES

The only people who have not been affected by world-wide economic conditions have been Government employees. Thus far their salaries have not been reduced. Ten million men and women are out of work to-day. Railroads are unable to earn their fixed charges. Stocks have declined from $200 to $10 in many cases. Invested capital is bringing smaller and smaller returns. Farm commodities are selling at new low prices. The Government employees who oppose salary reductions are selfish. If they oppose reductions during the depression, how can they be heard to advocate increases in prosperous times? All must bear their share of the public burdens.

The National Industrial Conference Board finds that during the past two years wages have been cut 14 per cent, subordinate salaries 16 per cent, and the salaries of executives over 20 per cent. The Government should follow the example of industry. When the economy bill was being previously considered in the House I urged a greater percentage of reduction in the higher salaries. I advocated graduated reductions. I maintained then, and I maintain now, that the higher salaries should be reduced, and I will gladly vote again for a 25 per cent reduction in salaries of $10,000 and more. There should be a greater percentage of reduction in the higher salaries than in the lower salaries. Under the pending bill the salaries of Members of Congress are reduced $1,000, office assistance one-twelfth, and mileage one-third.

It is fair to say, however, that the Classification Board of the Federal Government reports that Government employees receiving salaries of $2,000 and less are receiving larger compensation than is paid for comparable work in private enterprises.

I have voted for every economy measure thus far proposed. I shall continue to support all measures for retrenchment in Government. I prefer that Government employees take a reasonable reduction, as otherwise an outraged public will demand reduction not only in salaries but reduction in the number of employees. The wise policy is for all employees to accept gracefully and thankfully a reasonable reduction in their salaries. I have no patience with those who say that the morale of Government employees will be lowered by the reduction of their salaries. It is a reflection upon their loyalty and their patriotism. If they are not satisfied, others will gladly take their places and at greatly reduced salaries.

It has been said that "patriotism consists just as much in believing in one's country in a depression as in fighting for it in war." All should do their bit and play their part as good soldiers. There is no place for the selfish nor is there any place for the slacker.

On January 1, 1932, aside from the military and naval forces, there were 741,775 Federal employees, and of these 525,342 were permanent employees and 216,433 temporary employees. It becomes important, therefore, I repeat, if the

furlough plan is adopted, to impound the savings, if there is to be real economy, otherwise, every dollar taken from one employee will be given to another and no savings will result.

DEPRESSION

On March 21, 1932, Justice Brandeis, of the Supreme Court of the United States, in a notable opinion, among other things, said: "The people of the United States are now confronted with an emergency more serious than war." Many causes for the depression are assigned. Unbridled competition, labor-saving machinery, high and unduly excessive tariffs, unjustifiable inflation and wild speculation have been advanced as causes. All thinking men agree, however, that increased expenditures in government have had much to do with the depression. If these expenditures caused the crisis, their reduction will cure the depression.

The capitalistic system is on trial. There are those who advocate a choice between salvaging capitalism and embracing communism. The destiny of the United States, as well as the fate of democracy everywhere, is largely in the hands of Congress. The need of the hour is courageous statesmanship. To me the path of duty is plain. If citizens must economize, so must the Government. The steps are few but important. The expenses of government must be reduced; secondly, there should be no appropriations or new charges which are not necessary except for humanitarian purposes; and thirdly, taxes with as broad bases as possible should be levied to balance the Budget.

I therefore oppose the so-called relief bills providing for billions of dollars for public buildings in aid of unemployment. We now know that further borrowing by the Government means bankruptcy. The Government can no longer underwrite business. It is like administering oxygen and like blood transfusions. There is a saturation point in both appropriations and taxation. The Government can only spend as it collects. Governmental extravagance and overtaxation, like overdevelopment in industry, must be eliminated. We have had enough of palliatives and of artificial stimulants. We oppose a dole to the individual. We likewise oppose doles to industry and agriculture. They are temporary measures, but they will be burdensome to the taxpayers. They do not lead to the fundamental solution of our difficulties. There must be revival of trade and commerce. There must be the restoration of commodity prices. Confidence must be restored, faith must be instilled, and hoarding must stop. We should come more and more to realize that it is the duty of the citizen to support the Government and not the function of the Government to support the citizen.

Many causes contributed to the depression. There was extravagance in government and industry. There was mad speculation in the boom years. We sold our future in wheat, cotton, iron, and steel in advance. Sometimes we sold by wholesale and at other times in installments. Billions were loaned abroad by our bankers and foreign securities scattered throughout the Nation have shrunk in value. We know the way in. We are trying to find the way out. We now realize that it is not an easy way.

Government expenses must come down and duplication and overlapping must be eliminated. Bureaucracy, while firmly intrenched, must be reduced and controlled. It will take rare courage to do the job.

MOUNTING EXPENDITURES

Taxes—local, State, and national—took 6.4 per cent of the national income in 1913, and 14.4 per cent in 1930. Our income has decreased, and for the year 1932 the total tax burden will be approximately 20 per cent of the national income. The national income in our prosperous years amounted to about $70,000,000,000, and $14,000,000,000 of this amount was taken by the tax collector in 1929. This is twice the gross value of the farm production in 1929. The people are contributing directly or indirectly $33,000,000 a day for the support of local and State governments and $13,000,000 additional for the Federal Government. The Government takes the equivalent of one day's work a week for all of us in one form or another.

Whether we know it or not, we pay it just the same. Taxes have mounted silently but steadily. They have come upon us like a thief in the night. We did not mind so much in the fat years, but they are unbearable these lean years. At least 20 cents of every dollar earned on capital and labor goes to the expense of government, local, State, and National. Every man, woman, and child has to pay $100 a year to live in this free country. If not paid directly, it is paid indirectly in the increased cost of living.

It is fair to say, however, that the burden of taxes for the most part is local. The city taxes, county taxes, and State taxes are the taxes that are hurting and destroying. The taxes for schools and highways are burdensome. This is no excuse, however, for failing to reduce Federal taxes.

Statistics furnished by the Bureau of the Census show that State revenues increased from $458,232,597 in 1915 to $2,243,110,687 in 1930, while the expenditures increased from $494,907,084 to $2,290,270,069. There was a deficit, notwithstanding the tremendous increases in taxes of $1,290,270,059.

Counties have followed the same course. Revenues have been exceeded by expenditures. The revenues for 1912 were $370,043,046. The expenditures were $385,181,760. The gross debts were $395,207,409. In 10 years, the taxes collected amount to $745,000,000, and the gross debts were $1,386,430,000.

No factor contributed more to the economic distress that now prevails than the excess of current expenditures over current revenues in government. Deficits are largely responsible for the depression, hence the necessity for balancing all governmental budgets.

EXPENDITURES 1927 AND 1932

Members of Congress have received many letters from their constituents based upon statements that have been sent out by the Du Pont Co., of Delaware, the Standard Oil Co., Armour & Co., Marshall Field & Co., and other large institutions as to the increase in Federal expenditures from the year 1927 to the year 1932. The statement points out that there was expended by the major departments in 1927 $1,964,000,000, while the expenditures for 1932 amounted to $3,195,000,000. It was stated that there was an increase of $1,231,100,000. The statement unless explained and analyzed is startling. I do not undertake to justify Congress in the many expenditures that have been made. I believe that the Federal Budget should be reduced materially. It is fair to say that one-half of the Budget of approximately $4,000,000,000 is for fixed charges. The interest and sinking funds aggregate $1,000,000,000.

Veterans' relief takes another billion dollars. The ordinary expenditures are therefore approximately $2,000,000,000. Congress, during the present session, has already reduced the expenditures for 1933 by approximately $800,000,000. In his recommendations to Congress, the President asked for the expenditure of $369,000,000 less than the estimates for 1932. Congress has reduced the President's estimate by approximately $450,000,000. Apparently the President gets credit for economies while Congress really makes them. The apparent difference between the Budgets for 1927 and 1932 is easily explained. Practically all increases were due to emergency appropriations or are made in the interest of highways, agriculture, veterans, and public buildings. The postal deficit was approximately $167,000,000, the agricultural marketing fund was approximately $155,000,000, the merchant marine took $75,000,000, aircraft construction $47,000,000, veterans' expenses $246,000,000, and war claims $37,000,000, accounting for practically the differences referred to in the statement of $1,231,100,000.

In reality, there was an increase of only $69,000,000 from 1927 to 1932. It represented aid to agriculture, strengthening the activities of the Department of Justice, and providing facilities at the penal institutions, immigration and naturalization activities, and providing for the decennial census of 1930. The truth is that if we eliminate veterans' relief, public construction, and items having to do with creating labor for the unemployed, the proposed Budget for 1933 is

the lowest the Government of the United States has had since pre-war days.

In common with other Members of Congress, I welcome the interest of the citizen and taxpayer in governmental expenditures. I know that every American is ready to do his bit in paying necessary taxes, but he has the right to insist that these taxes be expended for the general welfare and not disbursed for the benefit of any particular class or group.

In the world-wide depression, it seems that everybody knows what ought to be done but nobody can do it. We have learned, however, that we have had enough credit. We now know that producers of cotton, corn, and wheat need prices and not credit. We know that labor needs work and not a dole. While we can not tax ourselves out of the depression, we know that there can be no return to stability and prosperity unless we pay as we go. The organized minorities have brought us to ruin in Government expenditures, but the unorganized majorities are now demanding that special favors be shown to none, that equal rights be given to all and that justice obtain in legislation.

While the depression is worse than war, the morale of the American people has always conquered. A spirit of defeatism is more dangerous now than it would have been in 1917. Panic and despair would precipitate indescribable disaster. Calm courage and triumphant confidence will win in the future as the combination of faith and work has always won in the past. The United States has never lost a war and will not lose this one. Economy is more desirable than taxation, and taxation is better than borrowing, but the reduction of the costs of government is the first step toward economic recovery. [Applause.]

Mr. McDUFFIE. Mr. Speaker——

Mr. GRIFFIN. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. GRIFFIN. It has been represented to me that if we vote for this pay-cut plan we are going to disturb the basis upon which retirement pay is determined.

Mr. McDUFFIE. I can not agree with the gentleman at all.

Mr. GRIFFIN. And that we will lessen the pay of Federal employees who are on the retired list.

Mr. McDUFFIE. That is true, if the retired pay amounts to more than $1,200; but it does not affect retired pay of enlisted men of the various services. Are you here to-day to fix a policy? On the other hand, are you here to-day to save something for the taxpayers of America? That is the question to be decided. The President of the United States has told the country that he will need $150,000,000 in addition to the savings in this bill. I would not be surprised if he needs $500,000,000 on the 1st day of July instead of $150,000,000. Here is an opportunity to come to the relief of the taxpayers and to save at least a part of the funds that the President of the United States says are absolutely necessary if we are to continue on an even keel financially in running the Government.

We live here in Washington in this keyed-up atmosphere and under pressure. We are surrounded by lobbyists of this minority and of that minority. These fine and splendid gentlemen and ladies are urging you to do this and do that, but do not be swept off of your feet, gentlemen, by them.

Go back in your minds to your homes. Think of those back home and the people who put up the money to pay these salaries. I appeal to you gentlemen on that side to join with us in a definite saving of at least $112,500,000. If this Congress does not take some affirmative action in making a reasonable cut in the salaries of those who are on the payroll of the Government let me warn you that the next Congress is coming here with a mandate and it will cut until it hurts. [Applause.] The people back home are going to speak to the next Congress in no uncertain terms. In behalf of the employees themselves, regardless of what Mr. Green says and regardless of what Mr. Steward says, I beg of you to save the employees from themselves and make a reasonable cut now, without serious hurt to anybody. It will place employees in better light before the country. In the light of the lower cost of living, the next Congress, representing the taxpayers will, I fear, cut salaries and in a way that will hurt the employees more than they can be hurt by this program. [Applause.]

In the next Congress you will see here the representatives of the taxpayers who will urge their cause before Congress. The great unorganized majority is going to organize; they will speak and in no uncertain terms. Let us not forget them to-day. Their eyes are upon us now and they will call us to give answer for what we do here.

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired. All time has expired.

Mr. McDUFFIE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Alabama to recede and concur in the Senate amendment with an amendment.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 127, nays 243, answered "present" 4, not voting 56, as follows:

[Roll No. 102]

YEAS—127

Allgood	Dies	Lambeth	Pou
Almon	Dominick	Lanham	Rankin
Arnold	Doxey	Lea	Rayburn
Ayres	Driver	Linthicum	Romjue
Bankhead	Elizey	Lozier	Sabath
Barton	Fishburne	McClintic, Okla.	Sanders, Tex.
Bland	French	McDuffie	Shallenberger
Blanton	Fulbright	McGugin	Simmons
Brand, Ohio	Fuller	McKeown	Sparks
Briggs	Fulmer	McLaughlin	Stafford
Browning	Garrett	McMillan	Steagall
Bulwinkle	Gilbert	McReynolds	Stevenson
Burch	Glover	McSwain	Stokes
Burtness	Green	Mansfield	Sumners, Tex.
Busby	Gregory	Miller	Swank
Byrns	Guyer	Milligan	Taber
Canfield	Hall, Miss.	Mitchell	Tarver
Cannon	Hall, N. Dak.	Mobley	Taylor, Colo.
Carden	Hare	Montague	Taylor, Tenn.
Cartwright	Hart	Montet	Thomason
Carey	Hill, Ala.	Moore, Ky.	Vinson, Ga.
Chapman	Hoch	Morehead	Vinson, Ky.
Clague	Holaday	Nelson, Mo.	Warren
Clark, N. C.	Hope	Norton, Nebr.	Weaver
Collier	Howard	Oliver, Ala.	West
Collins	Huddleston	Palmisano	Whittington
Cooper, Tenn.	Jeffers	Parker, Ga.	Williams, Mo.
Cox	Johnson, Okla.	Parks	Wingo
Cross	Johnson, Tex.	Parsons	Wood, Ind.
Crump	Jones	Patman	Woodrum
Davis	Kerr	Patterson	Wright
DeRouen	Kniffin	Polk	

NAYS—243

Adkins	Cole, Iowa	Garber	Karch
Allen	Cole, Md.	Gavagan	Kelly, Ill.
Amlie	Colton	Gibson	Kelly, Pa.
Andresen	Condon	Gilchrist	Kemp
Andrew, Mass.	Connery	Goldsborough	Kendall
Andrews, N. Y.	Connolly	Goodwin	Kennedy
Auf der Heide	Cooke	Goss	Ketcham
Bachmann	Cooper, Ohio	Granfield	Kinzer
Bacon	Coyle	Greenwood	Kleberg
Baldrige	Crail	Griffin	Knutson
Barbour	Crowe	Griswold	Kopp
Beam	Crowther	Hadley	Kunz
Black	Culkin	Haines	Kurtz
Bloom	Cullen	Hall, Ill.	Kvale
Boehne	Curry	Hancock, N. Y.	LaGuardia
Boileau	Dallinger	Hancock, N. C.	Lambertson
Bolton	Darrow	Hardy	Lamneck
Bowman	Davenport	Harlan	Lankford, Ga.
Britten	Delaney	Hartley	Lankford, Va.
Brumm	Dickstein	Haugen	Larrabee
Brunner	Dieterich	Hess	Larsen
Burdick	Douglass, Mass.	Hill, Wash.	Leavitt
Butler	Doutrich	Hogg, Ind.	Lehlbach
Cable	Dowell	Hollister	Lewis
Campbell, Iowa	Dyer	Holmes	Lichtenwalner
Campbell, Pa.	Eaton, Colo.	Hooper	Lindsay
Carley	Eaton, N. J.	Hopkins	Lonergan
Carter, Calif.	Englebright	Hornor	Loofbourow
Carter, Wyo.	Erk	Horr	Lovette
Cavicchia	Evans, Calif.	Houston, Del.	Luce
Celler	Evans, Mont.	Hull, Morton D.	Ludlow
Chase	Fernandez	Hull, William E.	McClintock, Ohio
Chinblom	Fiesinger	Jacobsen	McCormack
Chiperfield	Fish	James	McFadden
Christgau	Fitzpatrick	Jenkins	McLeod
Christopherson	Foss	Johnson, Mo.	Maas
Clancy	Frear	Johnson, Wash.	Magrady
Clarke, N. Y.	Free	Kading	Major
Cochran, Mo.	Gambrill	Kahn	Maloney

Manlove	Prall	Sinclair	Timberlake
Mapes	Pratt, Ruth	Smith, Idaho	Tinkham
Martin, Mass.	Purnell	Smith, Va.	Treadway
Martin, Oreg.	Ragon	Snow	Underhill
Mead	Ramseyer	Somers, N. Y.	Underwood
Michener	Ramspeck	Stalker	Wason
Millard	Ransley	Stewart	Watson
Moore, Ohio	Reed, N. Y.	Strong, Kans.	Weeks
Mouser	Reilly	Strong, Pa.	Welch
Nelson, Me.	Robinson	Stull	White
Nelson, Wis.	Rogers, Mass.	Sullivan, N. Y.	Whitley
Niedringhaus	Rudd	Summers, Wash.	Wigglesworth
Nolan	Sanders, N. Y.	Sutphin	Williamson
O'Connor	Sandlin	Swanson	Wilson
Oliver, N. Y.	Schafer	Sweeney	Withrow
Overton	Schneider	Swick	Wolcott
Parker, N. Y.	Schuetz	Swing	Wolfenden
Partridge	Seger	Temple	Wolverton
Perkins	Seiberling	Thatcher	Woodruff
Person	Selvig	Thurston	Wyant
Pettengill	Shannon	Tierney	Yates
Pittenger	Shott	Tilson	

ANSWERED "PRESENT"—4

Crisp	Doughton	Rich	Snell

NOT VOTING—56

Abernethy	Corning	Gillen	Pratt, Harcourt J.
Aldrich	Crosser	Golder	Rainey
Arentz	De Priest	Hastings	Reid, Ill.
Bacharach	Dickinson	Hawley	Rogers, N. H.
Beck	Disney	Hogg, W. Va.	Shreve
Beedy	Douglas, Ariz.	Igoe	Sirovich
Bohn	Drane	Johnson, Ill.	Smith, W. Va.
Boland	Drewry	Johnson, S. Dak.	Spence
Boylan	Estep	Keller	Sullivan, Pa.
Brand, Ga.	Finley	May	Tucker
Buchanan	Flannagan	Murphy	Turpin
Buckbee	Freeman	Norton, N. J.	Williams, Tex.
Chavez	Gasque	Owen	Wood, Ga.
Cochran, Pa.	Gifford	Peavey	Yon

So the motion to recede and concur in the Senate amendment with an amendment was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Douglas of Arizona (for) with Mrs. Norton (against).
Mr. Corning (for) with Mr. May (against).
Mr. Gasque (for) with Mr. Boylan (against).
Mr. Dickinson (for) with Mr. Beedy (against).
Mr. Rich (for) with Mrs. Estep (against).
Mr. Wood of Georgia (for) with Mr. Shreve (against).
Mr. Rainey (for) with Mr. Snell (against).
Mr. Crisp (for) with Mr. Bacharach (against).
Mr. Doughton (for) with Mr. Aldrich (against).
Mr. Tucker (for) with Mr. Boland (against).

Until further notice:

Mr. Hastings with Mr. Johnson of South Dakota.
Mr. Keller with Mr. Reid of Illinois.
Mr. Williams of Texas with Mr. Gifford.
Mr. Abernethy with Mr. Buckbee.
Mr. Drewry with Mr. Arentz.
Mr. Brand of Georgia with Mr. Beck.
Mr. Disney with Mr. Finley.
Mr. Smith of West Virginia with Mr. Hawley.
Mr. Rogers with Mr. Pratt.
Mr. Spence with Mr. Turpin.
Mr. Crosser with Mr. Murphy.
Mr. Buchanan with Mr. Cochran of Pennsylvania.
Mr. Flanagan with Mr. Hogg of West Virginia.
Mr. Drane with Mr. Golder.
Mr. Sirovich with Mr. Bohn.
Mr. Igoe wth Mr. De Priest.
Mr. Yon with Mr. Sullivan of Pennsylvania.
Mr. Gillen with Mr. Freeman.
Mr. Chavez with Mr. Peavey.

Mr. DIETERICH. Mr. Speaker, I wish to announce that my colleague the gentleman from Illinois, Mr. KELLER, is unavoidably absent. If present at this roll call, he would vote "no."

Mr. CONNERY. Mr. Speaker, my colleague the gentleman from New Hampshire, Mr. ROGERS, is unavoidably absent on account of the illness of his wife. If he were here, he would vote "no."

Mr. CULLEN. Mr. Speaker, my colleagues, Mr. BOYLAN and Mr. SIROVICH, both of whom are ill, are unable to be here. If present, they would vote "no."

Mr. CRISP. Mr. Speaker, may I ask if the gentleman from New Jersey, Mr. BACHARACH, is recorded?

The SPEAKER pro tempore. The gentleman from New Jersey did not vote.

Mr. CRISP. Mr. Speaker, I had a pair with the gentleman. I therefore ask to withdraw my vote of "yea," and to be recorded as present.

Mr. TEMPLE. Mr. Speaker, my colleague the gentleman from Pennsylvania, Mr. COCHRAN, is unavoidably absent. I am requested to say that if he were here he would vote "no."

Mr. SNELL. Mr. Speaker, I have a pair with the gentleman from Illinois, Mr. RAINEY. If he had been present, I understand he would have voted "aye." I therefore withdraw my vote of "no," and answer "present."

Mr. RICH. Mr. Speaker, I wish to inquire if the gentleman from Pennsylvania, Mr. ESTEP, has voted.

The SPEAKER pro tempore. The gentleman is not recorded.

Mr. RICH. I have a pair with the gentleman from Pennsylvania, and if he were present, I understand he would vote "no." I therefore request that I be recorded as present.

Mr. DOUGHTON. Mr. Speaker, I have a general pair with the gentleman from Rhode Island, Mr. ALDRICH. Had he been present, he would have voted "no." I inadvertently voted "aye." I therefore withdraw my vote and let the pair stand.

The result of the vote was announced as above recorded.

Mr. McDUFFIE. Mr. Speaker, I move that the House recede and concur in the Senate amendment with the following amendment:

The Clerk read as follows:

Mr. McDUFFIE moves that the House recede from its disagreement to the amendment (Senate amendment No. 46) and concur in the same with an amendment as follows:

TITLE I.—FURLOUGH OF FEDERAL EMPLOYEES

FURLOUGH PROVISIONS

SEC. 101. During the fiscal year ending June 30, 1933—

(a) The days of work of a per diem officer or employee receiving compensation at a rate which is equivalent to more than $1,000 per annum shall not exceed five in any one week, and the compensation for five days shall be ten-elevenths of that payable for a week's work of five and one-half days: *Provided*, That nothing herein contained shall be construed as modifying the method of fixing the daily rate of compensation of per diem officers or employees as now authorized by law: *Provided further*, That where the nature of the duties of a per diem officer or employee render it advisable, the provisions of subsection (b) may be applied in lieu of the provisions of this subsection.

(b) Each officer or employee receiving compensation on an annual basis at the rate of more than $1,000 per annum shall be furloughed without compensation for one calendar month, or for such periods as shall in the aggregate be equivalent to one calendar month, for which latter purpose 24 working days (counting Saturday as one-half day) shall be considered as the equivalent of one calendar month: *Provided*, That where the nature of the duties of any such officer or employee render it advisable, the provisions of subsection (a) may be applied in lieu of the provisions of this subsection: *Provided further*, That no officer or employee shall, without his consent, be furloughed under this subsection for more than five days in any one calendar month: *Provided further*, That the rate of compensation of any employee furloughed under the provisions of this act shall not be reduced by reason of the action of any wage board during the fiscal year 1933.

(c) If the application of the provisions of subsections (a) and (b) to any officer or employee would reduce his rate of compensation to less than $1,000 per annum, such provisions shall be applied to him only to the extent necessary to reduce his rate of compensation to $1,000 per annum.

SEC. 102. No officer or employee shall be exempted from the provisions of subsections (a) and (b) of section 101, except in those cases where the public service requires that the position be continuously filled and a suitable substitute can not be provided, and then only when authorized or approved in writing by the President of the United States. The Director of the Bureau of the Budget shall report to Congress on the first Monday in December in 1932 and 1933 the exemptions made under this section, divided according to salary, grade, and class.

SEC. 103. All rights now conferred or authorized to be conferred by law upon any officer or employee to receive annual leave of absence with pay are hereby suspended during the fiscal year ending June 30, 1933.

DEFINITIONS

SEC. 104. When used in this title—

(a) The terms "officer" and "employee" mean any person rendering services in or under any branch or service of the United States Government or the government of the District of Columbia, but do not include (1) officers whose compensation may not, under the Constitution, be diminished during their continuance in office; (2) Senators, Representatives in Congress, Delegates, and Resident Commissioners; (3) officers and employees on the rolls of the Senate and House of Representatives; (4) carriers in the rural mail delivery service; (5) officers and members of the police department of the District of Columbia, of the fire department of the District of Columbia, of the United States park police in the District of Columbia, and of the White House police; (6) teachers in the

public schools of the District of Columbia; (7) public officials and employees whose compensation is derived from assessments on banks and/or is not paid from the Federal Treasury; (8) the enlisted personnel of the Army, Navy, Coast Guard, and Marine Corps; (9) postmasters and postal employees of post offices of the first, second, and third classes whose salary or allowances are based on gross postal receipts, and postmasters of the fourth class; (10) any person in respect of any office, position, or employment the amount of compensation of which is expressly fixed by international agreement; and (11) any person in respect of any office, position, or employment the compensation of which is paid under the terms of any contract in effect on the date of the enactment of this act, if such compensation may not lawfully be reduced.

(b) The term "compensation" means any salary, pay, wage, allowance (except allowances for subsistence, quarters, heat, light, and travel), or other emolument paid for services rendered in any civilian or noncivilian office, position, or employment; and includes the retired pay of judges and the retired pay of all commissioned and other personnel of the Coast and Geodetic Survey, the Lighthouse Service, and the Public Health Service and the retired pay of all commissioned and other personnel (except enlisted) of the Army, Navy, Marine Corps, and Coast Guard; but does not include the active or retired pay of the enlisted personnel of the Army, Navy, Marine Corps, or Coast Guard; and does not include payments out of any retirement, disability, or relief fund made up wholly or in part of contributions of employees.

(c) In the case of any office, position, or employment the compensation for which is calculated on a piece-work, hourly, or per diem basis the rate of compensation per annum shall be held to be the total amount which would be payable for the regular working hours and on the basis of 307 working days, or the number of working days on the basis of which such compensation is calculated, whichever is the greater.

COMPENSATION REDUCTIONS

SEC. 105. During the fiscal year ending June 30, 1933—

(a) The salaries of the Vice President and the Speaker of the House of Representatives are reduced by 15 per cent, and the salaries of Senators, Representatives in Congress, Delegates, and Resident Commissioners are reduced by 10 per cent.

(b) The allowance for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners is reduced by 8⅓ per cent, such reduced allowance to be apportioned by the Representative, Delegate, or Resident Commissioner among his clerks as he may determine, subject to the limitations of existing law, but the compensation of such clerks shall not be subject to reduction under subsection (c) of this section.

(c) The rate of compensation of any person on the rolls of the Senate or of the House of Representatives (other than persons included within subsection (a)), if such compensation is at a rate of more than $1,000 per annum, is reduced by 8⅓ per cent, except that, if the rate of compensation is $10,000 or more, such rate shall be reduced by 10 per cent.

(d) In the case of the following persons the rate of compensation is reduced as follows: If more than $1,000 per annum but less than $10,000 per annum, 8⅓ per cent; if $10,000 per annum or more, but less than $12,000 per annum, 10 per cent; if $12,000 per annum or more, but less than $15,000 per annum, 12 per cent; if $15,000 per annum or more, but less than $20,000 per annum, 15 per cent; if $20,000 per annum or more, 20 per cent:

(1) Persons exempted, under section 102, from the provisions of subsections (a) and (b) of section 101;

(2) Carriers in the rural mail delivery service, but in the case of such carriers the term "compensation" shall not include the allowance for equipment maintenance;

(3) Officers and members of the police department of the District of Columbia, of the fire department of the District of Columbia, of the United States park police in the District of Columbia, and of the White House police;

(4) Teachers in the public schools of the District of Columbia;

(5) Postmasters and postal employees of post offices of the first, second, and third classes whose salaries or allowances are based on gross postal receipts, and postmasters of the fourth class;

(6) Officers and employees (as defined in section 104 (a)) occupying positions the nature of the duties and periods of work of which make it impracticable to apply the provisions of subsections (a) and (b) of section 101; and

(7) Officers and employees (as defined in section 104 (a)), not otherwise provided for in this section, to whom the provisions of subsections (a) and (b) of section 101 do not apply.

(e) Subsections (c) and (d) of this section shall not operate (1) so as to reduce any rate or compensation to less than $1,000 per annum, or (2) so as to reduce the rate of compensation of any of the postmasters or postal employees provided for in paragraph (5) of subsection (d) of this section to a rate which is less than 91⅔ per cent of his average rate of compensation during the calendar year 1931.

RETIRED PAY

SEC. 106. During the fiscal year ending June 30, 1933, the retired pay of all judges (except judges whose compensation may not, under the Constitution, be diminished during their continuance in office) and the retired pay of all commissioned and other personnel (except enlisted) of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, Lighthouse Service, and the Public Health Service shall be reduced as follows: If more than $1,000 per annum but less than $10,000 per annum, 8⅓ per cent; if $10,000 per annum or more, but less than $12,000 per annum, 10 per cent; if $12,000 per annum or more, but less than $15,000 per annum, 12 per cent; if $15,000 per annum or more, but less than $20,000 per annum, 15 per cent; if $20,000 per annum or more, 20 per cent. This section shall not operate so as to reduce any rate of retired pay to less than $1,000 per annum.

SPECIAL SALARY REDUCTIONS

SEC. 107. (a) During the fiscal year ending June 30, 1933—

(1) The salary of each of the members of the International Joint Commission, United States section, shall be at the rate of $5,000 per annum;

(2) The salaries of the following officers shall be at the rate of $10,000 per annum: Commissioners of the United States Shipping Board, members of the Federal Farm Board (except the Secretary of Agriculture), members of the Board of Mediation, commissioners of the Interstate Commerce Commission, commissioners of the United States Tariff Commission, the American commissioner of the General Claims Commission (United States and Mexico), and the umpire and American commissioner of the Mixed Claims Commission, United States and Germany);

(3) No officer or employee of any of the boards or commissions enumerated in paragraph (1) or (2) shall (except as provided in paragraph (4)) receive salary at a rate in excess of $10,000 per annum;

(4) No officer or employee of the United States Shipping Board, the United States Shipping Board Merchant Fleet Corporation, or the Reconstruction Finance Corporation shall receive a salary at a rate in excess of $10,000 per annum, except that in the case of any position the salary of which at the date of the enactment of this act is at a rate in excess of $12,500 per annum such salary may be at a rate not in excess of $12,500 per annum; and

(5) The salaries and retired pay of all judges (except judges whose compensation may not, under the Constitution, be diminished during their continuance in office), if such salaries or retired pay are at a rate exceeding $10,000 per annum, shall be at the rate of $10,000 per annum.

(b) The furlough provisions and the compensation reductions contained in other sections of this title shall not apply to any office, position, or employment the salary or retired pay of which is reduced or fixed under the provisions of subsection (a) of this section.

GOVERNMENT CORPORATIONS

SEC. 108. In the case of a corporation the majority of the stock of which is owned by the United States, the holders of the stock on behalf of the United States, or such persons as represent the interest of the United States in such corporation, shall take such action as may be necessary to apply the provisions of sections 101, 102, 103, 105, and 107 to offices, positions, and employments under such corporation and to officers and employees thereof, with proper allowance for any reduction in compensation since December 31, 1931.

REMITTANCES FROM CONSTITUTIONAL OFFICERS

SEC. 109. In any case in which the application of the provisions of this title to any person would result in a diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person, and cover into the Treasury as miscellaneous receipts, remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

APPROPRIATIONS IMPOUNDED

SEC. 110. The appropriations or portions of appropriations unexpended by reason of the operation of this title shall not be used for any purpose, but shall be impounded and returned to the Treasury.

LIMITATION ON JURISDICTION OF COURTS

SEC. 111. No court of the United States shall have jurisdiction of any suit against the United States or (unless brought by the United States) against any officer, agency, or instrumentality of the United States arising out of the application of any provision of this title, unless such suit involves the Constitution of the United States.

RURAL CARRIERS' EQUIPMENT ALLOWANCE

SEC. 112. During the fiscal year ending June 30, 1933, payments for equipment maintenance to carriers in the rural mail delivery service shall be seven-eighths of the amount now provided by law.

Mr. McDUFFIE. Mr. Speaker——

Mr. LAGUARDIA. Mr. Speaker, will the gentleman yield for a parliamentary inquiry?

Mr. McDUFFIE. Yes.

Mr. LAGUARDIA. Mr. Speaker, will there be an opportunity to offer an amendment to the present motion? Would the Speaker recognize a Member for that purpose?

The SPEAKER pro tempore. The gentleman from Alabama is in control of the measure.

Mr. McDUFFIE. Mr. Speaker, I think the gentleman will agree with me that if we start amending this proposal we will be here a week or perhaps two weeks or three weeks. This is the furlough plan that the gentleman has suggested or, rather, it is a policy which the gentleman has indorsed.

Mr. LAGUARDIA. The House amendment had a limitation of $2,500, the Senate had a limitation of $1,200, and the gentleman brings it down to $1,000.

Mr. McDUFFIE. Yes.

Mr. LAGUARDIA. That is the point to which I want to offer an amendment, if the gentleman will yield for that purpose.

Mr. McDUFFIE. I do not want the gentleman to feel that I am arbitrary in the matter.

Mr. LAGUARDIA. The gentleman is entirely within his rights.

Mr. McDUFFIE. If we bring it up to $1,200, why not carry it on to $1,500, or $2,000, or $2,500?

Mr. LAGUARDIA. I would favor bringing it up to $2,100.

Mr. McDUFFIE. The gentleman can see that we would never stop the amendments.

Mr. Speaker, I yield five minutes to the gentleman from Iowa [Mr. RAMSEYER].

Mr. RAMSEYER. Mr. Speaker, this amendment which has just been offered by the gentleman from Alabama is the furlough plan, almost identical with the plan I originally offered on the floor of the House when the economy bill was before you.

The gentleman from Alabama, and the other conferees on the part of the House, Saturday worked out two amendments; one was the one that you have just voted down, and the other is the furlough amendment that is now before us for consideration.

The gentleman from Alabama has carried out his word to the letter, and nobody expected him to do otherwise; he has retained control of the time on conference report and offered the pay-cut amendment, and then, after that was lost, he has offered this furlough-plan amendment.

There is a provision in here that I have been asked to explain, and that is the treatment of the rural letter carriers. As it was in the original plan, the pay of the rural carriers was reduced by reducing the equipment allowance. That reduction on an average standard route was about a month's pay. But we discovered afterwards that as the mileage increased it reduced them out of all proportion to the reduction in pay of other Government employees. So in this amendment the rural carrier is reduced in his compensation just 8⅓ per cent and on his equipment allowance he is reduced one-eighth. I suggested 8⅓ per cent reduction on both compensation and equipment allowance, but the House conferees think that the reduction as carried in the amendment is fair.

Mr. DYER. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. DYER. In the House provision it carried an exemption of $1,200, and in this you reduce it to $1,000.

Mr. RAMSEYER. Yes; that is a change in the plan as originally offered, but really there is not much difference.

Mr. DYER. How much is the Government going to gain by reducing the exemption from $1,200 to $1,000?

Mr. RAMSEYER. About $2,500,000.

Mr. KELLY of Pennsylvania. In the proposed amendment in reference to postmasters, supervisors and employees, it states that they shall not be reduced below 91⅔. What does that mean?

Mr. RAMSEYER. It means that they can not reduce them again, if they have been reduced to 91⅔ of the 1931 compensation.

Mr. DYER. What would be the total saving under this plan?

Mr. RAMSEYER. Between $90,000,000 and $100,000,000. I hope the House will speedily adopt this furlough-plan amendment.

Mr. SUMNERS of Texas. Mr. Speaker, I would like to ask the gentleman from Alabama to explain the difference between the amendment that he has offered and that adopted by the Senate.

Mr. McDUFFIE. Mr. Speaker, if the House will bear with me, I will be glad to do so. Under the Senate provision for the furlough, or staggering plan, as some call it, employees, excepting those determined to be indispensable in the service of the Government, are to be furloughed for one month without pay.

Under the provisions of the furlough plan as presented and changed by this amendment every man, even though he be held indispensable in the service must contribute from his salary just as those who are furloughed for a month without pay. [Applause.]

In other words, in the last analysis, this is a pay cut disguised as a furlough. The only difference between the two is that my plan proposed 10 per cent on all salaries above $1,200, and this plan takes 8⅓ per cent of the salaries above $1,000. When the salary amounts to $10,000, the salary of a Member of Congress, the cut is 10 per cent, rather than 8⅓ per cent.

The furlough plan as originally presented to this House and as passed by the Senate took from the rural mail carriers five-eighths of their equipment allowance. As the amendment is changed and now presented to you, the rural carriers give up only one-eighth of their allowance plus 8⅓ per cent of their base pay. It prevents such gross discrimination as that of the Senate bill and saves them on an average about $45 per annum more than the Senate bill. It results in approximately 9 per cent cut in their total compensation. As this amendment now reads it means they sacrifice two-thirds of 1 per cent more than the other employees.

The clerk hire of Members of the House is reduced under this amendment 8⅓ per cent. The mileage was taken care of in the conference report already adopted cutting it 25 per cent. When the salary amounts to $12,000, and there is no furlough, that man gives up 12 per cent. When it gets to $15,000 he gives up 15 per cent, and when it gets to $20,000, he gives up 20 per cent. I say "gives up." I mean that much is deducted from his annual salary. That is the difference, in short, between the two plans. The amount saved under this plan, as best I could figure it—I am not an actuary by any means—is approximately $100,000,000, whereas the amount saved under the other pay-cut plan would be $112,500,000, under the $1,200 exemption and 10 per cent applied on all salaries above that. Provided, of course, that no substitutes are hired; the more substitutes hired the less the savings. That is the trouble about the furlough.

Mr. BURTNESS. Mr. Speaker, will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. BURTNESS. In order to answer a question in respect to a reduction from $1,200 to $1,000 of the exemption the gentleman's first proposal excepted all those receiving not more than $1,200. This proposal exempts only those receiving up to $1,000. I am sorry the gentleman has changed that figure.

Mr. McDUFFIE. I regret very much that the gentleman does not agree with those of us who believe that is fair. In the first place, this is an 8⅓ per cent cut rather than a 10 per cent cut, and because of that it occurred to us that since we are lowering the percentage of cut, we might well lower the exemption.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Alabama to recede and concur with an amendment.

Mr. SNELL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 326, nays 45, answered present 1, not voting 58, as follows:

[Roll No. 103]

YEAS—326

Adkins	Bachmann	Bolton	Busby
Allen	Bacon	Bowman	Butler
Allgood	Baldrige	Brand, Ohio	Byrns
Almon	Bankhead	Briggs	Cable
Amlie	Barbour	Browning	Campbell, Iowa
Andresen	Barton	Brumm	Campbell, Pa.
Andrew, Mass.	Bland	Bulwinkle	Canfield
Andrews, N. Y.	Blanton	Burch	Cannon
Arnold	Boehne	Burdick	Carden
Ayres	Boileau	Burtness	Carter, Calif.

Carter, Wyo.	Goodwin	Luce	Sandlin
Cartwright	Goss	Ludlow	Schafer
Cary	Green	McClintic, Okla.	Schneider
Cavicchia	Greenwood	McClintock, Ohio	Seger
Chapman	Gregory	McDuffie	Seiberling
Chase	Griswold	McFadden	Selvig
Chavez	Guyer	McGugin	Shallenberger
Chindblom	Hadley	McKeown	Shannon
Chiperfield	Haines	McLaughlin	Shott
Christgau	Hall, Ill.	McLeod	Simmons
Christopherson	Hall, Miss.	McMillan	Sinclair
Clague	Hall, N. Dak.	McReynolds	Smith, Idaho
Clancy	Hancock, N. Y.	McSwain	Smith, Va.
Clark, N. C.	Hancock, N. C.	Maas	Snow
Clarke, N. Y.	Hardy	Magrady	Sparks
Cochran, Mo.	Hare	Major	Stafford
Cole, Iowa	Hartley	Maloney	Stalker
Cole, Md.	Haugen	Manlove	Steagall
Collier	Hess	Mansfield	Stevenson
Collins	Hill, Ala.	Mapes	Stokes
Colton	Hill, Wash.	Martin, Mass.	Strong, Kans.
Connolly	Hoch	Martin, Oreg.	Strong, Pa.
Cooke	Hogg, Ind.	Mead	Stull
Cooper, Ohio	Holaday	Michener	Summers, Wash.
Cooper, Tenn.	Hollister	Millard	Sumners, Tex.
Cox	Holmes	Miller	Sutphin
Crail	Hooper	Milligan	Swank
Crisp	Hope	Mitchell	Swanson
Cross	Hopkins	Mobley	Swick
Crowe	Hornor	Montague	Taber
Crowther	Houston, Del.	Montet	Tarver
Crump	Howard	Moore, Ky.	Taylor, Colo.
Culkin	Huddleston	Moore, Ohio	Taylor, Tenn.
Dallinger	Hull, Morton D.	Morehead	Temple
Darrow	Hull, William E.	Mouser	Thatcher
Davenport	James	Nelson, Me.	Thomason
Davis	Jeffers	Nelson, Mo.	Thurston
DeRouen	Jenkins	Nelson, Wis.	Tierney
Dies	Johnson, Mo.	Niedringhaus	Tilson
Disney	Johnson, Okla.	Nolan	Timberlake
Dominick	Johnson, Tex.	Norton, Nebr.	Tinkham
Doughton	Jones	Oliver, Ala.	Treadway
Dowell	Kading	Overton	Underhill
Doxey	Kahn	Palmisano	Underwood
Driver	Kelly, Pa.	Parker, Ga.	Vinson, Ga.
Dyer	Kemp	Parker, N. Y.	Vinson, Ky.
Eaton, Colo.	Kendall	Parks	Warren
Eaton, N. J.	Kerr	Parsons	Wason
Ellzey	Ketcham	Partridge	Watson
Englebright	Kinzer	Patman	Weaver
Erk	Kleberg	Patterson	Weeks
Evans, Calif.	Kniffin	Perkins	Welch
Evans, Mont.	Knutson	Pettengill	West
Fernandez	Kopp	Pittenger	White
Fiesinger	Kurtz	Polk	Whitley
Fish	Lambertson	Pou	Whittington
Fishburne	Lambeth	Pratt, Ruth	Wigglesworth
Foss	Lamneck	Purnell	Williams, Mo.
Frear	Lanham	Ramseyer	Williamson
Free	Lankford, Ga.	Ramspeck	Wilson
French	Lankford, Va.	Rankin	Wingo
Fulbright	Larrabee	Ransley	Withrow
Fuller	Larsen	Rayburn	Wolcott
Fulmer	Lea	Reed, N. Y.	Wolfenden
Gambrill	Leavitt	Reilly	Wolverton
Garber	Lehlbach	Rich	Wood, Ind.
Garrett	Lewis	Robinson	Woodruff
Gibson	Lichtenwalner	Rogers, Mass.	Woodrum
Gilbert	Linthicum	Romjue	Wyant
Gilchrist	Loofbourow	Sabath	Yates
Glover	Lovette	Sanders, N. Y.	
Goldsborough	Lozier	Sanders, Tex.	

NAYS—45

Auf der Heide	Curry	Johnson, Wash.	Prall
Beam	Delaney	Karch	Ragon
Black	Dickstein	Kelly, Ill.	Rudd
Bloom	Dieterich	Kennedy	Schuetz
Britten	Douglass, Mass.	Kunz	Somers, N. Y.
Brunner	Fitzpatrick	Kvale	Stewart
Carley	Gavagan	LaGuardia	Sullivan, N. Y.
Celler	Granfield	Lindsay	Sweeney
Condon	Griffin	Lonergan	Swing
Connery	Harlan	McCormack	
Coyle	Horr	O'Connor	
Cullen	Jacobsen	Oliver, N. Y.	

ANSWERED "PRESENT"—1

Snell

NOT VOTING—58

Abernethy	De Priest	Hastings	Reid, Ill.
Aldrich	Dickinson	Hawley	Rogers, N. H.
Arentz	Douglas, Ariz.	Hogg, W. Va.	Shreve
Bacharach	Doutrich	Igoe	Sirovich
Beck	Drane	Johnson, Ill.	Smith, W. Va.
Beedy	Drewry	Johnson, S. Dak.	Spence
Bohn	Estep	Keller	Sullivan, Pa.
Boland	Finley	May	Tucker
Boylan	Flannagan	Murphy	Turpin
Brand, Ga.	Freeman	Norton, N. J.	Williams, Tex.
Buchanan	Gasque	Owen	Wood, Ga.
Buckbee	Gifford	Peavey	Wright
Cochran, Pa.	Gillen	Person	Yon
Corning	Golder	Pratt, Harcourt J.	
Crosser	Hart	Rainey	

So the motion to recede and concur with an amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Douglas of Arizona (for) with Mrs. Norton (against).
Mr. Shreve (for) with Mr. Boylan (against).
Mr. Arentz (for) with Mr. Gasque (against).
Mr. Beedy (for) with Mr. Sirovich (against).
Mr. Hart (for) with Mr. Boland (against).
Mr. Buckbee (for) with Mr. Rogers (against).

General pairs:

Mr. Rainey with Mr. Snell.
Mr. Hastings with Mr. Johnson of South Dakota.
Mr. Keller with Mr. Reid of Illinois.
Mr. Williams of Texas with Mr. Gifford.
Mr. Brand of Georgia with Mr. Beck.
Mr. Smith of West Virginia with Mr. Hawley.
Mr. Spence with Mr. Turpin.
Mr. Crosser with Mr. Murphy.
Mr. Buchanan with Mr. Cochran of Pennsylvania.
Mr. Flanagan with Mr. Hogg of West Virginia.
Mr. Drane with Mr. Golder.
Mr. Igoe with Mr. De Priest.
Mr. Yon with Mr. Sullivan of Pennsylvania.
Mr. Corning with Mr. Bacharach.
Mr. Drewry with Mr. Aldrich.
Mr. Tucker with Mr. Doutrich.
Mr. May with Mr. Bohn.
Mr. Wood of Georgia with Mr. Estep.
Mr. Dickinson with Mr. Pratt.
Mr. Abernethy with Mr. Finley.
Mr. Wright with Mr. Person.
Mrs. Owen with Mr. Freeman.
Mr. Gillen with Mr. Peavey.

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleagues the gentleman from Massachusetts, Mr. GIFFORD, and the gentleman from Rhode Island, Mr. ALDRICH, are unable to be present. If present, they would vote "aye."

Mr. SNELL. Mr. Speaker, I have a general pair with the gentleman from Illinois, Mr. RAINEY, and I withdraw my vote and answer "present."

Mr. CHIPERFIELD. Mr. Speaker, my colleague, Mr. BUCKBEE, is necessarily absent. Were he present, he would vote "aye."

Mr. SWICK. Mr. Speaker, my colleagues the gentleman from Pennsylvania, Mr. COCHRAN, and the gentleman from Pennsylvania, Mr. ESTEP, are unavoidably detained. If present, they would vote "aye."

Mr. CULLEN. Mr. Speaker, my colleagues the gentleman from New York, Mr. BOYLAN, and the gentleman from New York, Mr. SIROVICH, are both at home in New York, ill. If present, they would vote "no."

Mr. CONNERY. Mr. Speaker, my colleague the gentleman from New Hampshire, Mr. ROGERS, is unavoidably absent, due to the illness of his wife. If present, he would vote "no."

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the motion was agreed to was laid on the table.

EXTENSION OF REMARKS—LEGISLATION APPROPRIATION BILL

Mr. RAMSEYER. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days within which to extend their remarks on the conference report just adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I am opposed to any salary cut affecting the incomes of the thousands of loyal men and women who work for our Government in humble capacities and receive meager pay which we see fit to give them for their services. I have before me a chart prepared from official sources which shows that out of the 732,460 men and women who receive pay or compensation from the Federal Government 124,618 or approximately one-fifth of the entire total employed by our Government receive less than $1,000. It is proposed not to cut the salaries of those whose pay is $1,000 or less.

I am wholly in accord with that, but it does not require a great deal of imagination to see that these employees whose salaries are as low as $1,000 per year can not possibly be subject to any cut in salary, because if their salaries were

to be cut you may as well close all Government offices and make Government employment disappear from the face of the earth.

But do not deceive yourselves into thinking that by exempting from proposed salary cuts the lowest paid employees of the Government you will have done your duty by them. Do not forget that in addition to cutting the pay of Government employees you have seen fit to recommend to Congress that hereafter no promotions should be had in the Government service unless the President should, in a special case, order such promotions. In other words you are holding out the prospect to the 124,618 employees of the Government that no matter what happens and no matter how valuable they should become in the future, and no matter how much their needs require by way of additional compensation or salary they should not receive it. One thousand dollars is hereby established as a dead line of their earnings in the future. Is this to be our new standard of Government pay?

I am particularly afraid that this policy if brought into effect would result in "emulation" by our States and cities, and just as the Federal Government is now establishing a standard of pay at $1,000 per year our cities and States will very soon fall in line and do the same with their employees.

If the ultimate object of our present economic legislation was to restore confidence in our Government and reestablish prosperity, then we shall surely miss our aim if, instead of bringing happiness and well-being into the homes of thousands of Americans, we shall create a condition of gloom, fear, and depression.

After all, these 124,618 persons receiving a salary of $1,000 or less and the others composing the balance of the 732,460 Government employees affected by this proposed legislation are not producers but consumers of goods. Any money received by them is not invested in public or private securities but is spent for the necessities of life, and only to the extent to which these low-paid employees have the money to spend on necessities of life can the wheels of our industry turn and keep on producing.

If we stop this source from which this great purchasing power of our Nation comes and if by our own action we prevent these thousands of employees from spending for the necessities of their lives, we will be thereby diminishing the recuperative powers of the Nation and prevent great industries from turning out goods to satisfy the wants and needs of these thousands. Every cent withdrawn from circulation in this manner will simply mean that by that we shall retard and not advance a resumption of normal business and national prosperity.

We shall find a condition wherein ultimately the price of goods will keep on falling, and there will not be enough to purchase goods even at the lowered or falling prices.

Let us not deliberately bring about a ruin of our whole economic structure by this unscientific attempt to curtail our national expenditures. I have seen figures which claim that by doing what Congress sees fit to do we shall be able to cut down our national expenditures by $300,000,000 a year. While I doubt very much whether these figures are correct, and in fact I am inclined to believe they are not, yet I can not conceive the necessity of lopping off this comparatively small sum of money from our National Budget of $4,000,000,000 and thereby curtail the possibility of economic recovery of this country.

I believe our economic recovery can be advanced only if the well-being of thousands is looked after and if there will be no diminution in the purchasing power of the masses.

Seven hundred and thirty-two thousand four hundred and sixty persons receiving their pay from the Federal Government are a large mass of people who can easily affect the economic life of the country, and if we add to that amount the many thousands of proposed millions employed by the cities, counties, and States whose salaries may likewise eventually be cut, if they follow the example set by our Government, there surely is nothing but disaster staring us in the face in the future.

Some years ago, when the prosperity of the farmer was threatened by a drop in the price of the commodities raised or sold by him, it was our aim and ambition to accord relief to him, and Congress did not hesitate a minute to pass appropriate legislation to enable the farmer to get back on his feet economically in a manner in which Congress then saw the light. However, at the present time the tendency seems to be the other way.

We care nothing for the little fellow; let him shift for himself; if he is economically unable to care for himself, let him go under. Such, at least, seems to be the policy of the Economy Committee.

I do not believe that by any stretch of imagination can such a position be justified. I believe our duty to the country is to restore as speedily as possible confidence in our Government and in our economic well-being; by not doing anything to affect the progress of our business life, by letting the economic situation take care of itself, by permitting trade and business to readjust itself, and particularly by not curtailing the purchasing power of the masses we will be able to put an end speedily to the intolerable business conditions as they affect our Nation, will bring happiness to the many and prosperity to the country.

Mr. HORR. Mr. Speaker, this bill, H. R. 11267, under consideration to-day, which provides that no person holding a civil office or a position, appointive or elective, under the United States Government or the municipal government of the District of Columbia or any corporation the majority of stock of which is owned by the Government, shall be entitled to retired pay from the United States under the emergency officers' act, meets with my approval.

If I should be critical of this section and should make any suggestions, I would amend the section to read that no person who receives retired pay and a Government salary that total $2,000 a year would be entitled to draw retired pay for his disability.

However, since the conferees of the House and Senate have agreed upon $3,000 as the maximum amount, I am willing to abide by their findings.

Several months ago I spoke to members of the Economy Committee of the House and called attention to the fact that, in my opinion, no Member of Congress or anyone in the employ of the Government should draw both retired pay and the salary of that office. This might be permissible in better times, but even then I doubt as to whether or not two salaries should ever be paid out of the moneys of the United States Treasury to one person.

I realize, as has been said in the House, that this retirement pay is to compensate for a disability, and I also realize that some are not entitled to receive it at all. However, there are many officers who are entitled to it, and I believe it is for the good of those who are really entitled to it and who are incapacitated for work and carrying on that a law should be passed compelling those receiving retired pay to elect as to whether or not they should receive retirement pay or their Government salaries.

Personally I received compensation and retirement pay a great many years before I became a Congressman, and I have always felt since I have been elected, as is evidenced by my appearance before the committee, that retired pay and salaries should not be paid at the same time.

Several Members of Congress who have also been receiving compensation and retired pay feel as I do, and we welcome this opportunity of going on record as being against payment of salaries and retired pay to Members of Congress and those employed in Government positions.

I am happy, indeed, to support this section of the economy bill. I am of the opinion, however, that provision should be made in case of disabled men who are in civilian and Government employ that after they cease this employment they may again take advantage of compensation or retired pay, providing their physical condition at that time shows them to be entitled to it.

This bill makes ample provision along these lines. I am sure that no one who is able to earn $3,000 a year should object to having his retired pay taken away, as there are many, many people in the United States who are getting along with a great deal less.

As I have said, if I had my way, I would make the amount $2,000 instead of $3,000.

I compliment the committee upon having brought out this saving, and I only regret that the bill was not brought out for vote before this time. I also desire to thank the committee for having listened to some of my suggestions along these lines in reporting this bill that will not permit retired pay to those holding civil and elective office. I shall of course vote for and support the bill.

Mr. GRISWOLD. Mr. Speaker, I want to call the attention of the Members of the House to a grave injustice that is being worked by the economy bill whether we place in effect the furlough plan or the straight wage-reduction plan. If we are to have a wage reduction, it should affect all alike. I am sorry that this bill is brought out under a rule that will not permit of amendment. I regret that so long a time has elapsed that this bill must be disposed of in a hurry. I think that if we had been given the proper information as to the condition of the Treasury in the first place, and had been given correct figures by the Secretary of the Treasury, that many of the injustices in this bill could have been eliminated.

I sympathize with the committee. I know that it was hard on them to be in a position where they had to accept Mr. Mellon's and Mr. Mills's figures as approved by the President and build a plan thereon, only to be called in by the President each time they had perfected a plan and told that the figures given had been in error and that they must change their whole plan of economy to fit a new set of figures. Such negligence on the part of the Secretary of the Treasury, when he has a vast army of experts at his command, seems to me most inexcusable.

Whether we adopt the straight percentage-cut plan or the furlough plan recommended by the President, in the final analysis it means a cut in wages. To call the plan a furlough plan does not change the result. That result is a reduction in purchasing power of the employee. That result is a further depletion of the money in circulation. And the result is that it falls heaviest on those least able to stand the reduction. On the man with an income from between $1,000 and $2,500 per year. I am sure that there is not a Member here who would insist that a man in that class is drawing too much money, that he is likely to become a menace to the country because of the wealth that he may amass. Yet he is the great burden bearer of this cut.

VETERANS' BUREAU EMPLOYEES

This bill is particularly unjust to the employees in United States Veterans' Bureau hospitals and in national military homes. I have such a hospital in my district. The employees there are faithful Government servants. The vast majority of them come within the lower income brackets. Many of them are married men with families and receive less than $1,400 per year. Some of them receive as low as $120 per month. Some receive lower than that. They are under the civil service. Under the civil service act they are supposed to work only eight hours per day. The intent of the act was that a civil-service employee was to work 8 hours and then have 16 hours for his own. This is not the fact in many of these hospitals and military homes if the information that I have is correct. Many of these employees are required to sleep at the institution. They are required to eat there. The orderlies or attendants are housed in dormitories. They do not have private rooms. Many are required to sleep in one room. Yet for this bed space they are required to pay the Government.

It is a violation of the intent of the civil service act to require these men and women to sleep on the premises. It is a violation of the spirit of the civil service act, because it means that the Veterans' Bureau exercises authority over them more than eight hours a day. They are not free from duty 16 hours a day as contemplated by the act, and they do not receive extra compensation for this extra time they are required to spend on the premises. Far from it. They are actually charged by the Government for that extra time. The Government uses these employees as a means of making a profit. They are required to pay to the institution $35 per month for room and board. For room and board, the equal of which, they can get in the city of Marion, Ind., for $20 to $25 per month.

These employees pay the Government at the rate of 83⅓ cents a day for board. They eat the same food as the patients. I have been informed that in the same hospital the patients are fed at a cost of 35 cents per day. Is this just to these employees?

Many of them have families that they are supporting. If allowed to remain at home with their families this $35 per month would go far toward maintaining that family. After deductions are made by the Government for board and the deduction is made for the civil-service retirement and pension fund with other authorized deductions, many of these employees have only $70 a month left to pay rent and buy food and clothing for their children and dependents. We need economy in government. But it is not fair or just on the part of the administration to argue that wages of Government employees should be reduced because the cost of living has been reduced and at the same time not reduce the amount that it is charging these employees for the cost of living that the Government supplies. A year ago we gave a moratorium of $250,000,000 to citizens of foreign countries. We are finding the answer to that gift now when to help make up that two hundred and fifty million we cut one hundred million off the family budgets of our own citizens. I opposed the moratorium, because I foresaw this result.

GOVERNMENT COMPETITION

In a way, and to the extent that the Government rooms and boards these employees, it is entering into competition with the owner of rental property and the business men of the district. Every dollar that the Government deducts from the salary of these employees means just that many dollars less for circulation among the business men in the communities where these institutions are located. I am opposed to the Government entering into competition with its citizens that it taxes for the benefit of government.

EFFECT ON DOCTORS AND OFFICIALS

This bill is also unjust to those employees for whom the Government provides private living quarters. The doctors and officials of these institutions. The cost of these homes located on the institution grounds were figured in on the basic salary. Now we cut the salary. But we do not cut the prices that were figured in on the basic pay for those living quarters. If the salary of the officer was based on $3,500, and he is compelled to accept living quarters in the institution when available, and the charge for such living quarters is $500 per year, he has left $3,000 per year due him from the Government. By this bill you would cut that $3,000 eight and one-third per cent. If you do so, it is only fair that you should give him the benefit of an 8⅓ per cent cut in the living quarters. The cost of his living quarters should be cut, too, and the benefit of that cut added on to his salary.

As before stated I regret that this conference report is not subject to amendment under the rules. I shall vote for the furlough plan as the least objectionable of the two plans. I wish that we might amend the bill so as to prevent this injustice. Since we can not, it is my intention to introduce a resolution, the intent of which is to remove the mandate requiring these employees to live and eat in the institution and to make such residence within the institution optional with the employee.

A law, whether it be an economy measure or any other legislation, should operate on all citizens alike. There should be no discrimination and under the conference agreement as given to the House this legislation does not place the employees of the Veterans' Bureau in hospitals on an equal basis with other employees.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate disagrees to the amendments of the House to the concurrent resolution (S. Con. Res. 29) authorizing the printing and distribution of copies of the Federal laws relating to the veterans of various wars, requests a conference with the House on the dis-

agreeing votes of the two Houses thereon, and appoints Mr. SHIPSTEAD, Mr. MOSES, and Mr. FLETCHER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3847) entitled "An act to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings."

FEDERAL AID IN CONSTRUCTION OF RURAL POST ROADS

Mr. ALMON. Mr. Speaker, I move to suspend the rules and pass the bill (S. 36) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes, with certain amendments.

The Clerk read the bill, as amended, as follows:

Be it enacted, etc., That for the purpose of carrying out the provisions of the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, and all acts amendatory thereof and supplementary thereto, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the following additional sums, to be expended according to the provisions of such act as amended: The sum of $100,000,000 for the fiscal year ending June 30, 1934; the sum of $100,000,000 for the fiscal year ending June 30, 1935: *Provided*, That in apportioning the foregoing sums among the several States and the Territory of Hawaii for said fiscal years deductions shall be made as reimbursement to the United States of the $80,000,000 emergency advance funds apportioned to such States and the Territory of Hawaii and used in road work, such deductions to be made at the rate of $16,000,000 each fiscal year, in accordance with the item "Federal-aid highway system" of the act approved December 20, 1930 (46 Stat. 1031).

SEC. 2. That for the purpose of carrying out the provisions of section 23 of the Federal highway act, approved November 9, 1921, there is hereby authorized to be appropriated for forest roads and trails, out of any money in the Treasury not otherwise appropriated, the following additional sums, to be available until expended in accordance with the provisions of said section 23: The sum of $7,500,000 for the fiscal year ending June 30, 1934; the sum of $7,500,000 for the fiscal year ending June 30, 1935.

SEC. 3. That for the purpose of carrying out the provisions of section 3 of the Federal highway act as amended June 24, 1930 (46 Stat. 805), there is hereby authorized to be appropriated for the survey, construction, reconstruction, and maintenance of roads through unappropriated or unreserved public lands, nontaxable Indian lands or other Federal reservations other than the forest reservations, the sum of $2,000,000 for the fiscal year ending June 30, 1933, the sum of $2,000,000 for the fiscal year ending June 30, 1934, the sum of $2,000,000 for the fiscal year ending June 30, 1935, available until expended.

SEC. 4. That for the purpose of carrying out the provisions of the act of April 9, 1924 (43 Stat. 90), entitled "An act authorizing the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and monuments under the jurisdiction of the Department of the Interior," as amended by the act of January 31, 1931 (46 Stat. 1053), and the act of March 4, 1931 (46 Stat. 1553), there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the following additional sums, to be available until expended in accordance with the provisions of said acts: The sum of $5,000,000 for the fiscal year ending June 30, 1934; the sum of $5,000,000 for the fiscal year ending June 30, 1935; of which sums $1,000,000 may be allocated each year, in the discretion of the Secretary of the Interior, for the construction, reconstruction, and improvement of approach roads to national parks and national monuments, inclusive of necessary bridges: *Provided*, That in lieu of the total cash appropriations herein authorized the Secretary of the Interior may approve projects, incur obligations, and enter into contracts for additional work each fiscal year not exceeding the difference between the amount of the unobligated appropriation for the particular fiscal year and the amount herein authorized for said fiscal year and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof, and appropriations hereafter made for the construction of roads in national parks and national monuments shall be considered available for the purpose of discharging the obligation so created.

SEC. 5. In every case in which, in the judgment of the Secretary of Agriculture and the highway department of the State in question, it shall be practicable to plant and maintain shade trees along the highways authorized by the act of November 9, 1921, and by this act, the planting of such trees shall be included in the specifications provided in section 8 of said act of November 9, 1921, and the Federal highway act of November 9, 1921, is amended accordingly.

SEC. 6. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921 (42 Stat. 212, U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance herewith."

SEC. 7. All acts or parts of acts in any way inconsistent with the provisions of this act are hereby repealed, and this act shall take effect on its passage.

Mr. STAFFORD and Mr. BRAND of Ohio rose.

Mr. STAFFORD. Mr. Speaker, I demand a second.

Mr. ALMON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

Mr. COLTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. COLTON. The gentleman from Ohio [Mr. BRAND], a member of the committee, was on his feet seeking recognition to demand a second.

The SPEAKER pro tempore. Under such circumstances the gentleman from Ohio [Mr. BRAND] is entitled to demand a second.

Mr. STAFFORD. Mr. Speaker, a point of order. I wish to inquire whether the gentleman from Ohio is opposed to the bill.

The SPEAKER pro tempore. Is the gentleman from Ohio opposed to the bill?

Mr. BRAND of Ohio. I am opposed to the Senate bill.

The SPEAKER pro tempore. The gentleman qualifies and says he is opposed to the Senate bill, which is being considered.

The gentleman from Alabama asks unanimous consent that a second be considered as ordered.

Is there objection?

There was no objection.

Mr. ALMON. Mr. Speaker, this is the same character of bill that has been enacted at the long session of Congress every two years since 1916, when we commenced national aid to roads. The Senate bill now being considered, with amendments by the Committee on Roads——

Mr. STAFFORD. Will the gentleman yield for me to propound a parliamentary inquiry?

Mr. ALMON. I yield.

Mr. STAFFORD. Mr. Speaker, the gentleman from Ohio [Mr. BRAND] stated he was opposed to the Senate bill. The Senate bill is not being considered. The bill being considered is the Senate bill with certain amendments. I would like to inquire whether the gentleman from Ohio can qualify in stating he is opposed to the Senate bill?

The SPEAKER pro tempore. Answering the inquiry of the gentleman, the gentleman from Ohio qualified by saying he was opposed to the Senate bill.

Mr. STAFFORD. The Senate bill is not under consideration.

The SPEAKER pro tempore. The gentleman from Alabama [Mr. ALMON] moved to suspend the rules and pass the Senate bill.

Mr. STAFFORD. Oh, no, Mr. Speaker. The bill that has been read is the Senate bill with certain House amendments. That is what is pending for consideration.

The SPEAKER pro tempore. The Chair is not in disagreement with the gentleman on the facts, but the gentleman from Ohio did qualify by saying he was a member of the committee and that he was opposed to the Senate bill which has been reported.

Mr. STAFFORD. No, Mr. Speaker; with all respect, I wish to assert he did not qualify. I would like——

The SPEAKER pro tempore. The Chair is of the opinion that the gentleman from Ohio is qualified.

The gentleman from Alabama will proceed.

Mr. ALMON. I will state that this comes with a unanimous report from the Committee on Roads. It reduces the authorization in the Senate bill by $34,000,000.

The Senate bill authorized $125,000,000 a year for each of the fiscal years 1934 and 1935. We reduced that to $100,000,000, with the proviso that $16,000,000 in each of those years should be deducted or subtracted on account of the emergency highway bill that was passed by the last Congress which was expended last year. So that the bill reported by the Committee on Roads provides for only $84,000,000 as national aid to roads for the fiscal year 1934 and the fiscal year 1935.

Mr. MICHENER. Will the gentleman yield?

Mr. ALMON. I yield.

Mr. MICHENER. This bill authorizes an appropriation for 1934. We have just been trying to balance the Budget for 1933. What is the necessity of authorizing an additional appropriation for the building of roads throughout the country at this time until we have some idea as to what our income and our revenue for 1934 will be? [Applause.]

Mr. ALMON. I shall be very glad to answer that question. The national aid for highways law provides and requires the Secretary of Agriculture to report on or before the 1st day of January the allocations that are to be made for the two subsequent years. This has been done every two years since 1916. That is necessary in order that the States may be prepared to meet those allocations.

I have telegrams and requests from the State highway commissions of practically all the States urging that this be done at this time. This is a reduction, and I do not think anybody should object to it.

Mr. MAPES. Will the gentleman yield?

Mr. ALMON. I yield.

Mr. MAPES. Is it not true that Congress is being criticized now because the appropriations for the current year are not materially reduced? They were made nearly 18 months ago, and few, if any, could foresee then the economic conditions as they exist to-day. No one can tell now what the economic condition of the country will be one year or two years from now, and is it not a great mistake for us to authorize an appropriation of $100,000,000 or more for 1934 until we know what the economic condition then will be? [Applause.]

Mr. ALMON. I yield to the gentleman from Utah.

Mr. COLTON. May I say to the gentleman from Michigan that the Budget estimates for 1934 are made up before Congress convenes again, and unless this authorization is passed the budget for road work can not be included.

Mr. MAPES. That is all the more reason, let me say to the gentleman, why we ought not to be building up a lot of expense here now when none of us know whether conditions are going to be any better then than they are now.

Mr. COLTON. Does the gentleman believe we might as well stop all road building?

Mr. MAPES. I do, until we are able to pay for it.

Mr. PARSONS. Will the gentleman yield?

Mr. ALMON. I yield.

Mr. PARSONS. I may say to the gentleman in reply to his question that the authorization for the appropriation does not make it necessary or mandatory that the money be appropriated. If conditions are such at the next session of Congress that Congress does not want to make them, the appropriations do not have to be made.

Mr. MAPES. But the gentleman knows we are making an authorization and that the State highway departments will plan upon the money if we pass this bill, and the pressure brought to bear upon Congress to make the appropriation will be almost irresistible when the time comes. [Applause.]

Mr. ALMON. Now, Mr. Speaker, let us not get excited about this. It is a very plain, simple duty we have to perform. I have got the Bureau of Public Roads to furnish me a statement showing the amount that will be allocated to the various States. You will find it at the end of the report. It is as follows:

Apportionment of $84,000,000 under Federal highway act

Alabama	$1,785,037
Arizona	1,233,845
Arkansas	1,464,002
California	3,268,798
Colorado	1,578,697
Connecticut	545,526
Delaware	420,000
Florida	1,140,443
Georgia	2,184,134
Idaho	1,055,940
Illinois	3,554,071
Indiana	2,142,187
Iowa	2,221,445
Kansas	2,293,433
Kentucky	1,581,754
Louisiana	1,218,137
Maine	749,420
Maryland	710,707
Massachusetts	1,198,941
Michigan	2,648,225
Minnesota	2,361,492
Mississippi	1,512,440
Missouri	2,632,710
Montana	1,767,576
Nebraska	1,790,378
Nevada	1,104,617
New Hampshire	420,000
New Jersey	1,161,385
New Mexico	1,373,638
New York	4,240,575
North Carolina	2,023,142
North Dakota	1,358,227
Ohio	3,150,748
Oklahoma	2,025,170
Oregon	1,397,290
Pennsylvania	3,682,736
Rhode Island	420,000
South Carolina	1,166,545
South Dakota	1,401,453
Tennessee	1,826,830
Texas	5,367,617
Utah	971,033
Vermont	420,000
Virginia	1,580,738
Washington	1,333,939
West Virginia	921,704
Wisconsin	2,094,707
Wyoming	1,078,568
Hawaii	420,000

The above statement was prepared by the Bureau of Public Roads at the request of the committee.

Mr. MICHENER. Will the gentleman yield?

Mr. ALMON. No; I want to make my statement first.

We have heard a great deal about carrying out the recommendations of the Budget Bureau. The report here shows that the Bureau of the Budget, the Department of Agriculture, and the Department of the Interior have indorsed these amounts.

Mr. MICHENER. Will the gentleman yield right there?

Mr. ALMON. Yes.

Mr. MICHENER. The gentleman has suggested a list showing what the States will get. The point I am about to make is that we have got too much of this "pork-barrel" stuff.

Mr. ALMON. Will the gentleman ask his question?

Mr. MICHENER. And it is not a question of what the States are going to get, but a question of how much is coming out of the Federal Treasury.

Mr. ALMON. There is nothing unusual about this. We have been doing it every two years since 1916. We have cut down the amounts fixed in Senate bill 36, which passed the Senate on June 8, 1932, $34,000,000 on account of the financial condition of the Treasury and in accordance with the recommendations of the Bureau of the Budget, the Secretary of Agriculture, and the Secretary of the Interior. Now, that ought to satisfy you.

It is necessary that these allocations be made and authorized in order that the States may make their plans to meet them, and as has been said by the gentleman from Illinois, if the next Congress does not see fit to appropriate the amounts they do not have to.

Mr. MOUSER. Suppose the Senate passes the $132,000,000 Federal aid bill that we passed. Would not that have some effect upon this bill?

Mr. ALMON. No. That bill authorizes an emergency appropriation to give employment to many who are unemployed and must be spent on or before July 1, 1933. It has no connection with this. This is for the fiscal years 1934 and 1935.

Mr. MOUSER. What happens to the $132,000,000?

Mr. ALMON. If that bill passes the Senate, as I have said, it will be expended on or before July 1, 1933.

Mr. MOUSER. In addition to what has already been appropriated?

Mr. ALMON. Yes; and the same thing was done by the last Congress when the $80,000,000 emergency appropriation was made. There are many more unemployed now than then.

The emergency bill of $132,000,000 the gentleman is talking about was to be used prior to the 1st of July, 1933, to give employment to the unemployed. It is considered that there is a greater percentage of every dollar expended in highway construction which goes into labor than that expended for any other purpose—at least 85 or 90 per cent.

Mr. MOUSER. If the Senate adopts that bill, we will be expending for Federal aid to the States $132,000,000 more than we commonly would expend.

Mr. ALMON. We would then be spending $125,000,000 less than we spent last year.

Mr. LAGUARDIA. What I am concerned about is this: In the House bill which was passed in the hope of providing employment we had a provision against convict labor. Where is that provision in this bill that the gentleman is calling up under suspension of the rules?

Mr. ALMON. That is provided for in another bill.

Mr. LAGUARDIA. But not in this bill.

Mr. ALMON. That could be provided for when the money is appropriated.

Mr. BLANTON. Will the gentleman yield?

Mr. ALMON. Yes.

Mr. BLANTON. I want to ask my friend, the distinguished gentleman from Alabama, if he believes the House in its present mood and environment can sanely legislate? Certainly it can not, and I think we ought to adjourn. At least it would be wise to withdraw the bill and not vote upon it under a suspension of the rules.

Mr. ALMON. I think this will be settled in a few minutes. Nobody is going to oppose this bill unless it is someone who is opposed to national aid to roads.

Mr. Speaker, I reserve the balance of my time.

Mr. BRAND of Ohio. Mr. Speaker, the question before the House is to decide whether or not it wants to go ahead with the regular road program which we have followed for at least the last 10 years. We began in about 1922 by authorizing two years ahead about $75,000,000 a year. We went ahead with that until 1930 and then we changed the amount to $125,000,000 a year, and the Senate has passed a bill for that amount for 1934 and 1935. Our road committee after a whole week's consideration of this question every day decided that we should not authorize more than $100,000,000 for the road program. The main reason we found for changing from $125,000,000 to $100,000,000 was that you can build just as many miles of road with $100,000,000 a year now as you could two years ago with $125,000,000. The cost of building roads and the cost of the materials has materially declined, and we, therefore, reported out a bill unanimously for $100,000,000 in place of the Senate bill for $125,000,000.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. COCHRAN of Missouri. If the gentleman's committee would have waited, say, six months or nine months, it might have discovered that the same amount of work could be done for $80,000,000. [Applause.]

Mr. BRAND of Ohio. Here is another point. We have agreed to take off $16,000,000 that the States used last year so that there is only $84,000,000 in this program left.

Why should we pass this now? That is the point I want to get at. The legislatures will be meeting next winter. Some of them meet only once in two years. They could take up their program of matching this national Federal aid at that time, and they ought to know, and they always have known, what they could depend upon from the National Government when they meet.

Mr. MAPES. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. MAPES. The point has been made that this is only an authorization and that Congress can determine a year or two years from now as to whether or not it will actually make the appropriation. Is not the gentleman making a conclusive argument that Congress must make the appropriation when the time comes, because after all these States have matched our authorization they will demand that our authorization or promise be carried out.

Mr. BRAND of Ohio. I will say this, that we are not under absolute obligations to appropriate this $100,000,000 if conditions are against us at that time. If conditions are against us at that time, we can appropriate less.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. CHIPERFIELD. Under the arrangement by which we have advanced money to the States and made deductions we would not know how much ought to be deducted from the various States, and that would seriously interfere with the road program.

Mr. BRAND of Ohio. We have only obligated ourselves to take off $16,000,000 a year. If it were more, then that would be our responsibility.

Mr. ALMON. When the $80,000,000 was appropriated it provided an additional deduction for the next year, so it was not necessary to put that in the bill, because the law requires that to be deducted.

Mr. CHIPERFIELD. The point I make is, How would the legislatures know what they could depend upon if that program goes through?

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. COCHRAN of Missouri. In regard to the argument of the gentleman that this is simply a notification to the States, is not the action of the House to-day practically a mandate upon the State legislatures to appropriate money to meet the Federal aid?

Mr. BRAND of Ohio. No; I would not say it is mandatory upon the States, but it gives them some idea that we are going ahead with the program under the same method we have followed for the last 10 years.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. LAGUARDIA. The gentleman knows I have always been friendly to our Federal-aid system. When the House passed the bill providing $132,000,000 we wrote in the bill a limitation prohibiting the use of convict labor. We wrote the same limitation in the appropriation bill and here comes a Senate bill which it is proposed to pass under suspenson of the rules, where we can not offer an amendment. Unless we can get the convict-labor provision in the bill I am going to vote against it and the bill will be lost because you will need a two-thirds vote. I do not think that is treating us quite right.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. CHINDBLOM. As I recall it, we passed the $132,500,000 authorization bill for work to be done in 1933. Is that correct?

Mr. BRAND of Ohio. It has failed to become law.

Mr. CHINDBLOM. We have also passed the regular appropriation of $125,000,000 for the fiscal years 1932 and 1933, under the act approved April 4, 1930, as I recall it.

Mr. BRAND of Ohio. That is correct. However, the amount was not $125,000,000.

Mr. CHINDBLOM. How much was it?

Mr. BRAND of Ohio. One hundred million dollars.

Mr. CHINDBLOM. In the Garner bill, in section 321, we authorized an appropriation of $150,000,000, to be immediately available, for expenditure in emergency construction on the Federal highway systems, to be performed before

June 30, 1933. That makes $132,500,000 plus $100,000,000 plus $150,000,000 that have been passed during this session by the House, and now you are proposing to add $100,000,000 for each of the years 1934 and 1935. Will there be any end to this construction program?

Mr. BRAND of Ohio. I am not yielding for a speech. The gentleman has asked his question, and I will say to the gentleman that the only thing this bill does is to provide an authorization for the appropriation of $100,000,000; and the other bills he mentions have not become law, and the only thing we are to consider is whether we are to continue the regular program year after year.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. OLIVER of Alabama. Irrespective of what one's attitude may be as to the wisdom of building roads in the future, this should be said in justification of the action of the committee:

Evidently they were prompted to report this bill since they recognized that in order that the President and the Bureau of the Budget might have an opportunity to at least consider whether they would submit recommendations to Congress when it meets in December they had to have this authorization. The appropriation bill for the year 1934 must be taken up and acted on in the months of December, January, and February, since this Congress will adjourn on March 4, next.

Mr. BRAND of Ohio. Yes.

Mr. OLIVER of Alabama. And this authorization was necessary in order to put the matter in shape so that Congress and the President could give it consideration. It carries no appropriation.

Mr. BRAND of Ohio. Yes.

I may say, in conclusion, we carefully investigated the wishes of the administration, so far as we could, and we did think we were doing exactly what the other end of the Avenue wanted done.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. WHITTINGTON. Is it not true that this authorization has the approval of the Secretary of Agriculture and the Bureau of the Budget?

Mr. BRAND of Ohio. It has; yes.

Mr. WHITTINGTON. And it is necessary to pass this authorization if the Congress is to make any appropriation whatsoever at the next session so the matter can be submitted by the Bureau of the Budget.

Mr. BRAND of Ohio. That is what the committee concluded.

Mr. WHITTINGTON. And this is the usual authorization?

Mr. BRAND of Ohio. Yes.

Mr. MICHENER. When was this approved by the Secretary of Agriculture? I notice the date here is January 26, 1932. Conditions have vastly changed since last January. We found this to be true in attempting to balance the Budget.

Mr. WHITTINGTON. But the Secretary of Agriculture has not changed and he has not changed that report.

Mr. STAFFORD. How does the gentleman know that? The Secretary was not asked about it.

Mr. BRAND of Ohio. I may say that we had this matter up with the Secretary of Agriculture about three weeks ago when we passed the bill out of committee.

Mr. Speaker, I yield to the gentleman from New York [Mr. TABER] two minutes.

Mr. TABER. Mr. Speaker, it seems to me it is about time that the House of Representatives really went on record for economy. [Applause.]

We have come to the point in our Government where we have to cut the pay of the Federal employees $100,000,000 a year.

We have now got to stop authorizing large expenditures if we are going to stop large appropriations. [Applause.] This is the only possible way to do it. We can not say, "You can have all this money," and then turn around in a year and say, "No." We have got to put our foot down now. We must not go further with Federal-aid programs until the country is in a position to go ahead with them and pay the bill. [Applause.]

We have about "busted" every State in the Union by extravagant highway programs and there will not be any bottom left in any treasury of any State in the Union or in the Federal Treasury if we go on with such things as this.

The only thing for us to do and the only way we can meet our responsibility to the taxpayers back home is by beating this bill, and beating it by a majority vote. [Applause.]

Mr. ALMON. Mr. Speaker, I yield five minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Speaker, it is easy to mislead the general public by the kind of speech which my learned friend the gentleman from New York [Mr. TABER] has just made. There are many people who fail to distinguish between an authorization and an appropriation, because they are unacquainted with the rules under which the House acts in matters of this kind.

It so happens that the House is on record at this session in saying, and I think it will say the same thing in December, if conditions are unchanged, that we will not approve any appropriation for which a Budget estimate has not been submitted. The House has adhered to that policy. You have given no initial approval to any activity for which the President has not first submitted a Budget estimate.

Now, what has happened? This committee was not without justification in doing the orderly thing of providing an authorization for 1934 so that the Budget officer and the President might consider whether they desired to submit to the short session a Budget estimate for a road-building program in the fiscal year 1934.

It does not mean that this Congress is extravagant, when, pursuing the orderly way of legislation, you grant an authorization to give the President the opportunity of considering what he desires to submit in connection with a road program to the December session, which by operation of law ends on March 4 next.

Now, let me say that, before this Congress adjourns, whether you adjourn this week or next, this House, as well as the Senate, is going to give serious consideration to some form of aid or relief to the unemployed. I do not know what you will approve, but you will find, in view of the information now available, that if you are to avoid the dole system you must find employment for those now idle, yet willing and able to work. [Applause.]

Mr. ALMON. Mr. Speaker, it seems that it was not generally known that this bill would be brought up to-day, and in order to give you an opportunity to read the report. I intend to ask unanimous consent to withdraw my motion. I am firmly of the opinion that the Members of the House of Representatives are almost unanimously in favor of a continuation of Federal aid to roads, a system that was begun in 1916 and has proved universally popular. If this is brought up again later, I hope you will have read the report, and will vote for the bill. [Applause.]

Now, I ask unanimous consent to withdraw the motion.

The SPEAKER pro tempore. The gentleman from Alabama asks unanimous consent to withdraw the motion to suspend the rules and pass the bill. Is there objection?

Mr. MOUSER. Reserving the right to object, I do not want to step on anybody's toes, but I think this House to-day, when we have reduced salaries of Government employees—the Members of the House are in a better frame of mind to remember from one hour to the next what they have done in the way of economy, in being asked to authorize the expenditure of a hundred million dollars for roads. However, in view of the situation, I will not object.

The SPEAKER pro tempore. Is there objection? The Chair hears none.

CREATING A COMMISSION TO HOLD HEARINGS AND DRAFT SUITABLE BILLS FOR THE PROPER HANDLING OF PRIVATE CLAIMS AGAINST THE GOVERNMENT

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to call up House Joint Resolution 412, and pending this I wish to state to the Members of the House that this is a resolution calling for the appointment of a commission, composed of four Senators and four Representatives, to call witnesses and take testimony upon the adjournment of Congress and prepare a bill or bills to be submitted to the Congress in December designating some agency to handle private claims.

We passed a resolution exactly the same as this last year by unanimous consent, but it was not brought up for consideration in the Senate.

I have two amendments the purpose of which is to limit the expense to $5,000. It is my judgment that if we should designate an agency like the Comptroller General's office to settle private claims in an amount not to exceed $1,000 and to make recommendations to Congress on those above $1,000 in amount, that these claims will be speedily settled, save approximately $20,000,000, and at the same time save Members of Congress a great deal of time which is now spent in the consideration of trivial claims bills. No parliamentary body but ours wastes times with small-claims bills.

Mr. COCHRAN of Missouri. May I ask the gentleman is this called up by unanimous consent?

Mr. COLLINS. It is.

Mr. COCHRAN of Missouri. I object.

ORDER OF BUSINESS

Mr. WARREN. Mr. Speaker, I would like to present a unanimous-consent request. On account of the fact that we have consumed so much time to-day in debate on the conference report the Consent Calendar has, of course, been displaced. I have been requested to ask unanimous consent that to-morrow, immediately after the consideration of the Sabath resolution, that it will be in order to call the Consent Calendar.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, I hope the gentleman will postpone that request until the majority leader makes it to-morrow. I object.

Mr. WARREN. Mr. Speaker, will the gentleman withhold his objection?

Mr. O'CONNOR. Yes.

Mr. WARREN. In order that I may state to the gentleman that I am doing this at the request of the leadership of the House.

The SPEAKER pro tempore. Is there objection?

Mr. O'CONNOR. Mr. Speaker, I object.

Mr. WARREN. Then, Mr. Speaker, I am instructed by the majority leadership to present this unanimous-consent request, that to-morrow afternoon the House shall stand in recess until 8 o'clock p. m. at which time bills unobjected to on the Private Calendar shall be considered, beginning where we left off, and that the House shall adjourn at 10.30 o'clock p. m.

Mr. O'CONNOR. Mr. Speaker, I reserve the right to object, and I hope the gentleman will also withhold that until it can be made to-morrow by the majority leader.

Mr. WARREN. I am doing this at the request of the majority leader.

The SPEAKER pro tempore. Is there objection?

Mr. O'CONNOR. Mr. Speaker, I object.

LAWS RELATING TO VETERANS

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Concurrent Resolution 29, authorizing the printing and distribution of copies of Federal laws relating to veterans of various wars, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees:

Mr. STEVENSON, Mr. LAMBETH, Mr. SHOTT.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, if we do not have the Unanimous Consent Calendar to-morrow, will the Chair kindly inform us the program that will be taken up?

The SPEAKER pro tempore. The Chair, on the floor Saturday before the House adjourned, announced that he would give to the gentleman from Illinois [Mr. SABATH] an opportunity to have a rule considered in respect to his resolution. After that it was contemplated that by unanimous consent we would take up the Consent Calendar to-morrow afternoon. The gentleman from New York [Mr. O'CONNOR] objects, and the matter of to-morrow's program, of course, under those circumstances can not be determined until the session begins to-morrow.

Mr. LAGUARDIA. Mr. Speaker, in the event that unanimous consent is granted to-morrow to take up the Consent Calendar, would that include also suspensions?

The SPEAKER pro tempore. It would not include suspensions.

AMELIA EARHART PUTNAM

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Joint Resolution 165, authorizing the President of the United States to present the distinguished-flying cross to Amelia Earhart Putnam, and agree to the same with an amendment which I shall offer.

The SPEAKER pro tempore. The gentleman from South Carolina asks unanimous consent for the present consideration of Senate Joint Resolution 165, which the Clerk will report.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. Mr. Speaker, as a member of the committee, I reserve the right to object. I understand that the gentleman is going to offer an amendment to provide the distinguished-service medal instead of the distinguished-flying cross.

Mr. McSWAIN. That is correct.

Mr. SNELL. That will have nothing to do with granting rights to the floor of the House?

Mr. McSWAIN. Not at all.

The SPEAKER pro tempore. Is there objection?

Mr. CONNERY. Mr. Speaker, I reserve the right to object. With the amendment suggested by the gentleman from South Carolina, it is satisfactory to me, because that is the amendment put on the Boardman-Polando bill.

Mr. McSWAIN. This lady is to be decorated to-morrow night by the National Geographic Society, and will be the guest of the House in the gallery to-morrow afternoon at 3 o'clock. We think it becoming to recognize her flight in this way at this time.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Senate Joint Resolution 165

Resolved, etc., That the President of the United States is authorized to present the distinguished flying cross to Amelia Earhart Putnam for displaying heroic courage and skill as a navigator, at the risk of her life, by her nonstop flight in her plane, unnamed, from Harbor Grace, Newfoundland, to Londonderry, Ireland, on May 20, 1932, by which she became the first and only woman, and the second person, to cross the Atlantic Ocean in a plane in solo flight, and also established new records for speed and elapsed time between the two continents.

With the following committee amendment:

Page 1, line 4, strike out the words "flying cross" and insert the words "service medal."

The amendment was agreed to and the Senate Joint Resolution 165 was ordered to be read a third time, was read the third time, and passed.

The title was amended to read: "Joint resolution authorizing the President of the United States to present the distinguished-service medal to Amelia Earhart Putnam."

Mr. MILLARD. Mr. Speaker, Miss Amelia Earhart happens to be a friend, a neighbor, and a constituent of mine, and I ask unanimous consent to extend my remarks in the RECORD at this point with reference to Miss Earhart.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MILLARD. Mr. Speaker, it is a great honor to be permitted to say a few words concerning the joint resolution now before the House authorizing the President of the United States to present the distinguished-flying cross to a constituent of mine who lives in the town of Rye, Westchester County, N. Y., Amelia Earhart Putnam, for displaying heroic courage and skill as a navigator at the risk of her life by her nonstop flight from Harbor Grace, Newfoundland, to Londonderry, Ireland, on May 20, 1932, by which she became the first and only woman and the second person to cross the Atlantic Ocean in a plane in solo flight and established new records for speed and elapsed time between the two continents.

Mrs. Putnam was born in Atchison, Kans. She was reared in California. Her early schooling was in Los Angeles. Her whole life story is one of absorbing interest. She was one of the earliest woman flyers, gaining her training in Los Angeles and San Diego. It was in California in 1918 she made her first solo flight, after but 10 hours' instruction. She held the altitude record for woman flyers with a mark of 14,000 feet for many years and other flying records for women.

While she was doing settlement work in Boston, the opportunity was presented to her to fly the Atlantic with Wilmer Stultz, pilot, and Louis Gordon, co-pilot. Mrs. Putnam has stated that the opportunity came as casually as an invitation to the matinee, and over the telephone.

Aviatrix, settlement worker, business woman, poet, student of literature, and possessed of enough wealth to make her independent of outside offers—such is one picture drawn of Amelia Earhart Putnam, the first successful woman to make a trans-Atlantic flight. The other side, her femininity, charming manners, perfect poise, and her sense of humor present a most delightful personality.

She made her notable trans-Atlantic flight on exactly the fifth anniversary of the flight of Col. Charles A. Lindbergh on May 20, 1927, which startled the whole world. She is the only person who ever crossed the Atlantic twice by airplane. She and Colonel Lindbergh are the only people who have crossed the Atlantic in solo flight.

Colonel Lindbergh went from New York to Paris in 33 hours and 30 minutes. Mrs. Putnam went from Harbor Grace to Ireland in 14 hours and 56 minutes, in record time. She is an extraordinary person. I know of no man who has more courage than she.

And in conclusion I wish to read to you some verses that were written by Mrs. Putnam. As has been well said by a friend of hers, they are eloquent of the spirit with which she meets each new developmnt in her own work.

Courage is the price that life exacts for granting peace.
The soul that knows it not, knows no release
From little things:
Knows not the livid loneliness of fear,
Nor mountain heights where bitter joy can hear
The sound of wings.
How can life grant us boon of living, compensate
For dull gray ugliness and pregnant hate
Unless we dare
The soul's dominion? Each time we make a choice, we pay
With courage to behold resistless day
And count it fair.

[Applause.]

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to extend my remarks on this resolution at this point.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. THATCHER. Mr. Speaker, I desire to indicate my hearty approval of the action of the Senate and House in passing this measure, Senate Joint Resolution 165, authorizing the President of the United States to present the distinguished-service cross to Amelia Earhart Putnam because of her heroic courage and marvelous skill in negotiating the first airplane solo flight by a woman across the Atlantic; because, also, she is the second person ever to cross the Atlantic in a plane in solo flight; and, in addition, because she also established new records for speed and elapsed time between the continents of North America and Europe.

A young woman of great energy and purpose, a doer of the deeds of high adventure, this second lone eagle of the seas has written her name across the heavens in letters of immortal flame. Only Lindbergh before, five years before to the day, had crossed the vast and treacherous expanse of water between the New World and the Old. He thrilled the entire earth by that unparalleled achievement. On May 21, 1927, I was in France, and I recall the great excitement and amazement of the French people occasioned by his great exploit. Since then it has been doubted whether ever again in this generation his deed would be matched or rivaled. Yet within one-fifth of a generation it has been rivaled by one of the opposite sex, possessing all of the characteristics of superb courage, cool judgment, perfect skill, endurance, and modesty which have so greatly distinguished the lone pilot of the *Spirit of St. Louis*.

In this day of gross materialism the accomplishments of men and women of this type stand out as the highest marks of inspiration for the youth of the world. The spirit which wrought these miracles of the air is greater than the things actually done, however dramatic and outstanding they may be.

Measured by all the qualities of mind and spirit Amelia Earhart Putnam has earned her place in the front rank of the world's doers of great deeds. We are honoring ourselves in this Chamber by according her the highest honor which is in our power to accord. To-morrow night the officials of that great scientific and travel organization, the National Geographic Society, in this city, will present to her its special medal, conferred only in rare instances for outstanding achievements. In recent years the few who have been likewise honored have included a Lindbergh, a Byrd, and an Eckener. Thus, for her wonderful achievement she will receive the distinguished-service medal, authorized by Congress, and the special medal of the National Geographic Society. These trophies of appreciation and others that will swiftly come to her she will wear with the quiet modesty that is so great and appealing an attribute of her character, and which has won for her a permanent place in the love and affection of the people of her own and other lands.

EXTENSION OF REMARKS—AGRICULTURAL RELIEF

Mr. HART. Mr. Speaker, this Congress will shortly adjourn. I have heard the question asked at both ends of the Capitol, "What have we done for agriculture?" The answer invariably is, "Nothing." If we were asked, "What have we done for the country at large?" I would answer, "Practically nothing."

True we have passed the moratorium, which has eased off our foreign creditors. We passed the Reconstruction Finance Corporation act, which has assisted the railroads and aided in the orderly liquidation of banks. These are merely palliatives, and but little assistance and little good have filtered down to the average business man or working man. Credit has not been loosened in the banks. Bank failures have only been checked, not stopped. Banks again are failing day by day and business is at a lower ebb than before we passed any of these measures. These measures were but stop-gap measures and were not fundamental. Our basic trouble is lack of trade. This I think will be admitted by everyone. Coupled with it is lack of confidence in the future. But once trade beings to pick up, confidence will be restored. If we accept as a fact that lack of trade, which naturally produces unemployment, is our basic trouble, then it is in order to ask what has become of our trade.

Mr. Hoover in his speech made on September 27, 1928, in Newark, N. J., said:

More than 2,000,000 families in the United States earn their living to-day producing goods for export, and another million families earn their living in the manufacture of raw materials which we import in exchange for our exports.

I will add that a half million more families did earn their living in the handling and distribution of the foreign goods which we imported.

In the same address Mr. Hoover said:

> Foreign trade is no artificial stimulant to employment. Its development is a vital contribution to the welfare of the American workman and the American merchant and the American farmer.

This was Mr. Hoover speaking before election.

I am quoting from a book called "The New Day," edited by Ray Lyman Wilbur, Secretary of the Interior, which contains all of Mr. Hoover's campaign speeches. I would advise my Democratic friends to obtain a copy of this book. It reads like Grimm's Fairy Tales. The picture he portrayed was glorious, but the reality is grim indeed.

Mr. Grundy had not yet called on him with reference to what his administration owed the manufacturers who put up the campaign funds. Immediately on the convening of Congress these manufacturers began their plans to stifle this foreign trade, which Mr. Hoover stated was so vital to the American workman and the American farmer. After the passage of this trade-destroying act, known as the Hawley-Smoot tariff bill, American capitalists accepted it as a permanent policy and began the exportation not of goods but of their capital for the building of plants in foreign lands. Between two and three thousands of these plants have now been established not for the employment of American workmen but for the employment of foreign workmen, leaving American labor to join the lengthening bread lines.

What has this to do with agriculture? The throwing out of work of these men has reduced the buying power of labor at home and started us on the down grade. But this was not the most vital factor. Retaliatory tariffs, the quota system, the licensing of processors of agricultural products in Europe so as to control the amount of foreign agricultural products practically barred our agricultural shipments to European nations. The world took the position that if we desired an isolation policy they would help us carry it out and they raised higher tariff walls. These higher tariffs have not only barred the sale of his surplus crops to Europe but have increased the proportionate cost between what the farmer has to sell and what he must buy. His foreign outlet being blocked, huge surpluses have weighed his markets down until he can no longer meet his fixed expenses to say nothing of buying goods produced in the cities.

What have we done in this session of Congress to relieve his conditions? Almost immediately upon the convening and the organization of this House by the Democrats we passed a Democratic tariff bill which authorized the President to call an economic conference for the purpose of reestablishing this lost trade with the world. Notwithstanding that the Senate is controlled by the opposition, there were enough fair-minded men that this measure was passed by the other body. It met a political veto. I think this veto can be well described as "playing politics with human misery." The excuse for the veto was the fear of "foreign entanglements." Statements made on the floor of the House were to the effect that we were going to inquire of our foreign neighbors what our tariffs should be.

We have recently sent representatives to Europe to discuss armaments. Shall we inquire of foreign nations what our armaments shall be? If we can discuss our armaments with Europe, we can surely discuss our trade relations. It is an old axiom that it takes two to make a trade. The Republicans ignored this axiom and decided that we would sell, but we would not buy. Trade means buying and selling. It is my contention that any uneconomic attempt to lift agriculture by its own boot straps will result in failure and more damage to the farmer. We have witnessed the interference with the normal course of the markets by the Federal Farm Board. We have also recorded the disastrous results and we have not yet seen the end. Our Republican brethren in convention assembled at Chicago resolved to carry on their Farm Board operations and decided to keep up their smoke screen to befuddle the farmer's mind, namely, cooperative marketing. To cooperative marketing I am not opposed, but I contend that it is not the business of this Government to drive any people into business nor to drive any people out of business. The Farm Board has been engaged in both, and should be eliminated at the very earliest date possible. No Washington bureau can direct the marketing forces of this Nation.

I am glad to note that one of the outstanding candidates whose name will be presented to the coming Democratic convention has had the courage and the foresight to outline a program that will not only aid agriculture but aid unemployment. In the meantime he is in favor of protecting the unemployed from want and hunger, recognizing that no palliatives will lead us out of this depression.

I here quote a wire sent by Franklin D. Roosevelt and printed in Collier's Weekly for June 25 which says:

> This Nation needs progressive leadership. We must recognize two parts of the problem: First, adequate immediate national, State, and local aid to prevent actual want in the present and immediate future. Second, a comprehensive plan covering all phases of our economic and social difficulties. I can cite only one phase of this in this limited space. The farming interests represent half our population. They have lost buying power, and this has been largely responsible for depressing industry. We must at once take the Farm Board out of speculation in wheat and cotton, try out a new plan to insure getting surplus crops out of the country without putting the Government in business, and set up machinery to save the mortgaged farm by cutting down amortization and lowering interest rates. These immediate steps must be followed by a land-utilization survey in order to eliminate marginal lands and start a very large reforestation and flood-control program. Finally, we must give assistance to those families in cities who may wish to return to good land. I use these as illustrations of the broad planning and active leadership which must extend to all the other problems because it is clear that the solution lies not in opportunism or in last-minute remedies but in going to the sources of the trouble.

I am glad to note that this outstanding candidate for the Presidency is in favor of taking the Government out of business. I am glad to note that he has the courage to do this in the face of so-called farm leaders. He will be denounced by those who are in favor of the Government's appropriating huge sums to back these political farmers. They have intimidated Congress. The halls and lobbies are filled with them daily endeavoring to get another fifty or one hundred million dollars to keep up their high salaries until the next session of Congress. These so-called farmer leaders have joined in with the high-tariff advocates and sold the farmer into bondage. They will not only sell the farmer but they will sell political parties. They will trade anything for power. I want to call attention to some facts brought out in the Caraway lobby investigation. If you will read the testimony, beginning on page 2954 and continuing to the bottom of page 2955, you will find that Mr. Chester Gray testified and admitted that he consulted with Claudius H. Huston, chairman of the Republican National Committee, with reference to a plank that was to be presented by the American Farm Bureau Federation at the Democratic convention held at Houston, Tex. Imagine, my Democratic friends, the American Farm Bureau Federation consulting with the chairman of the Republican National Committee on a plank to be presented to you to be written into our platform. And yet I notice my Democratic friends still consulting with this Uriah Heep of the farmers. To those of you who are not students of Dickens, I will call him the Gaston B. Means of the farmers.

These organizations do not represent the rank and file of agriculture. They misrepresent them.

I have opposed and will continue to oppose any political nostrums to mislead the farmer. We must return to the basic principles upon which agriculture was built, namely, an equal opportunity to buy and sell on a fair basis not only in this country, but in the markets of the world. This is my program for farm relief. It is the Democratic program, which the Democratic House tried to put into effect and upon which I am willing to go back to my farmers and stand or fall.

One more thing must be done to assist the farmer to carry and liquidate his burden of debt. He must be provided with low interest rates, his taxes must be reduced, and some revaluation of the dollar must take place. He can not

deliver 4 bushels of wheat where he once delivered 1 bushel to obtain a dollar. He can not deliver 20 pounds of cotton where he formerly delivered 5 pounds. This burden is too great. The creditor class will have to recognize the situation or repudiation of agricultural debts and bankruptcy will follow.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SPENCE, at the request of Mr. CHAPMAN, on account of illness.

To Mr. DOUGLAS of Arizona, indefinitely, on account of illness.

To Mr. SIROVICH, for an indefinite period, on account of illness.

ORDER OF BUSINESS

Mr. BLACK. Mr. Speaker, in view of the request of the chairman of the Committee on Patents, the gentleman from New York [Mr. SIROVICH], to be excused indefinitely on account of illness, I ask unanimous consent that Wednesday of this week be set aside for consideration of the Private Calendar.

The SPEAKER pro tempore. The Chair did not understand the request of the gentleman from New York.

Mr. BLACK. Inasmuch as the chairman of the Committee on Patents, the gentleman from New York [Mr. SIROVICH], according to the announcement of the Chair just made, is to be excused indefinitely on account of illness, I ask unanimous consent that the Private Calendar be considered on Wednesday. The gentleman from New York is chairman of the Committee on Patents, which, as I understand, was to have the call on Wednesday.

The SPEAKER pro tempore. The Chair had information that the gentleman from New York expected to be here on Wednesday. The Chair undertook to protect the interest of the gentleman.

Mr. BLACK. Mr. Speaker, in view of the statement just made by the Speaker, I withdraw the request.

EXTENSION OF REMARKS—THE ECONOMIC SITUATION

Mr. MILLIGAN. Mr. Speaker and Members of the House, many causes and cures have been offered for the widespread depression that confronts the American people. Commodity prices in many cases are the lowest in our history. Eight to nine million men are walking the streets without employment. The buying power of the farmer is gone. Fifty million of our people are out of the market as purchasers. Our foreign markets in which we sold our surpluses have been destroyed. Until the purchasing power of these people is returned and our foreign trade reestablished prosperity will not return.

In order to correct these conditions we must first know the causes. One of the elements that enters into the depression was the intense stock speculation prior to October, 1929. Men in high places of Government became "ballyhooers" for the stock exchange and were parties to the crime of selling to an unsuspecting public unsound securities at grossly inflated prices. Departments of Government approved foreign bonds which were sold by international bankers to the public as sound investments. When the crash came in October, 1929, it carried a destructive loss to the American public, reducing the purchasing power of the United States in the sum of sixty to one hundred billion dollars.

FOREIGN DEBTS AND MORATORIUM

In order to insure the payment of the privately owned debts their holders, organized by the international bankers, have been advocating cancellation of loans made by the United States during and after the war to our allies. A debt-funding commission was created. This commission and Congress canceled 50 per cent of these debts, amounting to $10,705,618,006.90. By this course this amount was transferred from the foreign nations to the backs of the American taxpayers.

The 50 per cent that was not canceled was extended in loans over a period of as much as 68 years and at rates of interest as low as 1½ per cent, while the American taxpayer is paying rates of interest as high as 4¼ per cent on the Government bonds that carry this loan. Not satisfied with this 50 per cent reduction in these foreign loans, during the recess of Congress President Hoover sent telegrams to the Members of the House and Senate inquiring of them as to their position granting a moratorium of one year, suspending the payments under our foreign-debt arrangements. This meant transferring this year's payment, which amounted to $252,000,000, to the American taxpayer. The foreign taxpayer was relieved of this burden, and the American taxpayer paid the bill. It was said a moratorium was necessary because Germany was not able to make her reparation payments for this year.

There is no connection between reparations and our foreign debts. Eight of the foreign powers that are relieved by the moratorium do not receive any sum from Germany in reparations. No one who is conversant with the facts will say that England, France, and Italy can not make these payments. These three nations would pay to us during the fiscal year of 1932 the sum of $224,227,125, while under the terms of the moratorium the American taxpayer is called upon to pay this amount instead.

I voted against these propositions as I am here charged with the duty of representing the best interests of the American taxpayer and not those of foreign nations and as long as I am a Member of this body I will not vote to shift an honest and fair foreign debt to the American taxpayer.

INCOME-TAX REFUNDS

Additional burdens were placed on the rank and file of the American taxpayer by refunds that have been made in Federal income taxes by the Treasury Department since 1921 to certain corporations and individuals in the amount of $3,000,000,000; $12,000,000 going to Mr. Mellon's own corporations without a court decision. You and I know that these corporations have the best of income-tax experts to make their tax returns.

TAXES

For years there has been an increase in Federal Government activities. New commissions, boards, and bureaus have been created which have become irritants to the public and costly to the taxpayer. Federal expenditures have increased until the cost of Federal Government is over $4,000,000,000 per year.

We are faced this year with a deficit of two and one-half billion dollars. Although the Nation is confronted with the greatest panic in our history, it became necessary to levy additional taxes in order to balance our books and maintain our national credit. The income, gift, and estate tax rates were doubled, yet this would not produce enough revenue, and it became necessary to find other means of taxation. When the bill was before this body I voted for a general manufacturers' excise tax of 2¼ per cent, to be paid by the manufacturer, exempting food, clothing, medicines, fertilizer, and farm implements. I am opposed to a general sales tax as a permanent taxing policy. The provision carried was a temporary tax for one year. Due to conditions that existed, I believed this was the best method of raising a part of the deficit. However, this provision was not adopted. I was opposed to the conference report on the bill in the House, as it carried many provisions placed in the bill by the Senate that I could not support. Tariff provisions, tax on electrical energy placed directly upon the consumer, a 2-cent tax on bank checks, and many other unfair and discriminatory provisions were included.

ECONOMY

No Congress had attempted to reduce Federal expenditures until this Congress met in December. Up to date the appropriations have been reduced for the next fiscal year $663,000,000 below the appropriations for the current year, with other measures pending that will increase this amount to over $700,000,000.

Realizing that it was imperative to reduce expenditures the House created a special committee, known as the Economy Committee, to make a survey of the situation with the view of weeding out useless boards, bureaus, and commissions, and, where there was overlapping, to consolidate them. The committee, with the very able and conscientious gentleman from Alabama [Mr. McDUFFIE] as chairman, after proper investigations and hearings, reported a bill to the House. This measure carried a saving of from two hundred to two hundred and fifty million dollars.

Through the insistence of the President, members of his Cabinet, and other administrative officers many controversial provisions were combined in one omnibus bill. This, of course, made possible a coalition of those opposed to the various items in the bill. I supported the bill reported by the committee, as I believed that Congress should reduce expenditures to a minimum in this time of great financial distress.

TARIFF

I hestitate to remind my Republican friends that their party has been in complete control of every branch of the Federal Government since March, 1921, except the House of Representatives, which was organized by the Democrats with a slim majority of five in December, 1931. With this complete control you could put into effect any policy that you desired.

President Hoover in his speech of acceptance at Palo Alto in 1928 stated that "if allowed to continue in effect the policies of the last eight years of Republican administration, poverty would be abolished and the poorhouse would vanish from among us."

Now, if President Hoover is so positive that the policies of his party brought about whatever prosperity we may have had, with a continuation of those same policies under his own administration he must accept the responsibility for the conditions that now exist.

President Hoover in a speech in Brazil following his election said: "International trade is the lifeblood of civilization." Yet he signed the Smoot-Hawley tariff bill which has destroyed our foreign trade. We must have foreign markets for our surplus farm commodities, as well as our manufactured articles. Since the passage of that measure 45 foreign nations have passed retaliatory tariff legislation against American goods. American capital has been driven to foreign countries and is there using foreign labor and raw materials to manufacture their products because of the discrimination against American goods brought about by our own prohibitive tariff law.

President McKinley, a great Republican authority on the protective tariff, said:

> The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. * * * Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not.

Our condition would not be what it is to-day if President Hoover had followed the statement of this great Republican when the Smoot-Hawley tariff bill was presented to him for his signature. Under the flexible provision of the tariff law the President can lower or raise a tariff rate 50 per cent. The President has failed to use this authority to renew our foreign trade in this emergency.

AGRICULTURE

After his election in 1928 President Hoover called the Congress into extraordinary session in order to put agriculture on a parity with industry. Two recommendations were made by him to do this—by a limited provision of the tariff for the benefit of agriculture, which as enacted became a general revision for the benefit of industry, and the enactment of the law creating the Federal Farm Board, which authorized the appropriation of $500,000,000 of the taxpayers' money to carry out its provisions. Through these two methods he proposed to lift the farmer of America out of the financial mire into which he had fallen. By the tariff the foreign markets for his surpluses have been destroyed and prices in the home market have been beaten down by the Farm Board until now all that he has left is the Hyde.

RECONSTRUCTION FINANCE CORPORATION

This corporation was created to loan money to the railroads and other transportation companies, banks, insurance, and other financial companies. Five hundred million dollars of the taxpayers' money was authorized to be appropriated. Securities four times this amount could be issued making a capital of $2,000,000,000 guaranteed by the taxpayers of America. Yet after passing such a bill we hear those who voted for this measure talk about granting subsidies, Government going into business, and so forth. I could not bring myself to make a guarantor out of the Federal taxpayers for the obligations of private business institutions over the management of which they have no control. What the railroads need is more freight, not more debts. What the banks need are more depositors, not more debts. What the insurance companies need are more policy payers, not more debts. What the farmers need are better prices for his commodities, not more debts.

CONCLUSION

We can not by any magic wave of the hand dispel this depression. We can not legislate the natural laws of economics out of existence. We can not build a prohibitive tariff wall around us and expect to retain our foreign markets in which to sell our surpluses. We can not extend moratoriums and cancel our foreign debts and not overburden the American taxpayer. We can not assume the financial obligations of private business without cost to the taxpayers. We can not refund $3,000,000,000 of taxes paid into the Federal Treasury without having a deficit. We can not maintain the present elaborate machinery of the Federal Government and reduce taxes.

ADJOURNMENT

Mr. McDUFFIE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 28 minutes p. m.), the House adjourned until to-morrow, Tuesday, June 21, 1932, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LINTHICUM: Committee on Foreign Affairs. House Joint Resolution 416. A joint resolution to extend the time for filing claims under the settlement of war claims act of 1928, and for other purposes; without amendment (Rept. No. 1672). Referred to the Committee of the Whole House on the state of the Union.

Mr. GILBERT: Committee on the Library. H. R. 6490. A bill authorizing the erection of a memorial to Brig. Gen. Casimir Pulaski at Savannah, Ga.; with amendment (Rept. No. 1673). Referred to the Committee of the Whole House on the state of the Union.

Mr. SIROVICH: Committee on Patents. H. R. 8984. A bill to authorize the licensing of patents owned by the United States; without amendment (Rept. No. 1674). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PITTENGER: Committee on Claims. H. R. 3434. A bill for the relief of Mrs. Agnes M. Allsop; with amendment (Rept. No. 1675). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 363. An act for the relief of Nannie Swearingen; with amendment (Rept. No. 1676). Referred to the Committee of the Whole House.

Mr. PETTENGILL: Committee on Military Affairs. H. R. 2732. A bill for the relief of Charles C. Flippen; with amendment (Rept. No. 1677). Referred to the Committee of the Whole House.

Mr. ROGERS: Committee on Military Affairs. H. R. 2734. A bill for the relief of James Taylor; with amendment (Rept. No. 1678). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KLEBERG: A bill (H. R. 12730) to provide temporary aid to agriculture for the relief of the existing national economic emergency; to the Committee on Agriculture.

By Mr. HORR: A bill (H. R. 12731) to provide more effectively for the national defense by increasing the efficiency of the Air Corps of the Army of the United States; to the Committee on Military Affairs.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 12732) to amend section 5219 of the Revised Statutes of the United States; to the Committee on Banking and Currency.

By Mr. NORTON: A bill (H. R. 12733) to secure cost of production to producers of agricultural commodities, and for other purposes; to the Committee on Agriculture.

By Mr. SHANNON: Resolution (H. Res. 271) relative to the expenses of conducting investigation authorized by House Resolution No. 235; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOYLAN: A bill (H. R. 12734) for the relief of Jarade Hudson Archer; to the Committee on Naval Affairs.

By Mr. CRAIL: A bill (H. R. 12735) for the relief of J. S. Mott; to the Committee on Military Affairs.

By Mr. CHINDBLOM: A bill (H. R. 12736) for the relief of Charles J. Riesner; to the Committee on Military Affairs.

By Mr. KLEBERG: A bill (H. R. 12737) granting an increase of pension to Esther V. Dick; to the Committee on Invalid Pensions.

By Mr. RANKIN: Resolution (H. Res. 270) authorizing the Committee on World War Veterans' Legislation to employ James W. Boyer, jr., as an expert legal adviser on legislation pertaining to World War veterans at the rate of $4,200 per annum; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8385. By Mr. GARBER: Petition of the International Typographical Union, protesting against reduction of extra compensation for night work in Government service and other provisions of the economy bill, and indorsing Senate amendment to section 210; to the Committee on Economy.

8386. Also, petition of Alvin G. Winner, president of the Substitute Letter Carriers' Association, Tulsa, Okla., urging support of the furlough plan as approved by the Senate as against the probability of any reduction of personnel in the Postal Service; to the Committee on Economy.

8387. By Mr. KELLER: Petition of Local Union No. 790, United Mine Workers of America, Zeigler, Ill., indorsing the soldier bonus, and asking that that legislation be passed at this session of Congress; to the Committee on Ways and Means.

8388. By Mr. LINDSAY: Petition of Consolidated Lithographing Corporation, Brooklyn, N. Y., opposing increased governmental expenditures; to the Committee on Economy.

8389. Also, petition of National Association of Postal Supervisors, New York City, favoring the furlough plan in preference to the percentage pay cut; to the Committee on Economy.

8390. Also, petition of Gillespie & Co. (Inc.), of New York, favoring the reduction of governmental expenditures; to the Committee on Economy.

8391. By Mr. SMITH of Idaho: Resolution adopted by the assembly of the Swedish Evangelical Mission Church, of Idaho Falls, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8392. Also, resolution adopted by the congregation of the First Church of the Nazarene, Idaho Falls, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8393. Also, resolution adopted by the congregation of the third ward, Latter Day Saints Church, Idaho Falls, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8394. Also, resolution adopted by Iona ward, Latter Day Saints, Iona, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8395. Also, resolution adopted by the congregation of Bishop Alma Williams, Church of Latter Day Saints, Osgood, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8396. Also, resolution adopted by Milo ward, Latter Day Saints, Idaho, signed by Bishop Fred J. Storer, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8397. Also, resolution adopted by a congregation of 145 people, signed by W. F. Burtenshaw, Rigby, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8398. Also, resolution adopted by the congregation of the Trinity Methodist Episcopal Church, Idaho Falls, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8399. Also, resolution adopted by Market Lake Grange, No. 263, Roberts, Idaho, officially signed by Bert Higgins, master, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8400. Also, resolution adopted by Mount Deary Grange, No. 277, Deary, Idaho, officially signed by William Smith, master, and G. W. Kitch, secretary, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8401. Also, resolution adopted by Wood River Center Grange, No. 87, Hailey, Idaho, officially signed by Tressa M. Jones, secretary, urging the enactment of legislation to stabilize the price of farm products; to the Committee on Agriculture.

8402. Also, resolution adopted by Castleford Grange, No. 176, Castleford, Idaho, officially signed by Margaret Thomas, secretary, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8403. Also, resolution adopted by Orchard Avenue Grange, No. 73, Payette, Idaho, officially signed by Luha F. Medaris, secretary, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8404. Also, resolution adopted by the Falls City Grange, No. 267, Jerome, Idaho, officially signed by Cora Thompson, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8405. Also, resolution adopted by the Ten Mile Heights Grange, Meridian, Idaho, officially signed by Francis Fountain, master, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8406. Also, resolution adopted by the Gem Valley Grange, No. 266, Grace, Idaho, officially signed by Alice Sorensen, secretary, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8407. Also, resolution adopted by the congregation of Ammon ward, Latter-Day Saints, Ammon Town, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on Agriculture.

8408. Also, resolution adopted by the congregation of the First Baptist Church, Idaho Falls, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on Agriculture.

SENATE

TUESDAY, JUNE 21, 1932

(Legislative day of Wednesday, June 15, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Coolidge	Johnson	Pittman
Austin	Copeland	Jones	Reed
Bailey	Costigan	Kean	Robinson, Ark.
Bankhead	Couzens	Kendrick	Robinson, Ind.
Barbour	Davis	King	Sheppard
Bingham	Dickinson	La Follette	Shipstead
Black	Fess	Lewis	Shortridge
Blaine	Fletcher	Logan	Smoot
Borah	Frazier	McGill	Steiwer
Bratton	George	McKellar	Stephens
Brookhart	Goldsborough	McNary	Thomas, Okla.
Broussard	Gore	Metcalf	Townsend
Bulkley	Hale	Morrison	Trammell
Bulow	Harrison	Moses	Tydings
Byrnes	Hastings	Neely	Vandenberg
Capper	Hawes	Norbeck	Wagner
Caraway	Hayden	Norris	Walsh, Mass.
Carey	Hebert	Nye	Walsh, Mont.
Cohen	Howell	Oddie	Watson
Connally	Hull	Patterson	Wheeler

The PRESIDENT pro tempore. Eighty Senators having answered to their names, a quorum is present.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of Saturday, June 18, and Monday, June 20, 1932.

The PRESIDENT pro tempore. Without objection, it is so ordered.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate telegrams, in the nature of memorials, from the executive committee of Post No. 35, W. E. S. L., New York City, N. Y., and the Unemployed Council, Del Ray Branch, of Detroit, Mich., remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

Mr. JONES presented a telegram in the nature of a petition from the Peninsular Savings and Loan Association, of Bremerton, Wash., praying for the passage of the home loan bank bill in its present form, which was ordered to lie on the table.

He also presented a telegram in the nature of a petition from the M. R. Smith Lumber & Shingle Co., of Seattle, Wash., praying for the passage of the home loan bank bill in its original form, which was ordered to lie on the table.

He also presented a petition of sundry citizens of Seattle and vicinity, in the State of Washington, praying for the passage of the bill (H. R. 337) to amend section 4426 of the Revised Statutes of the United States, as amended by the act of Congress approved March 16, 1906, subjecting motor boats to the provision of laws governing steamboat inspection; to the Committee on Commerce.

RELIEF OF UNEMPLOYMENT

Mr. McNARY. Mr. President, I send to the desk a copy of a telegram from Julius L. Meier, Governor of the State of Oregon, relating to the unemployment situation, and ask that it may be printed in the RECORD and lie on the table.

There being no objection, the telegram was ordered to be printed in the RECORD and to lie on the table, as follows:

PORTLAND, OREG., *June 21, 1932.*

Hon. CHARLES L. MCNARY,
United States Senate, Washington, D. C.:

At unemployment conference to-day attended by representatives from all parts of State and by county judges resolution was unanimously adopted strongly urging passage of resolution providing employment relief from Federal sources. Local resources have been depleted, and Federal aid is essential if we are to avert hunger and suffering. Sense of meeting was that road work affords best means of providing employment for untrained labor. Trust you will confer with President Hoover regarding this and urge his support for appropriation funds for road work.

Kindest regards.

JULIUS L. MEIER, *Governor of Oregon.*

REPORTS OF COMMITTEES

Mr. FESS, from the Committee on the Library, to which was referred the joint resolution (H. J. Res. 408) providing for the filling of vacancies in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress, reported it without amendment.

He also (for Mr. KEYES), from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 12360) to authorize the Secretary of the Treasury to enter into a contract to purchase the parcel of land and the building known as the Grand Central Station Post Office and Office Building, No. 452 Lexington Avenue, in the city, county, and State of New York, for post-office and other governmental purposes, and to pay the purchase price therefor on or prior to June 30, 1937, reported it without amendment and submitted a report (No. 847) thereon.

Mr. ODDIE, from the Committee on Appropriations, to which was referred the bill (H. R. 9699) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1933, and for other purposes, reported it with amendments and submitted a report (No. 850) thereon.

Mr. SMOOT, from the Committee on Finance, to which was referred the resolution (S. Res. 238) directing the Tariff Commission to investigate production costs of pins, reported it without amendment and submitted a report (No. 848) thereon.

Mr. HARRISON, from the Committee on Finance, to which was referred the bill (S. 4747) to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea, reported it without amendment and submitted a report (No. 858) thereon.

Mr. KEAN, from the Committee on Naval Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 4381. An act authorizing the President to transfer and appoint Lieut. Morris Smellow, United States Navy, to the grade of passed assistant paymaster, with the rank of lieutenant, in the Supply Corps of the United States Navy (Rept. No. 849); and

H. R. 1804. An act for the relief of Frank Woodey (Rept. No. 857).

Mr. WALSH of Massachusetts, from the Committee on Naval Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 1700. An act for the relief of Walter S. West (Rept. No. 851);

H. R. 6444. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Alabama Society of Fine Arts, the silver service presented to the United States for the U. S. S. *Montgomery* (Rept. No. 863);

H. R. 6599. An act to amend the act entitled "An act to authorize the construction and procurement of aircraft and aircraft equipment in the Navy and Marine Corps, and to adjust and define the status of the operating personnel in connection therewith," approved June 24, 1926, with reference to the number of enlisted pilots in the Navy (Rept. No. 864);

H. R. 6735. An act to authorize the Secretary of the Navy to fix the clothing allowance for enlisted men of the Navy (Rept. No. 852);

H. R. 6860. An act for the relief of Florence Northcott Hannas (Rept. No. 865); and

H. R. 7939. An act to authorize the presentation of a distinguished-flying cross to Russell N. Boardman and John L. Polando (Rept. No. 853).

Mr. DAVIS, from the Committee on Naval Affairs, to which was referred the bill (H. R. 3644) for the relief of Lewis A. McDermott, deceased, reported it without amendment and submitted a report (No. 854) thereon.

Mr. SHORTRIDGE, from the Committee on Naval Affairs, to which was referred the bill (H. R. 2695) for the relief of David Albert Robeson, reported it without amendment and submitted a report (No. 855) thereon.

Mr. COHEN, from the Committee on Naval Affairs, to which was referred the bill (H. R. 3624) for the relief of Minnie Hopkins, reported it without amendment and submitted a report (No. 856) thereon.

Mr. TRAMMELL, from the Committee on Naval Affairs, to which was referred the bill (H. R. 5595) for the relief of Harry Manning Lee, reported it without amendment and submitted a report (No. 859) thereon.

Mr. AUSTIN, from the Committee on the District of Columbia, to which was referred the bill (S. 1308) to amend the Code of Law for the District of Columbia, approved March 3, 1901, as amended, by adding a new chapter relating to guardians for incompetent veterans, and for other purposes, reported it with an amendment and submitted a report (No. 860) thereon.

He also, from the same committee, to which was referred the bill (S. 4661) to repeal an act entitled "An act to legalize the incorporation of national trade-unions," approved June 29, 1886, reported it with amendments and submitted a report (No. 861) thereon.

Mr. WALSH of Montana, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 9369) to set aside certain lands around the abandoned Bowdoin well, Montana, for recreational purposes under a permit to Phillips County Post, No. 57, of the American Legion, Department of Montana, reported it without amendment and submitted a report (No. 862) thereon.

Mr. HEBERT, from the Committee on the Judiciary, submitted a report (No. 866) to accompany the bill (H. R. 10587) to provide for alternate jurors in certain criminal cases, reported by him on the 20th instant without amendment.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BROOKHART:

A bill (S. 4914) granting a pension to Amanda Mahurin; to the Committee on Pensions.

By Mr. HALE:

A bill (S. 4915) for the relief of Lyman I. Collins (with accompanying papers); to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 4916) to authorize the presentation of a distinguished-service cross to Rufus Boylan; to the Committee on Military Affairs.

By Mr. REED:

A bill (S. 4917) for the relief of Charles Taylor; to the Committee on Military Affairs.

By Mr. GORE (by request):

A bill (S. 4918) to amend section 500 of the World War veterans' act, 1924, as amended; to the Committee on Finance.

By Mr. HEBERT:

A bill (S. 4919) to vest in the Register of Copyrights the registration of prints and labels; to the Committee on Patents.

By Mr. CAPPER:

A bill (S. 4920) to authorize the closing of a portion of Virginia Ave. SE., in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

AMENDMENT TO DEFICIENCY APPROPRIATION BILL

Mr. NORBECK submitted an amendment intended to be proposed by him to House bill 12443, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 19, after line 8, insert a new paragraph, as follows:

"Indian school buildings: For replacement and repair of buildings and equipment destroyed or damaged by cyclone at the Oglala Boarding School, Pine Ridge Reservation, S. Dak., fiscal years 1932 and 1933, $72,000."

PUBLIC-WORKS PROGRAM—AMENDMENT RELATIVE TO THE SO-CALLED SOLDIERS' BONUS

Mr. TRAMMELL submitted an amendment intended to be proposed by him to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which was ordered to lie on the table and to be printed.

DISTRICT OF COLUMBIA APPROPRIATIONS

Mr. BINGHAM. Mr. President, I have been informed that it is deemed necessary that the junior Senator from Virginia [Mr. GLASS] shall be excused from service as a conferee on the part of the Senate upon the District of Columbia appropriation bill. I ask unanimous consent that he may be excused and that the Chair appoint a conferee in his place.

The PRESIDING OFFICER (Mr. FESS in the chair). Is there objection? The Chair hears none, and the junior Senator from Virginia is excused. The Chair appoints the Senator from New York [Mr. COPELAND] as a conferee on the bill.

PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, the Senate has before it most comprehensive discussions of the Philippine question in all its phases, in the form of voluminous reports from both the House and the Senate committees on this subject, in addition to the hearings.

In the RECORD of June 13, 1932, all these reports, an analysis of the bill, and a discussion are to be found.

However, without occupying too much of the time of the Senate, I shall attempt to add to this accumulated information. I ask unanimous consent that the following discussion by me may be ordered to lie on the table and to be printed in the body of the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HAWES. Mr. President, the grant of independence to the Filipinos is a duty imposed on us by our voluntary promises to them, and through them to the whole world. At the outset of our occupation of the Philippines we could have proclaimed our purpose to retain them for our own use and benefit, just as we have held Puerto Rico, another of the colonies we took from Spain. The statement of such an intention might have prompted some doubts of its consistency with American ideals or some question of its wisdom as a policy, but it could not have raised a moral issue. But we declared and reiterated that we did not design to hold the islands and their people. On the contrary we bound ourselves by pledges of the most unequivocal character to prepare the Filipino people for self-government and ultimate independence. Hardly any other American policy or obligation undertaken by the United States is as definite and unmistakable in its intent and as binding on the national conscience as our policy with respect to the Philippines. There is some uncertainty, for example, regarding the extent to which the Monroe Doctrine commits or permits us to concern ourselves with the internal affairs of Latin American governments. There is a good deal of haziness about our rights and duties under certain of our international treaties, especially those affecting China, but there is no room for honest misunderstanding of our obligation as to the Philippines. Presidents and the Congress of the United States have assumed that obligation in the name, by the authority and with the approval of the American people. Its existence has been recognized by every President from McKinley to Hoover.

After our defeat of Spain we had complete freedom to decide whether we should acquire the Philippines and to determine how we should use them. The world was accustomed to the transfer of peoples from one sovereignty to another, without reference to their wishes or welfare. We should have owed no apologies to others no matter what excuses we should have been obliged to make to ourselves if we had announced that we claimed the Philippines as part of the spoils of war and purposed to keep and exploit them for our own material advantage and wholly according to our own plans. But we adopted no such course. We declared instead that we were bringing the Filipino people under the American flag not for our benefit but for theirs; that we wished them to be free; and that we would make them fit for freedom.

In the light of history, then, we have seen by what attitudes, utterances, and actions of ours, when first we entered the Philippines, the people of the islands were impelled to the conviction that we intended not merely to liberate them from Spain but establish them—as we constituted Cuba—as an independent nation. We have read also in that same light how firmly and fervently (but fatuously and futilely, as some would persuade us to think) the Filipinos have clung to the belief that we will keep the faith they hold we plighted to them thirty-odd years ago and pledged anew many times since then.

It is necessary to a correct understanding of the Filipino's claims on us and it is vital to a right conception of our obligation to him to review the words and deeds by which we have at the least appeared to promise him the boon he craves most of all—independence. Whether it was advisable, from our point of view, to confirm and encourage the Filipino's aspirations is now beside the point. Whether our promise looked to the true welfare of the Philippines may still be a debatable question. But there is not a vestige of doubt that our assurances were received in good faith by the Filipino, and they can not now be withdrawn or revised without compromising and doing detriment to him.

Turn now to the long concatenation of statements by Presidents, members of presidential Cabinets, representatives of the United States in the Philippines, spokesmen for business, agriculture, and labor—protagonists and antagonists of Filipino nationhood:

President McKinley, at the very outset of the American occupation, said to the American people: "The Philippines are ours not to exploit, but to develop, to civilize, to educate, to train in the science of self-government." And he expressed the hope that the American commissioners would be received as bearers of "the richest blessings of a liberating rather than a conquering nation."

Jacob Gould Schurman, president of the first Philippine Commission, was undoubtedly speaking the mind of President McKinley as well as his own when he said: "The destiny of the Philippine Islands is not to be a State or a Territory in the United States of America, but a daughter republic of ours—a new birth of liberty on the other side of the Pacific, which shall animate and energize those lovely islands of the tropical seas, and rearing its head aloft, stand as a monument of progress and a beacon of hope to all the oppressed and benighted millions of the Asiatic Continent."

I have been unable to find any direct statement by William H. Taft when he was President, but he spoke pretty decisively on the subject when he was Secretary of War. In a report to President Roosevelt in 1908, Mr. Taft declared:

"Shortly stated, the national policy is to govern the Philippine Islands for the benefit and welfare and uplifting of the people of the islands and gradually to extend to them, as they shall show themselves fit to exercise it, a greater and greater measure of popular self-government. * * * What should be emphasized in the statement of our national policy is that we wish to prepare the Filipinos for popular self-government. This is plain from Mr. McKinley's letter of instructions and all of his utterances. * * * Another logical deduction from the main proposition is that when the Filipino people as a whole show themselves reasonably fit to conduct a popular self-government, maintaining law and order and offering equal protection of the laws and civil rights to rich and poor, and desire complete independence of the United States, they shall be given it."

The foregoing was but a reiteration with strong emphasis of what Mr. Taft had said three years earlier:

"What shall be done in the future * * * is a question which will doubtless have to be settled by another generation than the present, both of the American and of the Philippine people, to whose wisdom and generosity we may safely trust the solution of the problem. Should the Philippine people when fit for self-government demand independence, I should be strongly in favor of giving it to them, and I have no doubt that the American people of the next generation would be of the same opinion."

In 1908, President Roosevelt indicated, in a message to Congress, that the independence of the Philippines was a question to be determined by their inhabitants. "I trust that within a generation," he said, "the time will arrive when the Filipinos can decide for themselves whether it is well for them to become independent."

The generation of which President Roosevelt spoke at that time has passed.

On another occasion—and eight years later—Mr. Roosevelt counseled prompt action in respect to independence:

"The only good that has come to us as a nation has been the good that springs from knowledge that a great deed has been worthily performed. Personally I think it is a fine and high thing for a nation to have done such a deed with such a purpose. But we can not taint it with bad faith. If we act so that the natives understand us to have made a definite promise, then we should live up to that promise. The Philippines, from a military standpoint, are a source of weakness to us. The present administration has promised explicitly to let them go, and by its actions has rendered it difficult to hold them against any serious foreign foe. These being the circumstances, the islands should at an early moment be given their independence without any guaranty whatever by us and without our retaining any foothold in them."

Fifteen years after we came into possession of the Philippines, President Wilson took an advanced position in the matter of independence. In his message to the Filipino people, delivered by Governor General Harrison in 1913, he said:

"We regard ourselves as trustees acting not for the advantage of the United States but for the benefit of the people of the Philippine Islands. Every step we take will be taken with a view to ultimate independence of the islands and as a preparation for that independence."

Later in the same year he sent a message to Congress, and in it he spoke this of the Filipinos: "By their counsel and experience, rather than by our own, we shall learn how best to serve them and how soon it will be possible and wise to withdraw our supervision." Addressing Congress, in a message in 1920, the President used the following language: "Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of the Congress in their behalf, and have thus fulfilled the condition set by the Congress as the precedent to a consideration of granting independence to the islands. I respectfully submit that this condition precedent having been fulfilled, it is now our liberty and our duty to keep our promise to the people of these islands by granting them the independence which they so honorably covet."

President Harding, in his reply to the Philippine independence mission of 1922, said:

"I can only commend the Philippine aspirations to independence and complete self-sovereignty. None in America would wish you to be without national aspirations. You would be unfitted for the solemn duties of self-government without them."

On February 21, 1924, President Coolidge wrote to Manuel Roxas, speaker of the Philippine House of Representatives and head of the Philippine mission to the United States in that year, saying:

"It is not possible to believe that the American people would wish to continue their responsibility in regard to the sovereignty and administration of the islands. It is not conceivable that they would desire, merely because they possessed the power, to continue exercising any measure of authority over a people who could better govern themselves on a basis of complete independence. If the time comes when it is apparent that independence would be better for the people of the Philippines from the point of view of both their domestic concerns and their status in the world; and if when that time comes the Filipino people desire complete independence it is not possible to doubt that the American Government and people will gladly accord it."

Thus far President Hoover has not expressed his own opinion, but he has admitted that "independence of the Philippines at some time has been directly or indirectly promised by every President and by the Congress."

Whenever the Republican Party has spoken on the subject it has recorded its sympathy with self-government for the Philippines. The Democratic Party has several times committed itself to the cause of independence.

If at any time during the period of our responsibility for the Philippines the President or other official of the United States had advocated our permanent retention and government of the islands, we could now say with some measure of plausibility that our intentions had been proclaimed and that, therefore, American and Filipino promoters of independence were countering a definite and decisive American policy. But for more than a quarter of a century, almost a generation, there has been a general understanding—in one case taking the form of an act of Congress—that the Filipino people should some day be free and independent. The act of Congress which, by reason of the promise of independence it contains, imposes on us an ethical and moral, though perhaps a juridic, obligation, is the Jones law, passed by Congress in 1916. The promise is in the preamble, which I quote in full:

"Whereas it was never the intention of the people of the United States in the incipiency of the war with Spain to make it a war of conquest or for territorial aggrandizement; and

"Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

"Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that by the use and exercise of popular franchise and governmental powers they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence."

Some opponents of independence hold—at least they assert—that because this statement of our purposes was not in the body of the bill it is not a binding promise. Though but few cling to this contention, I nevertheless think it deserves an answer. In the first place, there was no other valid way in which Congress might express its opinion. It could not have included in the body of the bill such a declaration as the preamble recites without first having fixed a definite date for the termination of American sovereignty in the islands. Those who take refuge in the technicality—the triviality with which I am now dealing—might as well urge that our Declaration of Independence or the Monroe doctrine was not binding because it was not put in the body of a bill. Not only the preamble but also the title of the Jones Act proclaims our policy in reference to the Philippines. And it is a rule of law that the title of a bill shall adequately describe its intent. Here is the title of the Jones law:

"An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands."

This phrase "future political status," especially when read in connection with the preamble and the provisions of the bill, is certainly clear enough—the words, "to proponents and objectors" well understood that the preamble was not only a definition of policy but also a promise made in the name of, by the authority and with the concurrence of, the American people. One thing else: There was a separate vote on the preamble, and it was adopted by a considerable margin. Republicans as well as Democrats supported it.

The Filipinos shared the general view that the Jones Act was a pledge given to them by the American people. The Philippine Legislature, speaking for the inhabitants of the islands, viewed the Jones law as a program looking to independence and so acknowledged and accepted it.

The Filipino understanding of the American promise was given to the Senate committee by Manuel Roxas. I quote from his testimony:

"Granted the necessity of a final and definite declaration regarding the future status of the Philippine Islands, it is important to determine what that status should be. This question was formally and authoritatively defined by the Congress in the preamble of the Jones Act. That document states that 'it is, as it has always been, the purpose of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein.' This declared policy is in accord with authoritative pronouncements of American Presidents and other officials who could assume the right to speak on behalf of the American people. It is thus to be seen that independence is and has always been the goal and objective of America's Philippine policy. The Jones Act merely gave legal and constitutional sanction to that policy. * * * Its grant would be as much a fulfillment of that policy as the satisfaction of Filipino aspirations. It would be the happy outcome of the joint labors of two peoples undertaken with generosity on the one hand and with abiding confidence and faith on the other."

I have cited but a few of the official statements and the testimonies of recent observers and writers. There is little need to multiply such documentations. There is an impressive consensus in behalf of independence. Most significant has been the absence of open advocacy of the permanent retention of the Philippines. Not one witness appearing before the Senate committee proposed such a plan. Postponement of independence—that was the nearest to an outright repudiation of our pledges any witness ventured.

Every class and condition of Filipinos desires independence. Abundant attestation of that fact I found on my visit to the islands. Chambers of commerce, labor leaders, agricultural leaders, educators, bankers, the press, the legislature—all have petitioned for independence. There is no division among the people. Not one Filipino that I met or talked with or questioned opposed independence. The leaders of the Roman Catholic Church, the Protestant Church, the Aglipayan Church, the Moros, and the pagans, divergent as their religious tenets are, nevertheless are alike in their conviction that independence is the due and the destiny of the Filipino nation. These and other groups may differ as to the time for it—whether it should come at once or in the near future—but there can be no doubt that they all want it and will accept it on any terms that we may specify.

This brings me to the consideration of a point I wish to discuss. Some Americans who have discussed with Filipinos this question of opportuneness have learned that the latter in not a few instances deprecate the words "immediate, absolute, and complete independence." It is true that some Filipinos regard these words as involving serious difficulties, such, for example, as the internal economic dislocation that would ensue from sudden application of the American tariff to products of the Philippines. From this reservation in the minds of certain Filipinos these Americans derive the impression that the natives are insincere in their talk of independence. The frank admissions by Filipinos that independence for the Philippines means sacrifice as well as advantage have stirred doubts and suspicions in the minds of many of our people.

Those American manufacturers and merchants who are exerting influence to defeat Filipino independence are inviting detriment to themselves. If, as now seems certain, the desire for an independent nation in the Philippines becomes more fervent and widespread, the islanders may turn elsewhere for their needs. They could hardly be blamed for refusing to permit their own money to be a weapon against independence. It may as well be recognized also that we can not offer the Filipinos material prosperity as a substitute for independence. I have come to believe they would rather be poor and free than rich and dependent.

We Americans have always exalted freedom and self-government above material welfare and luxury. We have put the same ideal before the Filipinos. Their intellectuals, especially the graduates of American universities, are aware that we have always and everywhere honored and encouraged the aspiration of liberty and democracy. We have welcomed every new member of the family of independent nations. More than once the American people have raised funds for the cause of independence in other parts of the world. Within 35 years after this Government was established we lent assistance to the struggle for independence in South America and guaranteed the liberty won there. In the last generation we have given our sympathy to the efforts of the Greeks to erect a republic, to the Boers in South Africa, to the Young Turks. Eighty years ago we cheered the struggles of Kossuth to make Hungary free. Our aid to Ireland continued for a century or more. All these historic facts, I repeat, are known to the leaders of the Filipino people.

Sometimes there is a contrast between our preachments about liberty and our practices in the Philippines. This is only one of the incongruities for which our excursion into imperialism has been responsible. The Filipino sees these discrepancies and wonders.

Mr. President, discussed for more than 30 years in Congress and in the popular forum, the Philippine problem, which our victory over Spain thrust into our political life, seems now about to have a permanent and satisfactory solution. That solution is to be the fulfillment of the promise of independence the United States made to the Filipinos at the outset of the American control of the islands. Such consummation of our long and painstaking tutelage of this oriental people will vindicate the principles and ideals of America and assure the establishment of the first Christian republic in the Far East.

The present Congress, notwithstanding a vigorous propaganda against the proposal, is preponderantly in favor of granting independence. One bill looking to the bestowal of nationhood on the Philippines has passed the House of Representatives by a vote of 306 to 47. Eighty-one per cent of the Representatives were recorded in this vote, and 70 per cent of them supported the bill. A correspondingly large support, I am confident, will be given to the bill in the Senate, if it can be put on its passage. With so impressive an approval of independence by Congress—Republican in one branch and Democratic in the other—we may feel certain that President Hoover will give his concurrence also.

Powerful influences have been won to the cause of independence. Dr. Jacob Gould Schurman, president of the first Philippine commission appointed by Mr. McKinley, is one of these. Prior to his selection for that post he was president of Cornell University and afterwards served as American ambassador to Germany. His plea for Philippine independence was reiterated only three months ago—after the Hawes-Cutting bill had been reported to the Senate—in the course of a lecture at the University of Southern California.

"If the Filipinos themselves are willing to fill the higher governmental offices and to assume the problem of self-defense, we must recognize that it is their problem and leave the islands, whether we think we can run them better than they or not," Doctor Schurman said. "We have formally agreed to this by act of Congress," he continued, referring in this statement to the Jones law of 1916, by which the United States is pledged to confer complete self-rule on the Filipinos just as soon as they demonstrated their ability to establish "a stable government. "Our own Government is based on the consent of the governed, and the Filipinos appeal to us on the same ground to grant them independence," Doctor Schurman told his hearers.

In the roster of champions of independence are also W. Morgan Shuster (now president of the Century Co.), a member of the first Philippine commission—that headed by Doctor Schurman; Judge F. C. Fisher and Judge Adam C. Carson, former associate justices of the Philippine Supreme Court; Judge Richard Campbell, of New York; Frank L. Crone, former commissioner of education of the islands; and most of the Members of the present Congress, including, in particular, those Senators and Representatives who served on the committees which investigated the subject and drafted the pending bills.

There is, of course, a very vigorous opposition to the withdrawal of American sovereignty over the Philippines. Most of those who oppose independence are as sincere and patriotic as those who espouse it. Indeed, a strong—and, in my judgment, wrong—sense of patriotism is precisely what explains the opposition of not a few. These are so dead against "lowering the American flag" that to prevent that consequence they seem almost willing to lower the moral standards which the Stars and Stripes have always heretofore symbolized.

The promises of the United States are of supreme import. It is the ethical factor of the problem. They are a sacred obligation, unless we have come to believe that America's word of honor may be given and withdrawn as material advantage or political exigencies dictate. The final disposition of the Philippines must ultimately be determined in keeping with that pledge of ours, provided that the Filipino people shall not meanwhile, by some sort of collective pronouncement, absolve us from its redemption. The fact is, of course, that they confidently expect us to fulfill our promise—and so do all the other peoples of the Far East. They crave the opportunity to live their own national life. Few people in the world have had so long and so thorough a preparation for independent existence as they have had. The Spanish colonies of North and South America became republics with hardly any previous experience or autonomy. Even some of the new nations of Europe—Czechoslovakia, Latvia, Estonia, etc.—had little or no apprenticeship in self-government before the World War. The people of these new European states were one day the subjects of monarchies—and at least two of them the victims of autocracies—and the next day sovereigns among sovereigns. The Filipinos have been under American fostering—in the school of the greatest of all democracies—for a generation, and that after they had won the last of a series of struggles for liberation from Spanish rule. If independence comes to the Philippines no earlier than the approximate date fixed in the Hare bill, they will have been 43 years in training for it.

Japan could have taken the Philippines at any time in the half century before the United States acquired them. Her defeat of China in 1894 raised her at once to a position of dominance in the Far East and to a place among the great military and naval powers of the world. Spain could not possibly have resisted so mighty an adversary. History and current events make manifest that Japan's expansion has been steadily and of purpose to the mainland of Asia. Her conquests from Russia, her seizure of Korea, her present occupation of Manchuria—all these tell of her preference for a new empire on the Asiatic continent. She has undertaken only one annexation in the direction of the Tropics. That was her acquisition of Formosa as one of the spoils of her war with China. She has attempted to colonize the island with her own subjects, but after 37 years of governmental efforts to that end only about half a million Japanese have settled there. They do not flourish in a warm climate. For that reason they prefer Manchuria to the Philippines. They have been free to domicile themselves in the Philippines, but not more than 8,000 of them are to be found in

the whole Archipelago. They were once more numerous there than they are now.

On two grounds, then, the "Japanese menace" to continuance of Philippine independence can not validly be urged as justification for America's withdrawal of her pledge she has given the Filipino people. First, there is no sound basis—past, present, or prospective—for the assertion that Japan covets the Philippines. The historic facts and the happenings of the moment coincide to negative any such conclusion. Secondly, the plea that because Japan may at some time, in some contingency, violate international comity by an attack on the islands, the United States should commit a breach of faith, here and now, is not very complimentary to the logic of those who utter it nor to the American people, to whom it is addressed. Such a course as these propagandists counsel would be no less impolitic than immoral. It would do immense detriment both to American prestige and American commerce in the Far East. It would cost America the high regard she has won in the Orient by her chivalrous conduct toward the oriental peoples—especially the Chinese and her own wards, the Filipinos. It is, indeed, a doctrine of such crass materialism and Machiavellianism that the American people can confidently be expected to reject and rebuke it as an affront to common sense and common decency alike.

"The bloody rebellion," it is said, will arise from the differences between the Christian majority and the Mohammedan minority. The prophets of this religious conflict always picture the Mohammedans as "proud Moros," compliment their prowess, and vision the war as involving the entire Philippine Archipelago and other regions of the Far East. Indeed, when one reads any of a dozen opponents of Philippine independence one is in doubt as to which of two calamities it will bring first—conquest of the islands by Japan or their depopulation by internecine conflict.

The non-Christian peoples of the Philippines number 800,000 of the total of 13,000,000 inhabitants; that is, 1 in 16. It is not credible that this minority, "proud" and sanguinary though it be, would be able—if willing—to make successful war on an overwhelming majority in control of the military and police of the islands. But the guaranty against a "bloody rebellion" in the Philippines is not supplied altogether by the preponderance of the Christians. It is afforded also by the good sense of the non-Christian people. They don't deserve the evil reputation their champions in the United States invent for them. They have no thought of warfare against their fellows of the Christian faith.

Large numbers of them, including their most important and influential representatives, are as eager for independence as the Christian Filipinos are. They have sent memorials to the United States petitioning for Philippine nationhood. They have acquiesced in the government of the islands by the Christian majority and have lived peaceably and prosperously under Christian governors of their Provinces. There has not been the least friction between the non-Christians and the Christians in recent years. Both realize that they must live together in concord. They regard each other with respect and do not allow their differences of religion to prevent their cooperation in civic enterprises.

If there were any tendency on the part of the great religious groups in the Philippines to engage in strife over creeds, those who are constantly exploiting such possibility would be incurring a grave responsibility. As it is, the worst result of the present exploitation—and it is bad enough—is its encouragement of a misconception on the part of many Americans respecting conditions in the Philippines.

Let us next consider the prophecy of economic disaster. It is quite gratuitous to say that the material progress of the Philippines would be halted by independence. The islands are rich in many things which the world requires. Their natural resources have in some significant instances been neglected because of the artificial character of the insular economic relations with the United States. The Filipinos have been practically stopped from trading with other nations than the United States. On our side we have had a virtual monopoly of the Philippine market. If reciprocity has helped certain Philippine industries—and it has—it has also hindered the development of new and different industrial undertakings in the islands.

Once the products of the Philippines are subjected to American tariffs, as those of other foreign countries are, the Filipino people will necessarily take stock of their wares and canvass their possible customers. They will adjust their production to the demands and opportunities offered in the various markets of the world. That is what much more backward and less resourceful and industrious peoples than the Filipinos have done and are doing.

It is easy to be dogmatic about the future. It is impossible to disprove mere potentialities. One can only forecast events of to-morrow by the light of to-day and yesterday. With that light to guide, however, one can see the Filipinos continuing the progress to which 34 years' experience in the management of their national household has given a powerful impetus. Thirty per cent of the Philippine budget is expended on the public schools of the islands. The Filipinos have shown not merely aptitude, but ambition to achieve success in government. Their social and intellectual standards are higher by a good deal than those of their Asiatic neighbors. Their cooperation with the United States for their cultural and material advancement is a mark of their fitness for self-rule and an earnest of their further development.

Shall a free Philippines become "a disturbing factor in the Far East," as the lugubrious soothsayers declare? Suppose we examine the facts. If Japan is even half as reckless and ruthless as represented for the purpose of making her an obstacle to Filipino nationhood, then an independent Philippines can hardly be more of "a disturbing factor in the Far East" than a dependent Philippines is. The United States is at present obliged to protect the islands, and that in the face of a treaty which forbids any fortifications on them. Japan is greedy, unscrupulous, aggressive, and very powerful, the foes of independence tell us in a tragic whisper, and then they support their statement by reminding us how, in despite of American warnings, in the teeth of the League of Nations, and in defiance of public opinion throughout the world, she planned and executed her recent invasion of Manchuria and China proper. If that be Japan's true character and her real disposition; if she neither fears nor respects the collective nations of the earth, she will surely not dread or regard the United States and—in the hypothesis presented—she will take the Philippines whenever their seizure bespeaks military or political or commercial advantage to her. In that eventuality, the United States will be bound to defend and retain the islands, even at the cost of a terrible war.

The Philippines have many products which we need and which we can not obtain in other countries or can not purchase elsewhere under more favorable conditions. On the other hand, Filipinos can buy in the United States much if not all the commodities they are buying now. American farmers and wage-workers are as conscious of their rights and interests and as eager and able to protect these as the opponents of Philippine independence are. Accordingly, these two groups—6,500,000 members of agricultural associations, and 5,000,000 members of labor organizations—not merely desire, they demand, the speedy enactment of legislation for an independent Philippines.

There are offsets to the economic losses and disadvantages which are prophesied as consequences of the disposal of the Philippines. According to one authority, the maintenance of the American Army and the Philippine Scouts in the islands cost taxpayers in this country—not those of the Philippines—a grand total of $685,613,504 for the period from May 1, 1898, to June 30, 1931. In the same 33 years, the expense of the Navy serving in the islands was $76,634,919, an average of $2,312,791 a year. In these days of stress in governmental finances the saving of this average annual charge of $22,000,000 for the Army and the Navy would be worth making. If we should have to enlarge our military and naval forces in the Philippines, the expense would, of course, increase proportionately. In addition to the cost of the Army in the islands there were also expenditures totaling about $17,000,000 for other insular purposes during the 33 years ending June 30, 1931. By the time the islands become independent under the terms of either of the pending bills, their cost to the United States will have risen to a billion dollars.

American economists, moreover, point to other offsets. They remind us that while only 9,178,380 of the aggregate of 73,216,124 acres of land in the islands are under cultivation, Philippine products are nevertheless in hurtful competition with the products of American farms, dairies, plantations, etc. Indeed, the various agricultural associations of the United States, as I have said, are urging Philippine independence not only for its own sake, but as a means of protecting the domestic market from Filipino competitors. If such be the situation with only 12 per cent of the Philippine land in production, what will happen when 30, 40, or 50 per cent is yielding rice, hemp, corn, tobacco, and sugar—all at much lower costs than they can possibly be produced in the United States?

But even if it were demonstrable—as it isn't—that American-Philippine trade should diminish or wholly disappear, they still remain under the moral compulsion of keeping their word to the Filipinos. We are not yet so pragmatic as to proclaim and practice the doctrine that promises whose fulfillment involve economic losses need not be kept.

One of the conventional arguments against Philippine independence is that "selfish interests" are promoting the cause and using the Filipinos as pawns in the game. Now it may well be that certain American groups or institutions or individuals are seeking profit from the political severance of the Philippines from the United States. But Philippine independence as a good thing in itself should not be halted or prevented because, as an incident, it brings benefit to some of the people of the United States. If these groups are seeking a good end for a bad purpose, what shall be said of the "selfish interests" that are attempting to defeat a worthy cause for an evil motive? For some very powerful coteries are in the opposition and are employing all their great resources to induce the Government of the United States to break faith with the Filipino people. There has been a good deal of criticism of the brief consideration given the Hare bill when it was put on its passage in the House of Representatives on April 4. The critics designedly leave the impression that the measure was passed by the House not only without understanding of its provisions, but contrary to their demands for a longer study of it. At frequent intervals ever since 1916 the Congress has had before it bills looking to the independence of the Philippines. On several of these bills there were exhaustive hearings. The testimony adduced at these hearings was printed and has been available to every Member of Congress. The Senate conducted an inquiry in 1930, and the information it gathered from friends and foes of Philippine nationhood is likewise open to Senators and Representatives. Besides all this, the Committee on Insular Affairs of the House last winter undertook its own inquiry and obtained the views of almost every important individual and organization concerned about the Philippines. These views also were published

and made accessible to the Members of the House. Finally, the committee's report, containing conclusions derived from the testimony, and a recommendation in behalf of independence, was sent to every one of the 435 Representatives.

The prompt passage of the Hare bill by an overwhelming majority of the Members of the House, Republicans as well as Democrats, was, therefore, not a mark of "precipitance" or "carelessness" or "recklessness," as some few writers and speakers on the subject have alleged. It was precisely a sign and token that the Representatives had familiarized themselves with the facts and issues involved and voted with full knowledge and understanding.

It is quite patent, I think I have indicated, that either from considerations of intelligent self-aggrandizement or in solicitude for the national honor, every American, whether he be in official post or in private life, must give his support to Philippine independence. Righteous and generous treatment of the Filipinos—an oriental people—is sure to win for the United States the esteem of all the other nations of the Orient. And no other investment is so productive as that made in behalf of good will. For commerce follows friendship. Moreover, it is always a wholesome and salutary policy to be honest and honorable. Our Government can not be unjust to the people of other nations without sacrificing somewhat of the respect, obedience, and loyalty of its own citizens.

JOBLESS LIBERTY PARTY

Mr. GORE. Mr. President, by request, I present a letter from Col. J. H. Stolper, general counsel and chairman of the national executive committee, the American Veterans of All Wars, Muskogee, Okla., addressed to Rev. James R. Cox, Pittsburgh, Pa., on the subject of a "Jobless Liberty Party," which I request may be published in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MUSKOGEE, OKLA., *May 14, 1932.*

Subject: Jobless liberty party.

Rev. JAMES R. COX,

Liberty Avenue and Seventeenth Street, Pittsburgh, Pa.

MY DEAR REVEREND SIR: I have your letter of May 9, 1932, informing me of your plan to form a jobless liberty party and hold a convention in St. Louis, Mo., to nominate candidates for President and Vice President; also to pass resolutions, which you inclose, to be handed by you to the President, Vice President, and Speaker of the House. Some of your collaborators also inform me that a march upon Washington to the President and Congress is contemplated upon a large scale, and you request me to cooperate with you.

When a step affecting a large portion of the American people is contemplated, the first thought must be can there result any good from such step; second, can it be productive of any harm?

I feel that the passing of any set of resolutions can do no possible good. Let us be fair and just. Are such resolutions necessary? They are not. What could they do? Inform the President, the Vice President, and the Speaker of existing conditions. Do these officials need informing at this time? They do not. Is it not effecting a useless effort? I not only believe that your proposed action can and will do no good but it may do great harm, and for this reason not only can I not, and I will not associate myself with such a move, but I implore you in the name of right and love for our country to abandon such a step if you can do so.

The President of the United States is more than anyone just now fully acquainted with the great suffering that exists; he is and has for some time been doing everything humanly possible to meet and overcome the critical conditions. Why, then, harass the President any more? There is a limit to punishment. The President of the United States has had to meet a situation not of his making. Why increase his burden with a move of the kind you contemplate? It is an easy matter to get together a large number of unemployed, but you can never tell when an orderly mass of suffering and irresponsible people may turn into an uncontrollable mob and do unforeseen great injury to itself and the Nation.

No, sir; so long as our President is doing his utmost he deserves our support, and he will have the support not only of myself and this organization but every particle of influence that I can bring to it. We need no black, no red, and no blue shirts in the United States. We are neither in Italy nor in Germany. The depression will terminate in due time, the jobless will be reemployed, and there is no place for a jobless party or jobless army of any kind in the United States. I would obey and recognize only one army, the Army of the United States. Let us not incite any of our people to disorder or to gang together. Let us help bring out law and order and prosperity. You can do more for the jobless by helping the jobless to get a job than by making them conscious of desperate conditions they find themselves in.

I believe if the church would help get heads of families suffering in the cities to go and settle on a 10-acre tract of land and work it, while such family would not get rich it would be secure in shelter and have ample food.

Nothing the President can do will be as effective as what the person would do for himself, and every organization would be glad to help. I believe even the large insurance companies and other capital will be willing to help, but merely to get together large crowds of people, increase their dissatisfaction with conditions unforeseen, and which everyone is trying to remedy, will result in suffering and in harm; why undertake it?

Congress is trying to do something; let us help them. I do not contend that a certificate of election makes of the average man an all-wise statesman when he comes to Congress. There are great and good men and little and small men in Congress. To descend upon them with large masses is to repeat the European revolutionary experience; what good can it do? It will not teach Congress anything; the great and good men in Congress need no teaching; the small fellow who is playing small, petty, selfish politics while in Congress does not want to learn, and you can teach him nothing; hence what is the use of the marching to Washington? Your last march in the winter has accomplished nothing but suffering.

I very earnestly advise against the contemplated assembling of the unemployed; let us, irrespective of party affiliations, give our President and the constituted authorities our support when it is to the benefit of the Nation by each of us using our personal remedies; we may do just the opposite of what we are trying to do. If you desire to petition the President and Congress, circulate petitions; will be glad to help you, and it can be presented by half a dozen people just as good as by thousands, but it will not do so much harm, for whatever is being contemplated may lead to riots and bloodshed. We want nothing of the kind. Let us be Americans first; let us work for peace, for justice, for right, and for general prosperity, but let us not incite nor excite class animosity nor hatred. Let us all work for the common good of our country. God bless her.

Very respectfully,

J. H. STOLPER,
Lieutenant Colonel,
United States Army Reserve, Retired,
General Counsel and Chairman
National Executive Committee,
American Veterans of All Wars.

MEMORIAL TO WILLIAM JENNINGS BRYAN

Mr. FESS. Mr. President, I ask unanimous consent to report favorably without amendment from the Committee on the Library the joint resolution (S. J. Res. 182) amending the joint resolution authorizing the erection on the public grounds in the city of Washington, D. C., of a memorial to William Jennings Bryan.

The PRESIDENT pro tempore. Without objection, the report will be received.

Mr. WALSH of Montana. Mr. President, this is a matter pertaining to the location of a statue for William Jennings Bryan. An act was passed authorizing the selection of a place in the District of Columbia except in civic parks or on the Mall, and this is simply to strike out "civic parks," according to the recommendation of the chairman of the Commission of Fine Arts.

I ask unanimous consent for the immediate consideration of the joint resolution.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the joint resolution was read, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That section 3 of the joint resolution authorizing the erection on the public grounds in the city of Washington, D. C., of a memorial to William Jennings Bryan be, and the same is hereby, amended by striking out the words "or Potomac Park" appearing in the second line of said section, so that section 3, when amended, shall read as follows:

"SEC. 3. The memorial herein provided for shall not be erected or placed in any part of the Mall, nor on any ground within one-half mile of the Capitol."

Mr. WALSH of Montana. I submit a letter from the secretary of the Commission of Fine Arts in explanation of the joint resolution just passed, and I ask that it may be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

Washington, June 21, 1932.

MY DEAR SENATOR WALSH: The Commission of Fine Arts at their meeting on May 27, 1932, inspected the model of the William Jennings Bryan Memorial authorized to be erected in the National Capital by act approved June 18, 1930, and were well pleased with it. It is a work of Mr. Gutzon Borglum, sculptor, to whom the commission made a few suggestions as to the model in matters of detail.

The William Jennings Bryan Memorial Association, through their representatives, suggested as a site for the statue a plot of ground about 150 feet north of Constitution Avenue near the Lincoln Memorial. The Commission of Fine Arts inspected this location on May 27 and were agreeable to the erection of the statue there, but it was noted in the act of June 18, 1930, that the statue was not to be erected in Potomac Park. The commission was officially advised by Lieut. Col. U. S. Grant, 3d, Director of Public Buildings and Public Parks, that the site selected by

the William Jennings Bryan Memorial Association is in Potomac Park.

Therefore, if Congress will amend the act of June 18, 1930, section 3, so as to strike out the words "or Potomac Park," as is contemplated in Senate Joint Resolution 182, introduced by you, it will be possible to erect the William Jennings Bryan statue at the site in Potomac Park selected by the association. The commission of Fine Arts would concur in this, since, as above stated, the site was favored by the commission at the meeting on May 27.

For the Commission of Fine Arts,

Very respectfully yours,

H. P. CAEMMERER, *Secretary.*

Hon. THOMAS J. WALSH,
United States Senate, Washington, D. C.

INVESTIGATIONS BY COMMITTEE ON BANKING AND CURRENCY

Mr. TOWNSEND. Mr. President, from the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably, with an amendment, Senate Resolution 239, and I ask for its present consideration.

The PRESIDENT pro tempore. Without objection, the report will be received and read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 239), the amendment of the committee being in line 5, to strike out "$50,000" and insert "$25,000," so as to make the resolution read:

Resolved, That Senate Resolution 84, Seventy-second Congress, agreed to March 4, 1932, hereby is continued in full force and effect until the expiration of the Seventy-second Congress, and the limit of expenditures to be made under authority of such resolution is hereby increased by $25,000.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution? The Chair hears none. The question is on agreeing to the amendment of the committee.

Mr. NORBECK. Mr. President, I want to call the attention of the Senate to the work which has been done and the condition in which the committee finds itself.

Mr. LA FOLLETTE. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LA FOLLETTE. Was unanimous consent granted for the consideration of the resolution?

The PRESIDENT pro tempore. The Chair so understood, and the resolution is before the Senate.

Mr. NORBECK. Mr. President, the committee has been at work for a couple of months and the problem is big and complicated. We started to investigate Indian motor cycles and later got into matters that ran into hundreds of millions of dollars. We still feel that we have only touched the borders of it.

Mr. Whitney, president of the New York Stock Exchange, admitted that 25,000,000 people lost money in the market crash, and that shrinkage in values amounted to $50,000,000,000, against which Teapot Dome looks like a very small affair. The problem that looms is, How can we protect the American investors? Under our present system of business, individual ownership of corporations is nearly impossible. We have discovered that when there is collective ownership, many officers of corporations betray their trusts. They sell short their own stocks and take all sorts of advantage of their own stockholders. They cash in and make large profits, and then get out from under. The methods used are many and indeed I think many of them are unlawful.

What we have uncovered leads, for instance, to the matter of tax evasion. The last hearings of the committee have developed that feature.

For instance, we find that Mr. Fox, of the Fox Theater, speculated on his own account in the stock of his own firm. When the market shrank and he lost some three or four million dollars, he had that loss taken over by his company, but in making up his tax return he charged it to himself and deducted that loss from his own income; so there is no doubt that probably half a million dollars of taxes can easily be recovered on the record in that case, and no defense is possible against it, if the man is financially responsible, and he is reputed to be worth $15,000,000 or $20,000,000 yet.

We discovered in another case that it is a regular practice to evade taxes by setting up corporations in Canada so that profits can be entered on the books up there, although the business is conducted here. The worst case we have found so far was where a Cleveland firm sent their securities to Canada. The express charges were about $35,000. They were sent by a New York bank that held the securities as collateral. The bank released them for the purpose of sending them up to Canada to enter them on some books up there in order that a Canadian notary public might certify their presence there, and that the profits might appear to be in Canada instead of the United States. The tax evasion in that case amounted to about $2,000,000.

There was testimony before the committee indicating that the attorney of the bank had warned them against doing it and said they might be guilty of conspiracy to defraud the United States of taxes. I have not any doubt that recovery in this case can be made. We are opening up a wide field, and I suggest that it is up to the Senate to determine how much of an investigation we are to conduct. I have no complaint to make or criticism to make of the Committee to Audit and Control.

They have done with this resolution only what they have done with practically every other which has come before them; they have cut it in two; but it is up to the Senate whether the committee shall conduct a small investigation or a larger one. Let me say my thought was that the committee should conduct even a larger one than would have been possible perhaps under the resolution as originally introduced, but not with the hope of going into the whole matter. Our attorney stated before the committee that it would require a quarter of a million dollars to go into the whole field and develop it, and it seemed hopeless, even with the prospect of large tax recoveries, to get such authority. Our attention was called to the fact that the New York investigation has cost three-quarters of a million dollars already. However, I want the Senate to know what they are voting on when they vote on the amendment to cut the amount for the committee from $50,000 to $25,000. That is all I want to say.

The PRESIDENT pro tempore. The question is on agreeing to the amendment reported by the committee.

Mr. SMOOT. Mr. President——

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDENT pro tempore. Unanimous consent was granted for the consideration of the resolution.

Mr. ROBINSON of Arkansas. I understand that, and it ought to be disposed of before we take up something else.

The PRESIDENT pro tempore. The Chair did not understand the Senator from Utah to propose something else.

Mr. SMOOT. Mr. President, I simply desire to ask unanimous consent to submit certain reports from the Committee on Finance to go to the calendar.

Mr. COPELAND. Mr. President, may I inquire what are the reports?

Mr. ROBINSON of Arkansas. Mr. President, I object for the present.

The PRESIDENT pro tempore. Objection is made. The question is on agreeing to the amendment reported by the Committee to Audit and Control the Contingent Expenses of the Senate to the pending resolution.

Mr. PITTMAN obtained the floor.

Mr. JOHNSON. Mr. President, does that amendment cut in half the amount?

The PRESIDENT pro tempore. The amendment proposes to strike out "$50,000" and insert "$25,000."

Mr. JOHNSON. Mr. President, I have no desire to interfere at all——

The PRESIDENT pro tempore. The Senator from Nevada has the floor.

Mr. JOHNSON. Will the Senator from Nevada yield to me for a moment?

Mr. PITTMAN. I yield.

Mr. JOHNSON. Mr. President, I have no desire to interfere at all with the endeavor in behalf of economy on the part of the committee nor with any decision that may be

rendered with respect to this matter, but there is no higher duty that can be performed by the Senate than the investigation of the men who brought on the horrible panic and the dreadful cataclysm that this country has witnessed during the past few years. If, as the chairman of the committee says, the country may recover in taxes the sums he indicates, we will be well repaid, and not only repaid generously but the country will be compensated many times over for the amount we appropriate. This, he says, comes from uncovering huge tax frauds from financial magnates who have manipulated the market.

This investigation is one which ought to be prosecuted to the full, with sufficient funds to see that it is carried out in every respect in order that there may be developed all the facts, and developing those facts, then that legislation may be presented which may be necessary to prevent in the future a recurrence of that which we have seen in the past. And the investigation should be prosecuted, even though there be no financial return from tax frauds perpetrated upon our Government.

We have a singular situation that has been shown by the gentlemen who have come before the Banking and Currency Committee thus far. There will be shown undoubtedly, as the chairman indicates, other matters which ought to be disclosed and the discovery of which ought to be made to this country. If it be a fact that those who have much have brought upon the Nation the peculiar catastrophe that now is ours, if they contributed to the human misery that is now about us, it ought to be known, and the individuals who are responsible ought to be held up to public obloquy and scorn. If the chairman of the committee says, from his experience, that double the amount of money is required in order to conduct an investigation which shall accomplish the real purpose of the original resolution that sum should be accorded; and I hope that the amendment of the committee will not be agreed to.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. PITTMAN. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I inquire what amount has been expended by the committee up to date?

Mr. NORBECK. The $50,000 appropriated has nearly all been expended, but there is enough left so that we can clean up our bills.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDENT pro tempore. The Senator from Nevada has the floor.

Mr. ROBINSON of Indiana. Will the Senator yield so that I may ask a question of the Senator from South Dakota?

Mr. PITTMAN. I yield.

Mr. ROBINSON of Indiana. I should like to ask the chairman of the committee how much, in his judgment, it will require properly to prosecute this inquiry?

Mr. NORBECK. No one knows what the amount would be; it would be just a wild estimate. I do not think that we have gone into it very far as yet, but I really feel that with an expenditure of another $50,000 we can get a fair picture of the matter, not with the thought of holding hearings this summer, although the committee is going to be busy, but rather with the thought of keeping the investigators busy and starting hearings again in the fall.

Mr. ROBINSON of Indiana. Is there an effort being made now by other Members to reduce the amount from $50,000 to $25,000?

Mr. NORBECK. I had in mind introducing a resolution for $100,000, but we all realize that such an amount is a large sum in these days; so I introduced it for $50,000, and the Committee to Audit and Control the Contingent Expenses of the Senate cut it to $25,000. I do not say that in a critical way.

Mr. ROBINSON of Indiana. Why was that done?

Mr. NORBECK. I do not want to be critical, because that is about what they have done in the case of all other resolutions calling for expenditures that have come before them. I am saying that if this matter is of sufficient importance to the Senate, I just want their attention long enough so that they may know what they are voting on; and it is up to the Senate to decide whether we shall have $25,000 or $50,000 or a larger sum or have none at all. We will do the best we can in any event.

Mr. ROBINSON of Indiana. The Senator introduced the resolution for $50,000?

Mr. NORBECK. Yes; I certainly would not have introduced the resolution for $50,000 if I had not thought that was necessary.

Mr. ROBINSON of Indiana. Mr. President, if the Senator from Nevada will yield further——

The PRESIDENT pro tempore. Does the Senator from Nevada yield further to the Senator from Indiana?

Mr. PITTMAN. I yield.

Mr. ROBINSON of Indiana. I am in thorough accord with all that has been said by the Senator from California, except I go further and say that if it can be definitely developed that those who are responsible for the misery that surrounds us on all sides can be identified, then, in my judgment, they should be prosecuted to the full extent of the law.

Mr. FESS. Mr. President, will the Senator from Nevada yield to me?

Mr. PITTMAN. I should like to have a vote on the pending question.

Mr. FESS. Will the Senator yield for a moment?

Mr. PITTMAN. If the Senator desires to make a speech, I do not yield.

The PRESIDENT pro tempore. The question is on agreeing to the amendment reported by the committee.

Mr. ROBINSON of Indiana. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. ROBINSON of Indiana. A vote "yea," as I understand, means a vote in favor of reducing the amount to $25,000. Is that correct?

The PRESIDENT pro tempore. It is. The question is on agreeing to the amendment proposed by the committee.

The amendment was rejected.

The PRESIDENT pro tempore. The question recurs on agreeing to the resolution.

The resolution was agreed to.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program, and providing a method of financing such program.

The PRESIDENT pro tempore. The question recurs on the amendment proposed by the Senator from Nevada [Mr. PITTMAN]. The Senator from Nevada has the floor.

Mr. PITTMAN. Mr. President, I dislike very much to have the Senate vote on a very important amendment to this bill without anyone knowing what it is except probably the five who assisted in preparing the bill. The bill does not now contain any provisions similar to those in the amendment. The point involved came to our attention even after the bill was reported from the Committee on Banking and Currency. It is a suggestion designed to facilitate action on the loans to self-liquidating corporations. At the present time the Reconstruction Finance Corporation in transacting its business has certain representatives in different sections of the United States. There has been inevitable complaint against the partiality of those representatives of the Reconstruction Finance Corporation in different zones and their lack of knowledge or experience to report on the applications for loans from different sections of the country.

The amendment proposes to set up an advisory board in each of the Federal reserve zones of the United States, the members of which shall serve without pay, and who shall have the experience to enable them to pass on whether or not an applicant for a loan comes within the definition of this bill as being a self-liquidating corporation. It is an exceedingly important matter, as we are going to appropriate

$1,500,000,000 to be loaned to so-called self-liquidating corporations, to know what is a self-liquidating corporation.

Mr. COUZENS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Michigan?

Mr. PITTMAN. I yield.

Mr. COUZENS. I do not find in the amendment that the board which the Senator proposes to set up will have any binding authority.

Mr. PITTMAN. It is advisory, of course.

Mr. COUZENS. And who is responsible for the loan—the Reconstruction Finance Corporation or this board?

Mr. PITTMAN. No; the amendment does not change the bill at all, except that it attempts to set up an organization in each one of the Federal reserve districts that will respond quickly to the request for information with regard to any applications for loans from the respective districts.

Mr. COUZENS. Mr. President, one objection I have to the amendment is that it divides authority; there is no concrete authority, because under it the buck can be passed from the board to the Reconstruction Finance Corporation. The powers of the Reconstruction Finance Corporation at the present time are, in substance, just what this amendment provides, in that they have themselves set up district agencies to report to them; and yet, so far as Congress is concerned, it places complete responsibility upon the Reconstruction Finance Corporation.

Mr. PITTMAN. I may say that this does, too, if the Senator will read it.

Mr. COUZENS. It legislatively, however, tells them how to go about it.

Mr. PITTMAN. It states this:

> And upon receipt by the corporation of an application for a loan under such subdivision it shall be referred to the direct project board for the proper district for examination and report as to whether the project covered by the application is of a class with respect to which loans may be made under such subdivision unless the corporation has in its possession sufficient information upon which to act.

Mr. COUZENS. I understand that, but it is just a duplication, because the Reconstruction Finance Corporation now has agencies set up so far as passing upon applications for loans from the districts throughout the United States is concerned. If a bank in Walla Walla makes an application to the Reconstruction Finance Corporation, they have an agency in that district to pass upon it; they set up their own agency. I do not see why we should do differently in this case.

Mr. PITTMAN. Let us see if this is any different. I will say to the Senator from Michigan that the existing Reconstruction Finance Corporation act is intended chiefly for loans to banks.

Mr. COUZENS. And railroads and others.

Mr. PITTMAN. Yes; but that was the main purpose of it, and, as a matter of fact, their representatives in these zones, as I understand, are very largely able bankers knowing the situation in banking circles, and I suppose knowing the railroad situation, but, if we pass the pending bill, we are dealing not with banks and not with railroads, because this bill expressly provides that those institutions that may now borrow under the Reconstruction Finance Corporation act shall not borrow under this proposed act. We have attempted to define a self-liquidating corporation. No corporation except one dealing with a self-liquidating project can borrow money under this bill.

Therefore, Mr. President, there are three things to be ascertained, as I take it. In the first place, is the corporation making the application within the definition of a self-liquidating project? That involves, as I take it, first a legal question, second an economic question, and third the economic question which probably will turn on an engineering report. They will have to have some one besides a banker in each one of these districts to determine those three questions.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. PITTMAN. Yes. Just let me show you what the board consists of.

Mr. COUZENS. But I wonder how they would get that information if we did not pass this amendment. Of course, they would go about it in the same way, and do it in their own way.

Mr. PITTMAN. That is very probable. I hope they would.

However, Mr. Eugene Meyer might consider that a banker is also an engineer and a contractor and a lawyer. That all depends upon the viewpoint of the man who is appointing.

I regret to say that I do not believe, frankly, that the organization that they now have would facilitate this action. I think it would delay it. Of course, if they did not want to delay it, I will say to the Senator from Michigan, they do not have to refer it. If they say, "We have the information from any outside source," they do not have to refer it; but what I should like to see is this:

In each one of these Federal zones a board consisting of whom? First, a member of the Reconstruction Finance Corporation—I mean, I mean with regard to this particular character of loan. Second, a member of the Stabilization Board. I think it is very essential that a member of the Stabilization Board should be on this board, because, take Mr. Sawyer, for instance. Under an act of Congress he has been studying, surveying, and segregating all of these various works that have been authorized, to determine those that are ready to go and those that are not. I think possibly his study is more valuable than that of anyone else.

So we have a board consisting of a member of the Reconstruction Finance Corporation. To that there would be no objection; but we would be assured that the director of the Stabilization Board was a member of that board, and we would be assured that an engineer to be appointed directly by the President was a member of that board. It is only an assurance, so far as I am concerned, that we would not only have an impartial board but that we would have a competent board to decide the three questions that come up—the legal question, the economic question, and the engineering question.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. COUZENS. If the Senator wants to make any decision they reach mandatory upon the corporation, the same as the decision of the Interstate Commerce Commission is mandatory upon the corporation in railroad loans, I would not object; but I dislike this division of authority.

Mr. PITTMAN. I would not make it mandatory under any consideration.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. PITTMAN. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I was just about to say the same thing that the Senator from Nevada has said. I think that would be utterly impracticable. We would have this condition then: We would have 12 boards making loans, with no power in the central board to coordinate or to limit their activities. The probability is that we would have competition between the board of one district and that of another, and I think that would be subversive.

May I say, while I have the floor, that the amendment of the Senator from Nevada has this value: It makes certain that there will be a measure of impartiality in the loans to be considered by the board. It prevents the possibility of arbitrary action. It promotes prompt decision.

It may be said, as implied by the Senator from Michigan, that the board itself is intelligent, and can set up its own agency, and work questions out according to its own best judgment; and that is the real issue involved in the amendment—whether the Congress wishes to give some direction to the manner in which these loans shall be prepared for consideration by the board.

It would be difficult for a central board here, operating through the present agencies of the board, to pass upon loans of this character. It would be necessary for them to set up other agencies, or add to their existing agencies.

The amendment of the Senator from Nevada impresses me as well worthy of consideration.

Mr. COUZENS. Mr. President, if the Senator will yield, of course I disagree wholly with the conclusion reached by

the Senator from Arkansas in that any direction to the corporation is involved. Apparently it is the intention of the author of the amendment that the Reconstruction Finance Corporation can do as it likes. In the meantime, we have set up a very elaborate agency all over the United States, whose expenses we are going to pay; and for what purpose? For the purpose of giving advice to the Reconstruction Finance Corporation, whether it chooses to accept it or not. In other words, it seems to me an entirely useless appendix to the Reconstruction Finance Corporation if it has no authority whatever.

Remember, I do not approve of the amendment at all, and therefore I do not approve of making the recommendations of this board mandatory upon the corporation. I said that if the Senator wanted to make this effective, he should make it mandatory; otherwise it is just a conflict, a buck-passing arrangement, where there is no absolute responsibility for final conclusions.

Mr. PITTMAN. Mr. President, of course the Senator from Nevada has not any desire to have boards through the country having mandatory control over the corporation, but I believe that there will be thousands of applications for loans under this provision of the bill. I do not desire that all of them shall run back here to Washington to the corporation, because they will flood that building with them. They will come before officers who have not time to consider any of their problems. Some of them will be as hastily and probably as ill-advisedly considered as some of them already have been, not by reason of any fault of the corporation but by reason of lack of time.

It would seem to be very much better, if we take, for instance, the Federal reserve zone out on the Pacific coast, to have the thousands of applications for loans go right into that local board and be segregated, and have those that apparently are not within the scope of this provision at all just thrown out, and have the recommendation come on to the board saying, "Here is a group of applications that have no business under this act." It has the same effect as the appointment of a commissioner of a court to take evidence. The court can not take evidence in hundreds of cases pending. It appoints a commissioner to take the evidence and bring in the facts and make recommendations.

There have not been such numerous loans under the Reconstruction Finance Corporation act as we have it now. There have been very large loans, but only to a comparatively few institutions, because they were limited practically to banks, to railroads, and to trust companies. But if we do enact a provision similar to this, to lend money to municipal and semimunicipal corporations and even private corporations where they are self-liquidating, by building tunnels and bridges and aqueducts and canals, it is inevitable that there will be thousands of applications for loans. It is inevitable that a great majority of those will not come within the definition of this provision of the act at all.

Now, one of two things must be done. Do we want those applications referred back to a banker in San Francisco for that zone, or do we want them referred back, in case of doubt, instantly to a board consisting of an attorney, an engineer, and an appointee of the corporation?

I feel that that board, acting without pay, consisting probably of the ablest men they could find in those professions, would relieve the Reconstruction Finance Corporation of a tremendous lot of work, and facilitate things. I draw the distinction, however, between those loans under the present act and under the provisions of this bill if we pass it; and these provisions will probably pass, because I think a majority are in favor of them. We are going to have confusion, and if we adopt this amendment we will save the Reconstruction Finance Corporation a tremendous lot of trouble. We will facilitate action. We will insure against even the suspicion of favoritism.

It is an entirely different thing from the loans under the present project. We just submit the matter there because it is worthy of consideration. The corporation appoint one member of this local board. They do that now. If they want to appoint the existing member, they can appoint him. They appoint an engineer, and they appoint an attorney. Those men constitute a reference board which can segregate all of the applications for loans from that particular district. As I say, there is no doubt that two-thirds of them would be thrown out instantly as not coming within the purview of this act at all.

For instance, there might be thousands of applicants who would come in and say, "We want this loan for a school district. We consider a school district a self-liquidating proposition," as was stated the other day, "because we can collect taxes." We know that that does not come within the purview of this act. It is not intended to do so. But are we going to have thousands of those cases piled on top of the Reconstruction Finance Corporation? In every district they ought to be segregated out and separated, the report ought to come back, and they ought to say, "Here are the only ones that come within the purview of this act, right here."

If we do not do that, we will have to take the responsibility of how it comes out.

That is all I have to say.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Nevada.

Mr. WALSH of Montana. Mr. President, I wonder if the Senator from Nevada has not restricted too much the duties of this district board.

The amendment reads:

> Upon receipt by the corporation of an application for a loan under such subdivision it shall be referred to the district project board for the proper district for examination and report as to whether the project covered by the application is of a class with respect to which loans may be made under such subdivision.

Mr. PITTMAN. That is all that I had in mind, because I want to segregate those that are clearly within the act and those that are not.

Mr. WALSH of Montana. That would seem to be simply the duty of a lawyer.

Mr. PITTMAN. I do not think that is necessarily so.

Mr. WALSH of Montana. I should think the Senator would want a recommendation from the district board, as well as to the advisability of making the loan.

Mr. PITTMAN. That is done by the Federal board.

Mr. WALSH of Montana. Yes; but the general board would have information about it only as it is given to it by the district board, it would seem to me.

Mr. PITTMAN. Of course, if it is desired to enlarge the board, that is another question. As a matter of fact, the Senator from Michigan [Mr. COUZENS] thinks it is too large now, I take it. I have amended the amendment, although I have not offered it in amended form. I wish to offer it in that form so as to perfect it. Where it says "architect," I wish to strike out "architect" and insert "attorney at law," because I conceive that an architect is not so necessary in these self-liquidating corporations.

The PRESIDENT pro tempore. The Senator has a right to modify his amendment prior to action upon it, and the modification is made.

Mr. PITTMAN. Mr. President, I do not wish to enlarge the matter any more than that. I simply wish to segregate locally applications for loans which are within the purview of this section, separate self-liquidating corporations from those that are not, and have it done by a competent body, which will consist of an attorney in the District, an engineer, and an appointee of the corporation. If Senators do not think the amendment will facilitate the matter, of course, they will not vote for it.

Mr. BINGHAM. Mr. President, I merely want to call attention to the fact that services of members of the boards are so valuable, in the opinion of the Senator introducing the amendment, that he states that the members of such boards chosen from civil life shall serve without compensation.

There is an old saying, coming from many years ago, that the laborer is worthy of his hire. There being no hire pro-

vided, it seems to be implied that the laborer is not doing a job fit for compensation.

Mr. PITTMAN. Mr. President, I would dislike very much to say that about the members of the present boards throughout the country, because they are not receiving any pay.

Mr. BINGHAM. I am not criticizing anybody, but I merely desire to point out that if we expect important and busy people to give a considerable part of their time to an important matter it is worth receiving compensation. If we expect them to serve without compensation, it will mean that a great many of them will be appointees who are looking for something other than proper compensation, and it seems to me that we would be setting up a great mechanical device here, with a large number of boards, some of which are so unimportant that they are printed in small type and one of which is so important that in this amendment it is printed in large type. It is an extraordinary arrangement, and it does not seem to me, with all due respect to my good friend from Nevada, that what he is proposing would do more than complicate the situation with a lot of dollar-a-year people who are not even worth a dollar a year.

Mr. PITTMAN. I am sorry to hear the Senator say that. It happened that he was not a dollar-a-year man, but we had some very good ones here during the war. It happens to-day that the Reconstruction Finance Corporation, in being advised with regard to loans throughout the United States, have established the same kind of districts, but they are dealing purely with the banking problem, and they have some of the ablest bankers in the country who are acting as chairmen of advisory boards without pay.

There are some men in this country who are so interested in the development of the country, so interested in relieving unemployment, that, notwithstanding their high positions, they are willing to give their time to the Government in that kind of work.

Mr. President, I will detain the Senate but a very few minutes longer. I am so totally in disagreement with the Senator from Connecticut that it will not take long to express what I mean.

We are in greater distress in this country to-day than we were during the war. At the time the ablest brains and experts of this country donated their services to their Government; they were not considered incompetent because they were working without salary. We are in a situation to-day far more serious than we were ever in then, and it is to be expected that the ablest experts and statesmen and bankers of this country will give their services to the Government wherever needed, and be happy to do so.

I would not care for advisory boards in these 12 districts if the members would not serve without salaries, and that is the reason why salaries are not provided for.

The corporation has already a representative in every district. It can keep him, under this amendment. It would not have to appoint anyone else. It would result in only two additional men being attached to each board—that is, an engineer of contracting experience and a lawyer. It would insure that the advice they gave would be more nearly impartial, and certainly of greater value.

Mr. COUZENS. Mr. President, I am not finding fault with the Senator's amendment in that respect, but if I am correctly informed, the Reconstruction Finance Corporation now have these boards set up, voluntary boards, occupying their own offices, and without expense to the R. F. C. As I understand, they are doing a very excellent and patriotic work in helping the R. F. C., the same being a governmental agency, not organized for profit.

Yet in this amendment proposed by the Senator he provides 13 agencies, 1 in Washington and 12 others, and all the expenses of those agencies are to be paid by the R. F. C. In other words, it is an invitation for the R. F. C., or these commissions or boards which the Senator would create, to rent offices, to procure office furniture, to install telephones, to employ stenographers and draftsmen and architects and engineers, all for the purpose of collecting information which the R. F. C. may or may not need. I am not opposed to the Reconstruction Finance Corporation getting adequate information, but I think it is absolutely wrong by legislative enactment to tell that organization that they must set up 13 agencies, with 13 offices, and pay thirteen times office expenses, and other expenses, for the purpose of getting information which may or may not be needed by them.

I think the whole matter ought to be left to the R. F. C. Apparently it has worked out all right so far, and this amendment extends an invitation to them to set up all these agencies, with the usual expenses which go with such organizations.

Mr. PITTMAN. Mr. President, as the Senator says, the R. F. C. already has its boards or commissions established in the 12 districts of the United States, and in more places than that, I may say; and they have their offices already. This amendment would do practically nothing except to insure that there would be added to the boards in the various places attorneys and engineers of satisfactory experience.

Mr. COUZENS. Mr. President, the Senator proposes, however, that all the expenses are to be paid. There is no such provision in the original Reconstruction Finance Corporation act. These boards are occupying their regular offices, they are using their own telephones, they are using their own clerks and their own stenographers. But here the Senator proposes that the Government will now set up another sort of agency, of which the Government will pay all the expenses. It certainly will involve the employment of architects and engineers, and by the amendment proposed by the Senator he invites everybody to come in and come under Government appropriations.

Mr. PITTMAN. Let us see whether it does call for that or not. The Senator says it will result in the employment of engineers and architects?

Mr. COUZENS. Certainly. It says that all expenses of such boards shall be paid, and the Reconstruction Finance Corporation can fix the expenses.

Mr. PITTMAN. But all they are to determine is whether or not the applicants are of a class to which loans should be made.

Mr. COUZENS. That is, they would have to have architects and engineers and draftsmen to determine all those matters, if it is to be handled along the lines the Senator recommends.

Mr. PITTMAN. Do the present boards have engineers to determine those questions?

Mr. COUZENS. It will be up to them to determine whether they want them or not, or whether or not the Army engineers can give them adequate information. I think they ought to be left to their own methods.

Mr. PITTMAN. I understand. This is the situation exactly. One Senator objects because the members of the boards are not to draw big salaries, the other objects because they have the expenses of an office to maintain; but what we have to face is this, that we are going to lend a billion five hundred million dollars of Government money, and if it is not worth the expenses of office rent and stenographers to see that that money is not squandered and wasted and misapplied, then I am entirely wrong.

The PRESIDING OFFICER (Mr. HASTINGS in the chair). The question is upon agreeing to the amendment offered by the senior Senator from Nevada [Mr. PITTMAN].

Mr. COUZENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Byrnes	Dickinson	Howell
Bailey	Capper	Fess	Hull
Bankhead	Caraway	Fletcher	Johnson
Barbour	Carey	Frazier	Jones
Barkley	Cohen	George	Kean
Bingham	Connally	Goldsborough	Kendrick
Black	Coolidge	Hale	La Follette
Blaine	Copeland	Harrison	Lewis
Bratton	Costigan	Hastings	Logan
Brookhart	Couzens	Hawes	McGill
Broussard	Dale	Hayden	McKellar
Bulow	Davis	Hebert	McNary

Metcalf	Pittman	Stephens	Wagner
Moses	Reed	Thomas, Idaho	Walsh, Mass.
Neely	Robinson, Ark.	Thomas, Okla.	Walsh, Mont.
Norbeck	Sheppard	Townsend	Watson
Norris	Shipstead	Trammell	
Nye	Smoot	Tydings	
Patterson	Steiwer	Vandenberg	

The PRESIDING OFFICER. Seventy-three Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment of the Senator from Nevada.

The amendment was rejected.

Mr. FLETCHER. Mr. President, I desire to offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 103, at the end of line 5, insert the following proviso:

Provided, That the corporation may make loans under this section to any building and loan association upon its unsecured evidence of indebtedness in States where there is no statutory or implied authority for such association to pledge or assign the notes or mortgages of its borrowing members as security; but in such cases no loan shall be made to any such building and loan association the amount of whose liabilities exceeds 25 per cent of its assets at the date application for such loan is made.

Mr. FLETCHER. Mr. President, very briefly, let me say that paragraph (b) on page 103 limits the operations of the act so that—

No loan shall be made by the Reconstruction Finance Corporation under section 1 of this act to any financial institution, corporation, railroad, or other association or organization of a class to which loans may be made under the Reconstruction Finance Corporation act.

Under that act loans are authorized to building and loan associations, but it has developed that in a number of States the building and loan associations are not authorized or empowered to pledge their securities or to borrow on the strength of their securities. Therefore the amendment belongs here at the end of the paragraph which I have mentioned, because to that extent it modifies the Reconstruction Finance Corporation act and permits building and loan associations, in those States where the laws do not authorize borrowing on their assets and the pledging of their securities, to borrow provided that in such cases no loans shall be made to any such building and loan association the amount of whose liabilities exceed 25 per cent of its assets at the date application for such loan is made. In other words, it makes it possible for the Reconstruction Finance Corporation to loan to building and loan associations in States where they can not make such loans now by reason of an absence of State law. I think this provision ought to go into the bill. There are a few States where that situation exists. By this amendment the Reconstruction Finance Corporation would be authorized to make loans to such association provided their liabilities do not exceed 25 per cent of their assets.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

Mr. FLETCHER. I yield to the Senator.

Mr. ROBINSON of Arkansas. Has the Senator information as to what proportion of the building and loan associations would be eligible under the limitation carried in his amendment?

Mr. FLETCHER. This makes them all eligible. They are eligible under the Reconstruction Finance Corporation act now, but there are some States that do not permit the pledging of their assets.

Mr. ROBINSON of Arkansas. I understand that, but the Senator has limited the right to make loans to those associations whose liabilities do not exceed 25 per cent of their assets. My impression is there are very few building and loan associations in the States with which I am familiar that would be eligible to make a loan, because in most cases their liabilities are in excess of 25 per cent of their assets. In other words, I do not believe the amendment would be effective or beneficial to very many building and loan associations.

Then, another thing I want to call to the attention of the Senator is that the fact that the State statute forbids the use of its assets for collateral on the part of building and loan associations raises a very serious question in my mind whether the amendment ought to be incorporated.

Mr. FLETCHER. It is not so much that the States do not allow borrowing by building and loan associations or that they are opposed to it, but because they have simply failed so far to provide by legislative enactment authority and power in the building and loan associations to make the loans. The States are not opposed to it. I think there is no State anywhere but will amend its laws so as to come within the Reconstruction Finance Corporation act, but that would take two or three years. I did not learn about this situation until recently, when some building and loan associations took up the matter with me because the Reconstruction Finance Corporation had held that under the laws of their States there was no express or implied authority for the building and loan associations to negotiate such loans and pledge their securities. Consequently they were denied a loan.

Mr. ROBINSON of Arkansas. With that state of the law prevailing, what security would the Reconstruction Finance Corporation have for a loan if it were made under the provisions of the Senator's amendment?

Mr. FLETCHER. They would make the loans upon the responsibility of the association, and of course the association itself must be solvent.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Florida a question at that point?

Mr. FLETCHER. I yield to the Senator.

Mr. VANDENBERG. In the event of subsequent liquidation would this be a legal debt in view of the inhibition of the State statute?

Mr. FLETCHER. There is no positive inhibition. There is simply a failure to authorize expressly that sort of transaction on the part of the building and loan associations. There is no inhibition against it. If the State laws prohibited it we could not cure that defect by any legislation here, but the Reconstruction Finance Corporation has said that there is no implied authority to negotiate these loans. I am quite sure that if we authorized the Reconstruction Finance Corporation to make such loans they could obtain security from the associations aside from a pledging of their notes and mortgages and assets. The association itself has a certain responsibility, is perfectly good and sound, and can arrange in a way to satisfy the Reconstruction Finance Corporation. It gives them the opportunity to come in and borrow. That is the purpose of the amendment.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator another question?

Mr. FLETCHER. I am willing to change the percentage as suggested by the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I did not suggest a change in the percentage because I am looking for the security that would be behind the loan if it were made under the amendment. There would be no control over the activities of the building and loan associations. Many of them are in trouble now, as we all know. I sincerely doubt whether very many could be found whose liabilities are not 50 per cent of their assets. I am not suggesting to the Senator to relax the rule and make a loan to an association that can not give any collateral and whose liabilities are approaching the amount of its assets. I think that would be bad legislation.

Does the Reconstruction Finance Corporation recommend the amendment?

Mr. FLETCHER. I have not submitted the amendment to the corporation itself. I have conferred with some agents of the corporation, particularly a very responsible and very excellent one in another State. He suggested the amendment in this way. The building and loan associations seem to favor it.

Mr. ROBINSON of Arkansas. The law now authorizes loans by the Reconstruction Finance Corporation to building and loan associations. There is full freedom, so far as the corporation is concerned, to make loans. I take it the only question that arises is what security should be required or given. I would not feel justified in authorizing a loan to a

building and loan association without some kind of adequate security. Even though it may be entirely solvent at the time of the loan, that is no assurance that it will continue solvent until the loan is paid or collected.

Mr. FLETCHER. I should say this would leave the matter entirely with the Reconstruction Finance Corporation.

Mr. ROBINSON of Arkansas. It is with them now, and that is the very point I am making.

Mr. FLETCHER. I understand that they hold that in certain States they can not obtain any security.

Mr. ROBINSON of Arkansas. That is a very good reason for not making the loan.

Mr. FLETCHER. I mean security in the way of a transfer or actual assignment or pledge of their obligations in the form of mortgages and notes. This amendment would relieve them of the necessity of looking to the specific mortgages and notes or to any assignment or transfer of those notes or mortgages to the Reconstruction Finance Corporation. It provides for their making loans, if the association is perfectly solvent, on the unsecured evidence of indebtedness on the part of the building and loan association, but no such association may apply for a loan if its liabilities exceed 25 per cent of its assets.

Mr. COUZENS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Michigan?

Mr. FLETCHER. I yield.

Mr. COUZENS. I should like to point out to the Senator that building and loan associations that can put up collateral for security have in the past always borrowed from banks, have they not?

Mr. FLETCHER. I presume so, in some States.

Mr. COUZENS. That is true. Now, I desire to point out that under existing law the same building and loan associations can borrow from the banks if the banks think they are good, and the banks, in turn, if they need money can borrow from the Reconstruction Finance Corporation. So, in fact, if a bank does not think a building and loan association is good enough, then certainly the Reconstruction Finance Corporation should not think so. If the bank thinks it is good enough, and the building and loan association needs the money, it can lend to the building and loan association and then borrow from the Reconstruction Finance Corporation with the note of the building and loan association as security.

Mr. FLETCHER. That, I will say to the Senator, is very good reasoning, and if it would work it would be all right; but the Senators knows, as we all know, that the banks are not doing these things now; they are really not functioning throughout the country as banks; they are not making this kind of loans or practically any loans in a great many instances. The banks might do what the Senator suggests in some cases, and when we undertook to take care of the banks so far as we could under the Reconstruction Finance Corporation, we supposed they would do exactly what the Senator points out, but they have not been doing it. While we released their frozen assets, as we called them, or as Rogers calls them, "petrified persimmons," they have not as a result of that accommodated their customers as was expected and as we intended they should do.

In the States where no authority exists under the law to pledge their bonds and their notes and mortgages, I do not know whether they have been going to the banks or not, I am not advised as to that; but I do know that the Reconstruction Finance Corporation refuses to make loans to building and loan associations in certain States, and they put their refusal upon the ground that the building and loan associations in those States are not authorized to assign or transfer their notes, their mortgages, and their securities. That is what I am trying to reach by the amendment, so as to take care of the building and loan associations all upon the same footing wherever they may be located, provided, of course, they are perfectly solvent and their debts do not exceed 25 per cent of their assets. Why should they not be eligible to loans? It is a matter for the Reconstruction Finance Corporation to pass on finally, any way, as to what security they require and what security they will exact. This amendment opens the door for all building and loan associations upon a perfectly safe basis to become eligible for applications for loans, and it is then up to the Reconstruction Finance Corporation to determine whether they can offer the proper security or not. I should like to have this amendment go in the bill, and go to conference, anyway, and see if it can not be worked out.

I did not quite agree with the position taken by building and loan associations in some of the States. I took the question up with them and undertook to combat their views about it, but their counsel held firm. Florida is one of the States concerned, and I even submitted the question to some of the best lawyers in Florida, and they stated that the Reconstruction Finance Corporation was wrong in their point of view. The lawyers there have said that to me, but that does not open any door. The Reconstruction Finance Corporation is advised by their counsel that they can not make these loans because of the lack of authority in the building and loan associations under the laws of the States to assign and transfer and pledge their securities.

This amendment will open the way for building and loan associations thus situated, where they are perfectly solvent, where the loan is perfectly secured, and whose liabilities do not exceed 25 per cent of their assets, to make any other arrangement that the Reconstruction Finance Corporation may exact, except that they may not be required to transfer and assign their mortgages, and that sort of thing. I think the amendment will open the way to accommodate such building and loan associations.

I would not be so insistent about it merely because of the situation in my own State, although we have some very strong and very excellent and splendid building and loan associations there that need accommodation of this kind, but there are other States in the same situation. I think Pennsylvania is one such State, and I believe there are other large States in the same situation. Why not give them a chance to come to the Reconstruction Finance Corporation, make their showing, and if the corporation feels that the loan is perfectly safe empower it to make such loan?

The PRESIDING OFFICER. The question is on the amendment of the Senator from Florida.

Mr. WALSH of Massachusetts. I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 103, line 5, after the word "act," it is proposed to insert the following:

Provided, That the corporation may make loans under this section to any building and loan association upon its unsecured evidence of indebtedness in States where there is no statutory or implied authority for such association to pledge or assign the notes or mortgages of its borrowing members as security; but in such cases no loan shall be made to any such building and loan association the amount of whose creditor liabilities exceeds 25 per cent of its assets at the date application for such loan is made.

Mr. WALSH of Massachusetts. Mr. President, may I ask the Senator from Florida a question?

Mr. FLETCHER. Certainly.

Mr. WALSH of Massachusetts. I have been informed that that provision for such loans as the Senator has in mind by the land banks, so called, and the cooperative banks is contained in the home loan bill, so called. Am I correct in that assumption?

Mr. FLETCHER. I do not quite understand the Senator's reference to the land banks.

Mr. WALSH of Massachusetts. Perhaps I should not have said "land banks," but cooperative banks. I might say they are called cooperative banks in some States and in other States home-loan associations.

Mr. FLETCHER. There are some such provisions in that bill, but I do not know what chance there is of getting it through.

Mr. WALSH of Massachusetts. I was going to ask the Senator if there is any possibility of action being taken upon that bill at this session?

Mr. FLETCHER. I do not think, if that bill should be passed, that the provision which I have offered is included in it.

Mr. WALSH of Massachusetts. I should like to say to the Senator I am informed that even in States where the bank laws are assumed to be very conservative associations of the character referred to are experiencing a good deal of difficulty; that their mortgage loans are frozen; that many of those who have borrowed and given mortgages on their homes are unable to meet the requirements so far as paying interest, and so forth, is concerned. Do I understand from the Senator that this amendment will relieve that condition?

Mr. FLETCHER. I think it would, to some extent, so far as building and loan associations are concerned.

Mr. WALSH of Massachusetts. What is the attitude of those fostering the bill in regard to the amendment?

Mr. FLETCHER. I have not talked to all those sponsoring this bill; I have not spoken to them all; but I have spoken to the Senator from New York [Mr. WAGNER] about it.

Mr. WALSH of Montana. Mr. President, the gentlemen sponsoring the bill have never had an opportunity to confer about the amendment, and I knew nothing about it until it was offered by the Senator from Florida.

Mr. COUZENS. Mr. President, if the Senator will yield, I was going to say that the legislative draftsman has just pointed out to me that this amendment as drawn does not carry out the intent of the Senator from Florida.

Mr. WALSH of Massachusetts. That is the information that has just come to my attention.

Mr. COUZENS. The amendment provides that "the corporation may make loans under this section to any building and loan association," and that refers to section 1 of the act. Section 1 of the act does not provide for any such loans.

Mr. FLETCHER. Yes; there is a provision regarding loans for building and loan associations.

Mr. COUZENS. Not in this bill. I think the Senator ought to withdraw the amendment for the time being to see if the amendment may not be perfected. I should like to see some provision that the liabilities shall never at any time exceed 25 per cent of the assets.

Mr. WALSH of Massachusetts. I hope the Senator from Florida will accept the suggestion of the Senator from Michigan, because I think the purpose of the amendment is a laudable one.

Mr. COUZENS. I hope the Senator from Florida will withdraw the amendment and let us see if we can not put it in perhaps a little better form.

Mr. FLETCHER. The amendment says:

> That section 5 of the Reconstruction Finance Corporation act is amended by adding the following at the end thereof:

That was the amendment. I have tried to attach it to this provision on page 103 of this particular bill, which reads:

> (b) No loan shall be made by the Reconstruction Finance Corporation under section 1 of this act to any financial institution, corporation, railroad, or other association or organization of a class to which loans may be made under the Reconstruction Finance Corporation act.

The amendment provides that the corporation may make loans to building and loan associations under the conditions stated. I thought it was proper to be inserted there. It would seem to me to belong there, because the provision refers to the Reconstruction Finance Corporation act. I have offered the amendment so that the Reconstruction Finance Corporation may be authorized to make loans to building associations.

Mr. COUZENS. I am advised that the amendment would not be effective at all.

Mr. WALSH of Massachusetts. I inquire if they have any authority already under the general terms of the act?

Mr. FLETCHER. As to the authority to make loans to building and loan associations, I just pointed out a moment ago that the Reconstruction Finance Corporation hold they can not make such loans in States where building and loan associations are not authorized to pledge their assets. This amendment is intended to obviate that difficulty.

Mr. WALSH of Massachusetts. I assume that in practically all the States these associations are not authorized to pledge their assets. Am I correct?

Mr. FLETCHER. The Senator refers to building and loan associations?

Mr. WALSH of Massachusetts. Yes.

Mr. FLETCHER. I think in a majority of the States that is so. The Reconstruction Finance Corporation has made loans to building and loan associations, I am told, in various States; but there are States where they hold they can not make such loans because the law does not permit a transfer of the mortgages of such associations. I am trying to relieve that situation. However, the Senator from Michigan suggested I withdraw the amendment for the time being. I have not consulted with the legislative draftsmen about it.

Mr. COUZENS. I think the Senator has changed a bill which he has introduced and tried to make it apply as an amendment to the pending bill, but he has left out the reference to section 5 of the Reconstruction Finance Corporation act in his amendment. Then, also, in his original bill he provided that the liabilities should not exceed 5 per cent of the assets, but he has increased that to 25 per cent. I think there ought to be a further limitation and that the debts of building and loan associations should not be increased at any time when the Reconstruction Finance Corporation holds any loans of such associations. Will the Senator withdraw the amendment and let us see if we can not get together on it?

Mr. FLETCHER. I withdraw the amendment with that suggestion and will offer it later.

Mr. WALSH of Montana. Mr. President, the Senate was courteous enough last night to have laid aside temporarily an amendment offered by me. I ask now that it may be read to the Senate.

Mr. TYDINGS. Mr. President, will the Senator let me first read an amendment? If there is any discussion, I will withdraw it. I think, however, the particular amendment I am about to offer will probably be agreed to without any debate.

Mr. WALSH of Montana. Very well. I yield to the Senator.

Mr. TYDINGS. Mr. President, I offer the following amendment: At the end of the bill insert a new section to read as follows:

> In the employment of labor in connection with any project provided for in this act preference shall be given, where they are qualified, to ex-service men with dependents.

Mr. WALSH of Montana. I hope that amendment will be adopted.

Mr. WAGNER. There is no objection to it, of course.

The PRESIDING OFFICER. The question is upon agreeing to the amendment offered by the Senator from Maryland to the amendment of the committee.

Mr. COUZENS. Mr. President, should not that be amended so as to incorporate the provision that this work shall be done by hand rather than by machinery, if that is the proper part of the bill for such a provision?

Mr. TYDINGS. Will not the Senator let this amendment go in and offer that as a supplemental amendment later on? I should like to have the principle embodied in the bill that ex-service men with dependents, where qualified, shall have preference.

Mr. COUZENS. I will not object.

Mr. TYDINGS. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. WALSH of Montana. Now, Mr. President, I ask to have my amendment stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 112, after line 16, the Senator from Montana proposes to insert a new section to read as follows:

The Reconstruction Finance Corporation is authorized and empowered to make loans to bona fide cooperative financial institutions, organized under the laws of any State or of the United States and having resources adequate for their undertakings, for the purpose of enabling them to finance the carrying and orderly marketing of staple commodities produced in the United States. The Reconstruction Finance Corporation may make any such loan in such manner and upon such terms and conditions as it may determine subject to the limitations of section 5 of the Reconstruction Finance Corporation act as to the periods within which it may make loans and the amounts and maturities thereof, and all such loans shall be fully and adequately secured.

Mr. WALSH of Montana. Mr. President, there is nothing further that I care to say in addition to what was said yesterday in support of this amendment. I am content to have a vote on it.

Mr. KING. Mr. President, I was not here yesterday when there was some discussion in regard to this amendment. I have in mind the fact that many of these so-called cooperatives are now very heavily involved, and are owing the Stabilization Corporation and the Farm Board many millions of dollars. I think the evidence heretofore obtained in some of the hearings disclosed that many of these so-called cooperatives are insolvent. They have the Farm Board with $500,000,000 to which they may resort, and to which they have resorted. Does the Senator think it would be wise to increase their borrowing capacity and make further drains or drafts upon the amounts which will be carried in this bill?

Mr. WALSH of Montana. Mr. President, the cooperative farm-marketing organizations to which the Senator refers are already taken care of in the Reconstruction Finance Corporation act. They are authorized to borrow. Section 5 of that act provides:

To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products the corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, mortgage loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate-credit bank, agricultural-credit corporation, livestock-credit corporation, organized under the laws of any State or of the United States.

The Reconstruction Finance Corporation act authorizes loans to be made to the cooperative associations that the Senator has in mind. The bill before us now does not increase the funds for the purpose of making loans to any of these corporations, but the amendment contemplates a still further class of organizations to which loans may be made, namely, financial corporations that are engaged in loaning money for the purpose of carrying and marketing staple commodities other than those provided for in the Reconstruction Finance Corporation act.

Mr. COUZENS. Mr. President, if the Senator will yield, my difficulty is in the interpretation of "staple commodities." I wondered if the Senator wanted to go farther than would be provided if the following words were put in after the word "produced," in line 7, so that it would read:

Marketing of staple commodities produced on the farms of the United States.

Mr. WALSH of Montana. I should not have the slightest objection to that, except that those are already taken care of in the act. It would not add anything to the Reconstruction Finance Corporation act.

Mr. COUZENS. Will the Senator give us an example of what he contemplates taking care of under this amendment?

Mr. WALSH of Montana. The act, it will be observed, authorizes these loans only to agricultural-credit corporations. I can very readily conceive that many of these commodities might get into the hands of dealers who would ordinarily make loans from the banks for the purpose of carrying these commodities until the market was improved, and they could then orderly market them; whereas, under the existing conditions it is represented that the banks are forcing liquidation, and thus these commodities are thrown upon the market, thus depressing the prices. I can very readily conceive that the people having these commodities could organize themselves in a corporation quite like the agricultural credit corporations for the purpose of making loans to those holding these stocks until they could market them orderly.

Mr. COUZENS. Mr. President, in the case of the agricultural-credit organizations, do not the commodities have a generally quoted market value? If I understand the Senator correctly, however, under his amendment all the automobile dealers of a community could get together and form a cooperative financial institution, and have Buicks and Fords and Packards and Lincolns in their garages, and go and borrow on those products, being staple commodities.

Mr. WALSH of Montana. If they were staple commodities.

Mr. COUZENS. Well, are they staple?

Mr. WALSH of Montana. I should not think that automobiles would be regarded as staple commodities. I think, however, there is considerable obscurity with respect to what would fall under that description.

Mr. COUZENS. I was trying to get that obscurity clarified, because I do not get the purpose of this amendment unless it is to include manufactured articles.

Mr. WALSH of Montana. I do not think so. I indicated a condition in which it would extend to agricultural products, the loans being made to financial institutions that could scarcely be called agricultural-credit companies or associations.

Mr. COUZENS. Let us assume, then, that all the retail merchants of a community got together and created a cooperative organization for the sale of children's clothes and boots and shoes and ladies' gowns, and so forth.

Mr. WALSH of Montana. The Senator will observe that this is for carrying.

Mr. COUZENS. Yes; they could put them all in a warehouse, as I understand, and borrow if it was cooperative. Is it cooperative as to sales or marketing, or is it cooperative as to securing finances? In other words, it seems to me that if it is going to be cooperative as to sales there must be some agreement as to the price at which the goods will be sold.

Mr. WALSH of Montana. Oh, no; the financial institution that can borrow is a financial institution that will loan for the purpose of carrying.

Mr. COUZENS. But in the case of agriculture, of course, they are not styled articles. They are not trade-marked articles. They are not in any sense manufactured goods. They are goods that are quoted on the market at certain rates from day to day; but if the Senator intends to include any staple commodities, manufactured, trade-marked, and other kinds of goods, I am frank to say that I do not know how it is going to work.

Mr. KING. Mr. President, the bill before us is entitled:

A bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

The amendment which the Senator from Montana [Mr. WALSH] has just offered has many commendable and meritorious features; and yet I shall feel constrained to vote against it, as I have against a number of measures offered yesterday which I thought would open the way for a private corporation to invade this fund and to divert it from the purposes for which it was created.

I have understood that the condition of unemployment was knocking at our door and making an appeal, and I am in entire sympathy with it; and I want to do everything I can in a proper way to aid the unemployment situation, to furnish work to the unemployed, as this bill indicates its purpose is. Yesterday, however, efforts were made—and most of them, I am glad to say, were unsuccessful—to convert it into a loaning bill, into a banking institution to loan to corporations private in character, engaged in private enterprises and private undertakings.

One of the suggestions was to loan for the purpose of opening up a placer mine in California. If we permit bona fide corporations to be formed, if we invite them to come to this fund and invade it, and obtain a portion of it, I do not see where we are going to draw the line. If we are to per-

mit bona fide cooperative financial institutions, organized under the laws of any State, to apply, and successfully apply, for loans from this institution, I do not see where we are going to draw the line.

Of course, we can draw the line, but it will be arbitrary. I feel that we ought to resist all of these efforts to convert this into a banking or credit institution for private corporations. It ought to be an organization for the purpose of aiding unemployment and developing those projects of the Federal Government and States and municipalities which will furnish employment to the people. It does seem to me, however, that we will invite, like a lot of vultures, from every part of the United States, organizations and corporations to come down upon this Reconstruction Finance Corporation and ask for loans; and I am afraid the primary purpose—indeed, the real purpose—for which the bill was passed will be lost sight of in the efforts which will be made and the pressure which will be brought to invade the fund, and to obtain loans in order to aid private enterprises.

Mr. COUZENS. Mr. President, I do not want to delay the Senate, but I think it would be made more definite if there were inserted on line 7 the words " on the farms of," after the word " produced," so that it would read " produced on the farms of the United States."

Mr. WALSH of Montana. Mr. President, I have not the least objection to that, except that it would make the amendment meaningless, because that is already taken care of in the measure.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). The question is on agreeing to the amendment offered by the Senator from Michigan to the amendment of the Senator from Montana.

Mr. JONES. Mr. President, I desire to have a telegram from the mayor of Seattle read.

The PRESIDING OFFICER. Without objection, the clerk will read.

The legislative clerk read as follows:

SEATTLE, WASH., *June 20, 1932.*

Senator WESLEY L. JONES,
Washington, D. C.:

The following resolution was unanimously adopted at a meeting of the mayors of the municipalities of Washington held in Seattle June 18:

"At a meeting of the mayors of Washington, convening at Seattle June 18, 1932, a resolution was unanimously adopted calling upon our Senators and Representatives in Congress to work for the passage of laws providing for Federal aid to municipalities and for the purchase of productive utility bonds, and approving the principles of Federal aid for public works." They made a further resolution that a copy of this resolution be telegraphed to our delegation in Congress.

JOHN F. DORE,
Mayor of Seattle, Chairman Ways and Means Committee.

Mr. WALSH of Montana. Mr. President, let it not be understood that I accept the amendment.

The PRESIDING OFFICER. The Chair understood the Senator to accept the amendment to his amendment.

Mr. WALSH of Montana. No; I did not. I said I had no objection to it, but that it would destroy the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. COUZENS] to the amendment presented by the Senator from Montana [Mr. WALSH].

The amendment to the amendment was agreed to.

On a division, the amendment as amended was rejected.

Mr. THOMAS of Oklahoma. Mr. President, I offer an amendment, and ask that the same be reported.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 106, line 8, after the figures " $3,000,000," the Senator from Oklahoma proposes to add the following:

Provided, That the sum of $100,000 shall be available for the construction of roads, trails, bridges, approach roads, and entrance gates in and to the Platt National Park in Oklahoma.

Mr. THOMAS of Oklahoma. Mr. President, this would not increase the amount of the appropriation, and of the $3,000,000 provided on page 106, in line 8, it would make available $100,000 for the Platt National Park in Oklahoma.

On page 5 of the report accompanying this bill we find that national parks are given credit in the total sum of $1,500,000; that is, the whole number of national parks are set aside certain sums of money which total $1,500,000. The other $1,500,000 is not definitely allocated. The report states that $450,000 shall be allocated to the Shenandoah National Park, and over a million to the Great Smoky Mountains National Park. So there is $1,500,000 which may be used for those two national parks, the Shenandoah and the Great Smoky Mountains Parks.

The Platt National Park in my State has as many visitors, next to the great Yellowstone Park, as any other park. I think it is next in importance, and to date the Platt National Park has had no consideration to speak of. I think the amount of money it takes to run that national institution is about $15,000 a year. This year we have about a $15,000 appropriation for improvements in the park. The park has roads, but they are dirt roads, with a little sand here and there, and occasionally a little patch of gravel. It has no bridges, and it has no entrance gates. When one comes to the park he thinks he is entering an abandoned farm, or something of the kind. My amendment aims to make money available for the construction of post roads, bridges, proper gates, and so on.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. HAYDEN. Has the Senator consulted the National Park Service, and has any estimate been prepared?

Mr. THOMAS of Oklahoma. Yes; the National Park Service, acting through the local superintendent, in connection with the superintendent here, has detailed plans for the expenditure of more than $100,000. I think it is about $135,000 they desire to spend immediately, but of course I could not ask for the money out of the general appropriation bill, out of general taxes. The plans are made, the work is ready to begin, and if the money is made available, much work of the kind that will be of benefit to the unemployed can be done at the Platt National Park, a park which serves 300,000 tourists each year, and which has had but little consideration at the hands of the Government.

Mr. HAYDEN. The Senator asks that a certain specific sum of money be earmarked for this particular park, whereas there is no earmarking in the bill indicating where the $3,000,000 shall go.

Mr. THOMAS of Oklahoma. That is true, but there is earmarking in the report, and I take it that the authorities who are to spend the money will consider the report submitted by the committee. I simply want to put the Platt National Park along with the list of other national parks for some money out of this $3,000,000. That is my idea.

Mr. HAYDEN. Will the Senator allow me to look at the report just a moment?

Mr. THOMAS of Oklahoma. Certainly. There are ample funds, and the funds are not allocated. If this bill is to pass, there are not many places in my State where we could get the benefit of public expenditures, and having that national park, serving 300,000 tourists annually, next to the Yellowstone National Park in importance, it occurs to me to be not out of line to ask for this consideration for this national park in Oklahoma.

Mr. HAYDEN. What is the sum the Senator asks?

Mr. THOMAS of Oklahoma. A hundred thousand dollars from this second $1,500,000. It would not interfere with the allocations in the main itemization. The two parks, the Shenandoah and the Great Smoky, have $1,500,000, with no definite allocation. I am simply asking that $100,000 be taken from the second allocation of $1,500,000, and allocated to the Platt National Park.

Mr. HAYDEN. I may say to the Senator that I can see no serious objection to the adoption of the amendment and taking it to conference, but frankly, I think the place to get the assurance for the expenditure is, as other parks have obtained their assurance, from the department itself.

Mr. WALSH of Montana. Mr. President, if I can, I would like to make an observation along the same line.

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Oklahoma yield to the Senator from Montana?

Mr. THOMAS of Oklahoma. I yield.

Mr. WALSH of Montana. We have pursued the policy of making this lump appropriation, the Park Service to utilize the money wherever in its judgment the need is most imperative and urgent. I should think that the Senator ought to address his application to the Park Service, rather than to the Congress. Obviously, we are in no situation to determine which of these parks or proposed roads ought to participate in this fund, or how much ought to be allocated to each particular park. We have not the information before us that would enable us to act intelligently and justly with respect to that matter, while the Park Service has. Of course, if there had been hearings upon the matter, and the necessities of each of the parks had been elaborated before committees, we would have something upon which to act; but although I have no doubt these roads are necessary, and would be an excellent piece of work, we might be taking away the money from others where the need was more urgent and more imperative.

Mr. HAYDEN. I am aware, Mr. President, that the Platt National Park does have the distinction of being one of the parks that more people visit than almost any other in the United States. Therefore, for the accommodation of the public, the National Park Service naturally would want to see that the proper conveniences were provided in the way of roads, and so on. I can not say to the Senator, frankly, whether erecting an ornamental gate is the way to spend the money. I think the Senator is too particular in his suggestion. If a sum of money were allocated to that park for the accommodation of the public, it would be entirely all right, but to specify not only the amount but exactly how the amounts are to be spent, it seems to me is going a little too far.

Mr. THOMAS of Oklahoma. I am perfectly willing to strike out the provision for the entrance gates, and confine the amendment to roads and bridges in the Platt National Park, as this fund seems to be provided for such things. I ask leave to modify the amendment by striking out the words "and entrance gates."

Mr. HAYDEN. Why could not the Senator simply modify the amendment to provide a certain sum of money for the park, and then leave it, as every other park has left it, to the discretion of the National Park Service?

Mr. THOMAS of Oklahoma. I have no objection to that amendment.

Mr. HAYDEN. And let the matter go to conference.

Mr. THOMAS of Oklahoma. I modify my amendment so as to read, "*Provided*, That the sum of $100,000 shall be available for the Platt National Park in Oklahoma."

Mr. HAYDEN. Leave it that way, and we can take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma (Mr. THOMAS) as modified.

The amendment was agreed to.

Mr. COUZENS. Mr. President, I send a proposed amendment to the desk, and ask that it be read.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK. On page 100, line 21, after the word "law," the Senator from Michigan proposes to insert the following: "and are under regulation as to service and rates by State authority."

Mr. WAGNER. Mr. President, will not the Senator explain the amendment?

Mr. COUZENS. Certainly. This applies to section 1, in which it is provided that these loans are to be made "to States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public or quasi-public corporations, and public or quasi-public municipal instrumentalities of one or more States to aid in financing projects authorized under State or municipal law."

Then I propose to add, "and are under regulation as to service and rates by State authority."

Mr. WALSH of Montana. Mr. President, let me remind the Senator that the language "quasi-public," as it appears twice in that paragraph, was stricken out last night, so that it leaves it simply loans to States, municipalities, political subdivisions, and so on, and would not extend to those organizations which are subject to regulation. I see no objection to the amendment.

Mr. WAGNER. One moment.

Mr. COUZENS. I see no objection to it even then, because in line 16 is the expression "public agencies," and I would not know whether that meant separate corporations, or what the interpretation of "public agencies" might be. Certainly there could be no harm in having it provided that any of these agencies which borrow money are regulated as to service and rates by some public regulatory body.

Mr. WAGNER. It may not be what the Senator would deem a public regulatory body. In a city where a bridge is built within the confines of the municipality, the city itself may fix the toll charge to cross the bridge, but it is not a State regulatory body.

Mr. COUZENS. I do not say that. I say, "Under said authority." The language is, "Under State or municipal law and under regulation as to service and rates by said authority"—that is, authority of the State or municipality. It does not say anything about a regulatory body.

Mr. WAGNER. Will not the Senator withhold his amendment until I may have a chance to consider it?

Mr. COUZENS. I would like to have it approved; and then if the Senator objects, I would be glad to have it reconsidered.

Mr. WAGNER. Is it not much easier to lay it aside temporarily? I want to read it and consider it in conjuction with the text. The Senator himself frequently requires a little time to consider a proposed amendment.

Mr. COUZENS. The Senator has not interposed an objection to it?

Mr. WAGNER. No; I have not.

Mr. COUZENS. The amendment can be adopted; and then if the Senator desires to have it reconsidered, I would be glad to consent to its reconsideration.

Mr. WAGNER. Very well; do it in that way.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment was agreed to.

Mr. HAYDEN. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be reported.

The LEGISLATIVE CLERK. On page 101, line 1, after the word "viaducts," insert the words "natural-gas pipe lines," so as to read:

To private corporations to aid in carrying out the construction of bridges, tunnels, docks, viaducts, natural-gas pipe lines, and waterworks devoted to public use and which are self-liquidating in character.

Mr. HAYDEN. The purpose of the amendment is to take care of a situation where a natural-gas pipe line has been constructed to carry natural gas across State lines in the Southwest—Arizona, New Mexico, and Texas—and to certain of our copper-mining camps. The line is about 500 miles long. The decline in the copper-mining industry has made it so there is no market there for natural gas. It is desired to extend that line 200 miles to Tucson and Phoenix, the two principal cities in Arizona. The nature of the country over which the line is to be built is such that trenching machines can not be used. It is too rocky for the use of such machines. This would mean the expenditure of $2,000,000, if the loan were made by the Reconstruction Finance Corporation, and would mean putting a thousand men to work with pick and shovel. If the language already in the bill covering bridges, tunnels, docks, viaducts, and waterworks is proper, it would seem that natural gas pipe lines might also be made eligible for loans. That is the purpose of the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arizona.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ind.
Barbour	Couzens	Kean	Sheppard
Barkley	Dale	Kendrick	Shipstead
Bingham	Davis	King	Smoot
Blaine	Dill	La Follette	Steiwer
Bratton	Fess	Lewis	Stephens
Brookhart	Fletcher	McGill	Thomas, Okla.
Bulkley	George	McKellar	Townsend
Bulow	Glenn	McNary	Trammell
Byrnes	Goldsborough	Metcalf	Vandenberg
Capper	Hale	Moses	Wagner
Carey	Harrison	Neely	Walsh, Mass.
Cohen	Hatfield	Norbeck	Walsh, Mont.
Connally	Hayden	Norris	Wheeler
Coolidge	Hull	Oddie	White
Copeland	Johnson	Robinson, Ark.	

The PRESIDING OFFICER. Sixty-three Senators have answered to their names. A quorum is present. The question is on the amendment offered by the Senator from Arizona.

Mr. LA FOLLETTE. Mr. President, I ask that the amendment may be reported.

The PRESIDING OFFICER. The amendment will be reported for the information of the Senate.

The legislative clerk again reported the amendment.

Mr. LA FOLLETTE. Mr. President, I think the Senate should consider what its policy is to be with regard to this bill before it passes upon the amendment. I had judged by the vote which was taken here on amendments offered by the Senator from Montana [Mr. WHEELER] and the junior Senator from Washington [Mr. DILL] that it is not the intention of the Senate to provide loans to public-utility corporations for the purpose of constructing works upon which they would then be able to charge the public rates. Certainly, if the Senate is to be consistent in having adopted the amendment proposed by the junior Senator from Washington [Mr. DILL] and the amendment offered by the junior Senator from Montana [Mr. WHEELER], then the Senate could not accept this amendment, because there is no more justification for loaning money to a private corporation to build a pipe line for the conveyance of natural gas to consumers than there is for making a loan for the purpose of building a power plant or transmission line or an addition to a street-railway or interurban line. The Senate seemed about ready to pass upon the amendment without any consideration, and it was for that reason I suggested the absence of a quorum.

Mr. HAYDEN. Mr. President, I discussed the amendment with the Senator from Washington [Mr. DILL]. He found no objection to it.

Mr. LA FOLLETTE. What is the difference, may I ask the Senator from Arizona, between the loaning of money to this private corporation to build a 200-mile extension of its pipe line and the loaning of money to one of the Insull subsidiaries to build a new power-transmission line in some section of the country?

Mr. HAYDEN. I will answer the Senator from Wisconsin by asking him a question. What is the difference between constructing a natural-gas pipe line and constructing a tunnel or bridge or dock or viaduct or waterworks?

Mr. LA FOLLETTE. There is considerable difference, it seems to me, because what is provided there are utilities that are to be used for a purpose where the customers, if I may use that term, will pay a return upon the investment, and not for the purpose of enabling a public-utility corporation to enlarge its facilities and its plant and equipment.

Mr. HAYDEN. There can be no difference between serving the customers of a waterworks and serving the customers of a gas line. The water company sends its water through a pipe line, and the gas company sends its gas through a pipe line.

Mr. LA FOLLETTE. That is the point I am trying to make about the amendment: If it is the intent of the framers of the legislation and if it is the intent of the Senate to grant public money to private corporations for the purpose of building plants and equipment upon which they may charge a return to the users thereof, then why should not the amendment be general in its terms and why did the Senate adopt the amendment offered by the Senator from Washington [Mr. DILL] eliminating the words "and similar projects"? There is no more justice in the claim of the Senator's pipe-line company than there could be in the claim of some other public-utility company that wants to borrow money for its purpose.

Mr. HAYDEN. The Senator's argument is directed to another provision of the bill that loans to private corporations to aid in construction of bridges, viaducts, and so on, which are self-sustaining.

Mr. LA FOLLETTE. Precisely. I agree with the Senator, so far as my own point of view may be concerned, that the section should be stricken out; but the Senate has been curtailing and cutting down the scope of that particular provision. The Senator from Arizona proposes to open it up for a particular pipe-line company that is located in his section of the country. What justification will the Senate have for not opening it up and permitting other public-utility corporations located in other sections of the country to get money for similar projects? Therefore it seemed to me the Senate ought to determine what its policy is to be on this question before it adopts the amendment offered by the Senator from Arizona.

Mr. WALSH of Montana. Mr. President, I feel like supporting the objection of the Senator from Wisconsin [Mr. LA FOLLETTE] to this amendment. It is a little difficult to draw the line, but the projects here, for which loans are authorized for the construction of bridges, tunnels, docks, viaducts, and waterworks, are all projects that are utilized by the general public.

A natural-gas pipe line is, of course, under the interstate commerce act, a public carrier, and the public may make use of it; but the number of people who make use of it is ordinarily extremely limited. The general public does not make use of a gas pipe line. I think these things merge into each other, and I rather think this amendment falls on the excepted rather than the admitted side.

Mr. HAYDEN. Mr. President, my concern was this: I saw my opportunity to put at least a thousand men to work with pick and shovel, because trench-digging machines could not be used in that rocky soil, so far as this particular project is concerned. The project, of course, would have to stand the test of being self-liquidating to the satisfaction of the Reconstruction Finance Corporation. I believe it can meet that test; I know of no other similar situation in the United States; and I felt I would not perform my duty here if I did not give people out of work in Arizona an opportunity to do a kind of work that almost any man can do. For that reason I have offered the amendment.

Mr. PITTMAN. Mr. President, I do not think that I have disagreed with the Senator from Montana [Mr. WALSH] on any phase of this measure so far, but I see quite a distinction between this case and others. I would be entirely opposed to opening the door so that public utilities could take advantage of this measure, but the natural-gas industry is a comparatively new industry, that is, in its recent rôle. It tremendously reduces the cost of fuel to the people of this country. It does not occupy the same position at all as the present public-utility companies which are to-day serving the cities and towns of this country. The pipe lines carrying gas are long pipe lines running across the country; many municipalities desire to tap them, and they tap them in most cases in competition, it may be said, with more expensive fuels. The distinction I think is this: Public utilities have franchises from cities in nearly every case. The gas pipeline system has not obtained a franchise, but is running a trunk pipe line and it desires to enter the municipalities. The municipalities are required under contract to pay for the connecting line. They are in a condition where they can not do so, but they are willing to enter into contracts that the pipe-line companies may enter the cities and munic-

ipalities at their own expense on a fixed rate for gas, which will pay for the expense of building the project.

I can not conceive that this new movement with regard to natural gas, which I say is in competition entirely with other forms of fuel, power, and light, is in the same position as are public utilities.

Mr. WALSH of Montana. This, indeed, Mr. President, is an industry that has developed remarkably in the last few years and has furnished a very large portion of the demand that has been made upon our steel mills during the last 12 months, and it is entitled to encouragement. I wish to submit, however, that, as a rule, the gas carried in the pipes is owned by the same people who install the pipe line. They are, as I said before, obliged to carry gas that is offered by anyone, but, as a rule, they carry their own gas. So the gas pipe line is really not in any very strict sense a public institution. The rates are regulated by the State authorities, but the field in which the rates operate is comparatively narrow. The great bulk of the material carried, as I have indicated, ordinarily belongs to the company that owns the pipe line or to an affiliated company.

As I have said, Mr. President, it would be very difficult to distinguish the gas pipe line from the petroleum pipe line. If the gas carried in the gas pipe line enters into competition with other varieties of fuel, as it does, as a matter, of course, so does the crude petroleum carried in pipe lines; and I do not imagine that we are quite prepared to go into the making of loans to the owners of oil pipe lines for the purpose of promoting the installation of improvements of that character.

Mr. PITTMAN. Will the Senator yield?

Mr. WALSH of Montana. Yes.

Mr. PITTMAN. I thoroughly agree with the Senator in regard to the oil pipe lines, but to my mind there is a great distinction between the two. The oil pipe lines are used by oil companies to market their products. The general public do not utilize them. It is simply a retail business. At present, as I said before, the development and the attempt to develop the use of natural gas, which is probably the cheapest fuel in the world, is aiding communities and municipalities and individuals in the reduction of the cost of living.

The gas pipe lines, unlike the oil pipe lines, are not just simply for the purpose of transporting a fuel for retail throughout the country, but they are approaching with natural gas all municipalities, with the idea that the municipalities may obtain gas cheaper for general distribution than they can at the present time get artificial gas or electricity. I believe that there is involved competition; and I believe it is something that we should aid in introducing into this country as fast as possible.

Now, we have reached the point where these pipe lines have been built in the vicinity of cities, villages, and communities for the purpose of having those municipalities tap them, but the municipalities happen to be without funds to do it at the present time. Therefore they can not tap them. This amendment proposes that the pipe-line company shall be able to borrow money so as to tap its main line and run a connecting line into the cities and recover the cost thereby incurred by rates charged for the gas consumed at a fixed sum.

I opposed the suggestion when I first heard it, because I was thinking of electric-light plants, of the power plants which have franchises in cities and which have a fixed business; but I saw in these natural-gas pipe lines a form of competition with monopolies that now exist in the cities. I do not think that gas pipe lines are common carriers to the same extent that the oil pipe lines are. The oil pipe lines are owned by the great Standard companies, but the law requires them to take the oil from the independents; and that oil, in the long run, simply is transported as a railroad company transports commodities to market and is retailed. The gas comes from a certain field and a trunk line runs near cities and municipalities and towns, and those cities, municipalities, and towns are expected to tap it and obtain the gas in competition with other methods of producing light and power and fuel. The municipalities are not in a position where they can do it; they have contracted to do it, but they have fallen down, and now these pipe-line companies, if they can get the money to build into the cities at the request of cities or towns or municipalities, will do it. They can not to-day borrow from the banks. The cost of the pipe line into the cities and municipalities would be amortized from the fixed rate which would be charged for the gas that would flow from the distributing lines.

If the amendment had to do with the power companies or the electric-light companies that now exist and which have franchises in the cities, I would oppose it; but I say, to my mind, the amendment would not only aid a new industry, the development of which will cheapen light and fuel to the people of this country, but would give employment to many men in the development of this new industry.

Mr. LA FOLLETTE. Mr. President, may I ask the Senator from Arizona whether there are gas companies now located in Tucson and Phoenix?

Mr. HAYDEN. There are such companies, and they are required to bring the materials from which the gas is made a tremendous distance. There are neither coal fields nor oil wells in Arizona. The effect of the construction of this natural-gas line is bound to be a reduction in the cost of gas to the consumers.

Mr. LA FOLLETTE. That is the point that I wish to raise. The Senator from Nevada tries to make this amendment seem palatable because it is going to result in competition, but there is no assurance of that at all.

Mr. HAYDEN. We can assure it in the State of Arizona through the State corporation commission that fixes the rates for the sale of gas, and the rates are based upon the cost of production. If that production cost shall be greatly reduced by the introduction of natural gas, it will follow that the rate for gas will be reduced to the consumers.

Mr. LA FOLLETTE. It will follow after a long series of contests before the public utilities commission.

Mr. HAYDEN. That may be true in other States, but it is not true in Arizona. Our commission acts with great promptness.

Mr. LA FOLLETTE. Oh, yes; I am sure of that; but the fact remains, and we can not get away from it, that it is proposed to loan money out of the Treasury of the United States, in effect if not in fact, to a corporation which built a pipe line to take care of certain large industrial consumers, such as copper companies. Now the copper companies are shut down, and those who invested their money in the pipe line are anxious to extend the line to the two cities mentioned, where they may sell for domestic consumption and for manufacturing purposes in those two cities the gas which they are now unable to sell to the copper companies. I want to know, Mr. President, whether the Senate of the United States proposes to adopt that policy with regard to this bill.

Mr. HAYDEN. The test, if the Senator will pardon me, would be to strike out the entire provision that relates to loans to private enterprises for the building of bridges, viaducts, and waterworks, but the test should not necessarily be applied upon this amendment which relates to an activity which, in principle, is the same as a waterworks.

Mr. LA FOLLETTE. Ah, but we have already had a test on the proposition of curtailing and not expanding this provision of the bill, and it was decided by a practically unanimous vote of the Senate. Now the Senator comes in and proposes to open it up. I am opposed to the amendment.

Mr. PITTMAN. Mr. President, the real issue on this subject, I believe, is the issue between the loaning of money to private industry and public works; I do not think there is any question about that. The proponents of the pending bill were in favor of Government works, but not entirely Government works. They were in favor of certain characters of municipal works, and instrumentalities of municipalities, and in aid of certain private corporations.

The proponents of this bill who assisted in drafting it were, as a general thing, opposed to lending money to private

industry because it is illimitable, because it would not be possible to make enough money available, and for the further reason that where there are competitive industries, if we lent to one it would be an unfair act.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Oregon?

Mr. PITTMAN. I yield.

Mr. McNARY. There is a matter that can be disposed of in a moment, and I appreciate the Senator's yielding in order that it may be considered.

I now yield to the Senator from New Jersey.

Mr. KEAN. Mr. President, out of order, as in executive session, I should like to have action on a very important matter. Another judge is to be appointed up in New Jersey. The court calendar is overloaded. The bill has been approved by the committee.

Mr. LA FOLLETTE. Mr. President, in the closing hours of a session of Congress I am opposed to unanimous-consent agreements of this kind to take up matters out of order to pass bills that have passed the House or to confirm nominations.

I know nothing about the situation of the Senator from New Jersey. I have no objection to this particular confirmation, but I have objection to this method of procedure. I therefore am constrained to object.

The VICE PRESIDENT. The Senator from Wisconsin objects.

Mr. PITTMAN. Mr. President, as I was saying, the proponents of this bill are opposed generally to lending money to private industry for the reasons I have stated; and yet the proponents of this bill are very anxious to give as much employment as possible to the unemployed in this country where the lending of the money will be for a beneficial public use, and where it may be so limited by definitions as not to scatter out over all industry.

I want to say that the group of five Senators of whom I was one made every effort, favoring as we did as large an employment as possible on public works, to ascertain what public works were ready or could easily be made ready to be commenced, and those that would not constitute an uneconomic Government investment. In order to do that we naturally called before us, as the very first one, the director of the Stabilization Board, who was appointed under an act of Congress for the purpose of ascertaining what Government works had been authorized by Congress and were ready to be started and employ labor. What happened? He could find only $100,000,000 worth of post-office buildings on which work could be started at once that would not involve large loss to the Government of the United States.

We had before us General Brown, the Chief of Engineers of the Army, in charge of river-and-harbor work and flood control. He could find only $45,000,000 in addition to that appropriated that might be used immediately, or very soon, under estimates, and so forth, that would employ labor. He could find only $15,000,000 that could be used soon for the employment of labor on Government work that was necessary at some time.

The road question had already been gone into thoroughly. The House could find only $132,000,000 of road work, including roads in forest reserves, Indian reservations, and so forth, that could be commenced immediately, that had been estimated for, and could employ labor.

That amounted to only about $300,000,000. We put in $200,000,000 more, making $500,000,000, for the purpose of anticipating things that might be developed quickly, or to lift out of the Budget things that should not be there.

I know that the Senator from Wisconsin [Mr. LA FOLLETTE] proposes a substitute carrying $500,000,000 for Government works; but I think we will be a long, long time in getting anything like that amount of work started. As I say, I wish we could find it now, but we could not find it at all through the experts that we brought before us.

When we had gone the limit in the Government works that were ready to start and could be started soon, we looked around to see how we could help some character of industry that was not a monopoly, that was not well established, that wished to do something for the public use, to do something. We found that there were a number of proposed tunnels under rivers, like the one at New York City; there were a number of bridges proposed; there were a number of canals; and a number of different propositions of that kind whose amortization and repayment were certain by reason of certain fixed charges, and not dependent upon taxation, always having in mind that it was a public use and always believing that it was instituting a new competition to some existing monopoly. That is the reason why we put in this clause about toll bridges, toll roads, aqueducts, and viaducts.

A number of years ago our States and our local governments got away from toll bridges and toll viaducts and toll roads; but the depression in this country, the bankruptcy of States and cities and municipalities, has compelled us to resort not only to the old system but to extraordinary methods; and if the depression lasts much longer, if we are to employ labor, we will find that we will have to go to toll bridges, to toll viaducts, to toll canals, to toll docks. The time will come, of course, when the Government will terminate that condition by condemning these things; but when we start in to study the method of finding economic employment for labor in this country through Government expenditures, it will not do to say, "We will appropriate $500,000,000" and not know where we are going to spend it.

There is not any difference as to purpose between the Senator from Wisconsin and myself; but I say that we are going to have difficulty in finding an economic place to expend the money that we appropriate. For that reason we took in toll bridges, toll roads, toll viaducts, and these things for which we now have to resort to private capital, although years ago we had abandoned that plan of construction.

Do not cut that out. We need that expenditure. It is a good competitive expenditure. It is economic. It is furnishing transportation in this country that is essential.

When we come down to natural gas, I was opposed to including it at the start; but, to my mind, it was different from an existing power company that was furnishing light in a city. It was different even from an existing gas company that was furnishing gas in a city, which was established, and had a franchise. Here was a new industry that was picking up the cheapest fuel in the world and carrying it thousands of miles, across State after State, past city and village and municipality, which was waiting to be tapped to reduce the expenses of the people, but which could not be tapped because of the bankruptcy of cities and municipalities. There is no question but that the rates and rentals of this gas will pay for the connecting lines, but the banks will not lend the money, and I think the money should be lent to them for this purpose.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Arizona [Mr. HAYDEN] to the amendment of the committee.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Johnson	Robinson, Ark.
Austin	Costigan	Jones	Robinson, Ind.
Bailey	Couzens	Kean	Sheppard
Bankhead	Dale	King	Shipstead
Barbour	Davis	La Follette	Shortridge
Barkley	Dickinson	Lewis	Smoot
Bingham	Dill	Logan	Steiwer
Black	Fess	McGill	Stephens
Blaine	Fletcher	McKellar	Thomas, Idaho
Borah	Frazier	Metcalf	Thomas, Okla.
Bratton	George	Morrison	Townsend
Brookhart	Goldsborough	Moses	Trammell
Bulkley	Gore	Neely	Tydings
Bulow	Hale	Norbeck	Vandenberg
Capper	Harrison	Norris	Wagner
Caraway	Hastings	Nye	Walsh, Mass.
Carey	Hatfield	Oddie	Walsh, Mont.
Cohen	Hayden	Patterson	Watson
Connally	Hebert	Pittman	Wheeler
Coolidge	Howell	Reed	White

The VICE PRESIDENT. Eighty Senators having answered to their names, there is a quorum present.

The question is on the amendment offered by the junior Senator from Arizona [Mr. HAYDEN] to the amendment, which the Secretary will report.

The CHIEF CLERK. On page 101, line 1, after the word "viaducts," the Senator from Arizona proposes to insert the words "natural-gas pipe lines."

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote on this question, I withhold my vote.

Mr. BRATTON (when his name was called). I have a general pair with the junior Senator from New Hampshire [Mr. KEYES]. In his absence, not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. WATSON (when his name was called). I transfer my general pair with the senior Senator from South Carolina [Mr. SMITH] to the senior Senator from Colorado [Mr. WATERMAN], and vote "nay."

The roll call was concluded.

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON], which I transfer to the junior Senator from Connecticut [Mr. WALCOTT], and vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG];

The Senator from Minnesota [Mr. SCHALL] with the Senator from Tennessee [Mr. HULL];

The Senator from South Dakota [Mr. NORBECK] with the Senator from West Virginia [Mr. NEELY]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Wyoming [Mr. KENDRICK].

The result was announced—yeas 19, nays 52, as follows:

YEAS—19

Ashurst	Coolidge	Hayden	Shortridge
Bankhead	Copeland	McGill	Steiwer
Barkley	Fletcher	Oddie	Thomas, Okla.
Carey	Gore	Pittman	Wagner
Connally	Harrison	Sheppard	

NAYS—52

Austin	Couzens	Jones	Robinson, Ind.
Bailey	Dale	Kean	Shipstead
Barbour	Davis	King	Smoot
Black	Dickinson	La Follette	Thomas, Idaho
Blaine	Dill	Logan	Townsend
Borah	Fess	McKellar	Trammell
Brookhart	Frazier	Metcalf	Tydings
Bulkley	George	Moses	Vandenberg
Bulow	Goldsborough	Norris	Walsh, Mass.
Capper	Hale	Nye	Walsh, Mont.
Caraway	Hastings	Patterson	Watson
Cohen	Hebert	Reed	Wheeler
Costigan	Howell	Robinson, Ark.	White

NOT VOTING—25

Bingham	Hatfield	Long	Stephens
Bratton	Hawes	McNary	Swanson
Broussard	Hull	Morrison	Walcott
Byrnes	Johnson	Neely	Waterman
Cutting	Kendrick	Norbeck	
Glass	Keyes	Schall	
Glenn	Lewis	Smith	

So Mr. HAYDEN'S amendment to the amendment was rejected.

Mr. STEIWER. Mr. President, on behalf of the junior Senator from Wyoming [Mr. CAREY] and myself I offer the following amendment, which I ask to have read.

The VICE PRESIDENT. The clerk will report the amendment.

The CHIEF CLERK. On page 102, between lines 13 and 14, the Senator from Oregon proposes to insert the following:

(d) The Reconstruction Finance Corporation is further authorized and directed to create for each of the 12 Federal land-bank districts a regional agricultural credit corporation with a paid-up capital of not less than $3,000,000, to be subscribed for by the Reconstruction Finance Corporation and paid for out of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture under section 2 of the Reconstruction Finance Corporation act. Such corporations shall be managed by officers and agents to be appointed by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe. Such corporations are hereby authorized and empowered to make loans or advances to farmers and stockmen, the proceeds of which are to be used in the first instance for an agricultural purpose (including crop production), or for the raising, breeding, fattening, or marketing of livestock, to charge such rates of interest or discount thereon as in their judgment are fair and equitable, subject to the approval of the Reconstruction Finance Corporation, and to rediscount with the Reconstruction Finance Corporation and the various Federal reserve banks and Federal intermediate credit banks any paper that they acquire which is eligible for such purpose. All expenses incurred in connection with the operation of such corporations shall be paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe.

Mr. STEIWER. Mr. President, this proposal is a very important one, but is of such a nature that I think I can explain it very briefly to the Senate.

Senators will remember that under the Reconstruction Finance Corporation act $200,000,000 was made available or will become available to the Secretary of Agriculture for certain agricultural loans defined in that act. From this fund the Secretary of Agriculture has now loaned about $65,000,000. In a conversation with me yesterday he told me that he anticipates that he might loan or use in collections as much more as $5,000,000 so that the total which he has expended or will expend out of that fund is something like $70,000,000.

The occasion for this amendment is that the Federal intermediate-credit banks of the country are now in position to make loans to farmers and to livestock operators, but the loans can not be made because there are no adequate agencies for discounting the paper with the intermediate-credit banks. In many parts of the country, due to failure of banking institutions and due generally to want of capital for this purpose, the local people are not able to organize and capitalize the credit associations necessary to enable the livestock people and the farmers to avail themselves of the facilities offered by the intermediate-credit banks. This amendment proposes merely that the Reconstruction Finance Corporation, under authority really already created and out of funds which will presently be in their hands, may set up or create the requisite agencies. It requires no new money, but it does bring facilities to farmers who now can not avail themselves of the advantages already offered by our Government under existing law.

I believe I have a right to say that the Senator from New York [Mr. WAGNER] is agreeable to the amendment. It was considered in substance before a subcommittee of the Committee on Banking and Currency some time ago, at the time we were dealing with a bill introduced by the Senator from South Dakota [Mr. NORBECK], and it was uniformly supported, I believe, and approved by the subcommittee at that time. I hope there may not be serious objection to it.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Arkansas?

Mr. STEIWER. Certainly.

Mr. ROBINSON of Arkansas. I am in full sympathy with the purposes of the amendment. May I ask what is the meaning of the language in line 8, page 2, "to be used in the first instance for agricultural purposes"?

Mr. STEIWER. That follows the phraseology of the existing law and is a limitation placed upon loans to be made or discounted by the intermediate-credit banks. It was placed there by the Senate drafting board, under my statement to lawyers of the Senate that I had no purpose in enlarging the provision, but rather preferred that we proceed under authority of existing law.

Mr. ROBINSON of Arkansas. One can readily understand, may I say to the Senator from Oregon, the require-

ment that the proceeds of the loan shall be used for an agricultural purpose, but the words " in the first instance " are to me confusing. The Senator's statement has not cleared the matter of the doubt.

Mr. STEIWER. I do not know whether I am competent to answer the question, but I have heard it suggested that the language was so used in order that the farmer might borrow money for the purpose of breeding or raising livestock and then that the note might be rediscounted for any other purpose. In other words, he acquired it in the first instance for an agricultural purpose but subsequently the note might be used for the purposes of the discounting agency.

Mr. ROBINSON of Arkansas. I think the explanation which the Senator has given is even more confusing than the language itself, if the Senator will pardon me for saying so. The requirement that the loan shall be for agricultural purposes is clear and has an accepted meaning. That language is employed in a number of similar acts. But the use of the phrase " in the first instance " is certainly of doubtful significance and, I think, of doubtful value.

Mr. STEIWER. I wish I could tell the Senator more definitely why that language was included. I have no objection to its elimination.

Mr. ROBINSON of Arkansas. If the Senator will yield for that purpose, I shall propose an amendment to his amendment, namely, on page 2, line 8, to strike out the words " in the first instance."

Mr. STEIWER. I will accept the amendment.

The VICE PRESIDENT. The Senator from Oregon modifies his amendment, and the question is on agreeing to the amendment as modified.

Mr. KING. Mr. President, I regret to find myself in disagreement with my friends who are supporting this bill. It seems to me the measure will be destroyed by amendments which are being incorporated within it. The result will inevitably be, if certain provisions are accepted, that either here or in the House or in conference or in the hands of the Executive it will meet defeat. As I indicated a few moments ago, the raison d'être for the bill is to help relieve destitution, to furnish employment to those who are without work, to expedite a public-works program, and provide for the financing of the same.

But there seems to be a disposition to pervert the object and purpose of the bill into a Federal banking organization, without the restrictions imposed upon banks, or into a huge loaning agency or instrumentality, largely to aid private corporations with impaired credit or without resources, in order that they may inaugurate profits, industrial or commercial; under the bill, and some proposed amendments, bonds and securities having no market and with uncertain value are to be unloaded upon the Reconstruction Finance Corporation; that is, the Government may, and probably will, sustain enormous losses. It is proposed that the people are to be taxed to create a fund to be loaned to all sorts of private and public organizations, to almost every conceivable corporation that may be formed. It is true that we gloss over some of these projects by saying they will help the farmers. That is a slogan sometimes adopted to secure support of measures of doubtful validity and assured impracticability. This slogan is, of course, very appealing and arouses sympathy and commands no little support.

We voted only a short time ago $10,000,000 to create a revolving fund for the farmer. The Senator from Georgia [Mr. GEORGE], as I recall, was the sponsor of that measure. Under its terms farmers and stock growers and farm organizations may obtain loans. A few weeks ago we appropriated $200,000,000 for loans to farmers, and from that fund $70,000,000, as I am advised, has already been advanced to them. Extensive credits have been made to agriculture. Farm-loan banks have been organized, as well as intermediate-credit banks. The Farm Board was organized and $500,000,000 placed in its hands to aid the farmers of the United States. Public and private loans have been made to those engaged in agriculture. And so generous has been the credit extended that the farmers are now owing over $12,000,000,000. They are the victims, as are millions of our citizens, of a credit system that has placed them in bankruptcy, if it has not enslaved them. Debts, public and private, have a large part in causing the deplorable conditions, economic and industrial, in which the people find themselves.

We have recently increased the taxes, a portion of which is to create the loan fund, and placed it in the hands of the Reconstruction Finance Corporation. We use the taxing power of the Government to obtain money to loan back to the people. It may be justified under some circumstances, but the soundness and wisdom of this course may raise some doubts.

The amendment calls for a vast amount of new machinery. It provides that—

> The Reconstruction Finance Corporation is further authorized and directed to create for each of the 12 Federal land bank districts a regional agricultural credit corporation.

There are to be created 12 new corporations, with all the machinery and paraphernalia auxiliary to or connected with those organizations, each with a paid-up capital of not less than $3,000,000, all to be subscribed for and paid by the Reconstruction Finance Corporation. So far as the bill intends there are to be no stockholders but the Government. It is to be the fountain from which all waters are to flow. The Federal Treasury is to be, in the last resort, the source of this gold supply that is to supply these numerous corporations which in turn are to extend credits to the agriculturists of the United States.

Mr. THOMAS of Idaho. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Idaho?

Mr. KING. I yield for a question.

Mr. THOMAS of Idaho. Just a very brief statement. The Senator is discussing what we are doing to the Treasury of the United States. I might say to him that if we had started 20 or 30 or 40 or 50 years ago to keep the Government out of business, then his argument might be significant; but to-day, when the Government is in business everywhere, certainly the Senator is not going to stand here on the floor of the Senate and say that agriculture is going to be the one exception in America that shall not have some help.

Mr. KING. Mr. President, the question of the Senator from Idaho has been elevated into a speech.

Mr. THOMAS of Idaho. If the Senator will yield further——

Mr. KING. If the Senator wants to ask a question, I shall yield.

Mr. THOMAS of Idaho. I just want to make one further comment.

The VICE PRESIDENT. Does the Senator from Utah yield for that purpose?

Mr. KING. I prefer to yield only for a question, but I yield to the Senator anyway.

Mr. THOMAS of Idaho. The situation in the country to-day is very acute.

Mr. KING. Yes; and the Senator wants to make it more acute.

Mr. THOMAS of Idaho. The object of the amendment is to make it possible for the farmers to get some money. In the present situation, the plans proposed are tending in the right direction, but we have eliminated the one thing necessary to make these funds available to the farmer, and that is to set up the organization so he can borrow money. We are proceeding on the theory that he has the capital to start an organization, but the fact of the matter is he has not the capital, and now we are providing that capital, and that is all there is to it.

Mr. CAREY. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Wyoming?

Mr. KING. I yield.

Mr. CAREY. I think the Senator from Utah has overlooked one very important thing in the amendment, and that is that it does not provide for any additional appropriation. There was provided $200,000,000 under the Recon-

struction Finance Corporation act, made available to the Secretary of Agriculture for the purpose of agricultural loans, but the Secretary of Agriculture has loaned only $75,000,000 of that fund. This merely transfers a portion of that unexpended balance for the assistance of these banks.

Mr KING. Replying to my friend from Idaho, as I understood him, if we sinned 30 or 40 years ago by placing the Government in business, a precedent was established and we must persist in transgression

Mr. THOMAS of Idaho. Mr President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Idaho?

Mr KING. I yield for a question.

Mr. THOMAS of Idaho. Just one other comment in answer to the statement of the Senator from Utah—and that is that the amendment does not take any further money out of the Treasury. The money has already been authorized to be appropriated for the use of the Reconstruction Finance Corporation. It is money that comes out of the $200,000,000, or the unexpended balance of the $200,000,000 which we have already authorized for the Reconstruction Finance Corporation.

Mr. KING. Mr. President, the Senator's position is that this bill in effect commits the Government to policies and activities not authorized by the Constitution, but having transgressed constitutional limitations for many years we are warranted in continuing in our sinful way. That may be logical but it is hardly good in morals, and I do not think it sound morally, politically, or philosophically, or constitutional.

When we are convinced of past constitutional irregularities or of unsound and unwise policies that have been pursued, there should be an inclination to avoid them in the future. We read a great deal in the Scriptures about bringing "forth fruits meet for repentance," and when we have discovered errors, political, economic, or otherwise, it seems to me that the obligation rests upon us to try to avoid those errors in the future.

However, Mr. President, as I was stating a moment ago when the Senator from Idaho interrupted me, this amendment sets up 12 new corporations, it creates additional bureaucratic machinery, and also adds to the long list of more than a million of Federal officeholders. It draws upon the taxpayers of the country for its capital. It calls for taxes to raise money to loan to taxpayers. The destructive power of the Government is to be used not for governmental purposes but for private purposes. I am referring to the bill generally and not alone to the amendment under consideration. Undoubtedly if private corporations and individuals are to be the beneficiaries of this bill, and are to be permitted to indirectly employ the taxing power of the Government for their own ends, then there is greater merit in the plan contemplated by the amendment than can be found in other proposals offered for our approval.

The capital of these 12 corporations is to be supplied by the Government—not the officers of the same. The Government is the banker, the money lender, the agency that must bear all the losses incurred. The officers, managing directors, and agents of the corporations are to be appointed by the Reconstruction Finance Corporation, and it may prescribe the rules and regulations for their conduct.

Mr. President, this measure and the Reconstruction Finance Corporation act will create the most powerful and far-reaching organization ever created by the Government. It seems humanly impossible for it to successfully discharge the crushing duties and responsibilities that will rest upon it. Fortunately men of character and ability have been chosen to administer its affairs.

I am imperfectly attempting to convey the idea that the bill before us should not transcend the object for which it was designed. There is unemployment, and this should be an unemployment measure, not a bill to aid private corporations or to be a market for frozen or unsalable assets.

If we are not prudent, the bill will be broken down. It is an unwise policy to establish the Government as a banker and money lender and to create the relation of debtor and creditor between the Government and the people.

Mr. President, I concede greater merit in the proposition to loan to agricultural associations than to many of the corporations which it has been suggested would or should be beneficiaries of this bill and receive credits from the Reconstruction Finance Corporation.

I commend to my friend from Idaho the statement, to which I have adverted heretofore, of former Senator Magnus Johnson that the evils from which the farmers as well as the majority of the people of the United States are suffering resulted from too much credit.

Money was too easy to obtain and mortgages and debts and insolvency followed. If the interpretation placed by some Senators upon this measure is adopted, there will be demands from all parts of the United States for loans, and if not denied, the funds to be provided for the Reconstruction Corporation will be diverted from construction activities which will furnish work for the unemployed. Washington will be the Mecca to which will flock representatives of broken down corporations and private organizations that need credit denied them perhaps by banks—but which it is not the province of the Government to supply.

Mr. President, let us keep this bill within the limits for which it was originally designed; let us try to employ it as a means to furnish employment to the unemployed, to construct needed public improvements, including post offices, roads, and river and harbor projects, that may furnish work for the army of unemployed.

Mr. President, I hope this amendment, at least in its present form, will not prevail.

Mr. WALSH of Montana. Mr. President, I agree with the views of the Senator from Utah that we ought to endeavor not to load this bill with extraneous matter so as to make it very objectionable, but if that implies that we have thus far offended in this particular, I am totally unable to agree with the Senator from Utah, for I think he will be unable to point out the particulars in which the bill has been expanded beyond its limits as it came from the Committee on Banking and Currency. The fact about the matter is that practically every effort in that direction thus far has been defeated.

However, Mr. President, this, to my mind, is a very meritorious amendment, and it ought to be adopted. While it does depart from the general purpose of the bill, the bill extends the powers of the Reconstruction Finance Corporation, and this is in line with that course. The Secretary of Agriculture now has at his command $200,000,000 under the provisions of the Reconstruction Finance Corporation act for the purpose of making loans to farmers for crop production. He conceived, and I dare say it was the correct idea, that that was intended to make a very great number of loans in small amounts to farmers so that they could produce crops, they being unable to secure the usual loans from banks and from other sources available to them in ordinary times. So he has made a rule restricting the loans that may be made to any one individual to $400. That is perfectly useless so far as the stock interests of the West are concerned. That business is carried on on such a large scale that a loan of $400 means almost nothing; no man will ask for it at all.

Consequently so far as that branch of agriculture is concerned it gets no benefit whatever from that provision of the law.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Montana yield to me?

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Arkansas?

Mr. WALSH of Montana. I yield.

Mr. ROBINSON of Arkansas. An analogous limitation was made in the regulations promulgated by the Secretary of Agriculture to the effect that only four tenants on any one plantation might be beneficiaries of loans, so that on large farms it is impracticable to operate under advances made in accordance with the regulations now enforced by the Secretary, and some such arrangement as this is essential in that particular.

Mr. VANDENBERG. Mr. President, will the Senator from Montana yield for a further question?

Mr. WALSH of Montana. Yes.

Mr. VANDENBERG. Is there any relationship between the rules and regulations of the Secretary of Agriculture and the amount of money at his disposal? In other words, is he undertaking by this limitation to keep the total distribution within the total amount at his command?

Mr. WALSH of Montana. Yes; he so states; but he says to the stock raisers, "Why do you not organize an agricultural-credit corporation and then negotiate your loans with the intermediate-credit banks?" The answer to that is: ".We can not do that, because we can not borrow any money from the bank with which to pay for the stock in the agricultural-credit corporation." That is the situation.

In ordinary times the situation would be fully taken care of by the agricultural-credit corporations, but just now they are perfectly useless, because there can not be borrowed from the banks the funds with which to organize agricultural-credit corporations which would make the loans for stock-raising purposes to be negotiated with the intermediate-credit banks, and accordingly the appropriation so very generously made by Congress to aid agriculture affords practically no aid to that branch of it at least.

Mr. BORAH. Mr. President, I should like to ask the Senator from Montana or some other Senator who is interested in the bill a question.

Mr. WALSH of Montana. I yield.

Mr. BORAH. It seems to me that this amendment provides for a top-heavy organization. Is there any necessity, in order to aid the agricultural interests and the livestock interests, of having a corporation in every Federal land-bank district in the United States and having a set of officers and agents drawing, I presume, if we follow the precedent of the Farm Board, exorbitant salaries? It seems to me that the machinery could be simplified very greatly.

Mr. WALSH of Montana. Mr. President, I am not the author of the amendment.

Mr. STEIWER. Mr. President, will the Senator yield to me to make a brief suggestion?

Mr. WALSH of Montana. If the Senator will pardon me for a moment, I want to make this remark, if I may. It is found that it is necessary, in order to carry out the purposes of the act, to have a corporation organized with a very considerable amount of capital, in order to make the loans to accommodate the industry, and it is difficult to organize corporations of that character.

Mr. STEIWER. Mr. President, the purpose of setting up the corporation in the different land-bank districts was to create an entity which under the law would be authorized to rediscount with the Federal intermediate-credit banks. The Reconstruction Finance Corporation could hardly do that if it were merely to appoint agents in different places or appoint an agent in each of the respective land-bank districts. A separate entity will be permitted under the existing law, to take notes and rediscount them and thus have a source of money which is not Government money at all.

Of course the intermediate-credit banks are capitalized by the United States, but they sell their debentures, and this amendment will give the farmers an opportunity to secure credit which is derived from private sources.

Mr. BORAH. I understand all that; but what is the necessity of adding 12 corporations, 12 entities, in order to accomplish that purpose, with 12 sets of officers and 12 sets of agents, all drawing salaries of $75,000 or so?

Mr. STEIWER. I realize, Mr. President, that such expenses ought to be severely curtailed, but one institution located at a central point can not serve a country of the magnitude of ours. These rediscounting agencies must be closer to the people, closer to the farm.

Mr. BORAH. But there are a number of these districts where the agricultural interests to be taken care of are not extensive, there are only five or six districts, or three or four districts really, where there are any considerable agricultural interests to be taken care of. The other portions of the country could certainly be taken care of by one corporation.

Mr. STEIWER. There are dairying interests everywhere.

Mr. KING. Mr. President, will the Senator permit me to interrupt him?

The PRESIDENT pro tempore. Does the Senator from Oregon yield to the Senator from Utah?

Mr. STEIWER. I yield.

Mr. KING. I was about to ask the Senator from Oregon why not create an agency in intermediate banks instead of creating all this machinery with a multitude of new officers? The only employment we are going to furnish, it seems to me, under this amendment would be to a lot of officeholders we will never get rid of. The amendment creates relationship between the Government and individuals which is unwise—that of debtor and creditor.

Mr. BORAH. There is a situation which it is desirable to have taken care of, but I have learned a lesson from the activities of the Farm Board. They have created a condition which is a scandal in this country. This amendment has no limitation in it at all with reference to the salaries or anything else.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oregon.

Mr. CAPPER. Mr. President, I am receiving every day, and I am sure every Senator with farm constituents is receiving, appeals from home for relief from the depression. These letters, it is true, are very much alike. They point to farm prices the lowest in memory, some of them the lowest in recorded history. They point to the fact that taxes have not been reduced in proportion to farm prices. They point to the fact that debts which, when contracted, could be paid with 1,000 bushels of wheat now require 2,500 bushels of wheat to cancel the indebtedness. They point to unpaid taxes, unpaid interest, foreclosures; the farmers of this country are reaching the point of desperation.

Some of these letters point out that the present Congress has enacted legislation designed to save the railroads; designed to protect the insurance companies; designed to save the banking structure. They can not understand why nothing has been done directly to help farm prices. The letters I am receiving do not ask for donations for agriculture; but they do insist that Congress should make the attempt to protect farm prices.

Mr. President, I find myself much in agreement with the farmers who are asking Congress to take action. There are plenty of people in this country in need of foodstuffs; we hear that every day. There are plenty of people in the agricultural States and sections who need the products of manufacture and need them badly.

The Congress has been in session for six and one-half months and apparently has made no attempt directly to relieve agriculture, the basic industry of the Nation. The pending amendment introduced by the Senator from Oregon [Mr. STEIWER] and backed by the farm organizations—and I know of no better authority as to what the farmers of the country want than these organizations—offers some hope of better agricultural prices. I do not believe it will completely solve the problem of farm prices; I believe a revision of our monetary system so that money will become once more a medium of exchange rather than a commodity itself is needed. But this proposal is a step in the right direction. I say that it should be enacted. Thousands of our farmers are loaded up with debts. The plan proposed by the Senator from Oregon will be especially helpful in making it possible for the farmer to finance this year's crop production.

Mr. President, I ask permission to print in the RECORD a number of letters from farmers, showing conditions among and the ambitions of the farmers of the United States:

The PRESIDENT pro tempore. In the absence of objection, it is so ordered.

The letters referred to are as follows:

TOPEKA, KANS., *May 24, 1932.*

HON. ARTHUR CAPPER,
Washington, D. C.

MY DEAR SENATOR: Much has been done to relieve banks, building associations, railways, etc., but up to the present time nothing

to help the farmer pay interest on his mortgage and his taxes and produce another crop.

Unless and until he receives some aid from our Government, no business in any line can be revived. The fault of this crisis does not rest with the farmer, but because of the fact that what he produces has so small value—brings such a small amount in dollars.

To cite a few items I am familiar with as a landowner: The best hogs here in Topeka only bring $2.70 per hundredweight; eggs, a few pennies per dozen; butterfat, 13 cents; wheat, corn, and oats, less than the cost to produce; and alfalfa, a standard crop in our valley, $7 per ton, the price magnanimously set by the State, as they are large buyers for dairy herds at State institutions.

With these conditions prevailing, farmers can not be purchasers of any industrial products. Neither can they receive for what they produce from the land sufficient returns to pay interest and taxes. Hence, the only way for relief, to my mind, is to increase the value of all farm products. The Strong bill to stabilize the dollar will help, but from what I read the Federal reserve bank is opposed to it. They should be relieved of their job.

You are making every effort to "balance the Budget," which is right, of course; but unless Government expenses are very greatly reduced, in another year there will be another Budget to balance.

Congratulate you on your fight for oil tax. Kansas needs it, but that is negligible in comparison with price of all farm products. Surely Congress will not adjourn without rendering aid to the farms. Should they fail to do so, you will see sad results, as farmers and landowners have carried on to their limit.

I furnish you no news. You know all above, but being familiar with local as well as State conditions myself, wish to add strength to your hands and impress, if possible, the present great need of action that means relief to the farmer before Congress adjourns.

With personal regards, I am

Sincerely yours,

O. P. UPDEGRAFF.

RUSSELL, KANS., *May 23, 1932.*

Senator ARTHUR CAPPER,
Washington, D. C.

HONORED SIR: Inclosed you will please find an editorial clipped from the Daily Drovers Telegram of May 19, which makes some very startling disclosures. During the week we sold from the farm 120 dozen fine, white-shelled eggs, all handled carefully and infertile, good enough to make up part of a meal of the finest families in the land, and received for them the pitiful sum of $9.60. We also sold nearly 20 gallons of high-grade cream, for which we received the pitiful sum of $4.82, or 11 cents per pound for the butterfat content. We have a boy 14 years old, a big strapping fellow, who has completed common school with a record of having never been absent or tardy. He wants to go to high school, and we, his parents, want him to go, but we can not see how it will be possible to send him under the conditions as they now exist. In the event we do send him, we will have to do so at an expense of not more than $10 cash per month. We live on a good producing farm and attend strictly to business, and find we have to skimp and save and deny ourselves at every turn in order to keep our heads above water, and even at that we know we are better off than millions of other good Americans.

I do not pretend to know how long the masses of America will stand for such tomfoolery, but I do shudder to think what the consequences will be when they do reach the limit of endurance.

Sincerely yours,

JOHN STEPHENS.

HOLYROOD, KANS., *June 2, 1932.*

Senator CAPPER,
Washington, D. C.

DEAR SENATOR: I have subscribed for the CONGRESSIONAL RECORD, and I am following up the work of Congress with keen interest. I have read some of the exposures of the New York Stock Exchange, and I hope you will likewise push an exposure of the board of trade; so far I have seen nothing of it in the RECORD.

Three months have passed in Congress and no great effort has been made to relieve agriculture, the root of our depression; more credit, of course, has been made available to the farmer, but that is just like giving a drowning man more water. The farmer has too much money borrowed now as it is. Of course, this additional loan will do some good in certain cases, but the farmer must be allowed to make a profit over the cost of production, if he shall ever survive.

The handwriting is on the wall; it is up to Congress to recognize it. So far Congress has failed to give agriculture any effective legislation. When you take the buying power away from 30,000,000 people that represent the farm population of the United States, that is bound to have a ruinous effect on our factories and the labor that is employed in those factories.

I am also a farmer. I have asked many farmers as to how much more money they would have spent in the past year had they money, and the answer ran from $1,000 to $5,000.

For instance, you will find this condition amongst the farmers in this community—floor coverings in their homes worn through to the floor; furniture old and worn out; stoves hardly fit to use; walls that need decorating; clothing they are patching and patching up to make them do; shoes likewise; instead of having several pairs they make one pair do; young men instead of buying one or two suits each year make the old suit do; the family wash machine and the sewing machines worn out but they have no money to buy new ones; and the many other necessities of life the farmer would buy if he had the money.

Most farm buildings need paint; many farmers need new farm machinery, buildings to house their stock and implements properly; and they would buy many luxuries if they had the money. Taking for granted that every farmer would spend $2,000 for his requirements would create $60,000,000,000 worth more business for the eastern manufactures and would supply employment for many of the unfortunate jobless people in the eastern cities.

Can not the eastern representatives see this—or do they refuse to see the handwriting on the wall? Whom do they expect to buy their manufactured products if the farmers do not buy them? They very well know the farmers have been crying for an even break for the past 10 years, borrowing and borrowing until now he is at the end of the rope—and no Congress so far has helped the farmer in an effective way. How long would this depression last if the farmer, the cotton and grain farmer alone, would be receiving a reasonable price for their products? If the price of wheat was $1.25 per bushel it still would be the cheapest food on earth.

Some of the eastern representatives ask us why does the farmer not organize or reduce his production like we do? A farm is not a factory; a farmer can grow farm products only when the good Lord makes them grow—for instance, this community was totally hailed out for two years in succession, while other sections were hit by dry weather. The farmer must grow his crop when it will grow.

Well, they say the Government must not get into business. What is a protective tariff? It is nothing more than protection for the industries, or helping them get a better price for their products.

This same protection is what the farmer asks for protection from foreign markets. Set the price of wheat and cotton and many of the other farm commodities would follow the rise in price. Let the farmer carry the surplus is the solution. Every business in the United States is run just that way. They carry the surplus. Other business does not sell their entire production on the bases of their surplus as the farmer is compelled to do to-day. Besides there is no commodity in the whole United States but the farmers' whose price is fixed by a bunch of well-organized gamblers—and the farmer suffers the consequences. This was just recently proven again when the market went up on wheat just a few months ago, and the visible supply was greater then than it is now.

Help the farmer as the Government has helped the industries for so many years with the protective tariff by setting the price on wheat and cotton on what is used domestically and let the farmer carry the surplus. This plan would not cost the Government one cent. Ten cents on each bushel consumed in this country would operate the plan—this plan would be much better than letting a bunch of gamblers set the price. They have no other motive than to make millions of dollars for themselves at the expense of the consuming public, with no intended help to the farmer.

With proper legislation a portion of the $500,000,000 marketing act money, now used to the storing of wheat and cotton, could be returned to the National Treasury. According to the CONGRESSIONAL RECORD the National Treasury could very well use this money at this time.

As I understand it the farm organizations favor this plan of fixing the price of wheat and cotton—and prorating the selling and letting the farmer carry the surplus. I trust you will put your every effort back of such a plan—to save agriculture, which will aid the industries, and help the unemployed out of their distress.

Yours very truly,

C. C. FREVERT.

ST. JAMES, MO., *June 14, 1932.*

Mr. ARTHUR CAPPER,
United States Senate, Washington, D. C.

DEAR MR. CAPPER: We, knowing that you are much interested in seeing that agriculture is helped during this serious crisis, and being you are United States Senator from one of the greatest wheat-producing States in the Nation, I know you fully appreciate just what it means to the producers of grain in your State if they are compelled to sell their grain on the present ruinous prices that will hardly give these producers existence.

So I am not going to take up any of your time by writing you at length on this matter, but we notice to-day that they have made new lows on all of the grain markets, and with the statistics as given out by the United States Department of Agriculture we are at a loss to understand just why it is that the administration has thus far been unable to get the Federal Farm Board to take advantage of the opportunity of this crop being cut practically in half, and with the visible decreasing right along, that they have been unable to stabilize this grain on a higher level. It is causing quite a lot of unrest wherever you go and converse with farmers. So, being president of the Phelps County Farmers Association, and knowing the Senate would adjourn shortly, we sent you a day letter as per confirmation inclosed, which we feel confident you will appreciate hearing from us; and we feel satisfied you will endeavor to exert your best efforts to get some of the agricultural commodities turned on an upward trend from this

point, as we have had nothing but down trend in the past three years until our buying power is practically at the zero mark.

With kindest regards, we are, yours very truly,

PHELPS COUNTY FARMERS ASSOCIATION.
W. S. MILLER, *President*.

GARDEN CITY, KANS., *June 8, 1932*.

Our wheat might possibly make 5 or 6 bushels per acre, with millions of small grasshoppers showing up that will possibly harvest it for us, by the looks of it now, as of 1919.

We got to have some way of getting more cash back into our communities. (This means better prices, more money in circulation, and more jobs and more buying.) Congress spent all winter helping bankers and their mistakes; now is the time the Nation should wake up and help the producer on the other end of the string.

JESS BENNETT.

CLAYTON, KANS., *June 1, 1932*.

There never will be a return to prosperity until the producers get a fair return for their labor. As it is now the farmers and home builders are losing their homes and land all over this Nation, and it is time to stop. But it can not be done by giving more credit to the producers, as it is the credit they have had that is now hurting. Now, see the market the past few days, the speculator shot the price down. You Representatives and Senators can make a budget to balance your account for the Government on the people, but how can the people pay when they can not get cost of what they produce with corn at 20 cents and wheat at 30 cents a bushel. Now, Senator, I know the conditions out here in my territory, and I know a lot of renters who, after they had paid for the cutting and threshing their wheat, did not have enough to pay out that the landlord might get his share. I know some of the farmers out here 18 months ago that were advised to sell their cash wheat and buy the options as it looked like wheat would go higher. It never did go higher, and trying to save themselves they lost all they have, some as much as $5,000. If some way is not found of getting the money out through the channels of trade, through the producers, in a very short time, all I can say is, God pity this Nation.

W. T. HENDRICKSON.

WAVERLY, KANS., *June 6, 1932*.

One of our influential farmers has just stated to us the prices he is compelled to take for his farm products this being Mr. H. H. Terry, Waverly, Kans. Cream, 5-gallon can, nets him $1.54; eggs, 9 cents per dozen; poultry, 8 to 17 cents per pound; hogs, choice, $2.60 per hundredweight; cattle, $3.50 per hundredweight; wheat, 40 cents per bushel; oats, 18 cents per bushel; corn, 30 cents per bushel; kaffir corn, 20 cents per bushel; hay, $5 per ton; wool, 6½ cents; horses, $70.

Agricultural land is selling around $14 to $25 per acre in Coffey County. With a high rate of tax and the amount the farmer is receiving for his merchandise this should awaken National and State Representatives to come to our assistance.

W. J. DUFFY,
L. L. COOK.

OBERLIN, KANS., *June 2, 1932*.

Senator, we are very much concerned about conditions. Our wheat crop in this section of the State is light. If the price of wheat doesn't go up, it won't any more than pay expenses. If we could get a rise in the wheat price, corn prices would naturally follow and in time higher corn prices would reflect in higher hogs and higher cattle. This would help all the farmers.

A substantial rise in the wheat price would do more to bring the country out of the dumps than all the legislation in the world. We are within a few weeks of harvest. The situation is serious. If the farm board is sound and will work out eventually, it will be too late to help a great many farmers. It is imperative that they have this help now. Eggs are selling on the local market for 6 cents a dozen. Corn, 20 cents; butterfat, 11 cents; hens, 5 cents a pound; wheat 36 cents, and hogs $2.25. Is it any wonder that the farmers are becoming radical?

ELWOOD M. BROOKS.

RECEPTION TO MISS AMELIA EARHART

Mr. BINGHAM obtained the floor.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield to the Senator from Oregon.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Blaine	Capper	Couzens
Austin	Borah	Caraway	Dale
Bailey	Bratton	Carey	Davis
Bankhead	Brookhart	Cohen	Dickinson
Barbour	Broussard	Connally	Dill
Barkley	Bulkley	Coolidge	Fess
Bingham	Bulow	Copeland	Fletcher
Black	Byrnes	Costigan	Frazier
George	Kean	Norris	Thomas, Idaho
Goldsborough	Kendrick	Nye	Thomas, Okla.
Gore	King	Oddie	Townsend
Hale	La Follette	Patterson	Trammell
Harrison	Lewis	Pittman	Tydings
Hastings	Logan	Reed	Vandenberg
Hatfield	McGill	Robinson, Ark.	Wagner
Hawes	McKellar	Robinson, Ind.	Walsh, Mass.
Hayden	McNary	Sheppard	Walsh, Mont.
Hebert	Metcalf	Shipstead	Watson
Howell	Morrison	Shortridge	Wheeler
Hull	Moses	Smoot	White
Johnson	Neely	Steiwer	
Jones	Norbeck	Stephens	

The PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

Mr. BINGHAM. Mr. President, we are honored to-day by having in our midst an American whom all Americans delight to honor.

It has always been the proud boast of Americans that they admired and respected and honored courage and enterprise.

Amelia Earhart has the distinction of being the only person who has crossed the Atlantic Ocean twice by airplane. She has the distinction of having been the first woman to cross in an airplane. She has devoted a large part of her life to showing that flying was perfectly safe for women and that there was no reason that a woman should not be a pilot, and a good pilot. Several times she has crossed the continent alone, in her own plane or in an autogiro, in an attempt to promote American aeronautics.

Recently, as everyone knows, she has performed the remarkable exploit of having flown across the Atlantic Ocean alone. She is here for a brief visit, and, I am informed, is at present in the Vice President's room. I am sure that the Members of the Senate would like to meet her and shake her hand and offer their personal congratulations on her splendid achievement.

I move, Mr. President, that the Senate take a recess of 10 minutes for that purpose.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Connecticut.

The motion was agreed to.

The PRESIDENT pro tempore. The Chair designates the senior Senator from Connecticut [Mr. BINGHAM] and the senior Senator from Arkansas [Mr. ROBINSON] to escort Miss Earhart to the Chamber.

The Senate being in recess, Miss Earhart was escorted into the Chamber by Mr. BINGHAM and Mr. ROBINSON, of Arkansas, amid great applause from the floor and the galleries.

Mr. BINGHAM personally presented the Members of the Senate to Miss Earhart, after which she was escorted from the Chamber amid great applause; and, the recess having expired, the President pro tempore resumed the chair.

THE EIGHTEENTH AMENDMENT

Mr. FESS. Mr. President, on yesterday, when the senior Senator from Idaho [Mr. BORAH] made his eloquent address analyzing the Republican platform, and especially one plank of it, the names of two Cabinet members were used in stating, as the Senator understood it, their position on the question of repeal of the eighteenth amendment.

The Senator yielded to me to ask whether he was not mistaken in stating that Postmaster General Brown stood for repeal. I did not raise the question of Secretary Mills, because I had never talked with the Secretary on that particular subject, and did not know precisely what his position would be, other than as expressed in the convention. His position was far from the idea of repeal, as he expressed himself in the convention.

Mr. Mills has made a statement of his position on this question, and it was printed this morning in the Washington Post. Not desiring to occupy time at this stage, when we are all pressed for time, and not desiring to inject any extraneous matter, I would like to have unanimous consent to have printed in the RECORD the statement of Secretary Mills giving his position on the question.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

I am informed that in the course of his discussion of the prohibition plank adopted by the Republican Convention, Senator BORAH stated that for the last six years I had been in favor of the repeal of the eighteenth amendment. Since the Senator has referred to my position, I feel called upon to make a brief statement of my personal views. The Senator has evidently misunderstood my position. While I have not been an advocate of the eighteenth amendment, I have not believed that mere repeal is the solution. On the contrary, I have become more and more convinced that the true remedy is to be found in modifying the eighteenth amendment so as to prevent a return of the conditions which existed prior to the eighteenth amendment, and at the same time stamp out the undeniable evils that exist to-day.

As I stated to the convention, there are two extreme points of view. On the one hand, there are those who would retain the eighteenth amendment and the Volstead law unamended. This, as I understand it, is the position of Senator BORAH. At the other extreme, there are those who would repeal the eighteenth amendment without substituting anything therefor. This, as I understand it, is the position of Dr. Nicholas Murray Butler.

I do not believe that the American people should be limited to the choice of either retaining the existing system or of returning to all of the evils of the liquor traffic. I do not believe that the American people should be limited in their choice to the speakeasy or the saloon.

American statesmanship should be equal to the task of developing a new system which will preserve us from the evils which existed under unlimited State control, and at the same time free us from the grievous difficulties which have arisen under an inflexible prohibitory provision embodied in the Federal Constitution. The plank adopted by the Republican National Convention lays down the broad principles upon which such a solution can be based.

In the first place, it provides correction for the two main weaknesses of the present system; that is, its inflexibility and its departure from one of the fundamental principles of American form of government, namely, the right of local initiative and determination carrying with it a very definite sense of local responsibility. In the second place, it would provide protection for those States electing to remain dry. And, third, it would retain in the Federal Government power adequate to prevent the return of the saloon and its attendant evils in those States whose citizens determine to permit the manufacture and sale of intoxicating beverages.

It is said that the plank is indefinite. Quite the contrary. Its important provisions are set out in clear and unambiguous language. What are they?

First. Submission by the Congress to the people through State conventions duly elected by the people of a new amendment modifying the eighteenth amendment.

Second. The proposed amendment to allow States to deal with the problem as their citizens may determine, subject to the specified powers reserved in the Federal Government.

Third. Reservation in the Federal Government of the power to protect those States where prohibition may exist and safeguard our citizens everywhere from the return of the saloon and attendant abuses.

The broad principles here laid down may be summarized in one sentence—returning to the States initiative, determination, and responsibility, and retention in the Federal Government of sufficient power to attain two specifically named objectives.

Some gentlemen apparently would have had us go farther and submit a proposed constitutional amendment and even a statute carrying out its provisions. But the national convention was adopting a party platform, or declaration of principles. The convention was neither a constitutional convention nor a legislative body. It was not charged with any such duty. It is just as unreasonable to demand that this proposal be written into the platform in the form of an amendment or bill as it would be to claim that when a Republican platform declares in favor of the correction of certain abuses in our banking practices, it should present the exact language of the statutes whereby those abuses are to be corrected.

When the time comes, formulating the new amendment may give rise to differences of opinion as to how best to apply these principles. But I am sure that the Congress can write a constitutional amendment which will restore determination and a sense of responsibility to the States and retain in the Congress power to enact legislation making available Federal authority for the protection of the dry States and preventing the return of the saloon.

Mr. FESS. Mr. President, before I take my seat I want to say that I knew the position of the Postmaster General quite well, because I have talked with him very often on this subject. I have also talked with the Senator from Idaho [Mr. BORAH] on the subject. It has been a matter which has been of considerable concern here in the Capital.

I spoke to the Senator from Idaho after his address, and suggested that he omit the name of the Postmaster General. I thought the rules of the Senate would permit that, as I had requested it, and what is printed in the RECORD is entirely satisfactory, so far as that goes. But this statement is still in the RECORD:

I will show in a few minutes that Mr. Brown was for repeal in the convention, by showing that the platform is a repeal platform.

Which would indicate that my statement to the Senator that the Postmaster General had stood against repeal was not impressive to the Senator.

The Postmaster General has made a statement, and I am going to read it. He says:

My attention has been called to a statement by Senator BORAH in the Senate to-day in effect that I favor a repeal of the eighteenth amendment and that I so stated in a conversation with him. Senator BORAH is mistaken in both particulars.

It is my practice not to discuss publicly views expressed or statements made in private conversations in which I participate, but since Senator BORAH is evidently willing to have discussed a conversation had by himself, Mr. E. A. Van Valkenburg, of Philadelphia, and myself in Washington a few weeks ago, and since Mr. Van Valkenburg makes no objection, I feel free to state just what occurred.

The purpose of the conference was to discuss the formula of a platform plank for the Republican Party favoring the resubmission of the problem of the liquor traffic. Senator BORAH stated that he was working on a plan for such resubmission, giving to the States the right to determine for themselves whether they would be wet or dry; but that he had not yet found a satisfactory method to make certain that the saloon would not return; that he hoped to complete his plan shortly and present it to the Senate before the Republican convention.

Both Mr. Van Valkenburg and I stated that we were in favor of a revision of the eighteenth amendment and that we believed that Congress could be trusted to frame the text of the proposed amendment. Neither of us favored a repeal of the eighteenth amendment, which would place the problem again precisely where it was in 1918.

At the Chicago convention, as a delegate from Ohio, I voted against the minority report of the committee on resolutions favoring a submission of repeal presented by Senator BINGHAM. I subscribe whole-heartedly to the submission of the formula suggested by the majority report which was adopted by the convention.

I have a statement, sent to me by Mr. Van Valkenburg, who was the third person in that conference. He states:

Postmaster General Brown correctly states what occurred at his meeting with Senator BORAH, at which I was present. Mr. Brown and myself were opposed to naked repeal of the eighteenth amendment and favored modification. Senator BORAH distinctly favored the submission of a plan for restoring the control of the liquor problem to the States if a method to that end could be devised which would protect the dry States and prevent the return of the saloon. He stated he was endeavoring to prepare such a plan around the central idea contained in the proposition theretofore advocated by the distinguished lawyer, William Guthrie, for the modification of the eighteenth amendment. There was no controversy over the proposition that some remedial measure should be submitted for ratification by the States under strictly constitutional procedure to correct the abuses that had grown up under the existing amendment.

I regret that Senator BORAH has made it necessary for me to publicly discuss what occurred at a private conversation.

I read these statements only because the name of the Postmaster General was injected as one standing for repeal. He has always argued to me that repeal would mean chaos unless it were followed by some remedial legislation.

Mr. BORAH. Mr. President, with reference to the able Secretary of the Treasury, it is possible that I was misled as to his position by reason of my ineptitude in understanding the English language. In 1926 the Secretary of the Treasury, who was then in private life, and I had some correspondence, which was public, printed in the New York Times particularly, with reference to the eighteenth amendment and with reference to a referendum which was then being considered in the State of New York. I stated at the time that my view of that referendum was that it proposed a nullification of the eighteenth amendment. I think it may be said that that view has since come to be very generally accepted, that the referendum proposed was in effect a nullification of the eighteenth amendment.

In discussing this question, Mr. Mills went on to state something in regard to the eighteenth amendment itself. I will read a portion of his statement, leave it in the RECORD, and the public may judge how one might easily be misled by this language used by the present Secretary of the Treasury.

In the New York Times of July 26, 1926, page 4, Mr. Mills said that the eighteenth amendment was "an object of scorn and contempt" to millions of patriotic Americans. Naturally I assumed that one who had that view of an amendment would not feel like keeping it in the Constitution, and, unfortunately perhaps, I drew the wrong conclusion from the language used. But he went on to say:

The fundamental question, of course, is whether the eighteenth amendment is to remain a part of the Constitution. There is no room here for a compromise, and ultimately the question will be settled one way or the other by the submission of whichever side proves to be in the minority. But while this is the main—

That is whether it shall remain in the Constitution—

But while this is the main, it is by no means the only, and certainly not the immediate, question. The decision is bound to be long postponed. Even if the eighteenth amendment is repealed, it will take years to do so. No one denies our deplorable situation. What are we going to do about it? "Repeal and begin afresh," says one group, with strict logic on their side.

I assume that that was an approval of those who were insisting upon repeal, and I so construed it at the time.

But this is a matter of years, and in the meanwhile must we live with this festering sore on the body politic?

Whatever else the Secretary of the Treasury may have had in his mind in regard to the eighteenth amendment, his opinion of it was certainly not one of affection. A "festering sore" would be supposed to be something to be removed.

The eighteenth amendment as interpreted and enforced by the Volstead Act has two great antagonistic forces, I may say principles, to contend with, both of which are peculiarly American. The first is the right of the individual to freedom from Government interference with his private life as long as he does not infringe on the rights of others; the second is the principle of home rule, that is, the right of the people of our States and communities to regulate their own affairs in so far as they do not affect our life and interests as a Nation. The first conflict is inherent and unavoidable and in itself is formidable enough to threaten the success of the whole experiment without, in addition, running counter to one of the most deep-seated American political principles.

Mr. President, from that I drew the conclusion that Mr. Mills was opposed to the eighteenth amendment and, as he said, that those who were advocating repeal had "strict logic on their side." I leave that with no further comment. I had no doubt in my own mind as to what the position of Mr. Mills was.

Mr. President, with reference to the Postmaster General, it will be recalled that I did not undertake to state yesterday any conversation that took place between the Postmaster General and myself. When I suggested the proposition that I believed the Postmaster General was in favor of repeal, I did not state any conversation; and when the Senator from Ohio asked me if I wanted to make the statement I had just uttered, I replied that I did, and that I had had a conversation with the Postmaster General. I did not go forward and state the conversation. I was only stating my conclusion. I uttered not a word of conversation between Mr. Brown and myself.

It all turns upon what one considers a repeal. I know that since the adoption of the platform at Chicago there has come to be a finespun theory about repeal. I understand repeal to mean when you have destroyed the fundamental principle in the eighteenth amendment, to wit, the prohibition against the sale of intoxicating liquors. When a man says to me that he is in favor of permitting the States to have the right to sell, which Mr. Brown argued every moment we sat there——

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. BORAH. I yield.

Mr. FESS. The Postmaster General was arguing simply for the right to submit the matter to the people and let them determine whether they wanted this or not.

Mr. BORAH. The Senator from Ohio called out this conversation, and I am willing to put my interpretation of the conversation in the RECORD, and let those believe it who wish and those disbelieve it who wish. I am going to state it as I remember.

Mr. FESS. The Senator is dealing with the conversation he had with Mr. Brown?

Mr. BORAH. I am.

Mr. FESS. I thought the Senator was speaking of Mr. Brown's position.

Mr. BORAH. No; I am speaking of the conversation.

Mr. FESS. I beg the Senator's pardon. I did not understand that.

Mr. BORAH. I said in that conversation that I had been for months undertaking to devise a plan by which to protect the States which wanted to be dry; and secondly, by which to prevent the return of the American saloon. That is precisely what I stated to Mr. Brown.

I said that I had made progress with reference to the question of protecting the States which wanted to be dry, but that I had reached the conclusion that once we legalized the sale of intoxicating liquors in the United States there was no possible way to prevent the return of the American saloon. That is practically word for word what I said. I made it clear that I could see no way to prevent its return.

Mr. Brown replied, "I think you are right. Once we legalize the sale of intoxicating liquors, I do not see how we are going to control the method of selling them." He said, "I expect to see the return of the saloon, and I would rather have it than the present condition of affairs."

Now, I ask whether or not Mr. Brown is in favor of the repeal of the eighteenth amendment? There could not be any sale unless it was repealed. We could not have the saloon unless we did repeal the eighteenth amendment. I drew the conclusion, therefore, unmistakably that he was in favor of the repeal of the eighteenth amendment and setting up what he has in a crude way set up in the platform at Chicago.

As I said a moment ago, it turns on what is considered "repeal." Let me say, too, that I do not find any fault with what Mr. Van Valkenburg said. Substantially it is what took place, but he does not state all the facts. When Mr. Van Valkenburg came to my office the next morning he said, "Senator, Mr. Brown's scheme means the return of the American saloon, and I can not go along with that proposition."

So, Mr. President, there was no question about the view of Mr. Brown as I understood it. There was no question as to the conclusion which we had all reached, that if repeal took place or sale was permitted, in all probability the saloon would come back. It is not very material about what took place. It is perhaps unfortunate even that I said that I had had a conversation with Mr. Brown. It is the only one I ever had. Perhaps I did not understand his language, but I came away from there, and Mr. Van Valkenburg came away from there, with the idea that the sale was to be permitted throughout the United States and that that would inevitably return the saloon to American life.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed the joint resolution (S. J. Res. 165) authorizing the President of the United States to present the distinguished-flying cross to Amelia Earhart Putnam, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House insisted upon its amendments to the concurrent resolution (S. Con. Res. 29) authorizing the printing and distribution of copies of the Federal laws relating to the veterans of various wars, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEVENSON, Mr. LAMBETH and Mr. SHOTT were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal

year ending June 30, 1933, and for other purposes; that the House had receded from its disagreement to the amendment of the Senate No. 46 to the said bill and concurred therein with an amendment, in which it requested the concurrence of the Senate.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had receded from its disagreement to the amendments of the Senate Nos. 14, 15, 30, 56, and 82 to the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes, and concurred therein severally with an amendment, in which it requested the concurrence of the Senate; also that the House further insisted upon its disagreement to the amendment of the Senate No. 77 to the bill.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 3847) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings, and it was signed by the Vice President.

SUPPLEMENTAL ESTIMATE OF APPROPRIATIONS—HOUSE OF REPRESENTATIVES (S. DOC. NO. 120)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, without revision, a supplemental estimate of appropriation pertaining to the legislative establishment, House of Representatives, for the fiscal year 1933, in the sum of $25,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States, submitting sundry nominations, which were referred to the appropriate committees.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Oregon [Mr. STEIWER].

Mr. BORAH. Mr. President, before that is voted on, and if it is not too late, I desire to offer an amendment to the amendment.

The PRESIDENT pro tempore. It is not too late. The Senator may offer his amendment.

Mr. BORAH. On page 1, line 2, I move to strike out the words "and directed" and the words "for each," and insert in lieu of the latter words "in any," and after the word "districts" in line 3 to insert the words "where it may deem the same to be desirable," so that the paragraph would read:

The Reconstruction Finance Corporation is further authorized to create in any of the 12 Federal land bank districts, where it may deem the same to be desirable, a regional agricultural credit corporation,—

And so forth. That removes the directory provision of the bill and leaves it to the judgment of the Reconstruction Finance Corporation to create them wherever it deems necessary.

Mr. CAREY. Mr. President, in the temporary absence of the Senator from Oregon [Mr. STEIWER] I will accept the amendment to the amendment.

The PRESIDENT pro tempore. The amendment will be modified accordingly.

Mr. VANDENBERG. Mr. President, I would like to have the attention of the Senator from Wyoming a moment. I ask his attention to the final sentence in the amendment which charges all of the expenses of the operation of the new instrumentalities to the Reconstruction Finance Corporation. It is not at all clear from the language whether the Reconstruction Finance Corporation has any authority over the expenditures other than the automatic privilege of paying whatever bills are submitted. I suggest to the Senator that it would be substantially strengthening to the situation if the final sentence were amended, on page 2, line 18, after the words "shall be," by inserting the words "supervised and," so that the final sentence would read:

All expenses incurred in connection with the operation of such corporations shall be supervised and paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe.

Mr. CAREY. I do not think there is any objection to the amendment. Corporations are set up by the Reconstruction Finance Corporation, and naturally it would have control over their expenditures.

Mr. VANDENBERG. I offer the amendment, and I understand it is agreeable to the Senator from Wyoming.

The VICE PRESIDENT. Let the amendment to the amendment be stated.

The CHIEF CLERK. On page 2, line 18, after the word "be," insert the words "supervised and," so as to make the sentence read:

All expenses incurred in connection with the operation of such corporation shall be supervised and paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe.

Mr. STEIWER. Mr. President, that is acceptable to me.

The VICE PRESIDENT. The Senator from Oregon modifies his amendment accordingly.

Mr. ROBINSON of Arkansas. Mr. President, it should be pointed out that the amendment of the Senator from Idaho [Mr. BORAH], which has been accepted and incorporated in the committee amendment, works an important and very material change in the provision. As originally presented, 12 agricultural credit corporations, one for each of the Federal reserve districts, would have been set up, the provision in this respect being mandatory. With the amendment of the Senator from Idaho it is entirely discretionary with the Reconstruction Finance Corporation board as to whether any agricultural credit corporation shall be established for the purposes of the amendment, and clearly may result in sectional discrimination. The point is that one Federal reserve district in the agricultural regions may be provided with the relief contemplated by the amendment while at the same time, if the board so exercises its authority, the same relief or equivalent assistance may be denied to other Federal reserve districts. It is an important amendment and from a practical standpoint I doubt its value.

The VICE PRESIDENT. The question is on the amendment of the Senator from Oregon as modified.

On a division, the amendment was agreed to.

Mr. BLAINE. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The Senator from Wisconsin offers the following amendment, which will be reported.

The CHIEF CLERK. Insert as a new section the following:

The Comptroller General of the United States, who may act personally or through such persons as he may designate or employ, without regard to the civil service laws, shall be the comptroller of the Reconstruction Finance Corporation, with authority to prescribe the accounting system and procedure and administer the same. Payment for such service shall be made out of the funds of the corporation, and salaries of any persons appointed for such purpose shall be fixed in accordance with the classification act of 1923, as amended.

Mr. BLAINE. Mr. President, the amendment speaks for itself. The Senate will appreciate that the corporation, in case the pending bill is passed, will have under its control, as I understand, assets of about $3,500,000,000 or more. There is no provision made for the auditing of the accounts

of the corporation. There is no business in the United States that can be conducted in a proper way without some system of auditing. The Comptroller General is the auditor for the United States respecting all other undertakings in which the Government has a financial interest, including the administration of the several departments of government. I have drawn the amendment to make the salaries of the employees to be appointed come under the classification act.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Arkansas?

Mr. BLAINE. I yield.

Mr. ROBINSON of Arkansas. Does the Senator recall whether there was any provision made for auditing the funds of the Reconstruction Finance Corporation?

Mr. BLAINE. There is no such provision. I attempted to amend the Reconstruction Finance Corporation bill when it was before the Senate, but the amendment which I then proposed was much broader than this and made the Comptroller General the judge respecting the legal availability of corporate funds. I have omitted here that portion of the provision of the amendment which I offered to that bill.

Mr. ROBINSON of Arkansas. This is simply a provision for auditing?

Mr. BLAINE. That is all.

Mr. ROBINSON of Arkansas. I do not see any objection to the amendment.

Mr. WAGNER. I see no objection to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. ASHURST. Mr. President, I move to strike section 8 from this bill, and for the following reason: I believe that all thoughtful persons have reached the conclusion that it is not wise nor just to create any more Federal officials. This section proposes to create a commission to be composed of 5 Members of the Senate, 5 Members of the House, and 9 other members. The nine members, neither from the Senate nor from the House, are to receive salaries of $3,600 each per year. Each is also to receive his traveling expenses, and in subdivision (c) of this section the commission is authorized to hold hearings, employ stenographers and clerks, appoint subcommissions, and the sum of $50,000 is proposed for printing, for stationery and messengers, and so forth.

While I do not wish to be labeled as penurious, as cheeseparing, or as penny-pinching, I do not believe that any Senator can give a valid reason why we should create a commission of 5 Senators and 5 Representatives and 9 additional members, with each of the 9 drawing $3,600 a year with traveling expenses to go about as they see fit, spending public money ab libitum, willy-nilly. I therefore move that the entire provision be stricken out. The provision is as follows:

SEC. 8. (a) A commission is hereby created to be known as the Industrial Commission, and to be composed as follows: 5 Members of the Senate, to be appointed by the President of the Senate; 5 Members of the House of Representatives, to be appointed by the Speaker; and 9 other persons who shall fairly represent the various industries and employments of the United States, to be appointed by the President, by and with the advice and consent of the Senate.

(b) It shall be the duty of the commission to investigate questions pertaining to agriculture, labor, manufacturing, and business, including domestic and foreign commerce, to report to Congress from time to time, and to recommend such legislation by the various States of the Union and the Congress as will harmonize conflicting interests and be equitable to the laborer, the employer, the producer, and the consumer, and which is calculated to revive trade and promote the general welfare. Upon the completion of its investigation the commission shall submit a final report to the Congress.

(c) The commission may hold hearings and, if necessary, it may appoint a subcommission or subcommissions of its own members to make investigations in any part of the United States; and it shall have authority to send for persons and papers, to administer oaths and affirmations, and to incur necessary expenses, including expenses for clerks, stenographers, messengers, rent for place of meeting, and printing and stationery, in an amount not to exceed $50,000 per annum for the purposes of this subdivision.

(d) The commission shall cease to exist upon the expiration of two years after the date of the enactment of this act. The salary of each member of the commission appointed by the President shall be at the rate of $3,600 per annum. Each member of the commission shall be allowed his actual traveling expenses.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from New York?

Mr. ASHURST. I yield.

Mr. WAGNER. I am in agreement with the Senator who makes the motion, but I was going to ask if the Senator will postpone his motion until the junior Senator from Oklahoma [Mr. GORE], who is particularly interested in this provision, shall be present in the Chamber, because it was upon his suggestion that this particular provision was included in the bill?

Mr. ASHURST. Any request the able Senator in charge of the bill should make I would yield to gracefully.

Mr. WAGNER. I am going to vote with the Senator.

Mr. ASHURST. That is an evidence of the Senator's statesmanship.

The VICE PRESIDENT. Does the Senator from Arizona withdraw his amendment?

Mr. ASHURST. I shall let the amendment be pending, to be brought up when the junior Senator from Oklahoma returns to the Chamber.

The VICE PRESIDENT. The amendment will be temporarily laid aside.

Mr. ASHURST. Mr. President, before I surrender the floor, while I do not wish to offer a motion now, I do wish, respectfully, of course, to ask some questions. I shall first ask a question of the Senator in charge of the bill [Mr. WAGNER], for whose learning as a lawyer the Senate has profound respect. It is a public calamity that he is not on the Senate Judiciary Committee, and I hope it may be so arranged that he may be placed upon the Judiciary Committee at an early date.

I inquire of the authors of the bill—and I am addressing myself particularly to the junior Senator from New York—if they are of opinion that under this bill the Reconstruction Finance Corporation is clearly granted the power and authority, in its discretion, to make loans to irrigation districts and to irrigation projects, duly authorized under the laws of any State or of the United States, or to purchase the bonds or other securities of such irrigation districts or irrigation projects organized under the laws of particular States or of the United States?

Mr. WAGNER. My view is that they are included within the provisions of the bill, because, as I understand, they are self-liquidating in character.

Mr. ASHURST. Now, Mr. President, if I may continue my rather unseemly procedure, I ask the senior Senator from Montana [Mr. WALSH] for his opinion on this question, because it is now obvious that later in the life of this bill, if it shall become a law, it is wise to have no misunderstanding on this question. I hope the Senator from Montana will not be offended because I put this bald question to him. I come from a State where we ask questions whenever we desire information. I inquire of the senior Senator from Montana, for whose learning we all have great respect, Is he of the opinion that under this bill the Reconstruction Finance Corporation is clearly granted the power and authority, in its discretion, to make loans to irrigation districts and to irrigation projects, duly authorized and created under the laws of particular States or the law of the United States or to purchase the bonds or other securities of such irrigation districts and irrigation projects so organized?

Mr. WALSH of Montana. Mr. President, I concur in that view expressed by the Senator from New York [Mr. WAGNER], to the effect that irrigation districts, being political subdivisions of the States, could secure loans under the provisions of the bill should it become a law and that the Reconstruction Finance Corporation may bid for the securities of such districts.

The question propounded to me, however, includes irrigation companies as well as irrigation districts. Irrigation companies, of course, are private in character; they would fall under subdivision 2 of section 1, providing for loans to private corporations to aid in the construction of bridges,

tunnels, viaducts, waterworks, and similar projects. That provision has been modified, however, by specifying canals and eliminating the words "similar projects." A private corporation accordingly engaged in the construction of a work of irrigation could borrow for the purpose of constructing canals. My opinion is that that would be the limit of its borrowing capacity.

Mr. ASHURST. I thank the junior Senator from New York and the senior Senator from Montana, and desire to say that their view agrees with mine.

Mr. TYDINGS. Mr. President, I wish shortly to offer a substitute for the pending bill. I do this with a great deal of reluctance, because I know that the Senator from New York [Mr. WAGNER] and his associates have tried to reconcile the conflicting viewpoints and to agree upon a bill which would probably pass the Congress of the United States and be signed by the President.

I, myself, would rather vote for a bill which provided for no loans to private corporations. I do not believe that the Government of the United States should go into the business of financing private concerns, even though their work may be the construction of quasi-public works. We have already gone pretty far in that direction; and if we do not watch out we shall have changed our whole form of government without realizing it, because certainly at this session of Congress, if I am any judge of events, we are going into Russia farther than Russia ever went into herself. The whole policy here is one of state communism, state socialism. We are financing every kind of a venture which can be conceived. Any three Members of the Senate can organize a bridge company and build a toll bridge across the Potomac and get money out of the Federal Treasury with which to do the work. I am for the public-works feature of this bill; I believe it is a fair thing; it is a proper function of government; but when we enter extraneous fields we are treading upon very dangerous soil.

Mr. SHEPPARD. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Texas?

Mr. TYDINGS. I yield.

Mr. SHEPPARD. Inasmuch as the Senator is going to offer a substitute for the entire measure, I want to offer an amendment perfecting the House text.

Mr. TYDINGS. If my substitute shall be voted down, the Senator can do that, but I will ask him to allow me to conclude my remarks, as I have to leave the city, and I am forced to offer my amendment now.

Mr. SHEPPARD. I was afraid I might not be permitted under the rules to offer it later. It will take but a moment to act upon it.

Mr. TYDINGS. I would prefer not to yield at the moment, much as I would like to accommodate the Senator from Texas.

Mr. President, another feature of this bill is that the money which we are going to spend is not going to be distributed evenly over the United States. There is unemployment and need for relief in every county in every State and in every city in the Union. I should like to see a system of roads built, grade crossings eliminated, bridges constructed, tunnels built where they may be needed, but, more than that, I should like to see this Federal relief program spread like the dew over every locality in America, and, if it shall not do that, it will leave large areas of our country with little or no relief at all.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from New York?

Mr. TYDINGS. I yield.

Mr. WAGNER. Is the Senator under the impression that if some large project is constructed in the State of Maryland, then only the immediate community at the site of the construction is benefited by that particular project?

Mr. TYDINGS. Oh, no; but to answer the Senator's question more explicitly let me say, suppose for the sake of the illustration that a billion dollars were appropriated and suppose for the sake of the illustration that 75 per cent of it were spent in Maryland, I ask the Senator from New York what chance men in California or Montana or in North Dakota would have for getting any of that work?

Mr. WAGNER. That is purely an academic question, because that is not the situation here.

Mr. TYDINGS. What is the situation?

Mr. WAGNER. The projects are distributed all over the country. Where a large project in the city of Baltimore, for instance, is undertaken, first there would be men employed at the site of construction; then there would be given employment to men who work in the factories and in the mines, located in various sections of the country, producing the materials; then all those who are working buy clothes and food, which again puts some one else to work in perhaps other sections of the country. In other words, there is an interdependence, and it is a confined and extremely provincial and narrow view to say that merely those at the site of a particular project are to be benefited by any of these enterprises.

Mr. TYDINGS. There is a great deal of force in what the Senator from New York says, but to carry his logic to its ultimate conclusion he does not care whether any of this money shall be spent in New York or not; it makes no difference whether any of it is spent in the State of New York, because New York will reap the indirect benefits from it. My position is a little more selfish than that. I want to reap my share of the indirect benefits for the State of Maryland; I want to reap my share of the direct benefits for the State of Maryland; I want every other Senator to have the same opportunity, and I do not propose to vote for a measure which affords the unemployed of the State of Maryland less of an opportunity than have the employed in any other State in the Union.

I think if we build roads, for example, and we apportion the money to the States in accordance with the Federal highway act, roads will be built in every county in every State in the Union, and every section will get a portion of it. There is unemployment everywhere; no State has been left outside the effect of the depression; no county has failed to feel the effect of the depression. In 11 States of the Union the school-teachers have not been paid for three months or six months or a year, and in Chicago the police force is not being paid. Therefore I think that in our construction program we should keep in mind the direct absorption of as much of the unemployment as possible as the first measure of relief, and then the spreading of the wages in the stores of the State or the locality where the relief work occurs is the second phase of the relief program. Obviously, to spend all the relief money in one section would help the unemployed to some extent over the whole country, but more important is the fact that it would help primarily the unemployed in the section where the work is being done, and the indirect benefits would be apt to flow to the factories in the vicinity where the work was being executed.

What business has the Federal Government to lend money to a private concern—the A B C Bridge Co. or the D E F Road Co. or the K Y Z Tunnel Co.—whose money is it? It is the money of the taxpayers of this country, who themselves want credit, who themselves want an opportunity to find some one who will finance their business, their enterprises, and help solve their own immediate problems. I am opposed to reaching into the Federal Treasury to lend money to concerns which have no relation whatsoever to governmental functions or activities.

In the early days of the present session we did make some departure. It is a regret of mine that I voted for anything more than relief to the banks which are an arm of the Federal Government, and under the supervision of the Federal Government, more or less directly; but when we go out into the field of financing railroads, insurance companies, and what not, do not let us say we have a democracy any more; it is state socialism. I have no objection to state socialism if the country wants it, but let us go into it frankly and not by halting steps, and do not let us get on the floor of the Senate and condemn the Russian system and stay here day after day and perpetuate

the Russian system in the Government of the United States, for that is exactly what we are doing.

Take a billion dollars' worth of roads: We will spend that much upon highways anyway in the next 10 or 12 years. We will spend this money on roads anyway. That is a normal governmental function for the Federal Government to execute. It will employ as many men as can be employed in any other way on public works. Every county in the State will get its just share. At $25,000 a mile—and remarkably good roads can be built for that amount of money—40,000 miles of improved highways can be built in the United States with a billion dollars. My own State would get something like six or seven hundred miles of road. The State of Georgia would get 900 miles of road. Those roads would reach over the entire State. They would cover the entire field of America. They would reach every section of the country, and their construction would relieve to some extent the depression everywhere.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from New York?

Mr. TYDINGS. I yield to the Senator.

Mr. WAGNER. Has any such road system been planned, so that all of this money can be put to work immediately in the construction of roads?

Mr. TYDINGS. Why, of course it has been planned. In every State in the Union the State road commissions have roads already planned, have programs which they have recommended for roads which have not yet been built, but which can be built provided the money is available at any time.

Mr. WAGNER. Has the Senator such information at hand to give the Senate?

Mr. TYDINGS. In what respect?

Mr. WAGNER. As to the planning of these particular roads.

Mr. TYDINGS. Yes; I have consulted with the road authorities in my own State. One of them has been recently the president of the American Highway Engineers' Association. They have worked out plans in each of the States for building additional roads if, as, and when the money is available.

Where are the plans for the bridges, where are the plans for the tunnels that are going to be built under the Senator's own bill? May I ask him if his plans have been completed? May I ask him if his bridge plans have been executed? May I ask him if his companies in all cases have been formed.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland further yield to the Senator from New York?

Mr. TYDINGS. Yes; I yield.

Mr. WAGNER. Of course the question of private companies is only a very minor portion of this whole legislation, and yet the Senator seems to emphasize that particular phase of this bill. The primary object is to help States and municipalities and public corporations; and I may say to the Senator that in many instances throughout the country the plans are all ready. As a matter of fact, in some the work has begun, and these municipalities and States and other public corporations were compelled to abandon the work because they were unable to sell the securities. Under this bill the Federal Government is to extend its credit to these public corporations and municipalities and States so that they may complete these projects, and they can not secure this credit unless they establish the fact that the projects are self-liquidating.

Mr. TYDINGS. I want to say now to the Senator from New York, without any flattery at all on my part, that I should be inclined to follow him on almost any bill for relief that he would write, because I know that more than any other man in this or the other body of Congress he has devoted his time and his talents to setting up a bill for that purpose, and I believe that if he had his way many of the provisions against which I now complain would not be in this bill.

It is my purpose to try to show the relative merit of the Government sticking to governmental functions as against the Government going into private or quasi-public functions, as proposed in the bill now pending before the Senate.

First of all, there are many roads which are too narrow. There are through highways that should be widened. There are dangerous grade crossings which should be eliminated, the railroads to pay their respective proportion of such cost. There are bridges to be built across streams. There are tunnels which would be economically sound. But over and above all, in the State of Maryland or Montana or Minnesota or what not, the relief would spread like a carpet of dew over the entire country; every section would have equal, exact, and fair treatment, have the same proportion of the public money, and there would be no discrimination whatsoever. It would be in the nature of a permanent improvement.

I can not bring myself to vote willingly for something to which I am violently opposed as a matter of principle, although I may be forced to do so in this national emergency. It is to prevent being forced to vote for a relief measure which many of us believe is unsound that I humbly offer this substitute, in the hope that many others may feel as I myself feel.

We do not know where this depression is going. We can not say that it will be over this year or next year, regardless of which party may control the Government. If it is not over, the sooner we stop lending the public money to private concerns in America, the better it will be for us and for the taxpayers who ultimately must shoulder the bill.

We certainly have had a lesson in our loans to Europe; have we not? There is fourteen or more billions of dollars which doubtless will be lost—a great deal of it, at least—for all time. Shall we pour more good, hard tax money down the rat hole, or shall we stop now, and about face, and deal with national subjects only, and not run the business of every Tom, Dick, and Harry in this country?

I want to point out that the recent tax bill which passed this body, besides all the other national taxes which the people are called upon to pay, levied an additional burden of $1,200,000,000 annually upon the backs of people who are already in the slough of despond. How much is that? That is the equivalent of $10 on every man, woman, and child in this country. It is $40 of new taxation upon every family, rich or poor, employed or unemployed, in America. In the face of that fact, have we gone so mad as to take this money from such sources and lend it to private concerns, and then, in the same breath, turn from these corridors the ex-service man, and say, "We could not find the money to pay you, although we recognized the obligation by previous legislation; you must wait until 1945; but we have the money to give to private enterprise to engage in more or less doubtful projects, and perhaps never get a dollar of it, or only a part of it, back again"?

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland further yield to the Senator from New York?

Mr. TYDINGS. I yield.

Mr. WAGNER. Does the Senator favor that portion of the bill which permits the Reconstruction Finance Corporation to make loans—

> To States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public or quasi-public corporations, and public or quasi-public municipal instrumentalities of one or more States to aid in financing projects authorized under State or municipal law and which are self-liquidating in character?

Mr. TYDINGS. As a matter of principle, I emphatically do not. The business of the Federal Government is not to finance either State, county, municipal, or any other kind of governments except our National Government.

I voted for the appropriation of $300,000,000 to feed the hungry and the starving as I would vote to take care of the victims of any catastrophe. That is our business—where a locality is impoverished, to show the generous hand of charity to help keep people from perishing. But to go farther

than that, and to put the Federal finances back of the tax finances of Harford County, Md., or Dutchess County, N. Y., or the city of Salt Lake, Utah, is not our business; and the sooner we stop that sort of the thing, the sounder will be our finances in the years to come.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland further yield to the Senator from New York?

Mr. TYDINGS. Yes; I yield.

Mr. WAGNER. I should like to call the attention of the Senator to the fact that this is not a question of taxation within the municipalities, because we are limiting this, as I tried to emphasize two or three times, to projects which are self-liquidating in character; and therefore the construction of these projects does not cost the taxpayer a cent.

Mr. TYDINGS. Let me ask my good friend from New York, Who is to know whether or not these things are self-liquidating?

Suppose the Senator from Kansas and I form the A B C Bridge Co. to build a bridge across the Potomac River at Mount Vernon, Va., upon the theory that instead of coming to Washington people will drive directly down the southern Maryland boulevard and cross the river there. We borrow the money from the Federal Treasury. It is loaned to the corporation. The bridge is put up. The public do not use it as we anticipated they would. The tolls will not pay the interest on the bonds. May I ask the Senator from New York who repays the Federal Government under that contingency?

Mr. WAGNER. If the projects are not self-liquidating?

Mr. TYDINGS. Yes.

Mr. WAGNER. The particular agency which borrows the money.

Mr. TYDINGS. That would be the State of Maryland, would it not?

Mr. WAGNER. That might be said about any project that is undertaken. It is necessary in some way to predict; but experience is sufficient upon which to make a very accurate calculation as to the self-liquidating character of a project.

Now, let me ask the Senator one other question, and then I will not interrupt him again.

Mr. TYDINGS. All right; I am glad to yield.

Mr. WAGNER. The municipalities and in many instances the States have had to abandon these projects and throw these large numbers of men out of employment, because during this terrific depression they were unable to sell their bonds and secure the necessary credit. Therefore all of these municipalities and States have appealed to the Federal Government to extend credit, because the Federal Government's credit is still sound, so that they may continue these projects, promising to repay the amounts of the credits by the projects themselves, so that they may put these men back to work and take them out of the bread lines, and to some extent, at least, save the tragedy of misery and hunger. Shall the Federal Government under those circumstances turn its back, as the Senator asserts, upon the appeals that have come from these municipalities to keep people employed and have them work instead of giving them charity?

Mr. TYDINGS. Has the Senator finished?

Mr. WAGNER. That is all there is to the question.

Mr. TYDINGS. The Senator can not put words in my mouth. He knows that I never contended for a moment that these appeals should go unheeded. Am I not myself standing here asking that the Federal Government expend a billion dollars in building bridges and roads and tunnels? Am I not myself advocating a means to take up this slack? But I am not advocating a means by which private concerns can get the taxpayers' money for their own good, not for the good of the entire people.

Ever since there has been a Congress we have appropriated money from time to time to build Federal highways or to improve them. In fact, the Constitution gives us the power, among other powers, to regulate interstate and foreign commerce, and again to establish a system of highways and post roads. This is a normal, real, actual, traditional governmental function. When did the Federal Government ever lend money to the Senator from Georgia, for example, to build a bridge across the Suwanee River? And if Senators formed a company for that purpose, and the bridge did not pay, the Government would have no redress to get its money back.

I am not going to stand here and vote that portion of the Federal money which comes into the Treasury from the people of Maryland—who find it hard to pay these taxes—and turn it over to a lot of private contractors to build their own projects. I predict that if this bill goes through there will be some of the biggest scandals in connection with it that have rocked this Nation, because we are in a presidential year, and we all know enough about human nature to know that the desire to help those who are right with the party, both Democrats and Republicans, is a strong impulse in the politician's breast. We will find money not being loaned always upon merit, but we will find it being loaned upon political expediency, and a great deal of it will be gone for all time.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland further yield to the Senator from New York?

Mr. TYDINGS. I yield to the Senator from New York.

Mr. WAGNER. The impression the Senator apparently is trying to create is that this aid to private corporations is the major part of this bill, and I do not consider it so at all. Is that the only thing the Senator objects to in the bill?

Mr. TYDINGS. No; that is the main thing I object to in the bill.

Mr. WAGNER. Because, so far as I am concerned, that can be stricken out in an instant. I do not care anything about it.

Mr. TYDINGS. If the Senator will do that——

Mr. WAGNER. Then the Senator will have another objection, I know.

Mr. TYDINGS. No. I will say this to the Senator, that if the Senator will strike out all provision for loans to private concerns, I will vote for his bill, even though I do not like it, for the simple reason that it would not then violate any real principle of national government, in its last analysis. I do not like its philosophy, but I want to vote to alleviate the unemployment in this country. If the Senator keeps that provision in the bill, I am going to find it extremely difficult to vote for relief, when that relief is coupled with loans to private bridge companies, private tunnel companies, and other individual concerns. Whose money is to be loaned? The money of the taxpayers of this country, who can not shoulder any more burden.

I am not criticizing the Senator from New York. I know he put some of these provisions in the bill not because he thought they were wise but because he was attempting to frame a bill which could be passed at this session of Congress.

Mr. WAGNER. Mr. President, will the Senator yield again?

Mr. TYDINGS. I yield.

Mr. WAGNER. Did the Senator vote for the original Reconstruction Finance Corporation act?

Mr. TYDINGS. I did.

Mr. WAGNER. Did that not permit extension of credit to railroads?

Mr. TYDINGS. Yes.

Mr. WAGNER. And to banks and insurance companies?

Mr. TYDINGS. Yes.

Mr. WAGNER. Then the Senator should not talk about changing principles.

Mr. TYDINGS. I hope the Senator will give me the right every criminal has, the right of reform. I know this, that simply because I have done a bad thing once, in a moment of mistaken judgment, is no reason why I should do it forever. I admit my fault. I voted for it, but not with any pleasure, and with great reluctance, and had I that vote to cast over again, outside of loans to the national banks, not a dollar of that money would have been appropriated.

Nor, Mr. President, could I have anticipated the way the money was to be loaned. Had I been able to do so, it would not have had my support. All I can see that we have done is that we have not helped the railroads, we have simply become the creditor in place of Morgan & Co., or some other banking group, and it was never my thought in the world that that policy was to be pursued, at the time that act was passed.

I am sorry I voted for it. Open confession is good for the soul. I would not do it again, and I do not intend to do it again, no matter how it is dressed up or disguised. We have followed the "great engineer" enough in these unique experiments, and I have followed him the last step I intend to go in that direction.

Does that answer the question of the Senator from New York?

Mr. WAGNER. I was going to say to the Senator that, so far as I have been able to learn, he will follow the gentleman whom he designates the "great engineer," if he votes against this bill.

Mr. TYDINGS. I do not think the "great engineer" is going to veto the bill for the reasons I am uttering. As I read his interviews, the very things against which I am complaining are the very things he wants inserted in the bill. He wants more of this "pork-barrel" finance. You take a $10,000 bunch of Treasury notes under the President's "pork barrel" finance plan.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. McKELLAR. Does the Senator approve subdivision 9, on page 108, reading as follows?—

> The remainder of such sum of $500,000,000 shall be available for expenditure upon permanent improvement projects, to be selected by the President, for which appropriations have heretofore been made or shall be hereafter made for expenditures during the fiscal year 1932 or 1933.

Mr. TYDINGS. Of course, I do not. What business has the President in selecting the projects? I know enough about the President—and this is no reflection upon him—to know that at least he has some human qualities; and being a candidate for reelection, it would be remarkable if, even without his knowledge, perhaps, political expediency did not work its way into the selection of those particular projects.

Mr. WAGNER. Mr. President, will the Senator yield again?

Mr. TYDINGS. I yield.

Mr. WAGNER. Apparently both the Senator who is addressing the Senate and the Senator who has just asked a question have an absolute misapprehension as to what the section referred to means.

Mr. McKELLAR. Evidently I have.

Mr. WAGNER. I am sure the Senator has, and I am sure the Senator does not object to being corrected.

Mr. McKELLAR. Not at all.

Mr. WAGNER. This simply gives the President the power to determine the methods by which the public projects already voted for by the Senator himself in the appropriation bills shall be financed, whether they shall be paid for out of current revenue, or whether they shall be paid for out of money secured by the issuance of bonds; but it does not give the President any power to determine what particular projects he shall undertake. He simply has the power to determine, after a project has been undertaken, according to the mandate of the appropriation bill, how the money shall be raised to pay for the project.

Mr. McKELLAR. Will the Senator yield?

Mr. TYDINGS. Mr. President, I would like to yield to the Senator——

Mr. WAGNER. Does the Senator from Maryland now understand?

Mr. TYDINGS. I think that that is not a major point. The Senator asked me if I agreed with it, and I said no.

Mr. WAGNER. The Senator had a misapprehension as to the section.

Mr. TYDINGS. No; I did not, because I have a part of it in my own bill.

Mr. President, let us take the State of New York, for example. I do not know what its proportion would be of the billion dollars. How much would it be, may I ask the junior Senator from New York, to be spread equally among the States in accordance with the Federal highway act?

Mr. WAGNER. I do not know. But will the Senator yield for a moment?

Mr. TYDINGS. I yield.

Mr. WAGNER. I hope the Senator will believe me in this, that I have not looked upon this problem as a problem of New York. I have looked upon it as a national problem, as we are experiencing a national calamity, and I hope no Senator in this body will look upon it merely as to how it may aid his particular community. We are dealing with the whole Nation.

Mr. TYDINGS. Mr. President, I had no intention at all of reflecting upon the Senator. I was simply picking out his State as an illustration of how the money would go under my amendment.

I would like to say to the Senator from New York again; and I say it without flattery, and with absolute sincerity, that I think he has worked harder on this problem than perhaps all the rest of us put together, and it is with genuine reluctance that I am forced to stand here and oppose any of a program upon which he has spent so many hours. But I believe that the road appropriation is the fairer means of dealing with this subject.

Let us take the State of New York. We will assume we have a billion dollars. I imagine that the State of New York would certainly be entitled to about 4 per cent of that amount. It is a large State in population, and a large State in area.

Mr. WAGNER. And pays 28 per cent of the taxes.

Mr. TYDINGS. Yes; and pays 28 per cent of the taxes, so that of any money that we appropriate New York is going to pay 28 cents out of every dollar; but, of course, we will pay it to New York before New York will pay it to the Federal Treasury.

Mr. WAGNER. Another evidence of the interdependence of the States.

Mr. TYDINGS. That would be a considerable sum of money, which would be turned over to the Highway Department in New York State.

New York City could get a certain amount of that money for roads and bridges and tunnels. It could build highways throughout New York, bridges over the Hudson, many improvements which have waited for sums of money. And may I say to the Senator from New York that in the next 10 years we will appropriate money anyway for this very purpose? I am only proposing to move up what we are going to do in the next 10 or 15 years while the army of unemployed needs this assistance.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield.

Mr. WALSH of Massachusetts. Is the Senator now explaining the distribution of his emergency construction fund?

Mr. TYDINGS. Roughly; yes.

Mr. WALSH of Massachusetts. I wish the Senator would state the amount of money that would accumulate in this fund, and how he proposes to distribute it.

Mr. TYDINGS. Mr. President, the first proposition in my amendment provides for a billion dollars for roads, bridges, and tunnels, to be distributed to the States of the Union in accordance with the Federal highway act.

Mr. WALSH of Massachusetts. In other words, the Federal Government is to distribute to the various States a billion dollars, each State receiving the proportion which it would receive under the terms of the Federal highway act?

Mr. TYDINGS. That is correct. That takes up the whole billion dollars.

Mr. WALSH of Massachusetts. Then the State can spend that money as it sees fit?

Mr. TYDINGS. That is right.

Mr. WALSH of Massachusetts. Is the State limited to highways?

Mr. TYDINGS. To highways, bridges, and roads, approved by the Federal Highway Commission, the same situation we now have for the expenditure of money upon highways.

Mr. WALSH of Massachusetts. Then all the Senator proposes is to enlarge greatly the annual appropriation for 50-50 highway construction in various States?

Mr. TYDINGS. The Senator is stating it accurately.

Mr. WALSH of Massachusetts. I do not understand that the States are expected to match the money they receive from the Federal Government, under the amendment?

Mr. TYDINGS. The States are not expected to match it. It takes what the Senator from New York and his conferees already have put into the bill for highway purposes—I think it is $120,000,000—and enlarges that fund to a billion dollars.

Mr. WALSH of Massachusetts. Are the States expected ever to pay back the money?

Mr. TYDINGS. The States are not expected to pay it back, but I would have no objection to a reasonable amendment, if Senators want to make it a loan, although I am personally opposed to that. I believe we want to donate that money, give it to the States for highway purposes, because there are some States where it is impossible to collect enough taxes to pay the school-teachers. Take the State of Illinois, the city of Chicago, for instance; take the State of Mississippi, the State of Oklahoma, the State of Tennessee, or the State of South Carolina.

Mr. WALSH of Massachusetts. Mr. President, from my observation of communities which are having difficulty in raising money, it is due to a financial collapse of the credit of the communities, caused either by the taxpayers failing to pay their taxes, or by the administration of the city or local government being of such an extravagant character that the banking institutions will not give them credit. Is that the Senator's observation?

Mr. TYDINGS. That is right.

Mr. WALSH of Massachusetts. That is a difficulty with the pending bill that troubles me, but it is only a slight difficulty. I can not understand how there is going to be any benefit to States or municipalities from getting money from the Federal Treasury to undertake public works, when it is impossible for them to foresee a time when they can pay for the public works because of the necessary curtailment of expenditures they must all undergo at the present time. So I think that, laudable as the purposes of this bill are, we will be disappointed in the results that will come.

Mr. TYDINGS. May I say to those who may care to listen, let us translate this sum of money among the unemployed, and see what it means. Roughly, there are 10,000,000 unemployed, and there is to be a billion dollars. If my calculation is not faulty, that would be $100 for every unemployed person. If every unemployed person in the United States could be put to work, there would be a hundred dollars for each one of them. Obviously, many of them will not be absorbed, but I do say this without fear of successful contradiction, that this program would reach more of the unemployed in every section of the country, and be more evenly distributed, than any other program which has been offered in this body.

What profiteth the State of New York if Massachusetts or Maryland is taken care of, and it gets only 25 per cent of what would be its proration of the appropriations under the bill? There can be no question but that the money will be spread over the entire country. If half the number estimated are unemployed, every unemployed person would have a $200 pay roll out of this sum. I do not say the plan would be a cure, but I do say that in many sections of the country the community funds will approach what would be spent upon roads in those same communities under this bill. In other words, public charity, for which the community will not get back a thing, will be used to take care of the unemployed, where, under this bill, there would be a road to show for it after the money had been exhausted.

Mr. President, I am going to outline briefly the amendment, but before I do that may I say that in addition to the $1,000,000,000 there are additional appropriations to the Treasury Department of $33,000,000; to the Veterans' Bureau, $20,000,000; to the Inland Waterways Corporation, $815,000; to the office of Public Buildings and Parks, $1,250,000; to the State Department, $1,453,000; to the Navy Department, $25,000,000; to the municipal government of the District of Columbia, $3,535,400, making a total of roughly $1,400,000,000.

Mr. WALSH of Massachusetts. Mr. President, how did the Senator determine upon the particular amounts for the particular purposes?

Mr. TYDINGS. I took the report of the Stabilization Board dealing with projects which had already passed Congress, and from those projects tried to select those which in my judgment were really needed and which would furnish employment equally and which would be a rightful and fair expenditure of Government money at this time.

Mr. WALSH of Massachusetts. Are those included in the bill under consideration?

Mr. TYDINGS. Some of them are. In addition to that I provide $10,000,000 for reforestation. That will mean the creation of new wealth by the expenditure of the $10,000,000. We can plant different kinds of trees upon the watersheds of the country and in time reap a great deal of national wealth from that investment.

In addition to that I had the rather poetic inclusion of $5,000,000 to plant trees along the improved highways throughout the Nation. That offers fine work. It can be spread over a vast area, because we can not or should not plant trees closer than 50 or 60 feet apart. In my judgment this would not only be a sound way to spend the money, but would add greatly to the beauty of the country while serving the needy and destitute with employment. In addition to those I have read there is $300,000,000 for river and harbor improvements and flood-control projects. All that I have read total $1,400,000,000 plus.

How are we going to take care of it? First of all, we create a bond issue of $1,500,000,000. We create that issue upon the serial annuity plan. That means that it is to be paid back in 10 equal installments of $150,000,000 a year every year for 10 years plus the interest on the outstanding bonds. The maximum amount in any year necessary as an average to retire the principal and interest would be $200,000,000. We could take care of that during the next 10 years without a great deal of difficulty. So much for that. It is paid off one-tenth each year for 10 years.

Would any Senator like any further information on that part of the subject before I leave it? The bond issue is created and paid off in 10 equal annual installments.

Mr. WALSH of Massachusetts. Is the bond issue self-liquidating?

Mr. TYDINGS. No; it is not self-liquidating. I do not want to inject a foreign matter into the debate. I would like very much to insert a provision to pay for it with revenue derived from a tax on beer; but I know there are many Senators who would not subscribe to that plan. I have made that fight three times; but I say here and now that if one Senator who voted against the revenue tax on beer before will rise in his place and tell me he will vote for it as a means of liquidating these bonds and for the relief of unemployment, I will make the fight all over again; but unless some Senator has changed his mind I can see no good in wasting the time of the Senate in making that contest all over again.

Mr. WALSH of Massachusetts. Let me remind the Senator of the change of sentiment in the House.

Mr. TYDINGS. Yes. I know it is silly, but let me say in passing that there is not the slightest doubt in my mind that at the next session of Congress we will tax beer. The Republican platform, just adopted by a great political party, comes out practically for more than beer, and I ought to

have the support of every Senator who sits on the other side of the aisle to tax beer now and put these people to work rather than to have millions upon millions of dollars wasted in community funds, doles, charity, for which the American Government, the States, and the cities will not have a single thing to show. By getting that tax now we could build any number of useful things in the United States and make the waste of these community funds unnecessary.

But politics being what it is, I despair, notwithstanding the Republican Party, as will the Democratic Party, has gone on record in opposition to present-day prohibition, of getting a single, solitary vote. The bootlegging element will have six or eight months more to have the only untaxed business in America. While three-quarters of a million farms have been sold under mortgage foreclosure and for delinquent taxes, while 5,000 banks have failed, while 10,000,000 people are unemployed, and State and city governments are breaking down, school-teachers and policemen and firemen are not paid, every other business in America is taxed, and now we have a new tax bill of $40 per family in addition to the other Federal taxes, and yet here we sit unwilling to meet this great issue now and run the chance of lighting the fires of revolution when the cold days of next winter fall upon us.

But I do not want to go into that question again. I would be glad to offer that amendment. In fact, it was incorporated in the amendment which I have had printed, but I have stricken it out. If I knew there was just one Senator more than the 26 who voted for it before who at this time would lend it his aid or support, I would offer it again. Not knowing any such Senator, not seeing any Senator rise in response to my inquiry, I presume that fight would be futile. If I could get the amendment adopted, the money to liquidate the bond issue would all be provided and there would be no unprovided-for additional obligation upon the Federal Treasury.

Mr. President, it is also provided, as in the amendment which was adopted to-day offered by myself earlier in the session, that in the employment of labor in connection with any projects provided for under my proposed substitute, preference shall be given to the ex-service men or their dependents.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER (Mr. COUZENS in the chair). Does the Senator from Maryland yield to the Senator from Iowa?

Mr. TYDINGS. I yield.

Mr. BROOKHART. In the amendment as it stands, has the Senator left out his beer tax?

Mr. TYDINGS. Yes.

Mr. BROOKHART. I think probably he has gained one vote by so doing.

Mr. TYDINGS. I am glad to hear that. If the Senator had changed on another matter before the last primary, I think he would have gained a lot more votes, too. [Laughter.]

Mr. BROOKHART. Upon that proposition I had one man running against me, who talked just like the Senator from Maryland. He got 11,000 votes out of a total of 400,000.

Mr. TYDINGS. When the Senator runs again, he will find that all of his opponents will be talking like the Senator from Maryland.

Unless there is some question to be asked I shall not take the time of the Senate further in discussion of the amendment. The substitute provides for roads instead of loans to small private or semiprivate corporations. I think we have gone pretty far in the way of State communism or State socialism, if we want to call it that. I hope no Senator who advocates loans to private concerns hereafter will rise in this body and denounce Russia, because it looks to me like Russia is coming out of that situation; that we are going into it double time, while she walks slowly out. Our whole system of government is changing right before our eyes. We are making new history, taking Government money and throwing it away to private concerns everywhere. The Government has gone into the business of doing everything. The Government is no more a governing concern. It is a gigantic bank where everybody who can tie up some sort of quasi-public undertaking can come and tap the till and get money for his enterprise under the benediction of the Federal Government.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Alabama?

Mr. TYDINGS. I yield.

Mr. BLACK. The Senator has stricken out part of his amendment as printed?

Mr. TYDINGS. I struck out section 2 and section 3.

Mr. BLACK. May I ask the Senator if the bill as it is written contemplates the expenditure of any sum for the building of highways, bridges, and tunnels?

Mr. TYDINGS. No.

Mr. BLACK. I notice an appropriation here to the Treasury Department, for instance.

Mr. TYDINGS. There is $1,000,000,000 for roads, $300,000,000 for flood control and rivers and harbors, and about $100,000,000 to a condensed selected number of buildings.

Mr. BLACK. May I ask the Senator what method of selection of building sites is to be adopted under the measure?

Mr. TYDINGS. Under what appropriation?

Mr. BLACK. For instance, under the Treasury Department.

Mr. TYDINGS. The Treasury Department plan was taken in full. There are customhouses and things like that which have already been provided for.

Mr. BLACK. Then, as I understand it, the sites for all the public buildings for which provision will be made under the Senator's amendment have already been selected, and it would not be left to the administration to determine the location?

Mr. TYDINGS. That is right.

Mr. BLACK. So that the entire $1,500,000,000 would be used, $1,000,000,000 for highways and the remainder for public buildings?

Mr. TYDINGS. There would be $300,000,000 of the remainder for flood control and river and harbor projects, and a little short of $200,000,000 for a selected group of buildings already authorized and which are to be built shortly.

Mr. BLACK. I shall vote for the Senator's substitute.

Mr. TYDINGS. Mr. President, I offer this now as a substitute for the Wagner bill.

The PRESIDING OFFICER. The amendment has not been read to the Senate.

Mr. TYDINGS. Yesterday I had it printed in the RECORD, and I shall be glad to have it read now. It is not long.

Mr. FLETCHER. Mr. President, before the substitute is offered, the bill pending is subject to perfection, and an amendment to the bill is in order before the question of a substitute can be placed before the Senate. I have an amendment to offer to the bill.

Mr. TYDINGS. As I understand it, after committee amendments are adopted, an amendment in the nature of a substitute is in order.

Mr. FLETCHER. I do not think the substitute is in order yet.

The PRESIDING OFFICER. The committee amendment is a substitute for the House text.

Mr. TYDINGS. I offer my amendment as a substitute for the committee amendment.

Mr. FLETCHER. But the committee amendment can be perfected before the substitute is in order.

The PRESIDING OFFICER. The amendment of the Senator from Florida is in order.

Mr. TYDINGS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TYDINGS. Then my amendment is not in order at the present time?

The PRESIDING OFFICER. It is in order, but other amendments may be made perfecting the text of the committee amendment.

Mr. TYDINGS. Then my amendment will be pending when general amendments, so called, are disposed of?

The PRESIDING OFFICER. That is correct.

Mr. FLETCHER. Mr. President, this morning I offered an amendment, which I discussed, and I shall not discuss it further at this time. I withdrew it for the purpose of changing the verbiage to some extent, but especially to make it applicable to another part of the bill. I offer the amendment now. I do not care to discuss it.

Mr. KING. Let the amendment be reported.

The PRESIDING OFFICER. The amendment will be reported.

The CHIEF CLERK. On page 103, after line 19, insert the following:

(b) The first sentence of the second paragraph of section 5 of the Reconstruction Finance Corporation act is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following:

"*Provided*, That the corporation may make loans under this section to any building and loan association upon its unsecured evidence of indebtedness in States where there is no statutory or implied authority for such association to pledge or assign the notes or mortgages of its borrowing members as security, but in such cases no loan shall be made to any such building and loan association the amount of whose liabilities (not including liabilities on account of loans from the Reconstruction Finance Corporation) exceed 25 per cent of its assets at the date application for such loan is made."

On page 103, line 14, after the section number insert "(a)."

Mr. WALSH of Montana. This amendment authorizes loans to be made to building and loan associations without any restriction whatever as to the purpose for which the money borrowed shall be applied. A building and loan association could utilize the money which it borrows from the Reconstruction Finance Corporation for the purpose of taking up outstanding obligations of one kind or another, but it would give rise to no new construction at all. That is not at all in keeping with the purpose of this bill, and I therefore think the amendment ought not to be adopted.

Mr. COUZENS. Mr. President, I think the position taken by the Senator from Montana is correct, that if the Reconstruction Finance Corporation act is to be amended so as to provide for this kind of loans, it should be done in a separate measure such as the Senator from Florida [Mr. FLETCHER] first introduced. It should be done by a bill to amend the Reconstruction Finance Corporation act so as to permit such loans.

However, in addition to that, I want to point out that in this amendment there is no safeguard against a building and loan association contracting any kind of debt after it has secured a loan from the Reconstruction Finance Corporation. In other words, the Senator from Florida by the amendment attempts to provide that no loans shall be made to such an association if its debts exceed 25 per cent of its assets, and yet after the loan shall be made its debts may exceed 75 per cent of its assets, and therefore the Reconstruction Finance Corporation would have no security at all.

So, Mr. President, in view of what the Senator from Montana has stated, and in view of the form of the amendment, I think it is the most hazardous and unjustifiable amendment which has been proposed to the pending bill.

The PRESIDING OFFICER (Mr. FESS in the Chair). The question is on agreeing to the amendment offered by the Senator from Florida.

Mr. FLETCHER. Mr. President, I only want to say a few words.

This amendment contains the same restrictions as to the purposes to which the money may be applied as are contained in the original act which provides for loans to building and loan associations. The Reconstruction Finance Corporation, however, found that in certain States building and loan associations are not entitled to borrow money because they can not pledge their assets. The amendment would allow such building and loan associations to borrow to the extent therein provided, under the same restrictions as to the use of the money and the application of the loans as are contained in the original act. I am not going to take the time of the Senate to discuss the question any further.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Florida.

The amendment was rejected.

Mr. SHEPPARD. Mr. President, I offer an amendment to the House text. It proposes to insert a project in the rivers and harbors section which would have been inserted in the other House but for the fact that the report of the Government engineers did not reach that body before the bill was passed there.

The PRESIDING OFFICER. The amendment proposed by the Senator from Texas will be stated.

The LEGISLATIVE CLERK. On page 66, after line 16, it is proposed to insert:

Port Aransas, Tex.: Rivers and Harbors Committee Document No. 35, Seventy-second Congress.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Texas.

The amendment was agreed to.

Mr. COUZENS. I offer the amendment which I send to the desk. It is intended as an effort to define what a "self-liquidating corporation" is, and I request the attention of the Senator from California to the amendment.

The PRESIDING OFFICER. The amendment proposed by the Senator from Michigan will be stated.

The CHIEF CLERK. On page 101, line 3, after the word "character," it is proposed to insert:

Provided, That liquidation shall take place within a period of 30 years. It shall be the duty of the Reconstruction Finance Corporation to see that fees, tolls, or other charges are adequate to pay all operating charges, interest, and principal, within said period.

Mr. COUZENS. Mr. President, the definition contained in the amendment which I have just offered is the best definition of a "self-liquidating corporation" that I have been able hurriedly to prepare. There is not a word in the bill anywhere defining what the "self-liquidating corporation" is.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Michigan.

Mr. WALSH of Montana. Mr. President, I understand the purport of the amendment offered by the Senator from Michigan to be that whatever bonds or other securities are taken for such loans must mature within 30 years?

Mr. COUZENS. That is correct; that is the purport of the proposed amendment.

Mr. JOHNSON. Mr. President, I think the Senator from Michigan is mistaken in saying that there is no description, no definition of a "self-liquidating corporation" in the bill. As I read it, there is a perfect description of a self-liquidating activity. I turn to page 101, line 8, and read as follows:

For the purposes of this subdivision a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent, and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges.

In what fashion does the definition proposed by the Senator from Michigan improve the definition in the bill?

Mr. COUZENS. Mr. President, it specifies the number of years in which the project is to be liquidated, and it places responsibility upon some one to see that it is liquidated within that period of time and that the tolls or other charges are fixed on that basis.

Mr. JOHNSON. That is a very different proposition from what was suggested. The suggestion of the Senator from Michigan was that he was presenting a definition of a self-liquidating project and that there was no such definition in the bill.

Mr. COUZENS. Mr. President——

Mr. JOHNSON. If the Senator will pardon me for a moment, there is a definition in the bill which is in itself perfect. Whether one agrees with it or not is a different proposition.

Now, what the Senator from Michigan seeks to do is to put in the bill, in addition to the definition, not a definition at all but a qualification that some one in authority shall determine that the tolls, rental charges, and the like, shall do the job as described in the bill. Personally, I have

no particular objection to that; but I do think that it is erroneous to fix a specific time limit. That will be determined within the discretion of the Reconstruction Finance Corporation, and I would not like to have a hard and fast rule in regard to that specific point. I have only heard the amendment read, and I may do the Senator an injustice by trusting to my fallible memory; but when the Senator provides in the amendment that some one shall determine the question of whether the charges, tolls, and the like, will perform within a reasonable time the function of paying the entire amortization cost, that seems to me to be also provided by the bill in question, in the paragraph which I read a moment ago, namely:

For the purposes of this subdivision a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent, and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges.

I ask the Senator from Michigan if he will do me the kindness to read his amendment.

Mr. COUZENS. I wish to say to the Senator from California that I stand corrected in the statement I made that this was a definition of a self-liquidating corporation.

Mr. JOHNSON. That is of no significance.

Mr. COUZENS. I should have said that it was a qualifying or clarifying provision. The amendment provides substantially what the bill provides, only the amendment sets up an agency to see to it that the definition is carried out and that the period in which it is carried out shall be limited to 30 years.

Mr. JOHNSON. Now, let us see. On page 101, line 3——

Mr. COUZENS. After the word "character."

Mr. JOHNSON. After the word "character," which is prior to the definition that is contained in the bill, the amendment proposes to insert the words:

Provided, That liquidation shall take place within a period of 30 years. It shall be the duty of the Reconstruction Finance Corporation to see that fees, tolls, or other charges are adequate to pay all operating charges, interest, and principal within said period.

It will be realized that the bill already contains a provision reading:

And if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges.

Strip the amendment of the Senator from Michigan of what is already definitely provided, and there is just one thing in it, and that is that the liquidation shall take place within a period of 30 years.

Mr. WAGNER. Mr. President, I quite agree with the Senator from California. The only modification which the Senator from Michigan proposes is to substitute for the words "within a reasonable period" the words "30 years." In other words, instead of leaving to the Reconstruction Finance Corporation the determination of what is a reasonable time within which the liquidation shall take place the Senator from Michigan proposes to fix such reasonable time at 30 years. It will be in a way a suggestion to the Reconstruction Finance Corporation that they may very well spread this period over 30 years, where otherwise they might demand that liquidation take place in a less time.

Mr. JOHNSON. Mr. President, amplifying what has been said by the Senator from New York, it might well be that a certain kind of self-liquidating corporation or activity could be paid out in 10, 15, or 20 years, as the case might be. It might well be that some other kind of self-liquidating corporation could not be paid out in 20, 25, 30, or 35 years, as the case might be. So, I think that the authors of this bill very wisely left the discretion with the Reconstruction Finance Corporation of determining within a reasonable period whether or not by means of tolls, fees, rents, or other charges the construction loan thereon will be returned.

Mr. KING. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. KING. If the Senator from New York is correct, the amendment offered by the Senator from Michigan relates only to the duration of time within which the debt must be paid. That could be met by adding after the word "period," the words "not exceeding 10 years"; but as I remember the amendment as it was read by the Senator the obligation rests upon the Reconstruction Finance Corporation to see to it that the tolls or other sources of income of a project which has received financial aid from the Government shall be paid at stated periods; that is, they shall exercise a supervisory care during the period of the life of the loan.

Mr. JOHNSON. May I say to my friend from Utah that the bill does all in that regard, omitting the term of years, that the amendment of the Senator from Michigan seeks to do because the bill provides, I repeat——

Mr. COUZENS. Mr. President, if the Senator will yield to me, I should like to correct the amendment.

Mr. JOHNSON. I yield.

Mr. COUZENS. I ask unanimous consent to withdraw the amendment in the form in which I submitted it, and to offer the following amendment.

The PRESIDING OFFICER. The Senator from Michigan has that right.

Mr. COUZENS. On page 101, line 12, I propose an amendment so as to make the provision read:

Returned within a period of not more than 30 years by means of tolls, fees, rents, and other charges.

Mr. JOHNSON. Now let me state first to the Senator from Montana what that does. All that it does is to substitute for "within a reasonable period" the term of 30 years.

Mr. COUZENS. Not more.

Mr. JOHNSON. Not more than 30 years. That is all it does. So the question reverts now to whether or not the language in the bill, proposed by its authors, of "within a reasonable period" should be stricken out and in lieu thereof should be inserted "not more than 30 years." I submit that with a measure of this sort, "within a reasonable period," leaving the discretion to the Reconstruction Finance Corporation, is preferable to fixing a definite number of years.

Mr. WALSH of Montana. Mr. President, without intending to signify my approval of the amendment proposed by the Senator from Michigan, I suggest to him that the end he seeks to accomplish would be subserved perfectly by just inserting after the word "period" the words "not exceeding 30 years."

Mr. COUZENS. That is my new amendment. I withdrew my old amendment.

Mr. WALSH of Montana. Yes. Under this you would strike out nothing whatever. You would just insert, after the word "period," the words "not exceeding 30 years," so that it will read:

Returned within a reasonable period, not exceeding 30 years.

Mr. COUZENS. I accept that. That is as I intended.

Mr. WAGNER. Mr. President, may I suggest that if that is done we may do an injustice somewhere, we do not know where. We have not sufficient information. It may very well be that a project which will be self-liquidating in time may require more than 30 years to liquidate the entire indebtedness. I mean, I think it unwise to state an arbitrary period if we are going to entrust a body with discretionary power in this whole matter.

May I ask the Senator upon what particular experience he bases the fixation of 30 years as the maximum period for the liquidation of any of these projects?

Mr. COUZENS. Mr. President, when I was a member of the Committee on Commerce we had a great deal of difficulty with bridge bills. Private bridges were being built to connect up Federal highways; and it was decided that these bridges should not be permitted to continue in perpetuity collecting fees from the public, without a terminating period. So the franchises to build these bridges were granted with the idea that they would be liquidated within a certain period and then returned to the public. Numerous amendments were put in bridge bills to that effect; and it was that experience that led me to the conclusion that we ought to have some period of termination for these bridges and

other public activities which the Government is going to finance.

Mr. WAGNER. Mr. President, so far as I am concerned, if the Senator is desirous of fixing a limit, I have no objection.

Mr. JOHNSON. Mr. President, I decidedly object to fixing an arbitrary limit of 30 years. I do that without a complete knowledge of the limitation that may be put upon bond issues that already have been voted. My recollection is that they are for a longer period, with regular amortization and the like; and I can see no reason for limiting the discretion of the Reconstruction Finance Corporation.

I can see the possibilities only of injustice, and perhaps peril, from a limitation in terms of this sort. I do not see that anything will be accomplished when the responsibility is designed by this measure to be put with the Reconstruction Finance Corporation, and then that responsibility we temper or we limit or we circumscribe with a limitation of 30 years. For that reason I think that it ought not to be adopted, but that the language is better as employed in the bill.

Here is an example of what we are doing in this bill, too, with due deference to my friend here, who is very much interested in the bill, as I am, and who is anxious to see a relief bill passed, I assume, just exactly as I am. Here is what we do:

Out of the blue comes an amendment. Until now we have not had the opportunity to investigate it, study it, or determine whether or not it will do an injustice anywhere. Suddenly it comes upon this floor. No reason is given except the general reason, which I concede to be good, that the limitation on bridges under certain circumstances might be made, and the like; and we are required now to vote upon that limitation, when with some degree of care—it would seem to me a degree of meticulous care—the authors of this bill have written into it that there shall be a reasonable discretion exercised by the Reconstruction Finance Corporation, and that the corporation shall decide whether or not within a reasonable time various tolls, charges, and the like shall pay out the particular enterprise.

It is unfortunate that we should be put up against a 30-year limitation without serious investigation—unfortunate from every standpoint because there has been, I assume, no real investigation by the Senator from Michigan, who wishes to safeguard the bill. There has been, so far as I am aware, none from those who are interested in various bond issues; and without a knowledge of the situation as it exists we might do something that we do not intend to do, and an injustice, really, to some particular bond issue.

I do hope that the language of the authors of the bill will prevail.

Mr. COUZENS. Mr. President, there were several reasons for my suggesting this amendment. In fact, I think I have suggested it for too long a period.

From my experience with municipal governments I know how much politics is played in these local governments. I know that if these municipalities get public money to build a utility without any strict and rigid inhibition against playing politics with the project, in all probability that will be done. I know that temporary mayors and councils of municipalities for a period of a few years may wreck the whole institution for the purpose of gaining votes. They may even have exceedingly low fares. They may disregard the upkeep. They may disregard the maintenance. They may lower the fares for the purpose of a political campaign, without any responsibility to the Federal Government for the retirement of the loan.

I recall that when the city of Detroit took over the street-railway lines I made as hard and fast a contract as it was possible to make to prevent the politicians from lowering fares and playing politics with the system; and it was only because of the hard and fast and rigorous contract that was made that the system has been kept out of politics and been able to make a success.

I do not want to be party to a bill that permits a municipality or a State to come to the Federal Government and get millions and millions of dollars for a utility, and leave the provision of fares and returns and upkeep and the tolls to be charged and the sinking funds and the interest charges all to politicians who may have no responsibility or obligation to return the money advanced to the Federal Government.

Mr. JOHNSON. Mr. President, in reply let me say that we will all agree with everything the Senator from Michigan may say in regard to the playing of politics by various municipalities and the like. Let us concede it, concede that they play politics in all sorts of directions; and he says that because politics has been played in various municipal undertakings he does not want to leave to the politicians of a particular municipality the right to lower tolls, and so forth, and do as they see fit.

That is just exactly what this bill prevents, and just exactly what the authors of this bill with care wrote into it, because it provides—I read it again; it is the fifth time; I seem unable to impress it upon my fellows—it provides:

> The construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges.

All right. The construction cost, then, must be returned by means of fees, tolls, charges, and the like. That is in the bill. Now we entrust the administration of this bill to the Reconstruction Finance Corporation. The Reconstruction Finance Corporation must of necessity, in dealing with these subjects, have a discretion; and we entrust to the discretion of the Reconstruction Finance Corporation in this fashion—by saying that the Reconstruction Finance Corporation within a reasonable period shall see that the tolls and the charges and the like pay out the particular kind of construction.

If there is room for politics in thus putting the tolls and the charges in sufficient amount to pay out the cost of construction, I fail to see it; and while agreeing with everything that may be said by the distinguished Senator from Michigan in respect to politics in municipalities—and politics not only in municipalities, but otherwise, and in national conventions, too—and uniting with him in any excoriation of the politics that may be played under any circumstances and in any place, I insist that when the Reconstruction Finance Corporation is given the discretion within a reasonable time to see that the tolls and charges and the like will pay out the cost of construction, we have simply erected, by saying "politics in a municipality," a particular specter which can not under any circumstances exist.

Mr. COUZENS. Mr. President, the Senator from California apparently proceeds on the theory that there is no politics in Washington or that he assumes that there is no politics in the Reconstruction Finance Corporation.

I do not propose to leave to the Reconstruction Finance Corporation, which is manned altogether by politicians, officeholders, or ex-officeholders, the determination of the length of time that they will loan this money and under what circumstances they may loan this money if by legislation I can prevent their abusing that power.

I do not propose to approve of a bill which permits the Reconstruction Finance Corporation directors—all of them more or less actively engaged in politics—to say to the State of California or to the State of Michigan or to any other State that a reasonable length of time is 99 years, for example, or 50 years, and for the period of 30, 40, 50, or 99 years permits the municipal authorities to play politics with fares and tolls, so that the Federal Government will in perpetuity be "holding the bag."

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. JOHNSON. Will the Senator pardon me for saying in response to that that there is not any question of politics in language such as has been written into this bill; and no specter of that sort can be conjured up so far as this particular language is concerned. Our friend from Michigan is unduly alarmed about what may be done politically by the Reconstruction Finance Corporation.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. LOGAN. I do not think the Reconstruction Finance Corporation would play any politics; but what are we going to do in a situation like this, Mr. President?

Suppose we have a municipality with an administration in charge affiliated with one of the parties, and it follows the practice of employing no one on any character of work except a member of the political party in power. If we loan the municipality money, and it employs only members of the party of the administration, then will not the question of unemployment be thrust into politics?

Suppose a highway commission should say that it would not employ anyone but one of its own party. How would the Senator take care of a situation of that kind?

Mr. JOHNSON. Mr. President, I come from the far West. I come from a State that has had some regeneration politically in the past. I can not conceive of contractors upon the roads hiring only laborers and others there who belong to a specific or a particular party. I do not pretend to say what may exist in other places; and, therefore, with my lack of knowledge of any such situation, or the possibility of any such situation, I am unable to answer the query of the Senator from Kentucky.

Mr. WALSH of Montana. Mr. President, I do not understand why the Senator should offer this amendment he has offered. The bill provides that—

> Such loans shall be made under such terms and conditions, with such security, and in such amounts and for such periods (not exceeding 10 years), as the Reconstruction Finance Corporation may prescribe.

The loan must be paid within a period of 10 years.

Mr. COUZENS. But may I point out to the Senator that amendments have been made to permit the Reconstruction Finance Corporation to go into the security business? It may bid in the open market for these securities. It may even underwrite a contract, under the amendment of the Senator from California.

Mr. WALSH of Montana. But, Mr. President, let me remark to the Senator that by the very terms of the measure that is simply one way by which the corporation may make a loan.

Mr. COUZENS. But if, as the Senator from California wants and as he says is required under the charters of the cities, they must sell their securities only by offering them for public sale, therefore the Reconstruction Finance Corporation are authorized, under the amendments made, to bid for securities which may run 20 years, 30 years, 40 years, or 50 years.

Mr. WALSH of Montana. Nevertheless, the loan must be paid back within the 10 years.

Mr. COUZENS. But if they buy the securities, it is not a loan.

Mr. WALSH of Montana. But it is a loan. The very security is a loan. "The city of San Francisco hereby agrees to pay to the bearer," at a certain specified time a certain amount of money. That evidences a loan. Loans are made by the sale of bonds.

Mr. COUZENS. For how long?

Mr. WALSH of Montana. For whatever period the bonds run, but under this bill the loan must be repaid within 10 years, and accordingly the securities purchased must mature within that period.

Mr. COUZENS. I am glad that has been developed, then, because the Senator from California proposes that these bonds be bid for by the Reconstruction Finance Corporation for the length of time that they may be issued, regardless of the 10-year limitation.

Mr. WALSH of Montana. Let me read the language of the bill. After authorizing loans to be made to States, municipalities, and public subdivisions, it continues, "such loans to be made through the purchase of their securities."

Then on the succeeding page the bill provides that such loans shall be made upon such terms and conditions and upon such security and in such amount and for such period, not exceeding 10 years, as the board may prescribe.

Mr. COUZENS. The Senator has not the amendments there.

Mr. JOHNSON. Mr. President, may I call to the attention of the Senator from Montana, so that he will not be in error in respect to the matter, that, at the instance of the Senator from New York, an amendment was adopted yesterday which in certain instances eliminates that particular provision in reference to the 10 years.

Mr. WAGNER. So far as the purchase of bonds is concerned, that is true, where that type of loan is made.

Mr. JOHNSON. That was done yesterday.

Mr. KING. Mr. President, will the Senator from California yield?

Mr. JOHNSON. I yield.

Mr. KING. I am interested in the suggestion just made, because I was absent from the Chamber attending a committee meeting, and I did not know of any modification of the provision with reference to the time not exceeding 10 years. If that has been eliminated, and the time has been extended to municipalities or to these corporations to 30 years or more, for more than 10 years, I think it is a very unwise provision. I should be more inclined now than ever to support the amendment of my friend from Michigan.

Mr. JOHNSON. That was done by amendment yesterday, duly adopted, presented by the Senator from New York. I did not want the Senator to be under any misapprehension in respect to the matter. That is quite so.

Mr. COUZENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Hebert	Pittman
Austin	Costigan	Johnson	Reed
Bailey	Couzens	Jones	Robinson, Ark.
Bankhead	Dale	Kean	Sheppard
Barbour	Davis	King	Smoot
Bingham	Dickinson	La Follette	Steiwer
Black	Fess	Logan	Thomas, Idaho
Blaine	Fletcher	McGill	Thomas, Okla.
Borah	Frazier	McKellar	Townsend
Bratton	George	McNary	Trammell
Brookhart	Glenn	Metcalf	Tydings
Bulow	Goldsborough	Moses	Vandenberg
Capper	Gore	Neely	Wagner
Caraway	Hale	Norbeck	Walsh, Mass.
Carey	Harrison	Norris	Walsh, Mont.
Cohen	Hastings	Nye	Watson
Coolidge	Hayden	Oddie	White

The PRESIDING OFFICER. Sixty-eight Senators having answered to their names, a quorum is present.

Mr. KING. Mr. President, I did not know until a moment ago, when the Senator from California [Mr. JOHNSON] mentioned it, that it was contemplated that the Metropolitan Water District of California intended to seek a loan of two hundred or more million dollars, to build an aqueduct or viaduct. I had some predilections against the bill, but hoped to find sufficient merit in it to command my support; but if the Government is to supply stupendous sums for aqueducts and viaducts to one corporation, or to a few, I think the predilections may be crystallized into disapproval of the bill.

We voted a short time ago an authorization of $165,000,000 for the construction of Boulder Dam for the benefit of California. It was stated when that important project was under consideration that California had sufficient resources and wealth that she could handle the project alone; that if the Federal Government would abdicate its authority and turn over to California or some of its municipalities the construction of the dam she would not only finance it but also construct the necessary viaduct, and the Federal Government would not be called upon for a single penny.

It was, however, believed by Congress that the Federal Government should not relinquish its authority over the Colorado River and grant to California a franchise for the construction of the dam and the unlimited control over the power which might be developed.

Now, having obtained the authorization of $165,000,000, we are given to understand that an application will be made under this bill for an appropriation which may be, as one engineer has told me, more than $200,000,000 for the construction of the aqueduct and needed auxiliaries. If $200,000,000 were taken from this fund for this one project it

would be too great a drain upon it. In my opinion, the Government should not tax the people to build viaducts and aqueducts and many of the projects falling under the terms of this bill.

This fund, large or small, should be spread over the United States as far as it is practicable, just, and fair. By that I mean there ought not to be a concentration of loans and credits in a few localities or a few States. It is for unemployment everywhere in the United States, not in California alone or in Michigan or in any one State. I protest against a policy being incorporated into the bill that would permit $200,000,000 or more to be taken from the fund for the purpose of constructing a viaduct or aqueduct or any one project in any locality.

I regret exceedingly that the bill is broad enough to be interpreted as permitting this course. I indicated a few days ago, when I called attention to subdivision (2) of section (a) on page 101, that I objected to the provision that loans might be made "to private corporations to aid in carrying out the construction of bridges, tunnels, docks, viaducts, waterworks, and similar projects devoted to public use and which are self-liquidating in character." I shall move to strike that provision from the bill before final action is taken upon it.

In view of the understanding which I have as to one of the purposes back of the bill, the purpose I have just indicated, and with the understanding that the bill is susceptible of that construction and is to be so interpreted, I shall be reenforced and fortified in my desire to have that provision of the bill eliminated.

Mr. REED. Mr. President, will the Senator permit a question?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Pennsylvania?

Mr. KING. I yield.

Mr. REED. I understand the bill appropriates about $1,500,000,000 in effect for various sorts of public projects. If California is to get one-fifth of that total amount and New Orleans is to get another $100,000,000 for a bridge and New York City is to get another $100,000,000 for a bridge or for a tunnel under the East River, it is perfectly obvious to me that the demands to be made upon the fund will be many times $1,500,000,000. As the bill now stands who is to resist these demands and decide between them?

Mr. KING. Of course, there would be political and other pressure brought upon the board. The members of the board are human and they will be called upon to exercise great courage in meeting the demands made and the pressure to which they will be subjected. We learned a few weeks ago that the Reconstruction Finance Corporation Board had been called to the White House to confer with the President, and the next day the newspapers carried a statement purporting to emanate from the President or a representative of the President that a given sum was to be loaned to the railroads.

The board should be left to decide the question before them without interference by any person or official of the Government. If the board may not exercise, untrammeled and unafraid, the heavy responsibilities resting upon it, then we can not expect that measure of success which otherwise would attend their labors.

Mr. REED. The amount of money made available by the bill is about $1,500,000,000, the total yield this year of our income tax on individuals and corporations. If I understand correctly the appropriation and application of the fund is to be decided entirely by the board of directors of the Reconstruction Finance Corporation. Is that correct?

Mr. KING. That is my interpretation.

Mr. JOHNSON. Mr. President, first let me ask what is this bill? What is its design? Its design first is the relief of our people. Its design first, as I regard it, is an endeavor in some way to mitigate the human misery that is now abroad in this land. It is not designed originally for the purpose solely of making loans, but it touches certain particular activities, activities that are self-liquidating in character and which will give employment to our people, and wherever there is a self-liquidating activity which will give employment to our people, there then is one of the purposes to be subserved by the measure in question, if it be, of course, financially sound and if it comply in all regards with the various methods that are prescribed by the bill.

Mr. President, let me digress for just a moment. We have been mighty kind to great institutions in this land by legislation we have enacted. We have endeavored in every fashion that we could to minister to those institutions that said they were in want financially and that they required aid from the United States Government. We have sought, sir, by the Reconstruction Finance Corporation, not only to aid the banks but to aid railroads. There is another duty and a higher one that we owe to the people of the United States besides rendering financial aid to railroads and to banks.

We have before us out here within a step of the Capitol, and we saw before us last Friday when we were voting upon the so-called bonus bill, the evidence of an economic disease which to-day afflicts the United States of America. Blind, however, we have been, except in one small particular, to the evidences of that disease and deaf to its anguished call. Deaf we have been to the cry that has come from all over the land in behalf of those who require, who demand, who ask, who beg, who plead with us for employment. There is talk around the Chamber now about an adjournment on Saturday night, and rushing this bill every hour, early and late, in order that we may get out of here Saturday night next. I want to enter my solemn protest, sirs. While misery stalks in this land, while we are here to do a duty unto our people, I want to register my protest against an adjournment until that duty shall have been done, and done to the best of our ability.

I will not admit, sirs, that I am so bankrupt in ability to afford relief to a stricken people in this land that I have got to get out of here, sneak out of the city of Washington at anyone's command, without having done something at least for the relief of humanity in the United States. So, sirs, we should sit here just as long as it is necessary until that relief is afforded; and whether it takes until Saturday night, until a week from Saturday night, or a month from Saturday night, the obligation rests upon the men who believe that they owe an obligation unto humanity, as well as unto banks and railroads, to sit here and do their job and do their duty by human beings.

Now, Mr. President, recurring to the matter immediately before the Senate, it is asserted by the Senator from Pennsylvania [Mr. REED] in his peculiarly lugubrious manner that a single particular enterprise in the State from which I come might receive a disproportionate amount; but our first concern is relief for unemployment, and that relief which would be afforded in the matter of a loan for a great constructive enterprise that is secured by billions of taxable and assessable property in southern California, a security which would be ample under any and under all circumstances. But he insists that if that relief shall be accorded, somebody else might be left out or somebody injured. Of course, the Reconstruction Finance Corporation would prevent that. But if that be so, let us increase the amount under this bill that by the Reconstruction Finance Corporation may be put to the uses that we seek to put the amount that is appropriated under this measure. If it be necessary in order to put to work people in this land, if it be essential in order that there may be some jobs given to just some human beings to increase the amount, let us increase it, and fear not that we may affect the finances of the United States of America, because in every instance in this bill we provide for security that shall be accorded the United States Government and the Reconstruction Finance Corporation when any loans may be advanced under the provisions of the measure.

We need not worry our heads with $1,250,000,000 or $1,500,000,000, as the case may be. If the security be accorded and if more money is necessary, let us go the limit and, for the love of God, let us not get out of here until we have gone the limit in behalf of suffering human beings. We have not discharged our duty, our obligation is not at an end when we have merely given millions and billions to banks and to railroads. Something else, something else that

is more precious in this country, needs to be ministered to by the Congress—people, just common, ordinary, everyday men, women, and children. They must be ministered to by the Congress before it adjourns, and if they are not we are derelict in our duty and worse than derelict in our duty.

Now it is asserted that the amendment presented by the Senator from Michigan [Mr. COUZENS] first was a definition of a self-liquidating corporation. That we disposed of. The amendment, hastily written unquestionably, not considered at length at all, was found to do no more than the bill itself did in the matter of a definition. Now the amendment has been boiled down to just one proposition, the proposition of limiting to a 30-year period any bonds that may be taken in reality by the Reconstruction Finance Corporation. In the bill, with meticulous care, the provision is written that within a reasonable time it shall be determined that the tolls and the rates and the charges and the rents will pay off the entire construction price. More than that ought not to be asked. More than that ought not to be required. There is no reason for writing a hard and fast rule of 30 years or 20 years or 10 years or 50 years or 35 years. There within a reasonable time the bill provides the tolls must pay the entire construction cost, and therefore we insist that the bill as it is written by its authors with such care and the provisions of the bill should prevail and the amendment should be defeated.

Mr. PITTMAN. Mr. President, there is nothing in the bill that I can find with regard to California. There is nothing in the bill that I can find with regard to the metropolitan water district. I do not know whether it is a self-liquidating project or not. Even if it is determined to be a self-liquidating project, there is nothing in the bill that requires the Reconstruction Finance Corporation to give them $200,000,000 or $300,000,000. They can give them $1,000,000 or $2,000,000.

I wish to invite the attention of the Senator from Pennsylvania [Mr. REED] to the fact that there is no danger of one-fifth of the money or one-sixth of the money going to California under the policies of the present Reconstruction Finance Corporation. There is nothing in the bill that mentions California or the metropolitan water district. There is not a provision in the bill which compels the corporation to construe this aqueduct project as being a self-liquidating project. There is nothing in the bill to require them, in the case of a self-liquidating corporation, to give them all they ask any more than there is in the existing Reconstruction Finance Corporation act any provision that requires that corporation to give any bank all it wants or to give any railroad all it wants. As a matter of fact, so far as I know, the Reconstruction Finance Corporation have not given any applicants all they want. This project is in exactly the same position as all projects under the existing Reconstruction Finance Corporation act. To that extent the corporation has jurisdiction under the present law. They determine first whether or not there is an actual need for a loan; having decided there is an actual need for it, they determine whether or not it will be to the public benefit; then how much the project itself can contribute and how much the corporation will put up. There is no distinction whatever between the provisions of the existing law and this provision. This is merely the provision which the President of the United States approved and is exactly in the same amount, but he differed with the committee as to Government works.

The President was in entire accord with the speech made by the Senator from Arkansas; he thoroughly approved of $1,500,000,000 being made available to the Reconstruction Finance Corporation to aid self-liquidating projects, and that is all this proposes.

If there were a provision that the Reconstruction Finance Corporation had to loan to each and every self-liquidating project all they ask, the chances are there would not be enough money in the world to do it; but they have not done so, and there is nothing like that contemplated here.

Mr. REED. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Pennsylvania?

Mr. PITTMAN. I yield with pleasure.

Mr. REED. I am not concerned about what the President has or has not recommended, and I am not very much concerned about what we have voted and what we have not voted; but I am very much concerned about where we are now heading. We are putting about $3,500,000,000 all together, including the amount made available under the original Reconstruction Finance Corporation act and the amount proposed in the pending measure, in the hands of a board of directors to apportion very much as they see fit. They are patriotic men and they will no doubt try to act wisely; but when we consider the power we are giving them and then consider the way we quibble and haggle here over little items of appropriation for the departments, the contrast is rather shocking. So I am wondering if Congress is not abdicating its appropriating power here and turning it over to a board with possibilities of endless quarreling about the manner in which they will administer their task. I should like to hear what the Senator from Nevada thinks about that.

Mr. PITTMAN. Mr. President, in the first place, it depends entirely on whether the Senator from Pennsylvania agrees with the Senator from Nevada that, the banks being either unable or unwilling to lend money, we have got to seek credit from the only other available source, which is the Government. I think we agree on that, because I believe the Senator from Pennsylvania voted for the Reconstruction Finance Corporation act and for the Glass-Steagall bill. So we are in accord on the fundamental principle that the only source of credit that seems to be available nowadays is the Government. We felt that the banks needed to be relieved, and so we passed the Reconstruction Finance Corporation act, but it cost money.

Mr. REED. Mr. President, if the Senator will excuse me, I was not in the least bit concerned about the banks as banks, but I was concerned very much with the human beings who were their creditors, their depositors, and with stopping the panic which was spreading over this country like a black cloud, and which we did stop. We did things and I voted for measures that I shall probably always regret.

Mr. PITTMAN. Mr. President, it is utterly immaterial to me what were the inner motives that moved the Senator from Pennsylvania. The fact is that he was willing to have the credit of the Government extended to banks and to railroads in the sum of billions of dollars.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. PITTMAN. Let me first answer the question. I assume that the Senator from Pennsylvania voted for the legislation on the same ground that I voted for it. We voted for extraordinary legislation under extraordinary conditions. We were about to have bankruptcy which would have affected everybody. So we passed the legislation. We found that after we passed those two acts conditions did not improve as we had hoped they would; in fact, they grew worse. There was more unemployment, commodity prices fell, the output of factories declined. We met the danger by authorizing the creation of the organization which the Senator now hesitates to trust. If he knows of any organization that can better be trusted, I will join him in placing the power in its hands. We put it in the power of the corporation which he now hesitates to trust to spend billions of dollars to meet an emergency. The emergency is greater now than it then was, and should we now hesitate?

Personally I am more interested in relieving unemployment than I am in helping private institutions. Our committee has tried to find a way by which first we could spend money on Government work. We found that we could not spend over $500,000,000 on Government work in the near future—that is the testimony of the experts—and that is not enough, as we all admit, though it will help considerably.

Then we go farther. We say there are certain municipalities and quasi municipalities or instrumentalities of munic-

ipalities which have been organized in various ways, which really are working for municipalities, which are prepared to carry on projects for the public use, and which will employ many men; and we say it is safe to lend them money under the condition that the rates which they collect—not taxes, mind you, but the rates they collect—will pay back the loan with interest.

The primary purpose, of course, is to secure employment for people, but at the same time the loan is safe and does not depend on taxation. Therefore we all agreed, I thought, that, in addition to the Government work, so far as we could provide Government work, we would aid municipalities or quasi municipalities and instrumentalities of municipalities in carrying out projects for the public use by making to them loans which, in the opinion of the Reconstruction Finance Corporation, would be safe not by reason of the taxing power but by reason of the tolls, rentals, or rates. Having determined upon that policy we have not hesitated to aid such work in going forward.

Mr. REED. Mr. President, will the Senator permit an interruption?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Pennsylvania?

Mr. PITTMAN. Yes.

Mr. REED. With most of what the Senator says, I am in full agreement. I do not agree that the emergency is the same as that which we faced in December. Then we were facing a panic which we tried to stop and to a large extent did stop. Now we are facing the most abysmal human misery. It is not panic, but it is probably much longer enduring than panic and much more deep-seated and harder to stop. If there are 10,000,000 people out of work in this country, the wages which they ought to get would be somewhere from twenty-five million to fifty million dollars a day, and the amount that we are appropriating by this measure is not a patch on the amount that will be needed to relieve those people. We are in perfect agreement about that; but it seems to me that demands on this fund will be so many—and they will be backed up, all of them, by political pressure—that I do not see how any board of human beings can be expected to make a success of the apportionment of the money. That is what is bothering me.

Mr. PITTMAN. Yes; that bothered some of us and still brothers some of us; and whenever the Senator can suggest anything better I know everybody here will accept it.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. PITTMAN. I yield.

Mr. NORRIS. Any criticism that I heretofore have made of this bill in the debate is not that the amount is too great, and I am not worried about the exhaustion of the funds provided by the bill. If we can use the money where it will employ labor, and if the fund is not large enough, make it larger; I think it ought to be larger. What I am particularly interested in now in connection with the Senator's very interesting discussion of the subject under consideration is, What will be the effect upon the employment of labor in connection with the particular kind of construction work about which the Senator is speaking? Will it afford a practical means of giving employment to men?

Mr. PITTMAN. I will try to answer the Senator's question.

Mr. NORRIS. I should like to hear the Senator's ideas on that question. If we can employ labor and do a legitimate job, it will be a benefit. The amount involved, to my mind, is a secondary consideration. Of course, I do not want to spend anything for nothing. I realize, however, that if we accomplish the real object, namely, to get rid of unemployment in this country, we must expend or provide for the expenditure of an enormous amount of money. To my mind, that is the best way to afford purchasing power to the millions of people who instead of requiring some charity to support them will themselves, after they have jobs, have a purchasing power that will do more to restore prosperity than anything else we can do.

Mr. PITTMAN. If this measure does not accomplish that purpose, then, of course, it is a failure.

Mr. NORRIS. That is right.

Mr. PITTMAN. And, of course, that is not the intention of the committee which drafted it.

The Senator from Pennsylvania says that conditions now are not worse than they were when we passed the Reconstruction Finance Corporation act.

Mr. REED. No; I did not say they were not worse; I said they were different.

Mr. PITTMAN. Very well; I probably have not interpreted the Senator's language correctly. He said we were threatened with a panic then, and now we are threatened with human misery. If being threatened with misery is not worse than being threatened with panic, then there is a difference of opinion about it. We were threatened with bank failures, which ultimately bring misery; we were threatened with railroad receiverships, which, of course, are bad. We will admit that the two acts which we passed checked the condition in that respect; I hope they did. However, the Glass-Steagall bill has not been availed of by the banks. The Senator from Virginia [Mr. GLASS] the other day stated that out of the two or three billion dollars available for circulation only $40,000 had been availed of. However, that is not the question. If the conditions are not worse, it is because we do not look at them in the same way.

When the Reconstruction Finance Corporation act was passed the Steel Corporation was working 20 per cent of capacity. To-day it is working but 17 per cent of capacity, and every time there is a decline in operations men are discharged and cease to be purchasers. The operations of industry have dropped ever since we passed that act, and it is admitted that unemployment has increased, and that is perfectly natural. Commodity prices have dropped off, so that the purchasing power is less. So far as I can see we are in a far more desperate condition than we then were.

What we have provided has done its work to the extent it has done it, and no more; but something else must be done. We propose to do it. Some say let private industry do it. Well, private industry can do it if it wants to or knows how to do it or is able to do it; nobody is holding it back. We have made available $1,000,000,000 for the banks, and have made available currency through the Glass-Steagall bill, but it is not being used. We have reached the limit probably under the Reconstruction Finance Corporation act of saving railroads and banks; but still something must be done. Now, what are we going to do? The committee proposes an expenditure of $500,000,000 on Government works immediately; others propose $5,500,000,000.

It may be asked why we agreed on $500,000,000. I will tell you why—because we wanted works that had been surveyed, estimated for, authorized, and were ready to start, or that could start almost immediately. We called in Colonel Sawyer, of the Stabilization Board, who had been appointed under act of Congress to find works of that kind, and he brought them to us. We called in General Brown to tell us what there was in rivers and harbors, and he brought them to us. We called in the head of the Road Department, who brought them to us. We asked, "What can we start on?" and they showed us; and, strange to say, the total did not come to $500,000,000. It came to only $300,000,000; and we left $200,000,000 surplus to lift out of current appropriations things like the Boulder Dam project, which is a going concern, or an investment, if the President saw fit. Therefore we want more employment. All right. We are opposed to lending money to private corporations, private industry. Why? Because there is no limit to it. There is no end to it.

So we sought certain kinds of industries that we felt sure of. We did not propose to lend every municipality in the United States, because that was without limit. We did not propose to lend to any of them for miscellaneous purposes. We first came down to it and said, "Where is there a municipality or an instrumentality of a municipality that

is ready to go into new construction that will hire labor? That is the thing"; and we commenced to look over the country to see what they were.

They are scattered all over the country. There is not money enough to carry them all on, and no one ever thought for one moment that they would all be carried on. There is money enough, however, to divide up among them, to carry them over two years' time, probably, or one year's time, in the hope that this condition will lift, and our normal finances will take care of them.

This is only emergency aid. This is not to build these projects. The idea of conceiving the proposition, because this project in California will cost $250,000,000 or $300,000,000, that it is anticipated that it is to be built through the Reconstruction Finance Corporation. There was no such thought. They would probably buy $10,000,000 worth of bonds. That $10,000,000 worth of bonds would keep that work going on probably for a year, which is preliminary shovel work. Now the Senator asks whether or not it will pay.

What difference would it make, as far as the employment of labor is concerned, whether that aqueduct, 300 miles long, consisting of concrete and steel and tunnels and other features of an aqueduct, was built by the United States Government or built by this semimunicipality of southern California? The same number of men would be employed. The same materials would be bought. The same thing would go on.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. PITTMAN. I yield.

Mr. NORRIS. The Senator puts his remarks in the shape of a question. If he is addressing it to me, I will say that it would make no difference to me.

Mr. PITTMAN. I knew it would not. That is the reason why I did not hesitate to address the question to the Senator.

That is what we are looking for. We have exhausted, in our investigations, those Government works that we can start in the near future; and it is not next winter that we want to do these things. We want to give men work now, and it comes to only $500,000,000. Therefore we are looking around for somebody else to do the same kind of work when we know it is perfectly safe, not depending on taxation or credit. What do we do? That is what we call a self-liquidating project—something that does not depend upon taxes, that does not depend upon the credit of a State or a county or a municipality, but depends upon the dimes, quarters, and halves that come in from the operation of the project.

Take California again, as an illustration. I am sorry that matter got into the debate, because the bill does not say anything about it. Personally I know very little about it; but I know that it will employ a lot of men. It will buy an enormous amount of material that will come from nearly every State in this Union, and the making of that material will hire men in every State in the Union. It will do just as much as if the Government did it. Whether they can bring themselves within the definition or not, I do not know. If they have to depend on taxes, then they do not come within the definition. If they have legal authority to set aside a part of the returns from water that they sell in that great country down there, they will have ample to amortize that whole investment, with interest, in 30 years. I want to say, however, that I think even the Senator from California [Mr. JOHNSON], who has a higher opinion of the wealth and glory of California than almost anyone except other Californians, would not expect, out of a fund of $1,500,000,000, to get nearly $300,000,000.

Mr. JOHNSON. Mr. President, if the Senator will yield, may I say that he is entirely correct. Of course not. Not only that, but what would be accorded to the metropolitan water district if it made an application for a loan would be a small moiety in the beginning of that loan; and then, God willing, if things get better in this country, the bonds that have been voted can be sold, and we will go on on our way to prosperity again.

Mr. PITTMAN. I may have another thing to say in regard to this:

The Reconstruction Finance Corporation is certainly in charge of men who are not extravagant, who are not overcautious. They may have different ideas from me as to what is sound business or what is a sound locality of this country. While they have been charged with having overloaned to some of the railroad companies, the fact remains that they did not lend them all they asked for. They did not lend the banks all they asked for; and they still have on hand about half of the $1,500,000,000 that was made available to them. They are cautious gentlemen. If other Senators can conceive for one moment of the chairman of that board lending one-fifth of the entire fund to Southern California, I can not. It will not be done, nor to any of them.

As I said before, this $1,500,000,000, if it were used in full, would reach nowhere; but we have projects all over the United States similar to that, and what is the result? I tell you that the banks of southern California are full of money, and yet they will not buy those bonds. Let the Reconstruction Finance Corporation, for instance, come in and buy $10,000,000 worth of those bonds, and we will find the banks in that community coming in to get the bargains themselves. That is what we are helping to bring about.

We are in this peculiar position, however, with regard to this bill, and it is a discouraging position: All of us are attempting now to start industry and employment, and yet where do we find ourselves?

Here is a bill that provides for the expenditure of money in three ways:

First, by Government works.

Second, by self-liquidating municipal or semimunicipal corporations.

Third, the $300,000,000 that we already have passed for the purpose of relieving destitution. We thought everybody was in favor of the $300,000,000, and yet it has not passed another House.

We come in here, and we find Senators like the Senator from Pennsylvania [Mr. REED], who is opposed to any appropriation to carry on Government works—I charge that, and I think I am right—who indicates that he is opposed to lending any money to any municipal corporation or any instrumentality on a self-liquidating project that will be economical and is going to employ labor. He objects to any move. He admits that unemployment is increasing and destitution is getting worse, and he has nothing to offer. On the other hand, we have here those who are deeply sympathetic with the condition of unemployment and destitution in this country, who take the other extreme view—that they are not satisfied with this bill that we have offered because they want $5,500,000,000 for Government works, and possibly nothing to be expended through self-liquidating municipalities or corporations.

Where are we going to wind up with this kind of a fight? Is there no spirit of compromise or get together here at all? Is this condition to go on forever?

Some Senators agree with us, probably, that Government works are right, but not enough. Others do not want any money spent on Government works at all. Others do not want any money advanced at all except under the present law, the Reconstruction Finance Corporation act, to banks and railroads. Are we going to stand here and fight for weeks and weeks over our own individual ideas, and get nowhere at all? We have done that before this session.

Why this misconstruction of an act that is so plain? Why should an intelligent Senator rise on the floor and say, "If I had known it was proposed to lend three hundred millions to the Metropolitan Water District of Southern California I would have been shocked, and I tell you now that I would vote against it," when there is nothing of the kind in the bill? Why, even the distinguished lawyer and Senator from Pennsylvania was shocked when he under-

stood that the bill was to give one-fifth of the whole fund to southern California. He even distrusted the Reconstruction Finance Corporation, his own creature.

If I have any distrust of it, I have not mentioned it. I have not said so. As a matter of fact, under this bill we are willing to trust them, with the limitations we have in the bill. We have attempted to define as carefully as we can define those things that are self-liquidating projects.

Mr. GLENN. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Illinois?

Mr. PITTMAN. I yield.

Mr. GLENN. In view of the fear that has been expressed by the Senator from Utah and the Senator from Pennsylvania, I wonder what the Senator from Nevada would think of an amendment limiting the amount that any one corporation may borrow, so that this talk about $300,000,000 being loaned to this particular project would be out of the picture?

Mr. PITTMAN. I think that is like a flat cut of 10 per cent on an appropriation bill. I think that when we try to substitute overcaution for intelligence, we are making a mistake. That is my theory about the matter. The idea of saying that we can parcel out on the floor of the United States Senate how much shall be expended on this project and that project and the other project! We must have some one in whom we can trust, some one of intelligence, to determine the amount that can be granted to a defined concern to go on with its work, in the hope that there will be a return of prosperity or a return of action by the banks of this country. Any attempt to say that there shall be only this or that loan to this or that company, when we do not understand what it means, to me is begging the question.

Mr. GLENN. But here are very serious fears voiced that $300,000,000 of this fund, or one-fifth of it, will be loaned to one project. I do not share in that fear myself; but I do not know but that it would be helpful to have an amendment that they could not loan 20 per cent to any one project. I can not see what harm it would do to fix some reasonable limit. It might obviate some of these objections.

The Senator from Nevada emphasizes the great importance of Senators giving way in some degree to each other's feelings and judgment. I should think that if we could assure the Senator from Utah [Mr. KING] and the Senator from Pennsylvania [Mr. REED] that this fear which they entertain is not to be realized, it might possibly be helpful.

Mr. PITTMAN. I am not a bit afraid that the chairman of the Reconstruction Finance Corporation is going to lend any too much money out through the country.

Mr. GLENN. Ah, but they are! The Senator from Utah is, and the Senator from Pennsylvania apparently is.

Mr. PITTMAN. That is all I have to say with regard to drifting away from the provisions of this bill. In the first place, it is assumed that this California corporation is mentioned in the bill. In the second place, it is assumed that it comes within the terms of the bill as a self-liquidating institution. I do not know whether it does or not. If they can bring it within the terms of the bill, that is another thing. In the third place, it is within the judgment and discretion of the Reconstruction Finance Corporation as to whether or not they need any aid; and if so, how much they need; and that is a matter of judgment.

No bill can be drawn, so far as I know, without limiting it purely to public works and leaving it in the department that runs Government work, and there again we have to trust somebody in the matter.

We have adopted the Reconstruction Finance Corporation in this measure as the instrumentality to handle the financing because we have started with them, and because they have an organization, and because they have a foundation of credit. They have about exhausted their activities as far as the railroads or the banks are concerned. Now we would like to get them busy, not on railroads and banks, but get them busy on these self-liquidating propositions, such as what we are now discussing, to start them, when they are already smothered and frozen by reason of inability to get bank credits.

Mr. BORAH. Mr. President, I wonder if we are really making any progress by holding these night sessions. We have been in session now since 11 o'clock without intermission. I understand it is proposed to run on into the night.

I assume that these long hours, these long sessions, are held with the design and the hope that we will get away from here next Saturday. There is no possible way for us to get away from here next Saturday except to quit work. We can not finish. It is impossible to pass measures which are here on the calendar, for which there is a public demand that there be consideration, by next Saturday. That being true, I do not see why we should continue these night sessions.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. BORAH. I yield.

Mr. ASHURST. Mr. President, I have been so anxious to finish the work of the Senate and to conclude by next Saturday that my anxiety even led me into a speech last Saturday, which I think gave temporary offense to some Senators.

I should like very much to leave here next Saturday or Sunday. One of the keenest disappointments I shall probably have in public life will be my failure to leave here next Saturday. But it is now obvious to me that I am going to be disappointed, and possibly a great convention will be disappointed at my absence. [Laughter.] It is now obvious to me that we can not in workmanlike manner, with justice to ourselves and to the Senate and the country, finish our labors by Saturday.

I am trying, with the best sportsmanship and fortitude of which I am capable, to bear this disappointment. I have come to the conclusion that it is fantastic for us to attempt to drive all these great bills through the Senate in the next three or four days. It can not be done. We can not digest them, we can not even read them all. So, as far as I am concerned, I have during this afternoon come to the conclusion that I should relax any further attempt to speed up the Senate, and put the whip and spur to it, if I have been trying to do it, because it would not be fair to the country or fair to the Senate. So realizing we can not finish by Saturday, I therefore drain the bitter draught, and hope that the convention at Chicago will bear its disappointment arising from my absence as becomingly as it may. [Laughter.]

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from New York?

Mr. BORAH. I yield.

Mr. COPELAND. I hope the Senate will bear with me if I pose for a moment as a doctor.

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from New York for a statement?

Mr. BORAH. I yield.

Mr. COPELAND. The most dangerous man in the world is a tired surgeon or a worn-out doctor. We are dealing with a disease of the body politic, and it is very important that the legislative doctors be in vigor and health.

I have no doubt that the Senator from Arizona will have a greater chance of going to the convention on Saturday or Sunday if the Members of the Senate come to their work refreshed and ready for active service during the seven or eight hours of the daytime.

I agree fully with what the Senator from Idaho has said. It is not right for men to attempt to do the sort of work expected to be done by us if we come here worn out, with frayed nerves, and unfit for the great responsibilities which rest upon us.

No one can be more eager than I am to go home. I am not going to the convention, so I am not distressed about that, but I am just eager to go home. But, Senators, we can not do effective mental work if we have tired bodies, and I believe from the bottom of my heart that we will

make greater progress by a reasonable limitation of hours of work than by attempting to stay here in continuous session long past the time when tired bodies are capable of functioning as they should.

I agree fully with the suggestion made by the Senator from Idaho, and, further, no matter how eager we are to get away, for one reason or another, we will make greater progress and get away more quickly if we function as normal human beings, instead of treating ourselves as we are doing by these unwonted hours of labor.

Mr. SHIPSTEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield?

Mr. BORAH. I yield the floor.

Mr. SHIPSTEAD. I just wanted to say that it seems to me ridiculous to sit here tired, as every one of us is, and try to write a bill of this immense magnitude on the floor of the Senate. Amendments have been offered and accepted here and I have not had the capacity to digest the meaning of all of them, and certainly I do not know how to vote on the pending bill. Possibly others are not so embarrassed, but it seems to me that if we are going to continue with these night sessions and this terrific drive when we are half dazed with weariness, it would be far safer, if we are going to appropriate a lot of money to save the world, to pass a resolution appropriating five hundred thousand million dollars and turn it over to a committee and go home. That seems to be the spirit of the Congress. If that is what we are going to do, let us do it and be done with it. If it is to be done, let it be done quickly.

If we are going to try to write some sane legislation and find out where all this money is going, let us take time to sleep, so that we shall be refreshed and can give proper thought to the matter. Let us take time to inquire as to where the money is to be spent. If it is to give relief for unemployment, let us find out how many men can be employed. This idea of just writing a blanket bill for the appropriation of a great deal of money in the hope that it will do some good does not seem to me worthy of the Senate of the United States.

If we have not the time to write legislation which can be thought through carefully and discussed thoroughly, if we have not the time to stay here, let us quit without passing any legislation. If we are going to pass legislation, let us get our sleep, our rest, so that we will be fit to appear here and at least give somewhat intelligent thought to what we are doing.

Mr. PITTMAN. Mr. President, I am not in charge of this bill, but as one of those who has supported it, I feel that Congress should act on this legislation in whatever form it is finally framed before we adjourn, and as well on some other legislation. Therefore, I have always hesitated to oppose long sessions, which may appear inconsistent. But I have almost come to the conclusion as stated by others, that it is evident that it is hardly probable that we can possibly finish here by Saturday the matters which some of us want to be here to vote on; and if our desire to leave on Saturday is to be disappointed, and we are to be here on Tuesday and Wednesday while the great convention is adjourning, I would rather be here from 12 until 5 o'clock for a month than to be here for one week the hours we have been meeting.

Mr. WAGNER. Mr. President, as one possibly who may be regarded as in charge of this bill, I want to join in the suggestion made by the Senator from Idaho. I am not very much concerned whether I leave here on next Saturday or next Saturday week. I am concerned, however, that the Senate take some action upon this important bill, together with other bills which are pending. I feel confident that in the end we will do better and more intelligent work if we have our daily sessions, and in the evening an opportunity to refresh ourselves and to consider the proposals made during the day.

Mr. FRAZIER. Mr. President, I want to call to the attention of the Senate the fact that thus far no particular legislation has been passed at this session of Congress for the farmers of the country. The farmers are in worse condition, if possible, than the unemployed themselves. It is true that most of the farmers have enough to eat, but their homes have been foreclosed upon and sold under the hammer over their heads, and in millions of instances their lands have been taken away from them.

Something must be done for the American farmers if they are to continue to be home owners and land owners, and something should be done by all means at this session of the Congress.

The other day the farm relief bill was recommitted to the Committee on Agriculture and Forestry. During the last Congress I introduced a bill for the relief of agriculture, and I introduced the same bill early in this session. We had hearings upon the bill in February, and after some lengthy discussion in the Committee on Agriculture and Forestry, the bill was reported to the Senate and placed upon the calendar on May 14. It is Senate bill 1197, Order of Business 737 on the calendar. It is known as the refinancing bill to liquidate and refinance agricultural indebtedness.

The leaders on this side of the aisle have promised me consistently that they would do everything in their power to help me bring the measure to a vote. I can not see any way possible of getting a vote on the pending bill by Saturday night, and I think it should be passed, and there are a number of other bills that ought to be passed. I want some assurance that I am going to get consideration of the farm bill I introduced, Senate bill 1197, or I want to serve notice here and now that I will offer the bill as an amendment to the pending bill and take the opportunity of discussing it through that procedure.

It would be a great deal better to have the bill come up by itself, but if that can not be arranged, I intend to offer it as an amendment to the pending bill. It is for relief to the farmers, just as much as this pending bill is intended to be a measure for relief to the unemployed and to others in distress.

Mr. TRAMMELL. Mr. President, I desire to send to the desk an amendment which I wish to have printed and lie on the table.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. JONES. Mr. President, I think there is not a Senator here who wants to get away any worse than I do or is any more interested in getting away than I am. But I have always felt that as long as there is business which the Senate ought to look after, and ought to look after well and carefully, we should stay here and attend to it. I think that is the reason why we are sent here. When we are not ready to do that, we are ready to be sent somewhere else.

There are several important measures yet to come before the Senate. The matter that we have now before us is a measure which in ordinary times the Senate would take two or three weeks to consider and properly put into the shape in which it ought to be for its final passage. We ought not to neglect such important legislation as this by hastily putting it through. It ought to be carefully considered. It ought to be carefully worked out. We hope to do good to the people and to the country through this legislation, and in order to do that the measure ought to be very carefully considered.

The Senator from California [Mr. JOHNSON] suggested that we ought to stay here until some legislation in the interest of the ordinary people is enacted. I agree with him in that statement. I have disagreed with him as to the purposes for which other legislation has been enacted. I have not voted for legislation in behalf of the banks of the country and for the benefit of the banks. I am not especially interested in those who are connected with the banks except those who are interested as depositors, whose savings may be in the banks and who are really the ones who need protection. I think it is beneficial to them that we should enact the legislation we have already enacted. But if we can enact legislation that is of direct benefit to the people of the country, we ought to stay here and do it, and we ought to take time enough to put it in proper shape.

There is other legislation beside that which is now pending that needs careful study and consideration, and that

needs to be enacted in the interest of the people of the country, and we ought to stay here until we have done that. Otherwise, I am not interested in getting away Saturday. It has been said that it will be impossible to get away Saturday. I think so. I can not see how it is possible for us to do in a proper way what the Senate ought to do between now and next Saturday. I think I can stand just about as much as any Senator here, so far as that is concerned. I can work day and night, but I believe we do a great deal better work if we do not try to do so much in so short a time. I think it would be in the interest of the people and the country, as well as in the interest of Senators themselves, if we would follow pretty closely the advice of Doctor COPELAND.

Mr. LEWIS. Mr. President, as I understand these observations from the Senators they addressed themselves to the conclusion as to whether we shall make an effort to adjourn this body before Saturday or by Saturday. Or, shall they remain at such tasks as we have undertaken though they exceed in point of time the end of the week. In this reference to adjourning by Saturday there is covertly carried the thought of the necessity of being present at the Democratic Convention to be held at Chicago. In the first place, I am unable to see where there is any necessity for my eminent and distinguished Republican friends to concern themselves about the Democratic Convention at Chicago. [Laughter.] I am equally indifferent to the Democrats and to any great concern on their part for the mere convention at Chicago when it is merely to attend the convocation of those who will exhibit themselves before the country——

Mr. ASHURST. Mr. President——

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Arizona?

Mr. LEWIS. I am delighted to yield to my eminent friend, but I desire to inform him that by asking me at that particular moment to yield he destroyed a very potent thought which I fear has evaporated. [Laughter.]

Mr. ASHURST. Mr. President, the ability and fertility of my learned friend from Illinois will have no trouble in generating the thought at any time he sees fit. I am very much comforted in the last few moments. I have just been handed a note by which I am advised that a man is eligible for nomination for the Presidency or Vice Presidency without being personally present at the convention. [Laughter.]

Mr. LEWIS. Of course, the consolation afforded me in that speech, that my absence will not at all retard the possibility of the success which, of course, the party desires to confer upon me hastily, may have its gratifying aspect, but I say to the Senator from Arizona that while I may be credited with agility of action and ability of speech, I confess I hope for utility of thought and fertility of results. But all this can not disturb the conclusion to which I was reaching. That is, that it is better for the Democratic Party that it certify to America its willingness to remain to duty, and execute such measures as serve the welfare of the public, and thus perform that duty of the Democracy of coming to the rescue of the Nation despite the unhappy illustration disclosed by those who forsook the needs of the Nation under the guise of Republicanism and its convention.

Sirs, I say it is better for the Democrats that we show the Nation that we are willing to remain here and carry on the tasks in behalf of those who need their service, and that we are now preparing to do a service in connection with our Republican brethren that is needed for the common country and its welfare, than merely to hasten, leaping over these tasks, and assembling at some gathering where they shall certify in a platform the wonderful work they are doing in behalf of American mankind—in the face of the fact that they deserted the task at the only place and forum where it could be performed.

I digress in parenthesis to pay my tribute to a late rule of one of the parliamentary bodies of Europe, which I observe is that no newspaper is ever read in the face of a member addressing the body. Luckily for us in this Senate we never have to decree such a regulation as that. Our Senators are made of such high caliber of mind and decency of demeanor that none would ever do such a thing. This ends my parenthesis.

I was about to add that I remember, as we all do, that in Faust we have an expression from Goethe, in which he speaks of the Brocken, and there he says:

Behold those that fly over the Brocken,
How they alight on limbs each separate from the other,
And soon so confused that when at evening time,
The axe of the hunter is laid to the roots,
And all are found in confusion intermixed and commingled upon the ground.

We may light upon different limbs in this transaction, and the judgment of gentlemen may be wholly different from each other, the methods by which they move about may be affected with each other, but by disclosing to the country the desire and intent to serve, it is that which is the important feature. Milton never gave us a more apt maxim, more completely applicable to the present situation, than in his delightful assertion that "They also serve who only stand and wait." Or as Longfellow puts it, "labors and waits."

I can not profess to be a master financier in these matters of the financing of different proposals. My eminent friend from Michigan [Mr. COUZENS], whose great capacity is certified by those who have observed his splendid course; the gentlemen who have built this bill together in its different phases, have disclosed their capacity or, to use the words of my friend from Arizona alluding to his friend from Illinois, their "agility and capacity and ability." Each has, sir, his own judgment of each provision.

May I be pardoned to relieve the seriousness of the situation here and the gloom that has settled upon the definite conclusion that we are toiling forever without results, by relating that a short while ago there was an application in my city for citizenship by an Italian who was a fruit vender in my city. He proposed to the judge that he wanted citizenship, when the judge said, "Ricardo, do you know you are asking to be made a citizen of the United States?" "Yes, Judge." Then says the judge, "Can you tell me how many States are in the Union?" "Sir?" "You have to be examined," says the Judge. "Yes?" "Can you tell me how many States are in the Union?" "Mr. Judge," says our Italian applicant, "I talk to you. You know your business. I know my business. You ask me how many States in the Union. I ask you how many bananas in a bunch?" [Laughter.]

And now, Mr. President, each of us has a forum of information that relates distinctively to the branch of his own production; but I am anxious now at this second to divert for a moment in reply to my eminent friend from Arizona, whose liquid poetry and rhetorical exaltation in behalf of the drama has captivated us all and warned us with something of an admonition not to advance too far upon the field which he has perfected by his adorning epic.

I desire to say that I count very little, speaking seriously to my friends the Senators, the mere matter of the gathering of conventions and the designation of candidates. I think nothing could be better than the ancient form of selection that did apply to the government in Greece, which they copied from the Judeans, when the applicants for honors from their government were prohibited from being present at the gathering where such were to be chosen. Indeed, in one instance in Greece, when one ambitious hopeful did attend the assemblage, thinking he had victory in his hands, as punishment he was denied the luxury of success because of the audacity that he disclosed by attempting by his presence to influence those who were the judges. I feel that if certain gentlemen we have read of in the public press who are candidates could bring themselves to modest retirement, not being seen in the undertaking, it would go farther and better for them and would leave upon the minds of the Nation the feeling that the choice was not aided and fomented by galleries and by a repetition of that unforgetable and unpardonable incident which transpired in 1924 at the city of New York and another incident which unhappily affected two distinguished gentlemen, now gone to be sentinels of God, two ex-Presidents of the United

States, in the convention at Chicago in a controversy between President Taft and ex-President Roosevelt.

Mr. President, I am not concerned for myself as to whether there be any convention at all. So far as the convention is concerned, I am not at all interested if there be any gallery. I think it would be very wise, sir, and I do not hesitate here to proclaim that the best thing that could happen to the convention would be two orders—one, that the galleries should not have any inhabitants whatever; two, that there should be none of that wild applause and marching like a lot of hyenas beating at their own bodies, with a lot of screeches and expressions, senseless in themselves, regretful in appearance, and valueless in purpose.

I feel, and I take the liberty to assert, that we are just now at the time of the test of the politician by the people. Let us not assume that the great American public are always so befuddled. They have their eyes upon this body, and from here it is the test will come. Are we worthy of their confidence, and will we prove it by remaining to the task for the length of time necessary to execute it, to assure that confidence and trust? We who are lawyers, and most of us in this honorable body are lawyers, remember too well the maxim amidst ourselves "that it is better for a man to feel that he has had justice than even if he has not had it when he does not know it."

If we let the public feel we are attending to their business they are appeased, but if they see that we are assembled here unwilling to do so, that we are staying here grudgingly, opposing the necessity of doing so, and that we are really working here because we are afraid of the multitude and we fear their punishment if we should leave, we get no credit for such a performance that is conducted under such form of coercion. We must let the country realize that we are staying here to perform the task in order to relieve them of the severe exigencies which rests upon them and to give them the benefit of the relief which they now so sorely need.

I recall that the distinguished Senator from Nebraska [Mr. NORRIS], sitting opposite us, in his advocacy of a measure here the other day in our hearing, bringing to bear his usual philosophies, remarked, "It were better to take some bread, a slice off the loaf, than none of the loaf at all."

This is the position of this measure as I behold it: If this measure as it stands here, as prepared by these eminent leaders, with the aid of those, may I add, on both sides of the House, can disclose to the great masses who are watching us that they shall have relief. Equally true those of agriculture spoken of by the eminent Senators from the Dakotas. If all shall see that we are willing to remain to give them the best slice that we can draw from the loaf, we reinvite their confidence and make them feel that they will not go forth hungry, but that we are here to serve them to our fullest capacity. Let us hear again the great cry and the great challenge that they give to us, as they plead unto us for relief. Let us repeat and fulfill the injunction of the Scripture, "That which thy hand finds to do, do it with thy might." Thus it is we remain to perform the task that we may be just to man and faithful to God.

Mr. McNARY. Mr. President, I know of no Senator who desires to conclude the work of this session until emergent and essential legislation shall have been given careful consideration; at least, I can say for myself, Mr. President, it is far from my notion that we should adjourn until that shall have been done. For several days I have entertained an ambition that we might conclude the work of this session by Saturday night. I still cling to that hope, and believe that by night sessions we might consider what the majority of the Senate would consider as a program of essential and emergent legislation. If we can not conclude by Saturday night, then the hours will be shorter when we can conclude if we shall hold night sessions, for if we are not through by Saturday night, if we hold night sessions, we can be through some time next week.

It is not my desire—and I represent merely myself—to apply the whip and spur. I think, however, the country itself would prosper better by closing this session rather than by keeping it open. I think business will revive to a large extent when Congress ceases to discuss public matters and finds an opportunity to express itself by a vote for adjournment.

So far as I personally am concerned, I do not want to cause any Member of the Senate to make a sacrifice of his health or to cause him any unnecessary inconvenience, but I think we all should make some sacrifice; and I think it is a small one, in view of the situation of the country, for us to stay here at night and work. I think we are quite as well off working here and discussing public problems as we would be if we were away. That is my view, and that is the reason I expressed myself as I did last evening in asking that the Senate continue its session.

Of course the majority of the Senate must control the proceedings, and if a majority of the Senate to-night should decide to recess, I shall have no complaint so far as I am concerned; but, speaking for some on this side of the Chamber, and some, I think, on the other side, I believe we should stay here and work, and I shall do so uncomplainingly. I shall be just as uncomplaining if it should be decided to recess; but upon that question, if a motion is made, I desire a record vote.

Mr. NORRIS. Mr. President, I accept in the best of faith the suggestion made by the Senator from Oregon, and I move that the Senate takes a recess until to-morrow at 11 o'clock, and on that motion I ask for the yeas and nays.

The PRESIDING OFFICER. The question is on the motion of the Senator from Nebraska, on which the yeas and nays are demanded. Is the demand seconded?

The yeas and nays were ordered.

PURCHASE OF SILVER

Mr. PITTMAN. Mr. President, I ask unanimous consent to have printed in the RECORD the report of the Committee on Banking and Currency on Senate bill 3606, known as the silver purchase bill, which was introduced by me and which I discussed in the Senate on last Saturday, June 18, at which time I placed in the RECORD the correspondence with the Secretary of the Treasury with regard thereto.

There being no objection, the report (No. 843) was ordered to be printed in the RECORD, as follows:

[Senate Report No. 843, Seventy-second Congress, first session]

PURCHASE OF SILVER PRODUCED IN THE UNITED STATES WITH SILVER CERTIFICATES

Mr. NORBECK, from the Committee on Banking and Currency, submitted the following report (to accompany S. 3606):

The Banking and Currency Committee, to which was referred the bill (S. 3606) to authorize the purchase by the Government of American-produced silver, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes, having considered same, report favorably thereon with the recommendation that the bill do pass with the following amendments:

Page 1, line 6, after the word "States," insert the following: "at any time prior to July 1, 1938."

Page 1, line 9, before the period insert a comma and the following:

"if such market price of silver at such date is not in excess of 10 cents an ounce above the average market price of silver for the three preceding calendar months. The Director of the Mint shall continue to obtain and keep the necessary statistics to determine the price of silver for the purposes of this act, and shall publish the same at least every 30 days, and shall deliver such statement of prices to any person, firm, or corporation tendering silver for purchase by the United States Government under this act."

After section 1 insert the following new section:

"SEC. 2. The silver bullion purchased under the provisions of this act shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained, and the amount of the charges or deductions, if any, to be made; but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under the provisions of existing law."

Change the numbers of sections 2, 3, 4, and 5 of the original bill to 3, 4, 5, and 6, respectively.

Amend the title of the bill so as to read:

"A bill to authorize the purchase by the Government of silver, produced in the United States, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes."

STATEMENT

The primary purpose of the act is to aid in overcoming the oversupply of silver in the markets of the world due to the debasement

and melting up of silver coins by governments and disposing of the metal in the open market.

The secondary purpose of the act is to place in circulation a limited amount of additional currency based upon silver.

This is an emergency act, and its life is limited to a period of six years.

The committee finds as facts:

1. That the extreme and abnormal depression in the price of silver has so lowered the exchange value of the silver money of silver-using countries in relation to our gold-standard money that the purchasing power of the people of such countries in our markets has been greatly decreased, with a serious effect upon our export trade.

2. That such depressed price of silver is not due to an overproduction of the mines in the United States or the rest of the world.

3. That the production of silver for the year 1931 was substantially what it was for the pre-war year of 1913.

4. That the mine production of silver is more or less automatically controlled by the production of copper, lead, and zinc, because 66 per cent of the silver produced in the world is as a by-product of such metals.

5. Such depressed price of silver is chiefly due to an oversupply of silver in the world, such excess supply being derived from the debasement of silver coins through the reduction of fineness of silver content, and through the melting up of silver coins and the sale of the silver residue as metal in the markets of the world.

6. No governments at the present time, except the Government of India, are debasing and melting up silver coins. The Indian Government in 1926 authorized the secretary of the treasury for India to melt up the circulating silver rupee coins in the treasury and as they came into the treasury and to dispose of the metal so derived in the market of the world for the purpose of establishing a gold standard for India. The total amount of such silver sold from the debasement and melting up of silver coins for the past three years was as follows:

	Fine ounces
1929	67,000,000
1930	71,500,000
1931	59,500,000

The total world production from mines during those years was as follows:

	Fine ounces
1929	261,511,985
1930	247,413,900
1931	195,766,700

The British Government for India, notwithstanding that India has gone off the gold-exchange basis, is, nevertheless, continuing the policy and practice of melting up silver rupee coins and selling the metal on the market of the world. Such oversupply must be stopped or counteracted. The treasurer of India demands that mine production shall be reduced. Such a thing is impracticable if not impossible by reason of the fact that two-thirds of all silver produced is produced as a by-product of base-metal mining. The same result can be partially accomplished, however, by temporarily withdrawing from the markets of the world the United States production of silver. In the United States in 1931 there were produced 31,580,000 ounces of pure silver. The withdrawal of such silver from the market would partially offset the oversupply derived from the debasement and melting up of silver coins by governments.

7. The United States Government could lose nothing by the purchase of such silver. It would purchase the silver at the market price and pay for it in silver certificates of $10, $5, and $1 denominations. With silver at the present market price of around 30 cents an ounce the Government would receive 3.3 ounces of pure silver for a $1 certificate. As there is approximately 0.78 of an ounce of pure silver in a standard silver dollar the Government, in addition to the coined standard silver dollar to redeem the silver certificate if and when presented for redemption, would have and hold a reserve of 2.52 ounces of pure silver as additional security for the silver certificate issued or for seigniorage profits if Congress should authorize the disposal of such surplus silver.

8. The silver certificates would go into direct circulation through the payment for mine wages and mine materials. It would not constitute an inflation and would not be a burden upon our gold reserves. It would constitute, however, a small expansion of our currency based on ample silver security. At the present time the issue of such silver certificates would not exceed $1,000,000 per month. The evidence shows that there is little hope or expectation of a very substantial increase in the production of silver in the United States for several years. Such production can only increase through the increase in the production of copper, lead, and zinc. The circulation of silver certificates in the United States has existed for over 40 years. During such period such circulation has varied around $500,000,000, and there has been in the Treasury during most of that time an approximately equal number of standard silver dollars, held for the redemption of such silver certificates. Never in this century has the value of these certificates depreciated or been questioned. This small denomination currency constitutes a large part of the active currency of the country and is quite popular. At the time the $500,000,000 of silver certificates were issued the gold reserves of the United States ranged around $1,000,000,000. At the present time the gold reserves range around $4,000,000,000. It is evident therefore that the small amount of additional currency issued under the act could never even approach the relative amount of silver certificates to gold reserves that existed at the time the present circulating silver certificates were issued.

We submit with this report a statement made by Senator PITTMAN before the subcommittee, which contains a copy of the bill as amended, the report of the Secretary of the Treasury thereon, and correspondence between Senator PITTMAN and the Secretary of the Treasury relative thereto.

The amendments recommended by the subcommittee are as follows:

In the title of the bill strike out the words "American produced" and insert after the word "silver" the words "produced in the United States."

On page 1, line 6, after the word "States" insert "at any time prior to July 1, 1938."

On page 1, line 9, strike out the period at the end of the sentence, insert a comma and the following:

"if such market price of silver at such date is not in excess of 10 cents an ounce above the average market price of silver for the three preceding calendar months. The Director of the Mint shall continue to obtain and keep the necessary statistics to determine the price of silver for the purposes of this act, and shall publish the same at least every 30 days, and shall deliver such statement of prices to any person, firm, or corporation tendering silver for purchases by the United States Government under this act."

After section 1 add a new section to be designated as section 2, as follows:

"SEC. 2. The silver bullion purchased under the provisions of this act shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained, and the amount of the charges or deductions, if any, to be made; but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under the provisions of existing law."

Renumber the remaining sections of the bill, so that the bill will read as follows:

"A bill to authorize the purchase by the Government of silver produced in the United States, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes

"*Be it enacted, etc.*, That silver bullion, the product of mines situated in the United States and of reduction works so located, may be deposited at any United States mint for sale to the United States at any time prior to July 1, 1938; and the Director of the Mint is directed to purchase silver so tendered, not in excess of 5,000,000 ounces per month, at the market price of silver in the United States as of the date of tender, if such market price of silver at such date is not in excess of 10 cents an ounce above the average market price of silver for the three preceding calendar months. The Director of the Mint shall continue to obtain and keep the necessary statistics to determine the price of silver for the purposes of this act, and shall publish the same at least every 30 days, and shall deliver such statement of prices to any person, firm, or corporation tendering silver for purchase by the United States Government under this act.

"SEC. 2. The silver bullion purchased under the provisions of this act shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained, and the amount of the charges or deductions, if any, to be made; but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under the provisions of existing law.

"SEC. 3. Payment for silver bullion purchased under the provisions of this act shall be made in silver certificates, which shall be issued for that purpose in denominations of $10, $5, and $1, and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary for carrying out the foregoing provisions of this act. Silver certificates so issued, and silver certificates heretofore issued, or any silver certificates reissued, shall be legal tender in payment of all debts, public and private, except where otherwise expressly stipulated in the contract, and shall be receivable for customs, taxes, and all public dues. Such certificates, when held by any national banking association or Federal reserve bank, may be counted as a part of its lawful reserve.

"SEC. 4. The silver bullion purchased under the provisions of this act shall be coined into standard silver dollars and subsidiary silver coins sufficient, in the opinion of the Secretary of the Treasury, to meet any demands for redemption of silver certificates issued under the provisions of this act, and such coin shall be retained in the Treasury for the payment of such certificates on demand. The bullion so purchased and obtained under this act, except so much thereof as is coined under the provisions of this act, shall be held in the Treasury for the sole purpose of the redemption of the certificates issued hereunder and in the manner herein provided. Any such certificates or reissued certificates, when presented at the Treasury, shall be redeemed in standard silver dollars, or in subsidiary silver coin, at the option of the holder of the certificates: *Provided*, That, in the redemption of such silver certificates issued under this act, not to exceed one-third of the coin required for such redemption shall be made in subsidiary coins, the balance to be made in standard silver dollars.

"SEC 5. When any silver certificates issued under the provisions of this act are redeemed or received into the Treasury from any source whatsoever, and belong to the United States, they shall

not be retired, canceled, or destroyed, but shall be reissued and paid out again and kept in circulation; but nothing herein shall prohibit the cancellation and destruction of mutilated certificates and the issue of other certificates of like denomination in their stead, as provided by law.

"SEC. 6. The Secretary of the Treasury is authorized to make rules and regulations for carrying out the provisions of this act."

ADDITIONAL EXPENDITURES FOR COMMITTEE ON CONSERVATION OF WILD ANIMAL LIFE

Mr. PITTMAN. Mr. President, there is a Senate resolution on the calendar which is an emergency resolution providing an appropriation of $7,500 from the contingent fund to pay the expenses of a committee that desires to close up its business. I refer to the Senate Committee on the Conservation of Wild Animal Life Resources. The resolution has been approved unanimously by the committee, and I should like to have it adopted. The resolution was not submitted by me, but I do not think there is any objection to it.

The VICE PRESIDENT. Of course, the motion to recess is not debatable and all this business is being done by unanimous consent. Is there objection to the request of the Senator from Nevada?

Mr. PITTMAN. I asked unanimous consent for the consideration of the resolution.

The VICE PRESIDENT. Will the Senator from Nebraska withhold his motion until other business may be transacted?

Mr. NORRIS. I do not want to withhold it for an indefinite time, but I have no objection to yielding to any request for unanimous consent.

The VICE PRESIDENT. The Chair understands the motion to be temporarily withheld, and the Senator from Nevada is recognized.

Mr. PITTMAN. I ask unanimous consent for the consideration of Senate resolution 203, being order of business 723.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the resolution which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment in line 5, after the word "purposes," to strike out "$10,000" and insert "$7,500," so as to make the resolution read:

Resolved, That the special committee directed by Senate Resolution No. 246, agreed to April 17, 1930, to investigate appropriate methods for the replacement and conservation of wild animal life hereby is authorized to expend in furtherance of such purposes $7,500 in addition to the amount heretofore authorized.

The VICE PRESIDENT. The question is on agreeing to the amendment to the resolution.

The amendment was agreed to.

The resolution, as amended, was agreed to.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Nebraska has consented to withhold his motion until I may make a brief statement and request.

It had been my hope that the labors of the Senate might be concluded by Saturday. Frankly, I desired to have the opportunity of attending the Democratic National Convention, which is expected to nominate the next President of the United States. Nevertheless, it seems to me that my first duty is to remain in attendance upon this body until its labors shall have been concluded, and I feel that other Senators who do not find it imperative to go away should remain here.

It seems to me that the debate on the pending bill is being prolonged so that a conclusion concerning it may be deferred for an indefinite time; and I am wondering whether it would be practicable to enter into an agreement that after 5 o'clock to-morrow afternoon the debate shall be limited so that no Senator may speak more than once nor longer than 10 minutes on the bill or on any amendment that may be offered thereto. Assuming that the Senate shall meet to-morrow morning at 11 o'clock, that will afford six hours without any limitation; and it will put into effect a reasonable limitation that will probably bring to a decision the issues involved in this bill some time late to-morrow.

Mr. LA FOLLETTE. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Wisconsin?

Mr. ROBINSON of Arkansas. I yield.

Mr. LA FOLLETTE. I should like to ask the Senator from Washington [Mr. JONES] if he intends to bring up to-morrow the conference report on the economy bill, which I understand is likely to lead to a good deal of debate?

Mr. ROBINSON of Arkansas. Mr. President, I hope that the pending bill may be disposed of before other controversial matters are brought into the Senate, for the reason that it will be necessary to get the bill into conference at an early date in order that the conferees may have a reasonable opportunity for agreeing within a few days.

Mr. LA FOLLETTE. Mr. President, if the Senator from Arkansas will yield further, let me say that I agree with him about the importance of pushing along the pending bill, but at the same time I know, from the number of those who have been to see me, that there is bound to be considerable debate on the conference report on the economy bill. Furthermore, because the conference report is a privileged matter, I did not want the Senator to make an estimate that we would have all the time he has indicated to give to the pending bill and then have more than half of it taken by the conference report.

Mr. ROBINSON of Arkansas. My thought is that in all probability consideration of controverted conference reports may be deferred until the vote on the pending bill shall have been reached, if it can be reached under such an arrangement as I am suggesting. I know that there are other appropriation bills to come along, and that some time will be required for their consideration; but in all frankness, I feel that some time is being wasted; that we are not making the best use of our time.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Nebraska?

Mr. ROBINSON of Arkansas. I yield.

Mr. NORRIS. I should like to say to the Senator that I am in entire sympathy with what he is trying to accomplish. I agree with him that we ought to dispose of the pending bill before we take up any other controversial matters that will take time. However, since the Senator has suggested it, I want to ask him that he not prefer his request now. Senators will be thinking about it to-night, mulling it over in their minds, and talking with each other about it, and by to-morrow morning I have an idea we will be in a much better condition to have that suggestion made to us. I suggest that the Senator submit it to the Senate to-morrow instead of now. I know I should like to consult with one or two Senators before I agree to such a request.

Mr. ROBINSON of Arkansas. If that is the judgment of the Senator, I take it that no agreement could be made this evening, and I will not make the request at this time.

Mr. NORRIS. I hope the Senator will withhold it.

Mr. ROBINSON of Arkansas. I will withhold it.

Mr. JONES and Mr. LA FOLLETTE addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arkansas yield; and if so, to whom?

Mr. ROBINSON of Arkansas. I yield first to the Senator from Washington.

Mr. JONES. I was going to suggest that if some arrangement could be made along the line suggested by the Senator from Arkansas, I would be perfectly willing to withhold the privileged matter which has been referred to until the arrangement suggested could be carried out and the pending bill disposed of. I think that would be wise action on the part of the Senate.

Mr. ROBINSON of Arkansas. I desire to thank the Senator from Washington.

Mr. LA FOLLETTE. Mr. President, if the Senator from Arkansas will permit me I wish to say that I think the

Senate has confined itself very well to the subject matter of this bill. True, there was some discussion here on the prohibition question yesterday and a little to-day; but otherwise I think the Senator from New York, in charge of the bill, will agree that there has been a disposition on the part of Senators to confine themselves to the subject matter.

The Senator from Arkansas must take into account that a great many amendments, some of them very important, have been offered to this bill on the floor. So I did not want the statement to rest unchallenged in the RECORD that we have wasted any time on the bill. I think we have worked diligently on it.

I want to cooperate with the Senator, may I say, in getting an early disposition of the bill.

Mr. ROBINSON of Arkansas. Mr. President, I am not complaining, except I do reaffirm that considerable time has been exhausted, if not wasted. Always in the closing hours of a session there is necessity for quick action. At the same time I realize that the importance of this bill, and its character, require that due consideration shall be given it. What I am wishing to avoid, however, is a situation that easily may arise—conference reports disposed of, appropriation bills passed, the friends of this bill delaying a final conclusion concerning it, and then intense pressure for adjournment on the part of the Congress.

I do not feel that this session of Congress ought to adjourn until every effort has been exhausted to dispose of this measure. That was the reason that prompted me to make the suggestion which I have made. I, of course, will withhold the request, since the indications are that it would be objected to at this time.

Mr. LA FOLLETTE. Mr. President, in view of the numerous and complicated amendments which have been adopted to this bill since it has been on the floor, I ask unanimous consent that there may be a reprint of it, showing the amendments as adopted thus far by the Senate.

Mr. ROBINSON of Arkansas. I think that is a good suggestion.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

ADDITIONAL REPORT OF A COMMITTEE

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (H. R. 11638) to amend section 7 of an act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, and for other purposes, reported it without amendment and submitted a report (No. 867) thereon.

EXECUTIVE REPORTS OF POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

ADDITIONAL BILL INTRODUCED

Mr. HASTINGS introduced a bill (S. 4921) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which was read twice by its title and referred to the Committee on the Judiciary.

INVESTIGATION OF RENTAL CONDITIONS IN THE DISTRICT

Mr. CAPPER submitted the following resolution (S. Res. 248), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Whereas despite a precipitate decline in the prices of practically all commodities throughout the United States and within the District of Columbia, there has been no appreciable decrease in rents in the said District; and

Whereas although the incomes of thousands of District residents have been seriously impaired through the present economic condition, the public of the District is paying high rents based upon inflated and fictitious values of rental properties; and

Whereas the Committee on the District of Columbia, in considering the rental situation in the District, has received charges to the effect that rents are being artificially maintained at a high level and that, in numerous cases, rents have recently been increased, while wages of employees of apartment houses have been reduced; and

Whereas the Committee on the District of Columbia believes the health and general welfare of the people of the said District to be imperiled by the exorbitant demands of landlords, and believes also that an investigation of rental and related conditions in the said District is necessary to furnish the Senate with information to serve as a basis for such legislation as may be deemed requisite to protect the health and welfare of the public of the District: Therefore be it

Resolved, That the Committee on the District of Columbia, or a duly authorized subcommittee thereof, be directed to investigate any and all conditions affecting rentals and rental properties in the District.

The committee or subcommittee shall make every effort to ascertain the facts as to the rental conditions in the District of Columbia as to vacancies, rents, construction, and any and all other matters pertinent to the inquiry, including financing of apartment houses and dwelling houses for sale or rent in the said District. The committee or subcommittee, upon discovering in the course of its inquiry evidence of any criminal action, shall promptly communicate such evidence to the proper authorities for prosecution.

The committee or subcommittee shall make a final report of its investigation, with recommendations, to the Senate not later than December 15, 1932. For the purposes of this resolution, the committee or subcommittee is authorized to avail itself of the services of all agencies of the Federal and District Governments in the District of Columbia; to hold hearings and to sit and act at such times and places as it deems advisable; to employ such assistance as it deems necessary; to require, by subpœna or otherwise, the attendance of witnesses and the production of books, papers, and documents; to administer oaths and to take testimony, and to make expenditures to be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee or subcommittee. The total of such expenditures shall not exceed $5,000.

PHILLIP FORMAN

Mr. KEAN. Mr. President, I ask unanimous consent, as in executive session, that we confirm a nomination which has been sent here and approved by the committee—the nomination of Phillip Forman.

Mr. ROBINSON of Arkansas. What is the nomination—for what office?

Mr. KEAN. United States district judge, district of New Jersey.

Mr. NORRIS. No, Mr. President; I do not think we ought to do that.

The VICE PRESIDENT. The Senator from Nebraska objects.

SEVERAL SENATORS. Regular order!

RECESS

The VICE PRESIDENT. The Senator from Nebraska [Mr. NORRIS] has moved that the Senate take a recess until 11 o'clock to-morrow morning. On that question the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). I have a general pair with the Senator from New Hampshire [Mr. KEYES]. Being assured that he would vote as I intend to vote, I am at liberty to vote. I vote "nay."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is necessarily absent, and refrain from voting.

Mr. HASTINGS (when his name was called). I have a pair with the junior Senator from Tennessee [Mr. HULL]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I am advised that I can transfer that pair to the Senator from New Mexico [Mr. CUTTING]. I do so, and will vote. I vote "yea."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote. If at liberty to vote I should vote "nay."

Mr. STEIWER (when his name was called). On this question I am paired with the junior Senator from Texas [Mr. CONNALLY], who is detained from the Chamber. In his absence, and not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WATSON (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH], who is unavoidably detained from the Senate and the city. I transfer that pair to the Senator from Connecticut [Mr. WALCOTT], and will vote. I vote "nay."

The roll call was concluded.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. THOMAS of Idaho (after having voted in the negative). Has the junior Senator from Montana [Mr. WHEELER] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. THOMAS of Idaho. I have a general pair with the Senator from Montana, and therefore withdraw my vote.

Mr. HASTINGS. I transfer my pair with the Senator from Tennessee [Mr. HULL] to the Senator from New Hampshire [Mr. KEYES], and will vote. I vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Colorado [Mr. WATERMAN] with the Senator from Florida [Mr. FLETCHER]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Washington [Mr. DILL].

The result was announced—yeas 38, nays 32, as follows:

YEAS—38

Ashurst	Coolidge	Jones	Pittman
Bailey	Copeland	King	Robinson, Ark.
Barkley	Costigan	La Follette	Schall
Black	Couzens	Lewis	Sheppard
Blaine	George	McKellar	Shipstead
Borah	Gore	Morrison	Trammell
Broussard	Harrison	Neely	Wagner
Bulkley	Hayden	Norbeck	Walsh, Mass.
Caraway	Howell	Norris	
Cohen	Johnson	Nye	

NAYS—32

Austin	Dale	Hebert	Robinson, Ind.
Bankhead	Dickinson	Kean	Shortridge
Barbour	Fess	McGill	Stephens
Bratton	Frazier	McNary	Thomas, Okla.
Bulow	Goldsborough	Moses	Townsend
Byrnes	Hale	Oddie	Vandenberg
Capper	Hastings	Patterson	Watson
Carey	Hatfield	Reed	White

NOT VOTING—26

Bingham	Glass	Long	Tydings
Brookhart	Glenn	Metcalf	Walcott
Connally	Hawes	Smith	Walsh, Mont.
Cutting	Hull	Smoot	Waterman
Davis	Kendrick	Steiwer	Wheeler
Dill	Keyes	Swanson	
Fletcher	Logan	Thomas, Idaho	

So Mr. NORRIS's motion was agreed to; and the Senate (at 6 o'clock and 44 minutes p. m.) took a recess until tomorrow, Wednesday, June 22, 1932, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate June 21 (legislative day of June 15), 1932

COAST GUARD

The following-named officers in the Coast Guard of the United States:

Commander Muller S. Hay to be a captain, to rank as such from June 15, 1932, in place of Capt. Harry G. Hamlet, promoted.

Lieut. Commander Frank J. Gorman to be a commander, to rank as such from June 15, 1932, in place of Commander Muller S. Hay, promoted.

Lieut. Raymond V. Marron to be a lieutenant commander, to rank as such from May 15, 1932.

PROMOTIONS IN THE NAVY

Commander Raymond A. Spruance to be a captain in the Navy from the 30th day of June, 1932.

Lieut. Asa Van R. Watson to be a lieutenant commander in the Navy from the 1st day of February, 1932.

The following-named lieutenants to be lieutenant commanders in the Navy from the 30th day of June, 1932:

Roger F. McCall.	James D. Barner.
Louis Dreller.	Malcolm F. Schoeffel.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of June, 1932:

John H. Parrott.

Robert E. Cofer, jr.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 30th day of June, 1932:

John P. B. Barrett.	Lee R. Herring.
Truman J. Hedding.	Thomas U. Sisson.
Clarence E. Ekstrom.	

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 6th day of June, 1932:

Abraham L. Baird.	Samuel B. Frankel.
Charles E. Weakley.	John Andrews, jr.
Robert J. Ramsbotham.	Finley E. Hall.
Williston L. Dye.	John M. Bermingham.
Albert C. Perkins.	James T. Hardin.
Lamar P. Carver.	Robert H. Wilkinson.
Augustus R. St. Angelo.	Donald F. Weiss.
Bruce A. Van Voorhis.	Melvin M. Martin.
Charles O. Triebel.	Francis J. Johnson.
Lowell T. Stone.	Philip R. Osborn.
Richard R. Ballinger.	William J. Richter.

The following-named assistant surgeons to be passed assistant surgeons in the Navy, with the rank of lieutenant, from the 30th day of June, 1932:

Gerald W. Smith.

Thomas M. Arrasmith, jr.

Glenn S. Campbell.

The following-named assistant dental surgeons (temporary) to be assistant dental surgeons in the Navy, with the rank of lieutenant (junior grade), from the 1st day of July 1932:

Merritt J. Crawford.

Adolph W. Borsum.

Radio Electrician Will R. McCutchan to be a chief radio electrician in the Navy, to rank with but after ensign, from the 26th day of January, 1932.

Commander Guy E. Baker to be a captain in the Navy from the 30th day of June, 1932.

The following-named lieutenant commanders to be commanders in the Navy from the 30th day of June, 1932:

Mahlon S. Tisdale.

James L. King.

Lieut. (Junior Grade) Rufus E. Rose to be a lieutenant in the Navy from the 30th day of June, 1932.

Commander Henry K. Hewitt to be a captain in the Navy from the 30th day of June, 1932.

Lieut. Commander Ralph S. Wentworth to be a commander in the Navy from the 30th day of June, 1932.

Lieut. Rutledge Irvine to be a lieutenant commander in the Navy from the 1st day of July, 1931.

Lieut. Roy W. Bruner to be a lieutenant commander in the Navy from the 30th day of June, 1932.

Lieut. (Junior Grade) Philip R. Coffin to be a lieutenant in the Navy from the 1st day of February, 1932.

Lieut. (Junior Grade) Everett H. Browne to be a lieutenant in the Navy from the 1st day of May, 1932.

POSTMASTERS

ARIZONA

William I. Welker to be postmaster at Bowie, Ariz., in place of L. E. Hempstead, resigned.

ARKANSAS

Alfred J. Jefferies to be postmaster at Clarendon, Ark., in place of H. S. Irwin, removed.

Jesse J. Capps to be postmaster at Pangburn, Ark., in place of G. E. Crosby. Incumbent's commission expired May 25, 1932.

CALIFORNIA

Lola P. Neff to be postmaster at Biggs, Calif., in place of L. P. Neff. Incumbent's commission expired May 22, 1932.

Lola F. Thornton to be postmaster at Durham, Calif., in place of L. F. Thornton. Incumbent's commission expired May 22, 1932.

Nicholas Nanassy to be postmaster at Fontana, Calif., in place of E. A. Rees. Incumbent's commission expired May 14, 1932.

M. Earle Adams to be postmaster at Healdsburg, Calif., in place of M. E. Adams. Incumbent's commission expired May 22, 1932.

Linnie Jouett to be postmaster at Hobart Mills, Calif., in place of Mary Goble, resigned.

Charles E. Kline to be postmaster at Willows, Calif., in place of J. J. West, deceased.

COLORADO

Emmons Ringle to be postmaster at Sugar City, Colo., in place of J. H. O'Connell, deceased.

FLORIDA

William A. Murphy to be postmaster at Homestead, Fla., in place of Sherwood Hodson, removed.

IDAHO

John E. McBurney to be postmaster at Harrison, Idaho, in place of J. E. McBurney. Incumbent's commission expired March 2, 1932.

ILLINOIS

Charles M. Jacobi to be postmaster at Bunker Hill, Ill., in place of J. H. Truesdale, deceased.

Roy W. Stott to be postmaster at Evergreen Park, Ill., in place of C. A. Draper, removed.

Glenn S. Wade to be postmaster at Farina, Ill., in place of G. S. Wade. Incumbent's commission expired January 10, 1932.

Imon A. Bankson to be postmaster at Mound City, Ill., in place of T. J. Perks. Incumbent's commission expired March 22, 1932.

Hugh A. J. McDonald to be postmaster at Rock Island, Ill., in place of H. A. J. McDonald. Incumbent's commission expired January 27, 1932.

William M. Repine to be postmaster at Tiskilwa, Ill., in place of W. M. Repine. Incumbent's commission expired December 15, 1931.

INDIANA

Harry R. Hayes to be postmaster at Lawrenceburg, Ind., in place of John Stahl, resigned.

Horace P. Goff to be postmaster at Middletown, Ind., in place of W. C. Farrell. Incumbent's commission expired May 12, 1932.

Iva D. Myers to be postmaster at Millersburg, Ind., in place of I. D. Myers. Incumbent's commission expired May 12, 1932.

Vivian Milburn to be postmaster at Patoka, Ind., in place of Vivian Milburn. Incumbent's commission expired January 28, 1931.

Ernest C. Hefner to be postmaster at Roanoke, Ind., in place of E. C. Hefner. Incumbent's commission expired May 17, 1932.

Curtis D. Richards to be postmaster at Sharpsville, Ind., in place of J. M. Cage, resigned.

IOWA

John C. Erton to be postmaster at Blairsburg, Iowa, in place of J. C. Erton. Incumbent's commission expired December 19, 1931.

Alwin W. Michaelsen to be postmaster at Dow City, Iowa, in place of W. C. Rolls, deceased.

Vern U. Waters to be postmaster at Havelock, Iowa, in place of O. M. Bloomer, resigned.

Charles A. Bowman to be postmaster at Iowa City, Iowa, in place of C. C. Shrader, deceased.

Ralph L. Rinehart to be postmaster at Monroe, Iowa, in place of H. J. Perrin, resigned.

Bert Underbakke to be postmaster at Rake, Iowa, in place of A. K. Marsaa, removed.

Ralph R. Fear to be postmaster at Williams, Iowa, in place of Carl Wulkau. Incumbent's commission expired January 10, 1932.

KANSAS

James W. Busenbark to be postmaster at Belpre, Kans., in place of J. M. Arbogast. Incumbent's commission expired December 19, 1931.

LOUISIANA

Cassius E. Jolley to be postmaster at Berwick, La., in place of E. S. Rogers. Incumbent's commission expired May 26, 1932.

Fred E. Callaway to be postmaster at Jonesboro, La., in place of F. E. Callaway. Incumbent's commission expired May 26, 1932.

Hester M. Clark to be postmaster at Many, La., in place of J. W. Miller. Incumbent's commission expired May 2, 1932.

Stephen O. Wilson to be postmaster at Vivian, La., in place of Daniel Crowe. Incumbent's commission expired May 17, 1932.

MARYLAND

Edythe A. Baker to be postmaster at Aberdeen, Md., in place of A. E. Andrew, removed.

William Marshall to be postmaster at Lonaconing, Md., in place of William Marshall. Incumbent's commission expired January 10, 1932.

MICHIGAN

Joseph J. Voice to be postmaster at Fife Lake, Mich., in place of D. E. Hills, deceased.

James Cameron to be postmaster at Parma, Mich., in place of B. F. Peckham. Incumbent's commission expired January 31, 1932.

Raymond A. Liken to be postmaster at Sebewaing, Mich., in place of H. G. Muellerweiss. Incumbent's commission expired January 9, 1932.

Hugh H. Hanna to be postmaster at Tecumseh, Mich., in place of H. W. McClure. Incumbent's commission expired January 9, 1932.

MINNESOTA

Roy A. Smith to be postmaster at Beardsley, Minn., in place of R. A. Smith. Incumbent's commission expired April 23, 1932.

Herbert G. Carlson to be postmaster at Gibbon, Minn., in place of C. G. Carlson, deceased.

Joseph Pott to be postmaster at Glencoe, Minn., in place of A. W. Austin, deceased.

Stephen Singer to be postmaster at Goodridge, Minn., in place of J. M. Payne. Incumbent's commission expired January 18, 1932.

MISSOURI

Harley L. Collins to be postmaster at Bethany, Mo., in place of M. M. Wightman. Incumbent's commission expired May 12, 1932.

Frederick M. Rich to be postmaster at Perry, Mo., in place of F. M. Rich. Incumbent's commission expired May 12, 1932.

Rufus G. Beezley to be postmaster at Steelville, Mo., in place of R. G. Beezley. Incumbent's commission expired January 18, 1932.

Ora M. Anderson to be postmaster at Waynesville, Mo., in place of J. A. Davis, resigned.

Winford E. Cahill to be postmaster at Windsor, Mo., in place of T. C. Harris. Incumbent's commission expired April 9, 1932.

NEBRASKA

Joseph L. Hicks to be postmaster at Farnam, Nebr., in place of O. T. Thompson, resigned.

Trevelyan E. Gillaspie to be postmaster at Lincoln, Nebr., in place of T. E. Gillaspie. Incumbent's commission expired May 29, 1932.

Robert J. Boyd to be postmaster at Trenton, Nebr., in place of R. J. Boyd. Incumbent's commission expired May 2, 1932.

NEVADA

Dora E. Richards to be postmaster at Sparks, Nev., in place of D. E. Richards. Incumbent's commission expired April 9, 1932.

NEW JERSEY

Raymond L. Buck to be postmaster at Hammonton, N. J., in place of J. L. O'Donnell, resigned.

Weston Rice to be postmaster at Lake Como, N. J., in place of Weston Rice. Incumbent's commission expired December 15, 1931.

NEW YORK

George G. Taylor to be postmaster at Canaan, N. Y., in place of E. M. Babcock. Incumbent's commission expired May 14, 1932.

Enoch E. Carpenter to be postmaster at Chestertown, N. Y., in place of C. F. Parker, deceased.

Frank R. Hanson to be postmaster at Sea Cliff, N. Y., in place of F. R. Hanson. Incumbent's commission expired February 24, 1931.

NORTH CAROLINA

Howard P. Holshouser to be postmaster at Blowing Rock, N. C., in place of C. S. Prevette. Incumbent's commission expired May 26, 1932.

Willis A. Willcox to be postmaster at Halifax, N. C., in place of W. A. Willcox. Incumbent's commission expired May 25, 1932.

Calvin M. Adams to be postmaster at Statesville, N. C., in place of J. M. Sharpe. Incumbent's commission expired May 17, 1932.

OHIO

Henry V. Buel to be postmaster at Malvern, Ohio, in place of J. W. Gorrell, deceased.

OKLAHOMA

Harold D. Larsh to be postmaster at Norman, Okla., in place of G. D. Graves. Incumbent's commission expired February 16, 1931.

David D. Hessel to be postmaster at Hitchcock, Okla., in place of R. E. Bain, removed.

Theodosia Parsons to be postmaster at Mountain View, Okla., in place of Theodosia Parsons. Incumbent's commission expired May 16, 1932.

Floyd O. Hibbard to be postmaster at Snyder, Okla., in place of F. O. Hibbard. Incumbent's commission expired December 16, 1930.

Leroy L. Stryker to be postmaster at Vinita, Okla., in place of Joseph Hunt, jr., deceased.

Clark Moss to be postmaster at Wagoner, Okla., in place of E. B. Foster. Incumbent's commission expired February 10, 1931.

OREGON

Delbert E. Pearson to be postmaster at Carlton, Oreg., in place of A. E. Bones, deceased.

PENNSYLVANIA

Mary K. Schambach to be postmaster at Beaver Springs, Pa., in place of M. K. Schambach. Incumbent's commission expired May 25, 1932.

Edward J. Durbin to be postmaster at Brockway, Pa., in place of G. C. Noblit, removed.

J. Elmer Young to be postmaster at Delaware Water Gap, Pa., in place of M. F. Hauser, deceased.

Samuel J. McMains to be postmaster at Leechburg, Pa., in place of C. F. Armstrong, resigned.

Thomas L. Lebo to be postmaster at New Bloomfield, Pa., in place of T. L. Lebo. Incumbent's commission expired May 29, 1932.

Horace H. Hammer to be postmaster at Reading, Pa., in place of H. H. Hammer. Incumbent's commission expired December 16, 1930.

Allen Very to be postmaster at South Montrose, Pa., in place of G. H. Roberts, removed.

Harry H. Hawkins to be postmaster at Spring Grove, Pa., in place of H. H. Hawkins. Incumbent's commission expired January 8, 1928.

Harry Olldorf to be postmaster at Stroudsburg, Pa., in place of W. D. Heilig. Incumbent's commission expired April 5, 1932.

William H. Deppen to be postmaster at Sunbury, Pa., in place of W. H. Deppen. Incumbent's commission expired May 25, 1932.

William H. D. Moyer to be postmaster at White Haven, Pa., in place of W. H. D. Moyer. Incumbent's commission expired January 5, 1932.

RHODE ISLAND

Peter L. Creighton to be postmaster at Harrisville, R. I., in place of J. H. Riley. Incumbent's commission expired December 17, 1931.

SOUTH DAKOTA

Leonard D. Walters to be postmaster at Bruce, S. Dak., in place of L. D. Walters. Incumbent's commission expired June 12, 1930.

Willis W. Youells to be postmaster at Revillo, S. Dak., in place of P. A. H. Hagen. Incumbent's commission expired May 29, 1932.

Helen E. Becker to be postmaster at Turton, S. Dak. Office became presidential July 1, 1928.

Olin A. Hart to be postmaster at Volin, S. Dak., in place of R. T. Johnson, removed.

TENNESSEE

Orville E. Bogart to be postmaster at Erwin, Tenn., in place of J. F. Toney, jr. Incumbent's commission expired April 30, 1932.

Joseph W. Callis to be postmaster at Germantown, Tenn., in place of J. W. Callis. Incumbent's commission expired May 25, 1932.

Paul E. Walker to be postmaster at Ridgely, Tenn., in place of J. N. Wood. Incumbent's commission expired March 16, 1932.

TEXAS

William B. Hamilton to be postmaster at Laredo, Tex., in place of Sol Rubenstein, deceased.

VIRGINIA

Emmett L. Allen to be postmaster at Glenallen, Va., in place of E. L. Allen. Incumbent's commission expired January 5, 1932.

Claude Neale to be postmaster at Saluda, Va. Office became presidential July 1, 1930.

WASHINGTON

Will H. Lunt to be postmaster at Hoodsport, Wash., in place of Phillip Abbey, resigned.

Coy R. Kern to be postmaster at La Conner, Wash., in place of M. J. Chilberg, deceased.

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 21, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, our Everlasting Father, we wait before Thee with a sense of our manifold needs. Accept our praise for all Thy mercies. Surely Thou hast not restrained them. We trust that we are sincerely grateful for good health; for the privileges and for the joys which bless our daily lives. Above all these, Blessed Lord, we thank Thee for Him, whom Thou hast sent, that our souls may be the sanctuaries of His beautiful spirit. O may it flow in as ours flows out. Vouchsafe the wisdom that we need, and may we submit ourselves to Thy guidance. Bless us with that unity which comes from mutual regard and respect. Minister unto us a sense of the abiding realities, namely, faith, hope, and love. Thus labor shall be made easy, charity zealous, and our aspirations shall be as a climbing flame. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 8173. An act to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination; and

H. R. 10825. An act to authorize the transfer of certain lands in Fayette County, Ky., to the Commonwealth of Kentucky.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 182. Joint resolution amending the joint resolution authorizing the erection on the public grounds in the city of Washington, D. C., of a memorial to William Jennings Bryan.

PRIVATE CALENDAR

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that it shall be in order to-day to recess until 8 o'clock to-night, and that it shall be in order from 8 o'clock until half past 10 o'clock to-night to consider under the old rule bills unobjected to on the Private Calendar commencing where the call last left off.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, the gentleman from Alabama [Mr. BANKHEAD] on Saturday stated that the work of the House was virtually completed. The majority leader is aware of the fact that night sessions are quite exacting on certain Members who follow closely the Private Calendar.

I wish to inquire whether it would not be compatible with the program of the majority to have some day this week, or to have some portion of a day this week, set aside for the consideration of the Private Calendar rather than to have night sessions?

Mr. RAINEY. Conference reports will be coming in.

Mr. STAFFORD. Can not bills on the Private Calendar be considered after the conference reports are acted upon?

Mr. RAINEY. That might be possible.

Mr. STAFFORD. It is rather exacting on Members to be here five or six hours, and I am sure the majority leader will realize that an added two hours at an evening session is quite a strain.

Mr. RAINEY. I appreciate that fact.

Mr. STAFFORD. What is planned for to-morrow?

Mr. RAINEY. There is no plan, except some conference reports may be taken up.

Mr. STAFFORD. Why not consider bills on the Private Calendar to-morrow?

Mr. BLANTON. Will the gentleman yield?

Mr. STAFFORD. For the time being I object.

Mr. BLANTON. Unless bills on the Private Calendar are taken up to-night, it will not serve any purpose to take them up later.

Mr. STAFFORD. Oh, yes.

Mr. BLANTON. Congress will probably adjourn this week.

Mr. LAGUARDIA. Oh, no.

Mr. BLANTON. Yes; I think it will.

Mr. LAGUARDIA. No; not until we pass a relief bill.

Mr. STAFFORD. I think we can find time during day sessions to consider the Private Calendar.

Mr. RAINEY. To-morrow is Calendar Wednesday.

Mr. STAFFORD. For the time being, I object, Mr. Speaker.

THE REPUBLICAN PROMISES AND FACTS

Mr. RAINEY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. RAINEY. Mr. Speaker, under leave to extend my remarks in the RECORD, I herewith print in parallel columns, without comment, some expressions from recent Republican platforms, and also some extracts from speeches of President Hoover and Senator DICKINSON.

THE DEADLY PARALLEL

"A Democratic tariff has always been followed by business adversity; a Republican tariff by business prosperity." (Republican national platform of 1904.)	"We meet in a period of widespread distress and of an economic depression that has swept the world. The emergency is second only to that of a great war. The human suffering occasioned may well exceed that of a period of actual conflict.
"* * * Through the wisdom of Republican policies and the capacity of Republican administrations the foundations have been laid and the greatness and prosperity of the country firmly established." (Republican national platform of 1928.)	"The supremely important problem * * * is to break the back of the depression * * * and to bring encouragement and relief to the thousands of American families that are sorely afflicted." (Republican national platform of 1932.)
"We produced a fundamental program which made this restored employment secure on foundations of prosperity." (Speech of Candidate Hoover, Newark, N. J., September 17, 1928.)	On June 4, 1932, President William Green, of the American Federation of Labor, said that a survey showed the number of unemployed in the United States in March was 10,500,000.
"Were it not for sound governmental policies and wise leadership, employment conditions in America would be similar to those existing in many parts of the world." (Speech of Candidate Hoover, Newark, N. J., September 17, 1928.)	"I need not recount to you that the world is passing through a great depression. * * * Our economic strength is such that we could have recovered long since but for these forces from abroad." (Speech of President Hoover, Detroit, September 21, 1931.)
	"The tide of employment has changed in the right direction." (President Hoover, January 21, 1930.)
"Herbert Hoover was at grips with the forces of depression before the country as a whole had time to realize the menace it faced." (Keynote speech of Senator DICKINSON, Chicago convention, June 14, 1932.)	"The low point of business and unemployment was the latter part of December and early January. * * * All the evidences indicate that the worst * * * will have been passed during the next 60 days." (President Hoover, March 7, 1930.)
	"The depression is but a temporary halt in the prosperity of a great people. The income of a large part of our people has not been reduced." (President Hoover, October 2, 1930.)
	"We find fundamental national gains. There has been a distinct gain in public health." (President Hoover, December 8, 1931.)
"His (President Hoover's) first act prevented a financial panic." (Keynote speech of Senator DICKINSON.)	For 1931 Federal Reserve Board reported 2,290 bank suspensions, with deposits of $1,759,000,000, as compared with 642 suspensions and deposits of $234,532,000 in 1929. Question: What constitutes a "financial panic"?
"To this end he (the President) summoned to the White House industrial leaders of the Nation and obtained from them a promise to maintain existing wage scales as long as it was possible to do so." (From keynote speech of Senator DICKINSON.)	On December 30, 1931, the American Federation of Labor informed the Senate Committee on Manufactures that wage losses in the United States in 1931 as compared with 1929 were $11,000,000,000 for wage-earning class and $7,000,000,000 to $9,000,000,000 additional for the salaried workers.
"More than 2,000,000 families in the United States earn their living to-day producing goods for export, and another million families earn their living in the manufacture of raw materials which we import in exchange for our exports." (Speech of Candidate Hoover, Newark, N. J., September 17, 1932.)	Total foreign commerce for first five months of 1932 was $1,363,969,000 as compared with $4,162,725,000 for first five months of 1929. Decrease, $2,798,756,000, or more than two-thirds. (From official reports, United States Department of Commerce.)

In order to show the extravagant promises made by the Republican Party four years ago I herewith also include the following article from the Baltimore Evening Sun, reproducing word for word the full-page advertisements printed in behalf of Mr. Hoover when he was campaigning four years ago.

[The Evening Sun, Friday, June 17, 1932]

Do you remember when—

"A CHICKEN FOR EVERY POT

"The Republican Party isn't a 'poor man's party.' Republican prosperity has erased that degrading phrase from our political vocabulary.

"The Republican Party is equality's party—opportunity's party—democracy's party, the party of national development, not sectional interests—the impartial servant of every State and condition in the Union.

"Under higher tariff and lower taxation America has stabilized output, employment, and dividend rates.

"Republican efficiency has filled the workingman's dinner pail—and his gasoline tank besides—made telephone, radio, and sanitary plumbing standard household equipment. And placed the whole Nation in the silk-stocking class.

"During eight years of Republican management we have built more and better homes, erected more skyscrapers, passed more benefactory laws, and more laws to regulate and purify immigration, inaugurated more conservation measures, more measures to standardize and increase production, expand export markets, and reduce industrial and human junk piles than in any previous quarter century.

"Republican prosperity is written on fuller wage envelopes, written in factory chimney smoke, written on the walls of new construction, written in savings-bank books, written in mercantile balances, and written in the peak value of stocks and bonds.

"Republican prosperity has reduced hours and increased earning capacity, silenced discontent, put the proverbial 'chicken in every pot.' And a car in every back yard, to boot.

"It has raised living standards and lowered living costs.

"It has restored financial confidence and enthusiasm, changed credit from a rich man's privilege to a common utility, generalized the use of time-saving devices, and released women from the thrall of domestic drudgery.

"It has provided every county in the country with its concrete road and knitted the highways of the Nation into a unified traffic system.

"Thanks to Republican administration, farmer, dairyman, and merchant can make deliveries in less time and at less expense, can borrow cheap money to refund exorbitant mortgages, and stock their pastures, ranges, and shelves.

"Democratic management impoverished and demoralized the railroads, led packing plants and tire factories into receivership, squandered billions on impractical programs.

"Democratic maladministration issued further billions on mere 'scraps of paper,' then encouraged foreign debtors to believe that their loans would never be called, and bequeathed to the Republican Party the job of mopping up the mess.

"Republican administration has restored to the railroads solvency, efficiency, and par securities.

"It has brought the rubber trades through panic and chaos, brought down the prices of crude rubber by smashing monopolistic rings, put the tanner's books in the black and secured from the European powers formal acknowledgment of their obligations.

"The Republican Party rests its case on a record of stewardship and performance.

"Its presidential and congressional candidates stand for election on a platform of sound practice, Federal vigilance, high tariff, constitutional integrity, the conservation of natural resources, honest, and constructive measures for agricultural relief, sincere enforcement of the laws, and the right of all citizens, regardless of faith or origin, to share the benefits of opportunity and justice.

"Wages, dividends, progress, and prosperity say, 'Vote for Hoover.'"

The stirring description of Elysium printed above is a word-for-word reprint of one of the full-page advertisements printed in behalf of Mr. Hoover when he was campaigning four years ago. In view of the fact that he was yesterday renominated by the Republican convention, the material has a certain piquant interest.

SPEAKER GARNER

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for one-quarter of a minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. I simply want to take this opportunity of extending the felicitations of the minority Members of the House on the return of our Speaker to his accustomed duties. [Applause.]

We hope he has entirely recovered his health and will be with us the balance of the session.

The SPEAKER. The Chair congratulates the House on this exhibition of Christian spirit. [Laughter and applause.]

For the past five or six days the Chair has had an opportunity to think calmly and uninterruptedly for the first time in six months, and he has come to a final conclusion on one subject, and that is that the greatest blessing God can give man is health. [Applause.]

The Chair wishes every Member of this House the greatest of blessings, good health.

INVESTIGATION OF CAMPAIGN EXPENDITURES

Mr. WARREN. Mr. Speaker, I present a privileged report from the Committee on Accounts (H. Res. 202).

The Clerk read as follows:

Resolved, That there shall be paid, out of the contingent fund of the House, not to exceed $25,000 for the expenses of the select committee appointed under authority of House Resolution 201 to investigate the campaign expenditures of the various candidates for the House of Representatives in both parties.

With the following committee amendment:

Line 2, strike out "$25,000" and insert in lieu thereof "$10,000."

Mr. WARREN. Mr. Speaker, I think it is appropriate for me to call the attention of the House and to again remind Members that when we pass resolutions calling for investigations they cost money.

Each year in the legislative appropriation bill there is set aside the sum of $50,000 for the appointment of special and select committees. I wish to inform the House that if we pass the resolutions to-day, which have come out of the Committee on Accounts, this special fund for the fiscal year of 1933 will be overdrawn by approximately $25,000, and that we must hastily secure an estimate from the Budget and go to the Senate and increase our fund by that much. Of course, it is nothing new for the House to exceed that amount.

During the fiscal year 1931 there was expended for investigations $105,000. During the fiscal year 1932 there was expended $70,000, and inclusive of the two resolutions I am now presenting there will be expended during the fiscal year 1933 the sum of $75,000. This particular resolution called for the expenditure of $25,000. So far as I now recall the first committee set up by the House to investigate campaign expenses was in 1929, and I believe the gentleman from New Jersey [Mr. LEHLBACH] was the chairman of that committee. The Committee on Accounts authorized $20,000 for that investigation, but there was actually spent $4,775.69. In 1931 a similar committee was set up by the House, again under the chairmanship of the gentleman from New Jersey [Mr. LEHLBACH], and $10,000 was authorized. However, that committee did not spend five cents. The Committee on Accounts has amended this resolution to authorize the expenditure of $10,000.

Mr. SNELL. Will the gentleman yield?

Mr. WARREN. Yes.

Mr. SNELL. I compliment the chairman of the Accounts Committee for cutting down the amount. Probably the committee will not spend much this year, but I think it is proper that such a committee should be set up so that if there is any reason for an investigation there is some source to which we may go. I would like to ask the gentleman how many investigations we have going at the present time.

Mr. WARREN. We have the investigation which was authorized by an almost unanimous vote, coming from the Committee on Interstate and Foreign Commerce, in reference to holding companies. We have the investigation of the silver question being conducted by the Committee on Coinage, Weights and Measures. That investigation was approved by the almost unanimous vote of the House. Then we have this one for campaign expenditures and then we have the Shannon committee.

Mr. BLANTON. Will the gentleman yield?

Mr. WARREN. I yield.

Mr. BLANTON. Outside of the regular hearings by our regular committees I want to ask the gentleman if he considers that any good has come from all of the investigations that have been authorized, such as the coal investigation, which cost $600,000, the Graham of Illinois investigation, and the Walsh investigation, which cost hundreds of thousands of dollars, and all the others we have had in the last 12 years? Does the gentleman know of one single thing that has been accomplished by such investigations or any good that has come from them?

Mr. WARREN. Frankness compels me to say I do not.

Mr. BLANTON. I hope we will stop this continual expenditure of money for investigations that accomplish nothing.

Mr. MICHENER. Will the gentleman yield?

Mr. WARREN. Yes.

Mr. MICHENER. I agree with what the gentleman has just said, especially with respect to his response to the gentleman from Texas. I want to call the gentleman's attention to the fact that the next order of business before the House this afternoon will be House Resolution 226, which provides for another one of these investigations. The committee provided for in the resolution is given unlimited authority to go anywhere and investigate anything which the committee might think advisable. I hope the gentleman will join with us on this side in trying to conserve the resources of the country and not create another investigating committee at this time.

Mr. WARREN. I know nothing about that resolution, but I am certainly open to reason on it.

Mr. UNDERHILL. Will the gentleman yield?

Mr. WARREN. Yes.

Mr. UNDERHILL. I intended to wait until the Sabath resolution was offered before presenting to the House a few facts with reference to what we have been doing in the House in the last four years. Up to four years ago the House authorized occasional investigating committees, but in the last few years the House has been as crazy as the Senate was four years ago in appointing special committees, and the expense has been tremendous. None of these committees has accomplished much of anything. These investigations lead nowhere. I have continually opposed them in the Committee on Accounts, but we can not stop them in the Committee on Accounts. The House authorizes these committees, and that is a mandate to the Committee on Accounts to provide a sufficient sum to carry on the work of those committees. All of the committees established have cost in the neighborhood of a half-million dollars, yet there has not been one single constructive piece of legislation brought about, so far as I have been able to learn.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. UNDERHILL. Yes.

Mr. COCHRAN of Missouri. The gentleman condemned all investigating committees of Congress that have been formed. I want to ask the gentleman this question: Does the gentleman mean to say that the Senate oil investigation was not of benefit to the country?

Mr. UNDERHILL. I am not responsible for what the Senate did or does. I would hate to have that on my conscience, but I am partially responsible for what the House does. These committees are asked for in the best of good faith, but when they get into the subject they find they can not accomplish what they expect to accomplish.

Mr. EATON of Colorado. If the gentleman will permit, I would like to draw the gentleman's attention to the action of the special committee of the Public Lands Committee in connection with the investigation of oil-shale matters during the Seventy-first Congress. We were denied any funds whatsoever, but that investigation was continued for months. Not only did actual good come out of it but hundreds of people who had been denied their rights had their claims adjusted, and there was a change in the personnel of the department concerned. Yet the Committee on Accounts refused to recognize that special committee and refused to give it any money.

Mr. UNDERHILL. That proves that the regular committees of this House can function and carry on public business without special committees and additional expense. If the standing committee to which the gentleman has referred could accomplish such good results, then all the rest of the committees can function equally well.

Mr. WARREN. In response to the inquiry made by the gentleman from New York, I omitted to state that the House has already authorized an investigation with reference to Judge Louderbach in California.

I wish to say in this connection that the Judiciary Committee came in here and had passed a resolution, without consulting the Committee on Accounts or its chairman, and it was passed by the House without our knowledge. Of course, the money would, no doubt, have been authorized; but as a courtesy to the Committee on Accounts, the Judiciary Committee should certainly have come to the Accounts Committee.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. WARREN. I yield.

Mr. LAGUARDIA. I am sure that on reflection the gentleman will realize that on a matter as delicate and as specialized as that of the judicial conduct of a judge, the Committee on the Judiciary must act and can not refrain from acting by consulting another committee.

Mr. UNDERHILL. That has been the general practice.

Mr. LAGUARDIA. We have not yet asked for an appropriation. Of course, I am speaking for myself, because I can not speak for the committee, but we can not submit any review of the necessity of investigating the judicial conduct of a judge to any other committee.

Mr. WARREN. The gentleman entirely misunderstands.

Mr. LAGUARDIA. And the Committee on the Judiciary is the only place where the conduct of a judge may be subjected to scrutiny. There is no other source, and it is not a pleasant duty.

Mr. WARREN. The Committee on Accounts does not review such things. We merely determine, after the House has acted, how much money shall be authorized.

Mr. LAGUARDIA. Exactly. I do not believe we have come to the gentleman's committee for any appropriation.

Mr. WARREN. You do not have to now. That is just the point.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The committee amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Insert after the last word, in line 5, a colon and the following: "*Provided*, The official committee reporters shall serve said committee at its meetings in the District of Columbia."

Mr. STAFFORD. Mr. Speaker, will the gentleman explain the reason for this amendment? It is somewhat unusual in this character of resolution to insert such a provision requiring the committee reporters to serve.

Mr. COCHRAN of Missouri. The House has on an annual basis reporters of committees; and where a special committee can secure the services of the official committee reporters, the Committee on Accounts felt they should serve such special committee instead of having the money which is usually paid for such services paid to outside help.

Mr. STAFFORD. This is the first time I have known of any such limiting provision incorporated in a resolution.

Mr. COCHRAN of Missouri. This is an economy year.

The committee amendment was agreed to.

The resolution was agreed to.

Mr. WARREN. Mr. Speaker, I offer another privileged resolution (H. Res. 271) from the Committee on Accounts.

The Clerk read as follows:

House Resolution 271

Resolved, That the expenses of conducting the investigation authorized by House Resolution 235, creating a special committee to investigate Government competition with private enterprise, shall be paid out of the contingent fund of the House on vouchers authorized by the committee, signed by the chairman thereof, and approved by the Committee on Accounts, but shall not exceed $15,000.

With the following committee amendments:

In line 7, strike out "$15,000" and insert "$10,000."

Insert after the last word in line 7 a colon and the following: "*Provided*, The official committee reporters shall serve the said committee at its meetings in the District of Columbia."

The amendments were agreed to.

The resolution was agreed to.

AGRICULTURAL APPROPRIATION BILL

Mr. SANDLIN. Mr. Speaker, I call up the bill (H. R. 7912) making appropriations for the Department of Agri-

culture for the fiscal year ending June 30, 1933, and for other purposes, with Senate amendments.

The Clerk read the title of the bill.

Mr. SIMMONS. Mr. Speaker, I make the point of order, a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and sixty-four Members present, not a quorum.

Mr. SANDLIN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 104]

Abernethy	Doutrich	Hornor	Shreve
Aldrich	Doxey	Hull, William E.	Sirovich
Arentz	Drane	Igoe	Smith, W. Va.
Bacon	Drewry	Johnson, Ill.	Somers, N. Y.
Beck	Erk	Johnson, Wash.	Spence
Bohn	Estep	Keller	Sullivan, Pa.
Boylan	Finley	Lehlbach	Swing
Brand, Ga.	Fish	Lewis	Thurston
Britten	Flannagan	Luce	Tierney
Brumm	Foss	McGugin	Tilson
Buchanan	Free	Magrady	Tinkham
Buckbee	Freeman	Manlove	Tucker
Carter, Wyo.	Gasque	May	Turpin
Collier	Gifford	Murphy	Wason
Colton	Gillen	Norton, Mrs.	Watson
Connery	Glover	Owen	Weeks
Corning	Golder	Peavey	White
Crosser	Goodwin	Pratt, Harcourt J.	Wigglesworth
Crowther	Hart	Pratt, Ruth	Williams, Tex.
Crump	Hartley	Reid, Ill.	Wood, Ind.
Curry	Hastings	Rogers, N. H.	Yon
De Priest	Hawley	Romjue	
Dickinson	Hess	Sabath	
Douglas, Ariz.	Hogg, W. Va.	Schafer	

The SPEAKER pro tempore (Mr. WOODRUM). Three hundred and twenty-five Members have answered to their names. A quorum is present.

Mr. SANDLIN. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Page 28, line 19, strike out "$9,677,562" and insert "$9,688,762."

Mr. SANDLIN. Mr. Speaker, I offer the following motion.

The Clerk read as follows:

Mr. SANDLIN moves that the House recede from its disagreement to the Senate amendment numbered 14 and agree to the same with an amendment, as follows:

"In lieu of the sum proposed by said amendment insert $9,678,762."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read Senate amendment No. 15, as follows:

Page 30, line 13, strike out "$12,282,422" and insert "$12,293,622."

Mr. SANDLIN. Mr. Speaker, I make the following motion.

The Clerk read as follows:

That the House recede from its disagreement to the Senate amendment numbered 15 and agree to the same with an amendment as follows:

"In lieu of the sum proposed in said amendment insert $12,283,622."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read Senate amendment No. 30, as follows:

Page 40, line 20, strike out "$5,338,138" and insert "$4,980,874."

Mr. SANDLIN. Mr. Speaker, I offer the following motion.

The Clerk read as follows:

Mr. SANDLIN moves that the House recede from its disagreement to the Senate amendment numbered 30, and agree to the same with an amendment, as follows:

"In lieu of the sum proposed in said amendment insert $4,930,874."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read Senate amendment No. 56, as follows:

Page 58, line 1, strike out "$2,627,095" and insert "$2,481,700."

Mr. SANDLIN. Mr. Speaker, I offer the following motion.

The Clerk read as follows:

Mr. SANDLIN moves that the House recede from its disagreement to Senate amendment No. 56, and agree to the same with an amendment, as follows:

"In lieu of the sum proposed in said amendment insert $2,471,700."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 77: Page 87 of the bill, after line 6, insert:

"For the application of such methods of control of grasshoppers as in the judgment of the Secretary of Agriculture may be necessary, in cooperation with such authorities of the States concerned, organizations, or individuals as the Secretary may deem necessary to accomplish such purposes, including the employment of persons and means in the District of Columbia and elsewhere, printing, rent outside of the District of Columbia, and for other expenses, to be immediately available, $1,450,000, of which not to exceed $8,000 may be expended for personal services in the District of Columbia: *Provided*, That except for general administration and supervision, in the discretion of the Secretary of Agriculture, expenditures under this appropriation shall be limited to the purchase and transportation of poisoned bait, or materials for its manufacture, and that the cooperating States shall be responsible for the local distribution and utilization of such bait, including full labor costs: *Provided further*, That in the discretion of the Secretary of Agriculture, no part of this appropriation shall be expended for grasshopper control in any State until such State has provided the necessary organization for the cooperation herein indicated: *And provided further*, That no part of this appropriation shall be used to pay the cost or value of farm animals, farm crops, or other property injured or destroyed."

Mr. SANDLIN. Mr. Speaker, I move that the House further insist on its disagreement to the Senate amendment numbered 77.

Mr. SIMMONS. Mr. Speaker, I offer the following preferential motion which I send to the desk.

The Clerk read as follows:

Mr. SIMMONS moves that the House recede from its disagreement to Senate amendment No. 77 and agree to the same with the following amendment:

In lieu of the matter inserted by such amendment, insert the following:

"GRASSHOPPER CONTROL

"For aiding States in the application of such methods for the control of grasshoppers as in the judgment of the Secretary of Agriculture may be necessary to prevent crop losses, $600,000, to be immediately available: *Provided*, That no part of this appropriation shall be expended (a) by State officials for purposes other than the purchase and transportation of poison bait or materials used in its manufacture, (b) for the payment for any such bait or materials except that which may be contracted for subsequently to the date of the enactment of this act, or (c) for labor in the local distribution or application of any such bait or materials except upon the public domain: *Provided further*, That before payment by the Department of Agriculture for poison bait or materials purchased by any State, all such purchases shall be certified by the head of the State agricultural college and the State entomologist or two comparable State officials responsible for its use: *Provided further*, That in the discretion of the Secretary of Agriculture no part of this appropriation shall be expended for grasshopper control in any State until the necessary State or local organizations for cooperation in carrying out the purposes of this paragraph has been established: *Provided further*, That in no event shall the Federal Government be responsible for the use or application of such poison bait or be liable to any State or any political subdivision thereof, or to any organization, individual, firm, or corporation, for any loss or damage resulting from the spreading or application thereof."

Mr. SANDLIN. Mr. Speaker, most of the Members of the House know this amendment covers what is known as the grasshopper pest. My motion is that the House further insist upon its disagreement. I think the matter has been thoroughly discussed on two different occasions, and most of the Members of the House know what is presented in the motion of the gentleman from Nebraska. Does the gentleman from Nebraska desire any time?

Mr. SIMMONS. I ask the gentleman to yield me 15 minutes.

Mr. SANDLIN. Mr. Speaker, I yield 15 minutes to the gentleman from Nebraska [Mr. SIMMONS]. At the conclu-

sion of his remarks I shall yield 15 minutes to the gentleman from Tennessee [Mr. BYRNS], and at the conclusion of his remarks I shall move the previous question.

Mr. SIMMONS. Mr. Speaker, this matter has been before the House on one other occasion for discussion. At that time it contemplated an appropriation of $750,000, to be used by the Secretary of Agriculture in an effort to control the grasshopper outbreaks in the Western States. The House rejected that plan. We are before the House to-day with a plan whereby $600,000 and not $750,000 is to be appropriated, to be used by the Secretary of Agriculture in aid of those States that are now putting on a campaign. The proposal that we had before on the other occasion did not have the approval of the Secretary of Agriculture. The plan that we now submit has the approval of the Secretary of Agriculture, and in my time I ask that the Clerk read the following letter from the Secretary of Agriculture to Mr. BYRNS on this amendment.

The SPEAKER pro tempore. Without objection, the Clerk will read.

There was no objection, and the Clerk read as follows:

JUNE 20, 1932.

Hon. JOSEPH W. BYRNS,
House of Representatives, Washington, D. C.

DEAR MR. BYRNS: With reference to the proposed appropriation of $600,000 for grasshopper control, I desire to call your attention, and that of your committee to the developments and present status of this proposal.

On June 10 I directed a letter to Hon. J. B. BUCHANAN in which I recounted the many efforts of this department to secure from Congress the authority and the funds to carry out a campaign of grasshopper control under Federal direction. Those efforts persisted from February 4, when the President sent to Congress the original draft for the appropriation, down to May 14, when the Chief of the Bureau of Entomology, Dr. C. L. Marlat, and I appeared before a group of interested Representatives and stated that unless the authority and the funds were made immediately available any Federal control campaign would, on account of the lateness of the time, be ineffective. Congress failed to grant the authority and the funds and this department accordingly advised the States that a program carried out under Federal direction would be impossible.

It appears now that several of the States immediately embarked upon State programs of control, using such means and such funds as were available. The season in the States affected has been later than was anticipated, and the stage of development of the grasshoppers has been thereby retarded. The States and local subdivisions thereof are in many instances seriously hampered by lack of funds.

For the last week the department has had its agents engaged in making field surveys of the situation. Based upon their reports, it now appears that while it is too late to conduct a control campaign under Federal direction, much good can be accomplished and considerable of the crop prospects saved by grants of funds to aid the States financially in the purchase of poisoned bait or materials therefor, thus availing ourselves of the machinery set up by the States or counties and supplementing them beyond the point where their resources might otherwise fail.

From the foregoing considerations I have the honor to recommend the appropriation of a suitable sum, say $600,000 which may be used to assist the States affected in the purchase, after this date, of poisoned bait.

Sincerely,

ARTHUR M. HYDE, *Secretary.*

Mr. SIMMONS. Mr. Speaker, I yield two minutes to the gentleman from Indiana [Mr. PURNELL].

Mr. PURNELL. Mr. Speaker, I want to say frankly that when this grasshopper item was first called to my attention I took the same view that many other Members of the House took. I was inclined to treat it lightly and as a joke. However, I have given the matter more than perfunctory consideration since that time and am firmly convinced that the great Northwest is threatened with a real devastating menace if something is not done by the Federal Government to help those States. The letter of the Secretary of Agriculture has just been read, but I am afraid few Members on the floor got the real purport of it. The Secretary began as far back as February an effort to bring the Federal Government into this picture.

It is true that in May when a subsequent effort was made to revive the matter he advised that it was entirely too late then for the Federal Government to effectively take part, but since that time, I call the attention of the House to the fact the Secretary of Agriculture has had his agents out in the Northwest section and has determined, notwithstanding the lateness of the season, that the Federal Government can now join with the States and help them very materially in their own program to curb these pests. I would be a very ungrateful person indeed if I did not take the floor at this time and make an appeal to the membership of the House to support the motion of the gentleman from Nebraska, since I appeared on the floor of this House a number of times and appealed to the membership in behalf of the great Corn Belt to have the Government help in protecting us from the corn borer. I hope the gentleman's amendment will be agreed to.

Mr. SIMMONS. Mr. Speaker, I yield two minutes to the gentleman from Minnesota [Mr. ANDRESEN].

Mr. ANDRESEN. Mr. Speaker and Members of the House, during the past two discussions of this proposition a large number of Members have considered the matter more or less as a joke, but I appear before you to-day in all seriousness and ask your aid in trying to do something to save the growing crops of eight States in the Middle West. The grasshopper menace has become so bad that millions of acres of growing crops will be destroyed unless cooperation is given by the Federal Government to aid the States and the individuals in the States to do something to control this pest. Gentlemen, you will be interested to learn that the State of Minnesota has taken $150,000 out of its treasury to fight the grasshoppers in our State. The business men of St. Paul and Minneapolis have pledged $500,000 to fight this pest in the States of Minnesota, North Dakota, South Dakota, and Montana, so it will be seen that there is local contribution as far as Minnesota is concerned. I hope the House to-day will approve this amendment for $600,000 as a Federal contribution to help those States fight this pest.

What does it mean if we are not able to control the grasshopper situation in these agricultural States? It simply means that the $22,000,000 which the Government has already invested in loans for seed for these growing crops which are now being destroyed will be lost to the Government. It will mean that millions and hundreds of millions of dollars invested in real-estate mortgages by the Government there will be lost, in addition to the interest on the money which the Federal Government has loaned. Therefore I appeal to you to support the motion of the gentleman from Nebraska. [Applause.]

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. SIMMONS. Mr. Speaker, I yield two minutes to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Speaker, I do not think the Members of this House can accuse me of being one of those who has ever advocated that the Federal Government go entirely out of its sphere to aid the States; but I remember that the people down in my State in the past have been afflicted with the boll weevil, with the pink bollworm, with predatory animals that were destroying our property. The Congress of the United States came generously to our help and did untold service for us. I do not think that this proposal for money to be expended to exterminate pests in the States that are afflicted goes any further out of the way than a hundred things we have already done in Congress. I therefore believe it is the duty of this House, in the light of what we have done in the past, to come to the help of these people whose crops are being ravaged by the grasshopper.

I have seen the ravages of these grasshoppers in my own district, and I know that there is nothing that is as great a blight to crops as the grasshopper. I have lived in an agricultural section all my life, and I do trust that this House in its wisdom will come to the aid of these people whose acres are being laid bare by the ravages of the grasshopper. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. SIMMONS. Mr. Speaker, I yield one minute to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, it may seem strange for a city Member to be interested in this difficulty under which the people of the Northwest are suffering. I am willing to vote for this appropriation because I believe the menace is

serious and is worthy of the support of the city Members; but I want to change the scene a bit, and I want to draw the attention of the gentleman from Kansas [Mr. HOPE], and the other gentleman from Kansas [Mr. MCGUGIN], and the gentleman from North Dakota [Mr. BURTNESS] to a situation that developed in the House the other day when the gentlemen from those agricultural States refused to help those who came from the larger cities on the question of the distribution of flour by the American Red Cross, with the privilege to the Red Cross of exchanging that flour for food, for the poor starving families of New York City, Chicago, Boston, and the other large cities.

I will vote for this amendment, but I want you gentlemen to remember that I helped, and when the time comes you help us. [Applause.]

[Here the gavel fell.]

Mr. SIMMONS. Mr. Speaker, I yield one minute to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Speaker, I have only recently returned from the Northwest, and I say to the House that the situation up there with reference to the grasshopper menace is very, very serious. The Federal Government has in the past several years made advances to the farmers of the Northwest. Last year vast areas of the Northwest were destroyed by drought. If the crop is destroyed this year by the grasshoppers, the Government will recapture but a small part of the money that has been advanced for seed and feed. If our wheat crop is destroyed for the want of $600,000 to control the grasshopper situation, it will be reflected in an increase in the cost of food to the people of the big cities. It is a business proposition, my friends, and I appeal to you to help us get this appropriation so that we may control the situation there. [Applause.]

[Here the gavel fell.]

Mr. SIMMONS. Mr. Speaker, I yield one minute to the gentleman from Colorado [Mr. TAYLOR].

Mr. TAYLOR of Colorado. Mr. Speaker, like the gentleman from Texas, I had a sad personal experience with grasshoppers. When I was a small boy my parents located on the extreme frontier of northwestern Kansas, and for three years everything we planted was eaten by grasshoppers. We were compelled to practically walk out of that country, disheartened and completely bankrupt, so I know what this scourge is. Four years ago we had an invasion or scourge of large black crickets in my district in northwestern Colorado. I went before the Agricultural Appropriations Committee and they gave me an appropriation of $8,000 for three different years. And the officials of the Department of Agriculture superintended the work and the local people did the actual work for three consecutive years, and they have completely wiped them out. It is money well spent, and I hope the House will grant this appropriation. The people of that devastated region are entitled to this relief. [Applause.]

[Here the gavel fell.]

Mr. SIMMONS. Mr. Speaker, I yield one minute to the gentleman from Montana [Mr. EVANS].

Mr. EVANS of Montana. Mr. Speaker, I trust the Members, particularly on my side of the House, will give this matter consideration. There are four or five States, in particular the Dakotas and Montana, that are absolutely under this scourge. You do not have any idea, if you never saw it, what the grasshopper scourge is. As I boy I saw them for a week when we could not see the sun. I saw them when you could not leave your hat or coat on the fence without having it chewed to pieces. I saw them when they actually ate rake handles and pitchfork handles. I saw them leave nothing but a standing tree, which had leaves on it before. That is the condition to-day.

We are not beggars. We are simply afflicted with a scourge. We ask you people in the name of humanity to come to our rescue now, and see if we can not remedy this situation. [Applause.]

[Here the gavel fell.]

Mr. SANDLIN. Mr. Speaker, I yield 15 minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, I have no more interest in this appropriation or in its defeat than any Member here. But I wish to say to the House, if the Committee on Appropriations can sit day after day in an effort to save the money of the people and then because a few Representatives from a limited section of the country ask an appropriation of $600,000 for purposes not recommended by the committee, and it is appropriated over the protest of the committee, then there is nothing we can say. I do not believe the House will do it.

Mr. KNUTSON. Will the gentleman yield?

Mr. BYRNS. No; I can not yield for the moment. Let me make a connected statement, and then I will yield if I have the time.

What is the history of this appropriation? The gentleman from Nebraska, who seems never to realize that there ought to be a time when the Members of the House should not be called upon to continue to vote upon a proposition, came to me last February and he told me then when it was not authorized that if he did not get this appropriation by March 1 it would do no good; and then, later in March; told me April 1; and now here it is June 21, the middle of summer, and we are asked to vote $600,000 out of the Treasury to kill grasshoppers. Senator SHIPSTEAD, in his telegram, which I will print in the RECORD, said if this appropriation were not made last week it would be too late; why insist on it now?

Mr. SIMMONS. Will the gentleman yield?

Mr. BYRNS. Yes; just briefly.

Mr. SIMMONS. I think this ought to be said——

Mr. BYRNS. Just for a statement.

Mr. SIMMONS. Just for a statement. At that time we were talking about a Federal campaign of control. Now we are asking money to help the States carry on their own campaigns.

Mr. BYRNS. The gentleman made his own explanation of that. I am coming to that feature.

What is the history of it? The Senate put this in for $1,450,000. Then the gentleman from Nebraska offered a joint resolution authorizing $1,000,000. A motion was made to suspend the rules and pass this resolution, and without debate a majority of the House refused to second the motion to suspend the rules. It came back to the House as part of the agricultural bill probably two weeks ago, and the gentleman from Nebraska moved to concur with an amendment reducing the appropriation to $750,000, and the House by a record vote or 214 to 124, or a majority of 90, refused to adopt his amendment.

Then it went back to the Senate, and the Senate insisted on its appropriation of $1,450,000, and we are now asked to appropriate $600,000. I suppose if you vote this down you will be asked next time to vote $400,000.

When are we going to have an end to this thing? When are we going to tell the Senate that we do not change our minds over here every other day? When is the Senate going to understand that the House of Representatives does not change its mind simply because somebody asks it to do so?

Now, what is the story? Mr. BUCHANAN printed in the RECORD a letter of the Secretary of Agriculture, and I am going to ask that all this correspondence go in the RECORD because I want to show you how in three days the Secretary of Agriculture has changed his mind and now would have you vote $600,000 out of the Treasury without rhyme or reason and after he had told the House it could not be used. Who was it that brought about this change? Was it my friend from Nebraska, or was it the gentleman from Minnesota [Mr. ANDRESEN], or somebody else who went down there and got the Secretary of Agriculture to change his mind?

Mr. HOWARD. I did not.

Mr. BYRNS. And how is it——

Mr. SIMMONS. Will the gentleman yield?

Mr. BYRNS. I can not yield. And why is it that the Secretary of Agriculture, the head of a great department, who the gentleman from Nebraska or some other gentleman said had been investigating this matter since last February,

told you upon June 11 that it was entirely too late to do any good, and that the appropriation should not be made? Is this change of opinion keeping faith with the repeated appeals of the President to reduce appropriations? Is the President to be put in a false position by one of his own Cabinet members? I know what I would do under such circumstances, if I were President.

Mr. SIMMONS. Will the gentleman yield?

Mr. BYRNS. I can not yield, and I hope the gentleman will not interrupt me further. I want to be courteous to the gentleman, but I want him to be courteous to me and respect my wishes.

Mr. SIMMONS. The gentleman asked a question, and I want to answer it.

Mr. BYRNS. Well, I ask the gentleman to please let me proceed. I know the gentleman's object, but I am not going to let him disturb my presentation of the matter from my viewpoint.

Here is the letter from the Secretary of Agriculture printed in the RECORD upon June 11, in which the Secretary says that it is too late to use this fund.

I hold in my hand a telegram written in confirmation of that letter. The telegram is dated June 16, last Thursday. What does it say? It says:

HON JAMES P. BUCHANAN,
Washington, D. C.:
Present information does not justify change in department's attitude regarding grasshoppers expressed letter to you.
ARTHUR M. HYDE,
Secretary of Agriculture.

No later than last Thursday he sent that telegram. Yet, on Monday, on yesterday, I received the letter which has been read here. Now, what has come over the spirit of the dream of the Secretary of Agriculture? What information has he had since last Thursday that caused him to change his mind and ask you who voted yesterday to cut the salaries of Government employees $100,000,000, to appropriate $600,000 out of the Treasury to please a few of our esteemed friends upon this floor?

If you are in favor of economy here is a chance to show it. I hate to oppose this appropriation. There sits my good friend, the gentleman from Nebraska, Mr. HOWARD, who has made an earnest fight for this appropriation and for whom we all have a high regard. There are other friends, like the gentleman from Nebraska, Mr. SHALLENBERGER, and Mr. MOREHEAD, who are insistent about this matter; but if you wait to get everybody to agree to a cut in an appropriation, you will never get anywhere.

What does the Secretary say in his letter written yesterday? He says they have established clubs and organizations out there in a few States who can use this money and he wants us to hand it over to them. We have heard a great deal about the dole. We have heard a great deal in opposition to the dole, but this is nothing more nor less than a dole to these organizations.

The Secretary, in this letter, proposes to take the $600,000 and turn it over to organizations out there in these States organized to fight this pest. I wonder if politics has had anything to do with this sudden change of mind on the part of the Secretary. One thing I do know and that is that there are many Republicans in this House who are not going to let politics control them in voting on this or any other appropriation.

If you start this sort of business and if you set this sort of precedent—and this is the first time it has ever been proposed to turn over Federal money in this manner, so far as I know—you are going to be beseiged by every State in the Union. Every time they find a new bug in some State they will be rushing here for a Federal appropriation. They came here from Florida and they got an appropriation for the Mediterranean fruit fly. They spent something like $8,280,000 and it turned out that most of it was wasted, and Congress is now being asked to appropriate millions of dollars to pay damages alleged to have been caused by the poison which was used. They talk about the corn borer and I think it was $17,000,000 that was spent on that, though I am not sure, and it turns out now that the only commercial injury that was ever done by the corn borer was on some sweet corn near Baltimore, and that is admitted by some of the experts of the Department of Agriculture.

I have no interest as against this proposition but I am interested in conserving the Public Treasury. I have been to my home in the last few days, and I want to tell you that every man I saw there damned Congress for not making reductions in appropriations. They were complaining because Congress had not reduced appropriations in a greater amount. That is the way the people are talking over the country, although not deserved. I am here to tell you that you never voted for a more indefensible proposition in your lives when you vote for this proposition, because you are simply taking $600,000 from the taxpayers in other States and turning it over to organizations in certain States, where it will be under State or possibly private control, and over which the Government has no control. If you vote for this you hand it over to them and tell them to spend it as they please. That is the whole proposition. You are setting a precedent, gentlemen, that is going to haunt you.

I want to ask this House, in view of its former vote, when by a record vote of 90 majority it turned this down, having before that defeated it by a big majority, how long is it expected that the United States Senate will continue to send this appropriation over here? Let us have an end to it. Gentlemen, this is the middle, or nearly the last, of June. You are practical men. Talk to me about making an appropriation now, which will not be available for 10 days, to kill grasshoppers. If they have done any damage it has already been done. If they have created any damage out there it is too late to avoid it. Why was it not brought up sooner? This agricultural bill was held by the Senate for several weeks. Why did they not send it over here?

I am opposing this amendment because the Secretary of Agriculture wrote his letter of June 11 after investigation and told us that it was unnecessary and he could not use it. I am against it because the Secretary of Agriculture was the first man to send a letter here telling us not to make this appropriation because he could not use it effectively. If he has changed his mind in three days because somebody has seen him, I want to say to him that I have not changed mine and I am not going to change mine under those circumstances. If every State is coming here because they have a pest or plague and ask the United States Government to help, not to send its experts, not to use its own officials, but to vote money to turn over to some State or private organization over which it has no control, you will not have enough money to meet those requests and those demands.

Gentlemen, the time has come when we should stop. We have wasted millions of dollars. Take this agricultural appropriation bill, and you will find in it thousands and hundreds of thousands of dollars that have been appropriated from year to year for killing barberry bushes and things of that kind. Start this and they will be asking us next December for four or five times this amount and you will find, if you live long enough, that it will be 30 or 40 years before you ever get to the end. Let us practice economy and vote this down. [Applause.]

The correspondence referred to is as follows:

BUREAU OF ENTOMOLOGY,
June 10, 1932.

HON. JAMES P. BUCHANAN,
House of Representatives.

DEAR MR. BUCHANAN: This is to confirm my verbal statement made at our conference of yesterday, that it is now too late for the department to carry on an effective control campaign against grasshoppers as provided in the estimate for an appropriation for this purpose.

The essential feature of any control campaign against grasshoppers is to poison the young locusts as they first emerge from the egg beds and before they have any opportunity to migrate from such areas into the fields. The grasshoppers have now hatched in practically all parts of the areas where heavy infestations were anticipated and a large portion of them have moved from the hatching areas. Since this dispersion has taken place, and because of the delays incident to the organization of a Federal campaign and the securing of the necessary supplies and

materials, the opportunity for effective control under Federal direction is now lost.

It will be recalled that the original estimate submitted under date of February 4 pointed out that the campaign should be carried on in the spring. This fact was also explained at the time this item was discussed before the Senate committee on February 13. The need of prompt action was stressed on May 2 in connection with the hearing on the joint resolution (H. J. Res. 377) before the House Committee on Agriculture. It was further emphasized in my letter to Congressman MARVIN JONES of May 7, at which time I stated: "If, therefore, the moneys under consideration were now available, even under the most favorable circumstances of completing contracts and securing of supplies * * * there is obviously a risk that this delay would materially lessen the success of the effort." The need of prompt action was further stressed on May 14 when, accompanied by Doctor Marlatt, Chief of the Bureau of Entomology, I discussed this question with a group of Representatives and Senators at a conference called by Congressman SIMMONS. The decisive action regarding the appropriation for grasshopper control taken by the House on May 16 appeared to close the door to any Federal appropriation for grasshopper control, and accordingly on May 18 I sent letters to the governors of various States suggesting that the States, counties, and persons in interest prepare to carry on the necessary control campaigns.

Sincerely,

ARTHUR M. HYDE, *Secretary.*

CHICAGO, ILL., *June 16, 1932.*

Hon. JAMES P. BUCHANAN,
Washington, D. C.:

Present information does not justify change in department's attitude regarding grasshoppers expressed letter to you.

ARTHUR M. HYDE,
Secretary of Agriculture.

DEPARTMENT OF AGRICULTURE,
Washington, June 20, 1932.

Hon. JOSEPH W. BYRNS,
House of Representatives, Washington, D. C.

DEAR MR. BYRNS: With reference to the proposed appropriation of $600,000 for grasshopper control, I desire to call your attention and that of your committee to the developments and present status of this proposal.

On June 10 I directed a letter to Hon. J. B. BUCHANAN, in which I recounted the many efforts of this department to secure from Congress the authority and the funds to carry out a campaign of grasshopper control under Federal direction. Those efforts persisted from February 4, when the President sent to Congress the original draft for the appropriation, down to May 14, when the Chief of the Bureau of Entomology, Dr. C. L. Marlatt, and I appeared before a group of interested Representatives and stated that unless the authority and the funds were made immediately available any Federal-control campaign would, on account of the lateness of the time, be ineffective. Congress failed to grant the authority and the funds, and this department accordingly advised the States that a program carried out under Federal direction would be impossible.

It appears now that several of the States immediately embarked upon State programs of control, using such means and such funds as were available. The season in the States affected has been later than was anticipated, and the stage of development of the grasshoppers has been thereby retarded. The States and local subdivisions thereof are in many instances seriously hampered by lack of funds.

For the last week the department has had its agents engaged in making field surveys of the situation. Based upon their reports, it now appears that while it is too late to conduct a control campaign under Federal direction, much good can be accomplished and considerable of the crop prospects saved by grants of funds to aid the States financially in the purchase of poisoned bait or materials therefor, thus availing ourselves of the machinery set up by the States or counties and supplementing them beyond the point where their resources might otherwise fail.

From the foregoing considerations I have the honor to recommend the appropriation of a suitable sum, say, $600,000, which may be used to assist the States affected in the purchase, after this date, of poisoned bait.

Sincerely,

ARTHUR M. HYDE, *Secretary.*

The following telegram of Senator SHIPSTEAD and the reply thereto appear in the RECORD of June 17:

Hon. ARTHUR M. HYDE,
Secretary of Agriculture, Morrison Hotel, Chicago, Ill.:

Letters and telegrams coming from Northwest telling of tremendous hatching of grasshoppers. Your letter of June 10 to Congressman JAMES P. BUCHANAN influenced the House of Representatives in killing appropriation intended to be used to stop impending devastation of crops of Northwest. Bureau of Entomology informed me to-day that if funds can be made available this week it will still not be too late for effective use. If you will withdraw letter to Mr. BUCHANAN and back the Department of Entomology with another letter favoring an appropriation, another effort will be made to obtain funds for this work.

HENRIK SHIPSTEAD.

CHICAGO, ILL.

Senator HENRIK SHIPSTEAD:

Present information does not justify change in department's attitude regarding grasshoppers as expressed letter to BUCHANAN.

ARTHUR M. HYDE,
Secretary Department of Agriculture.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Nebraska to recede and concur with an amendment.

The question was taken; and on a division (demanded by Mr. SIMMONS) there were—ayes 72, noes 102.

So the motion was rejected.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Louisiana to further insist upon the House disagreement to the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 82: On page 95, line 15, strike out "$175,408,814" and insert in lieu thereof "$177,424,768."

Mr. SANDLIN. Mr. Speaker, I move that the House recede from its disagreement to the Senate amendment numbered 82 and agree to the same with an amendment as follows: In lieu of the sum proposed in said amendment insert "$175,671,665."

The motion was agreed to.

INVESTIGATION OF CERTAIN MATTERS AFFECTING THE POST OFFICE DEPARTMENT

Mr. SABATH. Mr. Speaker, I call up the resolution (H. Res. 226).

The Clerk read as follows:

House Resolution 226

Whereas the deficit in the Post Office Department of late years has increased beyond all reason; and

Whereas it is charged and evidence has been submitted before several committees that these deficits are due to excessive air mail, railroad, and steamship transportation, as well as to the reckless and extravagant prices paid for land and leases for post offices; and

Whereas it is also charged that collusion exists between contractors and the bonding companies which makes it virtually impossible for independent contractors not in the combination to obtain bid bonds and thereby prevents competitive bidding; and

Whereas it is charged that collusion exists between architects, contractors, and others whereby changes in plans and specifications have been made after contracts have been let and whereby inferior materials and equipment contrary to those originally specified have been substituted; and

Whereas it is charged and evidence has been submitted to the effect that it is proposed to purchase power, light, and heat for Government buildings and additions thereto at exorbitant rates and under unjustifiable economic conditions, which, if carried out, will result in further increases in the postal deficit; and

Whereas it is further charged that plans and specifications covering engineering work for Government buildings are at times poorly drawn, which results in contractors placing higher bids than they would have otherwise placed, in order to protect themselves against the uncertainties occasioned by the said poorly drawn plans: Therefore be it

Resolved, That for the purpose of obtaining information necessary as a basis for legislation the Committee on the Post Office and Post Roads, as a whole or by committee, is authorized to investigate (1) if the contracts entered into for carrying mail, whether by air service, railroad, or steamship, are excessive and to what extent they should be reduced; (2) if the prices paid for land or sites acquired for post-office buildings in the last 10 years are reasonable or exorbitant and to ascertain the actual amounts paid for each site in excess of $10,000, and the names of those who have negotiated the purchases as well as the leases; (3) all contracts entered into for the construction of all post-office buildings wherever the cost of such buildings was in excess of $100,000, and to secure the names of all contractors; (4) to what extent collusive agreements have been sanctioned by the Treasury and Post Office Departments; (5) to what extent collusive agreements, if existing, have affected Government work from financial, architectural, and engineering standpoints; (6) prices paid and contracts entered into for power, light, and heat and, in addition thereto, estimated cost for generating power, light, and heat in buildings now under construction and contemplated where plans have been drawn and where the cost of building is above $500,000; and (7) the first costs and the operating costs for generating power, light, and heat for all Government buildings.

The committee shall report the results of its investigations to the House with such recommendations for legislation as it deems advisable.

With the following committee amendment:

Strike out the preamble.

After line 15, page 3, insert:

"For such purposes the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places in the District of Columbia or elsewhere, whether or not the House is sitting, has recessed, or has adjourned; to hold such hearings, to employ such experts, and such clerical, stenographic, and other assistants; to require the attendance of such witnesses and the production of such books, papers, and documents; to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary, not exceeding $10,000."

Mr. SABATH. Does the gentleman from Indiana [Mr. PURNELL] desire any time on the resolution?

Mr. PURNELL. I hope the gentleman will give me the usual 30 minutes.

Mr. SABATH. I do not propose to take up a great deal of time, but if the gentleman desires time I shall yield him the usual amount.

Mr. PURNELL. Could the gentleman possibly give me 40 or 45 minutes? I have so many requests for time against the resolution that I can not take care of all of them.

Mr. SABATH. I have a great many requests myself, but I thought we would expedite the matter, inasmuch as practically everybody is for it anyway. However, I shall give the gentleman all the time he is entitled to and all that the rules and regulations provide.

I yield the gentleman from Indiana 30 minutes.

Mr. PURNELL. I thank the gentleman.

Mr. SABATH. Mr. Speaker, when the Post Office appropriation bill was under consideration about five years ago I made certain inquiries of the chairman of the Appropriations Committee in an effort to secure some information about certain leases and the reasons why certain post-office sites had been purchased. Since that time I have made some observations in regard to other leases entered into by the postal authorities two years ago. Since then I have been receiving a great deal of information and a great many inquiries asking why the Government and the Congress permit the post-office authorities to enter into such unfair and unjustifiable leases, and at the same time why they should purchase properties and sites for post offices and pay, in many instances, 100 or 200 per cent more than the market value for them.

I do not desire to make any charges against anyone to-day. This is the first time in 25 years that I have brought up a resolution to investigate a matter, and if it had not been for the fact that many individuals in various sections of the country have implored me and appealed to me I would not have introduced this resolution.

Mr. MICHENER. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. MICHENER. I notice the resolution provides that this investigation shall be carried on by the Committee on the Post Office and Post Roads.

Mr. SABATH. Yes.

Mr. MICHENER. Is that committee asking for the passage of this resolution?

Mr. SABATH. I have talked to the chairman of the committee and he feels they do not have the power to make this investigation. For this reason he thought such a resolution should be passed.

Mr. MICHENER. What I am interested in is this: The committee did not appear before the Rules Committee and ask for this legislation, and I wondered whether it is the idea of the gentleman from Chicago only or if it has any support from any other committee of the House.

Mr. SABATH. I may say that the chairman of the Post Office and Post Roads Committee, being a new chairman of that committee, is not, I presume, familiar with all of the complaints that have been lodged against and all the abuses that have occurred in the department.

Mr. MICHENER. The gentleman said that the chairman of the Committee on the Post Office and Post Roads is a new member and that he is not familiar with the duties of his office——

Mr. SABATH. No; I have not said that.

Mr. MICHENER. I resent that. I think he is a capable man.

Mr. SABATH. Please do not misquote me. I want to be fair, and the gentleman knows I am fair. I have not said that. I said that the gentleman has not been informed or acquainted with some of the misdeeds and some of the transgressions and abuses in that department.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. The gentleman, being a member of the Committee on Rules, of course knows that we have a committee of the House on expenditures and that that committee needs no authority to make just such an investigation as the one provided in this resolution. If the gentleman from Illinois had presented any evidence to that committee, the committee would have taken the matter up.

Mr. SABATH. The gentleman's committee has been very busy. The gentleman and his committee have been trying to carry on some additional investigations and some additional work with respect to the economy program, and I felt it would be an imposition to put these additional duties and burdens on that committee.

Mr. PARSONS. Will the gentleman yield for a brief question?

Mr. SABATH. I yield.

Mr. PARSONS. In reading the resolution I do not find it covers an investigation of leasing contracts or rentals, and so on. Does the gentleman intend to cover that in this investigation?

Mr. SABATH. Yes; the resolution covers that.

Mr. PARSONS. It is not mentioned specifically, only by indirection.

Mr. SABATH. I want to bring to your attention some facts which have come to my notice this morning.

Here is a Washington morning paper, and I want you gentlemen to listen to this:

Failing to post a performance bond with the Government, the Great Lakes Construction Co., of Chicago, has lost its contract to build the Interstate Commerce Commission and the Labor Department Building. The contract will now go to the second bidder, James Stewart & Co., of New York, which offered to do the work for $9,081,000.

As against $8,846,000.

Now, in my resolution I provide that we should investigate the collusive agreements between contractors and bonding companies.

Four months ago it was brought to my attention that a contractor who is not in the ring can not secure any Government construction work. That is a serious condition, and we should not permit anything of that kind to go on. Last week my attention was called to another contractor on Government work, who said that he was prevented from giving a bond because he did not belong to the combination. The same thing occurred in the Chicago post office. There were four different contractors who could not secure even a bond permitting them to make a bid.

I have talked with some of the contractors, and they say that collusion exists between the surety companies and some contractors and that, as a consequence, they have no chance to get it at all.

In view of this condition and in view of the fact that we are preaching economy and trying to do everything we can to save money for the Government, I believe that you should find out why these conditions exist and whether there is any real foundation for the complaint. If there be such things they should be stopped in the future. I know that all of you men are desirous of doing what is right and for that reason I feel that you will, after duly considering this measure, support it and authorize the committee to look into this matter, because I am not providing for a special committee or for a fifty or a hundred thousand dollar expenditure; all I provide for is $10,000, and I am leaving it to the Post Office and Post Roads Committee

to look into these abuses that have been called to my attention in the last few months.

Mr. Speaker, I reserve the balance of my time. I have already yielded 30 minutes to the gentleman from Indiana [Mr. PURNELL].

Mr. PURNELL. Mr. Speaker, I yield myself five minutes. This resolution, gentlemen, ought not be adopted for a number of reasons. In the first place, it came out of the Committee on Rules without any hearings. I will say to you frankly, as one member of the Rules Committee, I learned for the first time from the gentleman from Illinois, when he spoke on the floor, the purpose he had in his mind when he introduced the resolution.

It was reported out of the committee at the close of a busy session of the Rules Committee without any discussion whatever. It gives almost unlimited power and authority to the Committee on the Post Office and Post Roads which they have not asked for. I know that no member of the Committee on the Post Office has asked for the passage of this political "smelling committee," and that is exactly what it is.

I am sorry the gentleman from Tennessee [Mr. BYRNS] is temporarily absent from the Chamber. I am sure he will vote against this resolution, and I call upon you Members on the Democratic side to follow your economy leader.

The gentleman from Missouri [Mr. COCHRAN] gave a suggestion a moment ago in his question which ought to be emphasized and given heed, and that is that we have a Committee on Expenditures in this House with sufficient authority to do what is sought to be accomplished by this resolution. I will ask the gentleman from Missouri if that is not a fact?

Mr. COCHRAN of Missouri. Absolutely, we do not need any authority from the House, and I know that no information has been given to our committee that would warrant it in holding hearings. I will say further, that if they will give us the information, I will call a meeting of that committee to-morrow.

Mr. PURNELL. That is a fair statement. We are here in the concluding days, I hope, of this session. If there was some definitely needed information, and we were in the middle of a session, I should be inclined to give more than passing consideration to the question of appointing a committee to look into such evils as are alleged to exist in order that the information might form the basis of legislation.

But we are asked to appoint a committee for the purpose of sitting during the recess, and in my judgment, if appointed, it will be nothing more nor less than a political snooping committee. I have heard nothing from the gentleman, my good friend from Illinois [Mr. SABATH] that would justify me in asking anybody to investigate anything.

Mr. SABATH. If the gentleman wants facts I can give him facts.

Mr. PURNELL. The gentleman has 20 minutes more, and I hope he will devote part of that time to that purpose. As I say, I have heard nothing from the gentleman that would justify me in asking anybody to investigate anything or vote to vest authority in a committee which does not ask it and give it an appropriation of $10,000 with which to start. Mark you, I say start, because if a committee of this kind sets out to investigate all of the ramifications set forth in this resolution the original $10,000 provided for in the resolution would not pay interest for 30 days upon the amount that will be ultimately expended before the investigation is concluded. There is no justification for it, there is no reason for it. No one is demanding it, and again let me suggest, it opens the way for another one of those investigations which, as we all know, starts with a small amount and runs into tremendous figures. The resolution ought to be voted down, and the membership of the Democratic side which a moment ago stood up so squarely against the grasshopper item, as they thought for economy, ought to join with us in defeating the resolution.

I yield five minutes to the gentleman from Massachusetts [Mr. UNDERHILL].

Mr. UNDERHILL. Mr. Speaker, the gentleman from Missouri [Mr. COCHRAN] brought out through a question from the gentleman from Indiana [Mr. PURNELL] the point that I wish to emphasize, and that is that there is no real necessity for the House to take action on this resolution at this time because the House, if it feels there is something that ought to be investigated, has a medium through which it can act. I am always doubtful of any resolution or bill that carries a preamble. It always seems to me that the preamble is for the purpose of bolstering up a weak case. We have a preamble here taking about two pages setting forth a whole lot of things which says that "evidence has been submitted," and the gentleman from Illinois says that evidence has been submitted. If it has been submitted, and it is satisfactory to the gentleman, why does he not take it to the Department of Justice, where it belongs, or submit it to the district attorney out in Chicago? It seems to me that the whole proposition here lies in a row between two different factions in the city of Chicago, and they expect us to spend $10,000 of money raised in other sections of the country for the purpose of giving some benefit to one or the other faction.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. UNDERHILL. Yes.

Mr. SABATH. I assure the gentleman that there is no Chicago faction involved in this, and this is not a factional or a sectional matter.

Mr. UNDERHILL. I thank the gentleman, but I call attention more particularly and specifically to the fact that in all my experience here I have yet to find one special committee that has justified the expenditure of the money appropriated to carry on special investigations.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. UNDERHILL. Yes.

Mr. O'CONNOR. The gentleman made that statement this morning. I do not believe that the gentleman would say that about the committee that investigated railroad holding companies.

Mr. UNDERHILL. There has been no report from the committee.

Mr. O'CONNOR. Oh, yes; there has been a very thorough report.

Mr. UNDERHILL. What legislation has been based upon it?

Mr. O'CONNOR. Legislation has been introduced and reported out in relation to it. I do not think the gentleman would say that about the silver investigation.

Mr. UNDERHILL. They have not reported.

Mr. O'CONNOR. Yes; they have a full report, and have come out with recommendations.

Mr. UNDERHILL. Have the recommendations been carried out? Let me call attention to the Mapes investigating committee. The Committee on Accounts reported out a certain amount of money for the Mapes committee, and no more capable, no more honest, no more efficient committee was ever appointed than the Mapes committee, and no more comprehensive report was ever submitted to this House. What good has it done? Not a particle. They have taken the District bill over on the other side of the Capitol, and have made the same appropriation of $9,500,000 or thereabouts.

Mr. O'CONNOR. We passed legislation in this session of Congress in respect to it.

Mr. UNDERHILL. It has not become effective. I am talking about results.

Mr. O'CONNOR. We can not control the other side of the Capitol.

Mr. COLE of Iowa. Speaking about the railroad holding company investigation, that was made by experts and not by a congressional committee.

Mr. UNDERHILL. It was made, of course, with the help of experts. I am not criticizing any one of these committees, but I am criticizing the House for going off half cocked, not realizing that all of these investigations cost money, and that the only way that we can raise money is through the medium of taxation. If we brought about any remedial legislation, I would not be so keen in my opposition.

Mr. KETCHAM. Has the gentleman given attention to the fact that in another body a committee has been at work on this very identical subject for a long time, and that we have all of that information?

Mr. UNDERHILL. If there is anything under the sun, the moon, or the stars that another body has not investigated in the last six years, I have to hear of it, and its expenditures, which have run into the millions of dollars, have not resulted in a single iota of benefit to the people of the country. I hope this resolution will be defeated, and that the House will take a determined stand against further investigating committees.

Mr. SABATH. Mr. Speaker, I yield five minutes to the gentleman from Minnesota [Mr. MAAS].

Mr. MAAS. Mr. Speaker, as a matter of fact, this resolution does call for the expenditure of money. That is the reason why the Committee on Expenditures of the House of Representatives could not undertake this job. That committee does not have the powers nor facilities granted under this resolution. It can not subpœna witnesses nor administer oaths. It has no money to spend for actual investigation. A genuine investigation, if it is not turned into a political forum, will be the greatest kind of economy. We all know the fight that was made in this House and later in the Senate on post-office leases. When that fight was initiated there was a great deal said about it being purely political, and that nothing would ever come of it. As a matter of fact, as a result of that effort an investigation was held. The investigation was started by the House committee. It was found that its powers were not broad enough, but sufficient evidence was brought out before this committee so that it made a recommendation to the House for a complete investigation. That merely covered the matter of leases, however. The investigation disclosed such startling information about the leasing, that the President himself announced the abandonment of that policy, which had been heretofore so ardently defended by the Post Office Department, and which was defended all during the time we were trying to get the investigation. We were told there was nothing wrong with those leases; that they were fine and sweet-smelling. As a matter of fact, they smelled to high heaven.

We found that the leases have gravitated into two leasing rings, who control practically all of the leasing of post-office sites from coast to coast. These leasing rings have issued bonds ranging from 200 to 1,000 per cent of the value of those properties. Yet it is said there is no justification for such an investigation.

Recently there has been a great deal of widespread criticism, suggesting that there have been some collusive agreements between contractors and supply firms, the architects, and the Post Office Department. I do not say there are those collusive agreements, but complaints are widespread throughout the country from competing contractors, to such an extent that it will remain as a blot unless it is investigated and we find out whether the charges are true or not. When those charges are made as generally as they are being, in justification to the Post Office Department itself and to the Treasury Department, we should have an investigation. We should find out whether those charges are justified; and if they are not justified, after a competent, impartial investigation, the departments should be vindicated. If the Members who are opposing this resolution are convinced that there is nothing which needs investigating, certainly there is nothing to fear from the investigation. The Post Office Department and the Postmaster General should be the first to demand such an investigation. In view of the charges that have been made, they should insist upon this House conducting an investigation.

This resolution also takes up the question of air mail subsidies. There has been a great deal of criticism in the past that the air mail subsidies have been tainted with fraud. That suspicion is more or less general. There has been the charge made that the air mail subsidy has not been administered efficiently, as well as the ship subsidies. Those charges should be investigated.

As a matter of fact, I think a very excellent piece of work has been done in building up the great transcontinental air routes, but I do think that within the past year or so the problem has become so great and the Post Office Department has been so busy politically that they have not been able to devote their attention to the administration of this fund. The Postmaster General and his assistants have been away from the department, and they have turned over the administration of this $20,000,000 air mail fund to subordinates. That should be looked into. We have an enormous investment from the standpoint of national defense involved in the air mail subsidies. If there is fraud involved, we want to know about it. It is real economy if we can eliminate wasteful or fraudulent expenditures of Government money.

Mr. BANKHEAD. Will the gentleman yield?

Mr. MAAS. I yield.

Mr. BANKHEAD. The gentleman has taken a great deal of interest in this matter. Can the gentleman assure this House upon his own personal responsibility that he is in possession of sufficient facts to justify this investigation?

Mr. MAAS. Absolutely. So much so that the facts I presented before the Committee on Expenditures, when that committee was headed by a Republican chairman, came before the House with a resolution asking authority for this same thing.

The Senate committee investigated leases. Their authority was limited exclusively to the question of leases, and sufficient facts were developed by that committee to justify a complete investigation of the whole department, with probable recommendations of a complete realignment and reorganization of the Post Office Department.

But for a few thousand dollars spent by that committee in its investigation, millions of dollars will be saved in excessive rentals. Already we have saved one hundred times what has been spent. There is no question but that these leasing rings have gotten away with at least $150,000,000 in the last 10 or 12 years; and if this leasing situation had been permitted to continue, they would have gotten away with another $200,000,000 in the next 10 years. All of this information has come out under oath, and by documentary evidence. If that has been true in the leases, it certainly justifies an investigation of all of the other expenditures of the Post Office Department. In fact, I can not see how this House can conscientiously refrain from investigating, in view of what has been disclosed before the House committee and the Senate committee and the Federal Trade Commission, which has also investigated certain phases of this situation.

Of course, we do not have complete documentary proof with which we could go before a court, or we would not be asking for the investigation. We would go before the court with it, but there is sufficient evidence to justify an investigation. An investigation is what is being asked for. The court part may come later. I do not see how anyone can justify refusal to have this committee of the House investigate these serious charges. There is a distinction between political charges and serious charges of this nature. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Minnesota has expired.

Mr. MICHENER. Mr. Speaker, I yield two minutes to the gentleman from Indiana [Mr. HOGG].

Mr. HOGG of Indiana. Mr. Speaker, we have had so many ideas expressed in the last few minutes that it is time to get away from opinions and ascertain just what the facts are in regard to the activities of the Post Office Department. It has been suggested that there is a possibility of fraud in the letting of the air mail contracts.

The Post Office Committee of the House during the present session conducted hearings over a period of several days concerning air mail contracts. The gentleman from Minnesota appeared three times before the committee. No one said anything about fraud. The Postmaster General, Mr. Brown, appeared and gave an extended accounting of his stewardship. All questions were answered by him with candor. No

information requested from the department was withheld. These hearings are printed and available. What, then, are the facts?

The Postal Department is spending for carrying air mail less than one-fourth of the Government's total expenditures in the interest of aviation. No other nation approaches the magnificent system of air mail which we have. You can send a letter from New York to San Francisco in 30 hours for a nickel. This postal service has done more than all other things combined to encourage aviation. It needs no defense. Mr. Brown should have the thanks of the American people for his splendid work.

Total expenditures for aviation in one year are as follows:

National Advisory Committee for Aeronautics	$1,012,300
Department of Commerce, Aeronautics Division	8,929,660
Navy Department, Bureau of Aeronautics	26,660,000
War Department, Army Air Corps	25,482,903
Post Office Department, air mail	16,942,454
Total	79,027,317

A substantial part of the air mail appropriation is returned in the postage on air mail. America is justly proud of its air mail system. No other expenditure has produced such results.

This resolution would require the expenditure of a large sum of money. Our country demands real economy. I am opposed to the resolution. [Applause.]

Mr. SABATH. Mr. Speaker, I yield one minute to the gentleman from Minnesota [Mr. MAAS].

Mr. MAAS. I wish to take this minute to reply to the gentleman from Indiana. The gentleman was present at all sessions when I appeared before the committee, and I did testify before the committee and submitted evidence that the specifications for bids on air mail contracts were so written that only the favored bidders could possibly submit a bid. I gave specific illustrations of that very situation.

Mr. HOGG of Indiana. Will the gentleman yield?

Mr. MAAS. I yield.

Mr. HOGG of Indiana. Has the gentleman read the hearings?

Mr. MAAS. Yes; I have. Have you?

Mr. LAMNECK. Will the gentleman yield?

Mr. MAAS. I yield.

Mr. LAMNECK. Is it not a fact no original air mail contract has ever been made by the Postmaster General that was not made under competitive bidding?

Mr. MAAS. That was not under competitive bidding?

Mr. LAMNECK. Yes.

Mr. MAAS. Under the law it is supposed to be competitive bidding, but there never was actually any competitive bidding. The evidence before the committee showed there never were any competitors.

[Here the gavel fell.]

Mr. MICHENER. Mr. Speaker, I yield five minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, I will say to the gentleman from Illinois [Mr. SABATH] that the Committee on Expenditures has never been too busy, and never will be too busy, as long as I am chairman, to investigate fraud provided a responsible official or responsible person will present evidence to the committee that will warrant an investigation.

I have not missed a session of this House since I have been a Member of it. I am here every day. The gentleman from Illinois has never approached me about this subject. He has never asked for a hearing before the committee. The same applies to the gentleman from Minnesota [Mr. MAAS]. The gentleman from Minnesota [Mr. MAAS] did appear before the committee in the last Congress, but a Senate committee was formed after the gentleman from Minnesota [Mr. MAAS], took his evidence to the other side. That committee is still in existence. It has not made its final report, and I just confirmed this over the telephone by talking with Senator BLAINE'S office.

Mr. MAAS. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. MAAS. The Senate committee is limited exclusively to leases. That is the only subject they are authorized to investigate.

Mr. COCHRAN of Missouri. I would like to know what authority the Committee on Post Offices and Post Roads has to investigate public buildings. This resolution provides for such an investigation.

The Committee on Appropriations has gone into the question of mail subsidies for the merchant marine. I think if you will read the record and the speech of the gentleman from Illinois [Mr. ARNOLD], made before this House in this session, you will find that they have gone into that subject and very thoroughly.

The gentleman from Louisiana [Mr. MONTET] made certain charges on this floor in reference to a mail contract with a line running between Key West and Habana, Cuba, I believe it was, and those charges are now in the hands of the Committee on Merchant Marine, Radio, and Fisheries which has jurisdiction over the White Act.

Mr. LAGUARDIA. That was not an air mail contract; that was a steamship contract.

Mr. COCHRAN of Missouri. That is right, not an air mail contract but the new ship is to carry mail.

If you will turn to page 81 of the economy bill which we passed yesterday and will read sections 320 and 321, you will find that the Economy Committee has inserted legislation in that bill that will prevent just exactly what the gentleman from Illinois and the gentleman from Minnesota complain about in reference to leases of public buildings. It places a limitation on the department.

So far as I am concerned, I shall remain in Washington, if necessary, to investigate during the summer any charges that will be placed before the Expenditures Committee if the committee after considering the charges deem an investigation is necessary. One should never be too busy to investigate a fraud on the Government.

Mr. SABATH. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. SABATH. Would the gentleman favor an amendment giving his committee jurisdiction to make this investigation?

Mr. COCHRAN of Missouri. We do not need authority; we have the authority now.

Mr. SABATH. The committee has no authority to expend any money.

Mr. COCHRAN of Missouri. We do not need any money to determine if there are grounds for an investigation. If we discover fraud in a preliminary investigation we can get money, if necessary.

We can investigate right here in Washington, starting with Government officials. We can call the Postmaster General; we can call the Secretary of the Treasury. We can hear the Supervising Architect. We can hear members of the Building Commission.

Mr. SABATH. That I am not very much interested in.

Mr. COCHRAN of Missouri. We can get the Government officials before our committee in 24 hours. It will not take long to determine if an investigation is necessary if you will give the committee the evidence you claim to have.

Mr. MAAS. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. MAAS. I want to call the gentleman's attention to the fact that the Postmaster General when called before the Senate committee absolutely refused to testify and refused to make his records available.

Mr. COCHRAN of Missouri. I may say to the gentleman from Minnesota that no Cabinet officer has ever refused to appear before the Committee on Expenditures or has ever withheld records. One Cabinet officer balked a bit on one occasion, but he finally agreed to appear.

Mr. BANKHEAD. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. BANKHEAD. Does the gentleman expect to get the information necessary in reference to such an investigation out of the Cabinet officers?

Mr. COCHRAN of Missouri. I think that is one way to get the information. We must start somewhere. If we find it necessary to go ahead with an investigation and have the facts to present to the House that would warrant an expenditure of public funds to make the investigation, we will come in here and ask for the money.

What I desire to impress upon the House is, you have created a committee of 21 members to make just such investigations as is provided for in this resolution. A committee that has never refused to work. I know this because I have been a member of that committee since the day it was created. The committee, however, must have some specific information before it can start an investigation. If Members of the House want to be heard on any bill or resolution within the jurisdiction of the committee, they have been and will be accommodated. The committee has many requests for investigations. A Government employee loses his job; he is naturally put out; he comes to the committee and wants this man or that man or department investigated. The committee requires that the charges be placed in writing, and then it considers whether an investigation is warranted. If the Members who claim they have evidence of fraud will present it to our committee, they will get action if action is warranted. There is no necessity for a special committee or to spend $10,000 until the evidence upon which the Members demand the investigation is presented and considered. We can get department records and department officials without trouble, and we can demand that they disprove the charges the Members present. What more can you ask? Remember, there is always a reaction when some one makes charges that he can not support by evidence. Give the Committee on Expenditures an opportunity to hear your charges, and you will get action if action is warranted. [Applause.]

Mr. SABATH. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER pro tempore. The gentleman from New York asks unanimous consent to proceed out of order. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, our distinguished Speaker, who has happily returned to health and who has been occupying the Chair this noon, has issued a very momentous statement which I believe the membership of the House should know about as suitably as possible. Among the many courageous things the Speaker has stated in that statement is the following, and I ask your respectful attention concerning it.

When the prohibition amendment was proposed I, as a Member of Congress, voted against it. I have never believed it sound or workable, and it should be repealed.

[Applause.]

Now, gentlemen, in these days of ballyhoo and buncombe, in these days when Republicans in convention assembled lacked the courage to say what they mean, when a Republican President and his Cabinet force upon delegates—most of whom can not call their souls their own—a prohibition plank of weasel words, is not the statement of our distinguished Speaker as refreshing as the cool air in the heat of summer? There is a statement that is courageous, forthright and honest, and I commend it to the gentlemen on the minority side, and I ask the Democratic delegates about to assemble in Chicago to take heed. The country expects them to be just as forthright, just as honest and just as courageous as the Speaker. Let there be no evasion. Let there be no subterfuge. The country wants what the Speaker wants—"repeal."

It is interesting to note—and it is well to put this in large red letters so that he who runs may read—so that Democratic delegates may read and heed—that those who now have their hats in the ring, the distinguished Speaker; the governor of my State, Mr. Roosevelt; the former governor, Mr. Smith; Mr. Young; Mr. Baker; Governor Ritchie; and Mr. Traylor, are all for repeal.

In no uncertain language have they made their sentiments known to the Nation, and particularly to the Democratic Party. It is well indeed for the delegates about to assemble to realize that their candidates will be for out and out repeal. The Democratic plank should embody that in the simplest language. The Nation demands it.

Mr. UNDERHILL. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. UNDERHILL. Would it not be a good idea for the gentleman to make that speech at the convention rather than here?

Mr. CELLER. No. It is a good idea to tell gentlemen on both sides of the aisle that both parties are really for repeal, as the distinguished Senator from Idaho said yesterday. The Republican Party is for repeal but lacks the courage to say so. I want my party, in forthright, honest, and courageous language to say it is for repeal, no more, no less. [Applause.]

[Here the gavel fell.]

Mr. CELLER. Mr. Speaker, I ask unanimous consent to insert all of the statement issued by the Speaker of this House, as given to the press.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The statement referred to follows:

Many of my friends, not only those residing in my own district and State, but throughout the country, have asked me repeatedly to express myself on various public questions. I have maintained the position I assumed when I was elected Speaker of the House of Representatives, that I would not indulge in the discussion of controversial issues not immediately under consideration by the House. Moreover, during the 30 years I have been a member of Congress, practically every principle involved in the problems of the Nation to-day have been before the House, and my views thereon are a matter of record.

This country has erected tariff barriers that are practically excluding the products of foreign nations. This makes it economically impossible for those nations to buy from us the products of our farms and our factories, thereby aggravating our industrial depression.

All relief measures so far have been purely temporary and do not go to the root of the trouble. No sound, thinking citizen can favor the dole; neither can the Government sit idly by and see its people starve when they are willing to work. Enough work must be provided to keep the people from starving, and we shall be fortunate indeed if this irreducible cost minimum does not greatly exceed the amount provided in the relief measures which I sponsored.

Before genuine and permanent relief can be accomplished the finances of the basic industries of this Nation must be placed on a saner basis, thereby removing the specter of receiverships and foreclosures and restoring their buying power and ability to employ labor.

International trade must be reestablished by the restoration of international confidence and credits. Honesty among nations is as essential a virtue as honesty among individuals. An individual who borrows and makes no honest effort to pay is dishonest; the same applies to a nation. If foreign debts should be cancelled, the credit of the nations involved would be destroyed and they can not borrow again. The Government of the United States owes it to its citizens to collect from the debtor nations to the extent of their ability to pay, and there should be no flimflam accepted as to that ability to pay.

When the prohibition amendment was proposed I, as a Member of Congress, voted against it. I have never believed it sound or workable, and it should be repealed.

The cost of government—city, county, State, and national—can and should be reduced not less than one-third.

The principal obligation of a government established in accordance with the American principles and traditions is to protect all of its people in the free enjoyment of the fruits of their labor and the pursuit of happiness. The constantly increasing tendency toward socialism and communism is the gravest possible menace. The Government should use every means within its power to prevent their further spread, and they should receive no encouragement from any American citizen, high or low.

The Democrats of California and of my native State, Texas, are sending delegations to the national convention in Chicago instructed to vote for my nomination for the Presidency. This has been done without my solicitation. I appreciate the support of my friends, and am willing to serve my country and my party to the limit of my capacity.

Mr. PURNELL. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, again we have an illustration of Democratic economy. If the Democratic majority in this House to-day sees fit to adopt this resolution, they will simply be following along the lines they followed

yesterday when they wanted to put through a bill under suspension of the rules that would have provided another $100,000,000 for highway construction. This is simply putting the camel's head under the tent and giving an opportunity to spend a nice, fat sum of money.

The gentleman says they are only asking for $10,000. Well, we know from history the manner in which deficiencies are paid for as the result of special investigations.

It is a very interesting thing to me that neither the Post Office Committee nor the Committee on Expenditures comes forward with the slightest interest in this resolution, and that those committees have done nothing in an effort to have it adopted.

Where is the chairman of the Post Office Committee? Has he appeared here to advocate the adoption of this resolution or to take away from the power already vested in his committee by appointing a subcommittee to carry on this particular line of investigation?

The gentleman from Missouri [Mr. COCHRAN] has appeared here and has violently opposed the adoption of the resolution, as the chairman of the Committee on Expenditures, and the gentleman offers to sit here voluntarily during the summer, if the slightest information is presented to him, and receive such evidence as may be submitted to him.

Let me call the attention of the House to the fact that it is very apparent there are a few of our colleagues who are anxious to get back at somebody for something, and this is really the purpose of the resolution. We have heard the conditions in Minnesota discussed time and time again, and we are willing to believe that so far as conditions locally in Chicago are concerned, they are pretty rotten, but I do not think that has anything to do with governmental affairs.

Further, I want to call the attention of the House to the type of power granted this committee if the resolution should be adopted. I am particularly interested in the language beginning in line 7, paragraph 2, in relation to post-office buildings, to see whether sites acquired during the past 10 years have been acquired at prices that were reasonable or exorbitant and to ascertain the actual amount paid for each site in excess of $10,000.

Why should a special committee, having nothing whatever to do with constructing buildings for the Government, be endowed with power to inquire, over a period of 10 years, whether in their personal opinion these prices were fair and reasonable? What a ridiculous proposition to try to take it out of the hands of the Treasury Department, where such power rests, and place it in the hands of a committee that has never had the slightest thing in the world to do with the subject matter of the resolution.

The same idea can be applied throughout the resolution. I hope the resolution will be defeated by the common sense of this House. [Applause.]

Mr. PURNELL. Mr. Speaker, I yield the balance of my time to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, we to-day witness a very unusual situation in the consideration of so important a resolution. There seems to be no one for the resolution, no one back of it, no one asking for the resolution except the gentleman from Chicago [Mr. SABATH], supported by the gentleman from St. Paul [Mr. MAAS].

I am not going to discuss at all the purposes or the reasons for the resolution, but I am going to make a few observations in reference to the resolution itself and just what it provides.

You know I am not surprised at all that all the members of the Rules Committee on the other side of the aisle have deserted the gentleman from Chicago, leaving him alone here to defend his bill. [Laughter.]

I see the gentleman from New York has arisen, and I, therefore, qualify my statement to the extent that the gentleman from New York City is willing to stand up and say he has not deserted the gentleman. Then here comes my good friend from Georgia [Mr. Cox], who, I am sure, will not take the floor for one minute and advocate the passage of this resolution. I say this because I serve on the Rules Committee with the splendid and distinguished gentleman. I know his inclinations. I know what he thinks of legislation. I know what he feels to be the duty of the Members of this House, and, knowing him as I do, I do not hesitate to say, without fear of successful contradiction, that unless the gentleman receives the inspiration this very moment from the gentleman from Chicago, he will not take the floor and defend the resolution.

Mr. COX. Will the gentleman yield?

Mr. MICHENER. Surely.

Mr. COX. Lest the impression be made that I am unfavorable to the resolution, I would like to say that as a member of the committee I voted for it to come out and there goes with that, the implication that I favor the resolution.

Mr. MICHENER. Oh, the poor gentleman from Georgia! If the gentleman could only tell the House how many times he votes to report resolutions and bills out, with which he is not in sympathy at heart, I am sure it would be a tale interesting to all the Members here. The gentleman says that such action carries with it the implication that he is going to vote for the resolution, but we all know the gentleman well enough to know that when his heart is for a thing of this kind, the gentleman is on the floor defending it. The gentleman would be shoulder to shoulder here with the splendid gentleman from Chicago, but the gentleman does not believe in the resolution. I do not believe the gentleman does. Of course, I may be wrong. I can not look within a man's heart, and see, but I just know from the way the gentleman usually considers matters of this kind——

Mr. COX. Will the gentleman yield further?

Mr. MICHENER. Certainly.

Mr. COX. I am sorry the gentleman has used me as an argument against the resolution. As a matter of fact, while I appreciate the compliment the gentleman has bestowed upon me, I think well of the resolution.

Mr. MICHENER. I am surprised. The gentleman says he thinks well of the resolution. The gentleman is a good lawyer. Let us see what the resolution provides.

Mr. COX. Let me state that I am in favor of the purposes of the resolution.

Mr. MICHENER. The resolution provides, first, that all contracts ever made or entered into for the carrying of the mail, whether by air or railroad or steamship, shall be investigated by this committee. A stupendous task.

Second. All contracts covering lands for post-office sites purchased in the last 10 years shall be investigated.

Third. All contracts entered into for the construction of post-office buildings, up to the amount of $100,000, shall be investigated, and that the names of all the contractors shall be secured.

Fourth. The committee must ascertain to what extent collusive agreements have been sanctioned by the Treasury and Post Office Departments.

No collusion is alleged, but this committee is to go through the highways and byways, making search to find out, if possible, if any collusion has taken place.

Fifth. To what extent collusive agreements, if existing, have affected Government work from financial, architectural, and engineering standpoints.

Sixth. Prices paid and contracts entered into for power, light, and heat, and in addition thereto, estimated cost for generating power, light, and heat in buildings now under construction and contemplated, where plans have been drawn, and where the cost of the building is above $500,000.

And then the small amount is appropriated to do this stupendous work. If this work is laudable, if the work should be done, we should at least entrust the task to a friendly committee, we should not force it on any committee which says it is not necessary, and we should not limit the amount to such an extent as to make the very purpose of the bill a joke; because you can not begin to do this thing for $10,000. If I voted for the resolution, I would ask $100,000 of the people's money be appropriated to go to the very bottom of the thing.

Gentlemen, the people of this country do not want any more investigations of this kind. If an investigation is advisable it should be nonpartisan and thorough, and this

resolution will accomplish nothing but possibly some publicity, which does not tell the whole story. The country wants the Congress to balance the Budget, practice economy, appropriate relief where it is needed, and go home. [Applause.] They do not want this committee to go roaming about the country creating more distrust in the Government. This is no time for muckraking, and if there was ever a time when we should stress the virtues of our Government it is now. If there is corruption in government, those guilty should be punished, but these times require facts, not suspicion, and this resolution will not get the facts, but on the other hand will create more distrust. [Applause.]

Mr. SABATH. Mr. Speaker, I yield to the gentleman from New York three minutes.

Mr. LAGUARDIA. Mr. Speaker, I can not concur in the thought just advanced by the gentleman from Michigan that the way to inspire confidence in the Government is to refrain from investigating when there are charges of wrongdoing. I can not subscribe to that.

The gentleman from Massachusetts [Mr. TREADWAY] says this resolution is only for "the purpose of letting the committee hound somebody." That charge is rather broad, but I do not hesitate to say that I expect to be right after every air mail contractor who refuses to give their employees a square deal.

Permit me to say that the air mail contractors have only themselves to blame if they are to be investigated as a result of this resolution. Until they treat their pilots and personnel and mechanics fairly and justly I am going to hound them. I serve notice right now of that fact.

The purpose of our air subsidy policy is to encourage aviation industry and aviation personnel. That is the primary purpose. The fact that the subsidy is made through postal contracts is only incidental. Some of the postal air mail contractors understand this. Others are seeking to hog the whole thing. The primary purpose is to develop the manufacturing of up-to-date planes for passenger and mail transportation. That means that subsidized operators must at all times have the very best of equipment for their planes and motors. Within this primary purpose is also that of keeping a well-trained flying personnel as well as training and keeping of first-class mechanics. I repeat, the operation of the lines and subsidy paid to them is to carry out these purposes. Therefore along with the best of motor and plane equipment the flying personnel must have the very best of treatment in salary and working conditions and a voice in all matters pertaining to flying conditions. Operators enjoying Government subsidies must understand this condition, and unless they live up to it I, for one, will do everything within my power—and I know that there is a very large number of Members who will agree with me—not to permit them to draw huge amounts from the Public Treasury and treat their personnel unfairly and unjustly. I served notice on the operators not very long ago, and other Members of the House warned them that unless they indicated by their action and treatment of the pilots and mechanics that they would live up to all requirements for which subsidies were paid, a thorough investigation would follow.

There are some good contractors who have a proper appreciation of the responsibility of pilots. There are good contractors that keep their equipment in shape, but unfortunately they must suffer on account of the selfishness, poor management, and greed of the other contractors. There is no place for hogs and exploiters in aviation.

Mr. Speaker, I served notice on them a few weeks ago that they had to change their attitude. I introduced a bill to bring all the air personnel within the provisions of the railroad labor act, so that pilots could adjust their differences and be free to make suggestions as to flying conditions and safety appliances without being discharged or penalized. The Aeronautical Chamber of Commerce, which has nothing to do with the matter, filed protests in the matter. Mr. Laurence had better attend to his own business or else he will be responsible for killing the aid, assistance, subsidies, and help that aviation is getting from the Government.

I have been trying to get that bill out of the committee. I am going to keep pounding until I can get the air pilots under the railroad labor act and give protection to pilots and other employees the same as the law accords to others employed in railroad transportation.

Statements have been made to-day that complaint has not been heard concerning the administration of ship subsidies under the merchant marine act. That is not so. I personally have appeared before committees and have repeatedly informed the membership, right from this floor, of very grave abuses in the administration of subsidies under the merchant marine act. The award of the contract to the Seatrain Co., to my mind, was nothing short of a scandal, if not a crime. When I exposed the facts this House did not hesitate to insert a proviso in both the postal appropriation and the independent office appropriation bills prohibiting the payment of money in loans or for services under this contract. I still believe that the contracts and the giving of ships to the American Export Co. was most imprudent, and I always suspected that it was tainted. I laid the facts concerning the American Export Co. on the desk of the President of the United States. I laid it on his desk, but the American Export Co. is still operating ships. I believe the thing to do, if we are going to continue the policy of subsidies, is to ventilate the entire administration of the law and expose it and to get all of the facts, and compel a decent, intelligent, prudent administration of that law. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. SABATH. Mr. Speaker, I yield four minutes to the gentleman from New York [Mr. O'CONNOR.]

Mr. O'CONNOR. Mr. Speaker, the gentleman from Michigan [Mr. MICHENER] said that "the people of this country did not want any more investigations."

We might as well be perfectly frank about the situation here to-day. Instead of saying "the people," the truth is "the Republicans do not want any investigation." In the Rules Committee, eight Democrats voted to report this resolution; all the Republicans voted against reporting it. Why? Nothing was then and there said about "economy."

I am willing to wager that the vote, when it is taken on this resolution, will be strictly political; because for the past 12 years at least, every post-office site, every lease of a post office, has been a question of patronage. Why, Mr. Speaker, it would be impossible to spend as much money as has been spent on them—honestly. It would be impossible to spend $75,000 or $100,000 for a post office in certain villages, unless there was patronage in it. Since the Republicans have been in control of the Government how often have they ever bought or leased a site from anybody but a Republican? That is why they do not want the situation investigated. Cite an instance if you can; cite one to the contrary. Name one Democrat from whom a site was purchased or a building leased.

This talk about the Expenditures Committee having jurisdiction is not true in fact. All members of the Rules Committee know that committee does not have the power. Every committee of this House comes to the Rules Committee for power to investigate, to subpœna witnesses, to examine documents. No committee has that power except by a special rule. Likewise the Post Office Committee has not the power except by a special rule such as this.

During all this session I have chafed under the flood of loose words in this Chamber.

Now, let us talk politics plainly. The Republicans were talking here to-day about "economy."

The gentleman from Massachusetts [Mr. TREADWAY] went over the extravagance of spending $10,000 under this resolution. Why, the minority is practicing deception in talking about the possible $10,000 to be spent in this investigation. That opposition is just as sincere, that economy plea you were talking about yesterday and to-day is backed by just as much sincerity as your plea of cooperation or nonpartisanship. There has been no cooperation on your part during this session. There has been partisanship in every move

you have made, and there will be until the end of the session. Every time you have talked about economy you have been insincere, and you did not mean it. Where were you with your economy during the past 12 years you have been in power, when, as a result of your economy, you thrust our country in the depths of distress and depression, piling up on us billions of dollars of a deficit? You talk about economy! You protest against spending $10,000 to reveal millions of dollars of graft! You thought nothing of wasting $500,000 on the Wickersham Commission.

Now, let us stop this false talk about cooperation, nonpartisanship, and economy. When we come back for the next session let us spread our cards out on the table face up, and let you say, "We are Republicans," and we will say, "We are Democrats," and let us go to it. The reason you do not want this investigation is that every spot it will touch will be Republican, not Democratic. Let us be frank about it. Every Democrat should support this resolution. I am sure every Republican will be against it, solely for the reason that it is directed against expenditures under a Republican administration. You are partisans, you have been partisans every day and every minute of this session of Congress. The Democratic majority has had no cooperation from you on economy or anything else. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

All time has expired.

Mr. SABATH. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the committee amendment to the body of the resolution.

The committee amendment was agreed to.

The SPEAKER pro tempore. The question is on the amendment striking out the preamble to the resolution.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the passage of the resolution.

Mr. PURNELL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken, and there were—yeas 190, nays 138, not voting 102, as follows:

[Roll No. 106]

YEAS—190

Allgood	Davis	Johnson, Tex.	Mobley
Almon	Delaney	Jones	Montague
Amlie	DeRouen	Kading	Moore, Ky.
Arnold	Dickstein	Karch	Morehead
Auf der Heide	Dies	Kelly, Ill.	Nelson, Mo.
Bankhead	Dieterich	Kemp	Norton, Nebr.
Barton	Disney	Kennedy	O'Connor
Beam	Dominick	Kerr	Oliver, N. Y.
Black	Doughton	Kleberg	Overton
Bland	Ellzey	Kniffin	Palmisano
Bloom	Evans, Mont.	Kvale	Parker, Ga.
Boileau	Fernandez	LaGuardia	Parks
Boland	Fiesinger	Lambeth	Parsons
Briggs	Fishburne	Lamneck	Patman
Browning	Fitzpatrick	Lanham	Patterson
Brunner	Fuller	Lankford, Ga.	Pettengill
Bulwinkle	Fulmer	Larrabee	Polk
Burch	Gambrill	Larsen	Pou
Busby	Garrett	Lea	Prall
Byrns	Gavagan	Lichtenwalner	Ragon
Campbell, Iowa	Gilbert	Lindsay	Rainey
Canfield	Gilchrist	Linthicum	Ramspeck
Carden	Goldsborough	Lonergan	Rankin
Carley	Granfield	Lozier	Rayburn
Cartwright	Green	Ludlow	Rudd
Cary	Gregory	McClintic, Okla.	Sabath
Celler	Griswold	McCormack	Sanders, Tex.
Chapman	Guyer	McDuffie	Sandlin
Chavez	Haines	McFadden	Schafer
Christgau	Hall, Miss.	McGugin	Selvig
Clark, N. C.	Hancock, N. C.	McKeown	Shallenberger
Cole, Md.	Hare	McMillan	Shannon
Collier	Harlan	McReynolds	Sinclair
Collins	Hill, Ala.	McSwain	Smith, Va.
Condon	Hill, Wash.	Maas	Somers, N. Y.
Connery	Hoch	Major	Sparks
Cooper, Tenn.	Hornor	Mansfield	Stafford
Cox	Howard	Mapes	Steagall
Crisp	Huddleston	Martin, Oreg.	Stevenson
Cross	Jacobsen	Mead	Stewart
Crowe	Jeffers	Miller	Strong, Kans.
Crump	Johnson, Mo.	Mitchell	Sullivan, N. Y.
Cullen	Johnson, Okla.	Milligan	Summers, Wash.
Sumners, Tex.	Taylor, Colo.	West	Wood, Ga.
Sutphin	Thomason	Whittington	Woodrum
Swank	Vinson, Ga.	Williams, Mo.	Wright
Sweeney	Vinson, Ky.	Wingo	
Tarver	Weaver	Withrow	

NAYS—138

Adkins	Culkin	Kahn	Selberling
Allen	Curry	Kendall	Shott
Andresen	Dallinger	Ketcham	Simmons
Andrew, Mass.	Darrow	Knutson	Smith, Idaho
Ayres	Dyer	Kopp	Snell
Bacharach	Eaton, Colo.	Kurtz	Snow
Bachmann	Eaton, N. J.	Lankford, Va.	Stalker
Baldrige	Englebright	Leavitt	Stokes
Barbour	Erk	Lehlbach	Strong, Pa.
Beedy	Evans, Calif.	Loofbourow	Stull
Blanton	Fish	McClintock, Ohio	Swanson
Bolton	Free	McLaughlin	Swick
Brand, Ohio	French	Magrady	Taber
Burdick	Garber	Manlove	Taylor, Tenn.
Burtness	Gibson	Martin, Mass.	Temple
Butler	Glover	Michener	Thatcher
Cable	Goss	Millard	Thurston
Campbell, Pa.	Hadley	Moore, Ohio	Timberlake
Carter, Calif.	Hall, Ill.	Mouser	Tinkham
Carter, Wyo.	Hancock, N. Y.	Murphy	Treadway
Cavicchia	Hardy	Nelson, Me.	Underhill
Chindblom	Haugen	Niedringhaus	Warren
Chiperfield	Hogg, Ind.	Nolan	Wason
Christopherson	Holaday	Oliver, Ala.	Watson
Clancy	Hollister	Partridge	Weeks
Clarke, N. Y.	Holmes	Person	White
Cochran, Mo.	Hooper	Purnell	Whitley
Cochran, Pa.	Hope	Ramseyer	Williamson
Cole, Iowa	Hopkins	Ransley	Wolcott
Colton	Horr	Reed, N. Y.	Wolfenden
Connolly	Houston, Del.	Rich	Wolverton
Cooke	Hull, Morton D.	Robinson	Wood, Ind.
Cooper, Ohio	Hull, William E.	Rogers, Mass.	Wyant
Coyle	Jenkins	Sanders, N. Y.	
Crail	Johnson, S. Dak.	Seger	

NOT VOTING—102

Abernethy	Doutrich	Hogg, W. Va.	Reid, Ill.
Aldrich	Dowell	Igoe	Reilly
Andrews, N. Y.	Doxey	James	Rogers, N. H.
Arentz	Drane	Johnson, Ill.	Romjue
Bacon	Drewry	Johnson, Wash.	Schneider
Beck	Driver	Keller	Schuetz
Boehne	Estep	Kelly, Pa.	Shreve
Bohn	Finley	Kinzer	Sirovich
Bowman	Flannagan	Kunz	Smith, W. Va.
Boylan	Foss	Lambertson	Spence
Brand, Ga.	Frear	Lewis	Sullivan, Pa.
Britten	Freeman	Lovette	Swing
Brumm	Fulbright	Luce	Tierney
Buchanan	Gasque	McLeod	Tilson
Buckbee	Gifford	Maloney	Tucker
Cannon	Gillen	May	Turpin
Chase	Golder	Montet	Underwood
Clague	Goodwin	Nelson, Wis.	Welch
Corning	Greenwood	Norton, N. J.	Wiggiesworth
Crosser	Griffin	Owen	Williams, Tex.
Crowther	Hall, N. Dak.	Parker, N. Y.	Wilson
Davenport	Hart	Peavey	Woodruff
De Priest	Hartley	Perkins	Yates
Dickinson	Hastings	Pittenger	Yon
Douglas, Ariz.	Hawley	Pratt, Harcourt J.	
Douglass, Mass.	Hess	Pratt, Ruth	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Buckbee (for) with Mr. Aldrich (against).
Mr. Keller (for) with Mr. Gifford (against).
Mr. Boylan (for) with Mr. Wigglesworth (against).
Mrs. Norton (for) with Mr. Hess (against).
Mr. Sirovich (for) with Mr. Johnson of Washington (against).
Mr. Fulbright (for) with Mr. Pratt (against).
Mr. Schuetz (for) with Mr. Davenport (against).
Mr. Corning (for) with Mr. Shreve (against).
Mr. Tierney (for) with Mr. Beck (against).
Mr. Rogers (for) with Mr. Hawley (against).
Mr. Douglass of Massachusetts (for) with Mr. Bacon (against).
Mr. Greenwood (for) with Mr. Luce (against).
Mr. Maloney (for) with Mrs. Pratt (against).
Mr. Griffin (for) with Mr. Turpin (against).
Mr. Montet (for) with Mr. Finley (against).
Mr. Boehne (for) with Mr. Crowther (against).
Mr. Igoe (for) with Mr. Estep (against).
Mr. Gasque (for) with Mr. Doutrich (against).
Mr. Cannon (for) with Mr. Parker of New York (against).
Mr. May (for) with Mr. Kinzer (against).
Mr. Crosser (for) with Mr. Hawley (against).
Mr. Douglas of Arizona (for) with Mr. Bowman (against).

General pairs:

Mr. Drewry with Mr. Arentz.
Mr. Lanham with Mr. Lovette.
Mr. Underwood with Mr. McLeod.
Mr. Buchanan with Mr. Perkins.
Mr. Riley with Mr. Reed of Illinois.
Mr. Brand of Georgia with Mr. Britten.
Mr. Abernethy with Mr. Yates.

Mr. Romjou with Mr. Andrews of New York.
Mrs. Owen with Mr. Kelly of Pennsylvania.
Mr. Dickinson with Mr. Dowell.
Mr. Smith of West Virginia with Mr. Foss.
Mr. Doxey with Mr. Hartley.
Mr. Spence with Mr. Woodruff.
Mr. Drane with Mr. Tilson.
Mr. Tucker with Mr. Frear.
Mr. Williams of Texas with Mr. Pittenger.
Mr. Driver with Mr. Nelson of Wisconsin.
Mr. Lewis with Mr. Lambertson.
Mr. Flannagan with Mr. Clague.
Mr. Yon with Mr. Hogg of West Virginia.
Mr. Hastings with Mr. Bohn.
Mr. Gillen with Mr. Schneider.
Mr. Hart with Mr. Hall of North Dakota.
Mr. Wilson with Mr. Goodwin.
Mr. Golder with Mr. James.
Mr. Freeman with Mr. Swing.
Mr. Johnson of Illinois with Mr. De Priest.
Mr. Welch with Mr. Sullivan of Pennsylvania.

Mr. DARROW. Mr. Speaker, my colleague, Mr. KINZER is unavoidably absent because of an accident. If he were present, he would vote no.

Mr. SNELL. Mr. Speaker, my colleague Mrs. PRATT is unavoidably absent. If she were present, she would vote no.

The result of the vote was announced as above recorded.

On motion of Mr. SABATH, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

AMELIA EARHART PUTNAM

Mr. MILLARD. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MILLARD. Mr. Speaker, as the Representative in Congress from Westchester and Rockland Counties, New York, it is my special privilege, and I consider it a great honor, to introduce to my colleagues in the House the first woman to fly the Atlantic, the first woman to fly it alone, and the first pilot, either man or woman, to cross the ocean twice in an airplane.

Yesterday this House authorized the President of the United States to present her with the distinguished-service medal in recognition of her brilliant accomplishment. All the world joins the United States in rendering her the homage which she so richly deserves.

No woman is more gentle and no man more courageous. I present to you Amelia Earhart Putnam, of Westchester County, N. Y. [Applause.]

COLLECTION OF IMPORT DUTIES, VIRGIN ISLANDS

Mr. CRISP. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 4367, to enable the collection of import duties on foreign-made goods entering the Virgin Islands through parcel-post mail, and consider the same at this time. This is an administration bill dealing slightly with changing the customs laws of the Virgin Islands. It involves no expense whatever to the Government.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. Let the bill be reported.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of an act entitled "An act to provide a temporary government for the West Indian Islands acquired by the United States from Denmark by the convention entered into between said countries on the 4th day of August, 1916, and ratified by the Senate of the United States on the 7th day of September, 1916, and for other purposes," approved March 3, 1917 (39 Stat. 1134; U. S. C., title 48, sec. 1395), as amended by the act of February 25, 1927 (44 Stat. 1235; U. S. C., Supp. V, title 48, sec. 1395), be, and the same is hereby, amended to read as follows:

"SEC. 4. That until Congress shall otherwise provide all laws now imposing taxes in the said West Indian Islands, including the customs laws and regulations, shall, in so far as compatible with the changed sovereignty and not otherwise herein provided, continue in force and effect, except that articles the growth, product or manufacture of the United States shall be admitted there free of duty: *Provided*, That upon exportation of sugar to any foreign country, or the shipment thereof to the United States or any of its possessions, there shall be levied, collected, and paid thereon an export duty of $6 per ton of 2,000 pounds, irrespective of polariscope test, in lieu of any export tax now required by law: *Provided further*, That the internal-revenue taxes levied by the Colonial Council of St. Croix, or by the Colonial Council of St. Thomas and St. John, in pursuance of the authority granted by this act on articles, goods, wares, or merchandise may be levied and collected as the Colonial Council of St. Croix, or as the Colonial Council of St. Thomas and St. John, may direct, on the articles subject to said tax, as soon as the same are manufactured, sold, used, or brought into the island: *And provided further*, That no discrimination be made between the articles imported from the United States or foreign countries and similar articles produced or manufactured in the municipality of St. Croix, or in the municipality of St. Thomas and St. John, respectively. The officials of the Customs and Postal Services of the United States are hereby directed to assist the appropriate officials of the municipality of St. Croix, or of the municipality of St. Thomas and St. John, in the collection of these taxes."

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, will the gentleman make a brief explanation of the bill? I am acquainted with the measure, but I want to know whether the Senate bill is identical with the provisions of the bill recommended by the House committe.

Mr. CRISP. Mr. Speaker, in 1916 the United States acquired by treaty the Virgin Islands from Denmark. In the treaty it was provided that the laws in force in the Virgin Islands at the time we acquired them from Denmark should remain in force and effect, except that any commodity or product grown, produced, or manufactured in the United States should be permitted to enter the Virgin Islands free. The old laws under the Danish rule still apply, with that exception, and the only way the three cities of the islands meet their expenses is by levying taxes on goods imported. They do not collect sufficient amount of taxes to pay their expenses, and the United States Treasury has to make up the deficit. It is believed if this bill is passed those cities will become more nearly self-sustaining. This bill is an administration bill. It was sent to the Ways and Means Committee by the Treasury Department and also to the Senate committee, and the bills are exactly alike. The Ways and Means Committee had before it some of the officials of the Government, and the Ways and Means Committee unanimously reported the bill with a favorable recommendation. The only practical effect the bill has is to permit the postal authorities and the customs authorities located on the Virgin Islands to assist the authorities of those municipalities in examining parcel-post mail to see that goods are not smuggled into those communities without paying the tax. Goods grown, produced, or manufactured in the United States, as I say, are permitted to enter free. The Postmaster General says his department has no objection to the bill, the Treasury Department says it has no objection to the bill, it is easily administered, and the Secretary of the Interior makes a similar statement. The Governor of the Virgin Islands was here urging the speedy and prompt consideration of the bill.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. SNELL. I understood that they wanted to collect some revenues to pay expenses of the cities, but on the other hand, that everything from the United States goes in free.

Mr. CRISP. Yes. The Virgin Islands are a part of the United States. The United States does not levy taxes on goods going from one State to another State, and the United States does not levy taxes on goods coming from Puerto Rico, and they can not collect taxes on goods shipped from here. This confers on the Virgin Islands the same right to have the assistance of these officials that is conferred upon the Puerto Rican government. That is all it does.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed; and a motion to reconsider laid on the table.

CONSENT CALENDAR

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that it shall be in order to consider the bills on the Consent Calendar to-day.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. That is, those that would have been in order yesterday?

Mr. O'CONNOR. Yes.

Mr. STAFFORD. With that qualification, I have no objection.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will call the calendar.

CONSERVATION OF WILD LIFE, ETC.

The first bill on the Consent Calendar was the bill (S. 263) to promote the conservation of wild life, fish, and game, and for other purposes.

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object. I am not ready with that bill, and I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

VIRGIN ISLANDS

The Clerk called the next bill, H. R. 11363, relating to the immigration and naturalization of certain natives of the Virgin Islands.

The SPEAKER pro tempore. Without objection, a similar Senate bill will be considered.

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That a native of the Virgin Islands of the United States who is now residing in any foreign country shall for the purpose of the immigration act of 1924, as amended, be considered as a nonquota immigrant for the purposes of admission to the United States; but shall be subject to all the other provisions of that act and of the immigration laws, except that—

(a) He shall not be subject to the head tax imposed by section 2 of the immigration act of 1917;

(b) He shall not be required to have a passport or immigration visa;

(c) If otherwise admissible, he shall not be excluded under section 3 of the immigration act of 1917, unless excluded under the provisions of that section relating to—

(1) Persons afflicted with a loathsome or dangerous contagious disease;

(2) Polygamy;

(3) Prostitutes, procurers, or other like immoral persons;

(4) Contract laborers;

(5) Persons previously deported; or

(6) Persons convicted of crime.

SEC. 2. The foregoing provisions of this act shall not apply to any such alien after the expiration of two years following the enactment of this act.

SEC. 3. An alien admitted to the United States under this act shall not be subject to deportation on the ground that he has become a public charge.

SEC. 4. Terms defined in the immigration act of 1924, as amended, shall, when used in this act, have the meaning assigned to such terms in that act.

SEC. 5. Section 1 of the act entitled "An act to confer United States citizenship upon certain inhabitants of the Virgin Islands and to extend the naturalization laws thereto," approved February 25, 1927, is amended by adding at the end thereof the following:

"(d) All natives of the Virgin Islands of the United States who are, on the date of enactment of this subdivision, residing in continental United States, the Virgin Islands of the United States, Porto Rico, the Canal Zone, or any other insular possession or Territory of the United States, who are not citizens or subjects of any foreign country, regardless of their place of residence on January 17, 1917."

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word. May I ask the author of the bill what was the purpose in extending the privileges to those who reside in the Canal Zone?

Mr. DICKSTEIN. Because the last act of Congress touching the matter took in only a certain number who resided on the islands. The status of most of the persons born on the Virgin Islands is such they can not go back to their own Virgin Islands. It applies only to those who were born on the islands.

Mr. STAFFORD. Mr. Speaker, I withdraw the pro forma amendment and shall offer a substantive amendment of a minor character.

I have examined the Senate bill. We are confronted with a little confusion arising out of the change of name from Porto Rico to Puerto Rico, and I offer an amendment to change the spelling to the ancient form, which has recently been modernized and accepted—Puerto Rico.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: On page 3 of the Senate bill in line 6, strike out "Porto Rico" and insert in lieu thereof "Puerto Rico."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

NATURALIZATION LAWS

The Clerk called the next bill, H. R. 10274, to amend the act approved March 2, 1929, entitled "An act to supplement the naturalization laws, and for other purposes" (45 Stat. 1512).

Mr. JENKINS. Mr. Speaker, I reserve the right to object, and yield part of my time to the chairman of the committee for an explanation.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that this bill go over to the next calendar day.

The SPEAKER pro tempore. Is there objection?

There was no objection.

HEIRS OF DECEASED INDIANS

The Clerk called the next bill, H. R. 6684, to amend the act of June 25, 1910, entitled, "An act to provide for determining the heirs of deceased Indians, for the disposal and sale of allotments of deceased Indians, for the lease of allotments, and for other purposes," so as to authorize the Secretary of the Interior to modify the terms of certain contracts, when in his judgment it is in the interest of the Indians so to do.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I want to inquire of the author of the bill the reason the committee did not follow the recommendation of the department?

Mr. Speaker, I ask unanimous consent this bill may go over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

RESTORATION OF STATUS OF WARRANT OFFICERS, REGULAR ARMY

The Clerk called the next bill, H. R. 11174, to restore to their former retired status in the Regular Army of the United States persons who resigned such status to accept the benefits of the act of May 24, 1928 (45 Stat. 735), and for other purposes.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, this matter, I understand, is still in the courts. It is true that the Comptroller General rendered a decision as to the rights of these retired men, and then some additional or newly discovered evidence was submitted and a new decision was rendered.

The only right involved in these two decisions, they tell me, is the right to buy at commissaries, and things of that kind.

It seems to me that inasmuch as the case is still in court the matter should go over. Mr. Speaker, I ask unanimous consent to have the bill passed over without prejudice.

Mr. JAMES. This has nothing to do with post exchanges.

Mr. LAGUARDIA. That is the only privilege they are losing.

Mr. JAMES. This is a case where certain officers had to retire in order to come under a certain law.

Mr. LAGUARDIA. They are getting their pensions.

Mr. JAMES. No.

Mr. LAGUARDIA. Oh, yes. I inquired about that, and they are not losing their pensions at all.

Mr. GOSS. This has been requested by the department, and the committee was unanimous in reporting it.

Mr. LAGUARDIA. I took up the matter with the Comptroller General and he says the cases are still pending in court.

Mr. JAMES. This has reference to retired pay.

Mr. LAGUARDIA. I know, and they are not losing their retired pay at all. The gentleman can check that up. I would not stop it if that were so, but they are not losing their retired pay.

Mr. GOSS. It puts them back in their former status. They got out of this status to get this benefit.

Mr. LAGUARDIA. They chose to go to court so let them abide by the court decision. We should not interfere at all. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

BRIDGE ACROSS THE MISSOURI RIVER

The Clerk called the next bill, H. R. 10084, authorizing the city of Omaha, Nebr., to construct, maintain, and operate a toll bridge across the Missouri River at or near O'Hern Street, South Omaha, Nebr., and to acquire, maintain, and operate the existing toll bridge across the Missouri River between the cities of Omaha, Nebr., and Council Bluffs, Iowa.

The SPEAKER pro tempore. Three objections are required.

Mr. SWANSON, Mr. ROBINSON, and Mr. THURSTON objected.

COLLECTION AND PUBLICATION OF STATISTICS OF TOBACCO

The Clerk called the next bill, H. R. 9590, to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, as I understand the bill it broadens the territory for the gathering of statistics on tobacco. If the tobacco people believe that it will do them some good I am willing to abide by their judgment, but from my research of the subject I can not see that this particular survey and the publication of these yearly statistics is doing much good.

Mr. JONES. I will state to the gentleman that personally I am not familiar with tobacco, but a subcommittee was appointed and after hearing tobacco people that committee unanimously agreed that the bill would be beneficial.

Mr. VINSON of Kentucky. I may say to the gentleman from New York that I do not think the present law goes far enough and I do not think this amendment goes far enough but it, at least, gives added information to the tobacco growers.

Mr. LAGUARDIA. Do they heed that information?

Mr. VINSON of Kentucky. It gives them this added information when they sit across the table from the man who buys the tobacco. The purchaser has information as to the extent of the tobacco crop. If the growers of tobacco can have information as to the quantity, quality, type, and grade of tobacco on hand that is helpful to them in making a better deal as to the price.

Mr. LAGUARDIA. As a matter of fact, when they get information—and this becomes interesting in the light of our whole attitude toward the control of production, if we can—as to the quantity of tobacco on hand, do they regulate their planting accordingly?

Mr. VINSON of Kentucky. There is more regulation going on now than heretofore. This bill provides for the reports for the three-fourths period of the preceding calendar year instead of the full calendar year. Under the present law, you do not get those data until after the season's crop has been disposed of. If you provide for the period of three-fourths the calendar year, the growers will have the information as to the quantity on hand, type and grade. That undoubtedly gives them some information that is of great help to them.

Mr. JENKINS. Will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. JENKINS. How much additional will this cost?

Mr. VINSON of Kentucky. I do not think there is any substantial additional expense to it at all.

Mr. LAGUARDIA. It will increase the source of information and, of course, it will mean more stationery and things of that sort, but I do not think the added cost will be very much.

Mr. VINSON of Kentucky. The cost is not appreciable.

Mr. JENKINS. Is not this the principal argument in favor of the bill, that the information which would be of help to the man who sells his tobacco does not come out in time to give him the full benefit of the information which may be obtained as to the crop and the quality of the crop?

Mr. VINSON of Kentucky. If he sells his tobacco in December or January and the report is not available until February, the grower does not have the advantage of that knowledge in time for it to be worth anything. This would not mean any appreciable added expense.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, there are two questions that are confusing me—one in particular—and that is as to the authority that is attempted to be conferred in section 2. What constitutional right have we to exact from any tobacco grower the furnishing of statistics without any return for his efforts in compiling such statistics?

Mr. VINSON of Kentucky. We have that right now, and we are exercising it under the present law.

Mr. STAFFORD. I question very much if any tobacco grower wished to set up the constitutional objection that there is no power in the National Government to exact the furnishing of such statistics as to his private business, whether his right would be questioned to decline to furnish the statistics.

Mr. VINSON of Kentucky. I may say to the gentleman that the original grower is exempted from the operation of the section.

Mr. STAFFORD. It is stated here, "dealer, manufacturer, quasi manufacturer, warehouseman, broker, holder"——

Mr. VINSON of Kentucky. "Other than the original grower."

Mr. STAFFORD. Yes; but what right have we to exact from these designated persons or associations the furnishing of information without any compensation for such service?

Mr. LAGUARDIA. The answer to that, I think, is that we have the same right the Census Bureau has to come in and collect such information.

Mr. STAFFORD. The gentleman is beyond his position so far as the constitutional prerogative as to the census is concerned. Under the Constitution we are authorized only to take a census of the population. This is not a census of population.

Mr. LAGUARDIA. But the Census Bureau takes a census of other things.

Mr. STAFFORD. And I can cite the gentleman to a decision of one of the United States courts that absolutely negatives the right of Congress to call upon any individual to furnish information of this sort other than with respect to population.

Mr. VINSON of Kentucky. I may suggest to the gentleman that the only amendment in section 3 is the addition of the words "quasi manufacturers," and limiting the time of the report from 15 days to 10 days.

Mr. STAFFORD. I am quite aware of that fact, but I am bringing up this constitutional question in view of the tenacity which the gentleman from Kentucky sometimes asserts on matters of constitutional rights.

This brings up the further question as to why the collation of these statistics should not be under the Census Bureau rather than the Department of Agriculture.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. LAGUARDIA. The gentleman knows that even in the last census, besides taking a census of population, we took a census of the radios, a census of farms, and all sorts of matters.

Mr. STAFFORD. They were taken at the expense of the National Government, but here you are requiring a service from an individual which you have no right to exact without compensation. It is taking private property without

due compensation at law, and wherever that prerogative has been asserted the courts have upheld the right of the individual to refuse the furnishing of the information. I may say here that in the economy bill yesterday we repealed a provision that was passed some years ago when I was out of Congress, unfortunately——

Mr. LAGUARDIA. Unfortunately, for the bill?

Mr. STAFFORD. No; fortunately for the bill. This provision required the collation of statistics on leather and the like, a needless expense put upon the leather manufacturers, requiring them to give information as to the amount of leather they may have in their possession.

I now put this direct question to the gentleman. Why are not these statistics compiled by the Census Bureau, as we do in the case of cotton rather than by the Department of Agriculture?

Mr. VINSON of Kentucky. I can answer the gentleman right to the point. Formerly the statistics were compiled in the Department of Commerce. The friends of the tobacco growers made specific request to have the statistics compiled by the Department of Agriculture, thinking it was more in keeping with their work and that they would certainly be more friendly to the farmer. I was one who made this fight to secure the change.

Mr. LAGUARDIA. I do not think the gentleman from Wisconsin would argue that it would be constitutional for the Bureau of the Census and unconstitutional for the Department of Agriculture.

Mr. STAFFORD. No; it is unconstitutional in either instance. I am simply taking the floor to point out to these growers that there is no power in the Constitution requiring them to do this work without paying them for it.

I withdraw the reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929, is amended to read as follows:

"That the Secretary of Agriculture be, and he is hereby, authorized and directed to collect and publish statistics of the quantity of leaf tobacco in all forms in the United States owned by or in the possession of dealers, manufacturers, quasi-manufacturers, growers' cooperative associations, warehousemen, brokers, holders, or owners, other than the original growers of tobacco. The statistics shall show the quantity of tobacco in such detail as to types and groups of grades as the Secretary of Agriculture shall deem to be practical and necessary for the purpose of this act, and said statistics shall show the stocks of tobacco of the last four crop years, including therein the production of the year of the report, which shall be known as new crops, separately from the stocks of previous years, which shall be known as old crops, and shall be summarized as of January 1, April 1, July 1, and October 1 of each year: *Provided*, That the Secretary of Agriculture shall not be required to collect statistics of leaf tobacco from any manufacturer of tobacco who, in the first three-quarters of the preceding calendar year, according to the returns of the Commissioner of Internal Revenue, manufactured less than 35,000 pounds of tobacco, or from any manufacturer of cigars who during the first three-quarters of the preceding calendar year manufactured less than 185,000 cigars, or from any manufacturer of cigarettes who, during the first three-quarters of the preceding calendar year, manufactured less than 750,000 cigarettes."

SEC. 2. Section 3 of such act of January 14, 1929, is amended to read as follows:

"SEC. 3. It shall be the duty of every dealer, manufacturer, quasi manufacturer, growers' cooperative association, warehouseman, broker, holder, or owner, other than the original grower, except such persons as are excluded by the proviso to section 1 of this act, to furnish within 15 days after January 1, April 1, July 1, and October 1 of each year, completely and correctly, to the best of his knowledge, a report of the quantity of leaf tobacco on hand, segregated in accordance with the blanks furnished by the Secretary of Agriculture. Any person, firm, association, or corporation required by this act to furnish a report, and any officer, agent, or employee thereof who shall refuse or willfully neglect to furnish any of the information required by this act, or shall willfully give answers that are false or misleading, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than $300 or more than $1,000, or imprisoned not more than one year, or both."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CHIPPEWA INDIAN TERRITORY IN MINNESOTA

The Clerk called the next bill, H. R. 9495, to establish the boundary lines of the Chippewa Indian Territory in the State of Minnesota.

Mr. KNUTSON. Mr. Speaker, the legal description contained in this bill is not accurate and at the suggestion of the Indian Bureau I introduced a similar bill (H. R. 12329), which is No. 362 on the calendar. I therefore ask unanimous consent that this bill be stricken from the calendar.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

DIMINISHED COLVILLE INDIAN RESERVATION, WASH.

The Clerk called the next bill, S. 2983, for the relief of homesteaders on the Diminished Colville Indian Reservation, Wash.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, it has been several days since I have looked at my calendar. How about this 5 per cent interest provision? Is that lawful? Is not that rather high?

Mr. HILL of Washington. It is rather high, but that is the suggestion of the department.

Mr. LAGUARDIA. What does the gentleman from Wisconsin [Mr. STAFFORD] say about that?

Mr. STAFFORD. I have examined the bill very carefully. This is a Senate bill. There is no objection to the bill in its present form. If you want to reduce the amount, of course there may be objection to it.

As to the rate of interest——

Mr. LAGUARDIA. That is what I am concerned about.

Mr. STAFFORD. If the gentleman will permit, the House imposed upon me and I graciously accepted the burden the duty of trying to adjust the differences between those opposed and those in favor of extending the time for payment of construction charges on irrigation works.

The major question was as to the amount of interest to be paid on the deferred charges. They left to the Secretary of the Interior the determination of the rate of interest. The Secretary of the Interior fixed it at 5½ per cent, for the reason that it was not fair to those who had paid charges to be relieved of the burden, and also more or less of a penalty, so that everyone would not come in and avail himself of the privilege of deferred construction charges.

Mr. WILLIAMSON. I think in all of these extensions, affecting both whites and Indians, the uniform rate has been 5 per cent.

Mr. LAGUARDIA. In other words, it is not any criterion that the Government is establishing a rate of interest; it is more in the form of payment for deferred charges.

Mr. WILLIAMSON. That is correct.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized, in his discretion, to extend for a period of not to exceed two years the time for the payment of any installment or installments due, or hereafter to become due, of the purchase price for lands sold under the act of Congress approved March 22, 1906 (34 Stat. 80): *Provided*, That the payments extended under the provisions of Public Resolution No. 33, approved March 19, 1920 (41 Stat. 535), may be extended hereunder: *Provided further*, That any and all payments must be made when due unless the entryman applies for an extension and pays interest for one year in advance at 5 per cent per annum upon the amount due, and patent shall be withheld until full and final payment of the purchase price is made in accordance with the provisions hereof: *Provided further*, That where payments are extended hereunder for more than one year the same rate of interest shall be paid in advance for the second year: *And provided further*, That failure to make any payment that may be due, unless the same be extended, or to make any extended payment at or before the time to which such payment has been extended as herein provided, shall forfeit the entry, and the same shall thereupon be canceled, and any and all payments theretofore made shall be forfeited.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word. The only question about these deferred collection payments was paying the interest in advance. I would like to inquire from the author of the bill, or the gentleman

having the matter in charge, whether we usually require that condition of making the interest payable in advance?

Mr. HILL of Washington. I am not really advised about that. We came to Congress and asked for this leniency and consulted with the Secretary of the Interior, and the department imposed it in the bill.

Mr. STAFFORD. I notice in the letter of the Commissioner of the General Land Office he says it is the practice of this office to hold an entry for cancellation for nonpayment of the required amount, in a letter addressed to the register of the land office for the district in which the land is situated, setting out that if the required payment is not made, or an appeal filed within the time allowed, the entry will be canceled and the case closed, and it is not believed that any good purpose would be served by having this practice changed in the case of the Colville land.

Mr. HILL of Washington. I want to say that they had a series of trying years with no crops, and they were unable to meet their payments.

Mr. STAFFORD. How much acreage is involved?

Mr. HILL of Washington. I would have to guess, but I would say something like 10,000 acres.

Mr. STAFFORD. How many settlers?

Mr. HILL of Washington. There are 110 acres of land to each settler in a quarter section. I am not advised as to the number of settlers.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TAX LAWS FOR RESERVED AREAS AT BOULDER DAM

The Clerk read the next bill on the Consent Calendar, H. R. 11945, to provide that tax laws in Nevada and Arizona shall apply to construction and reserved areas at Boulder Dam.

The SPEAKER pro tempore. Is there objection?

Mr. JENKINS, Mr. STAFFORD, and Mr. COLLINS objected.

INDIAN IRRIGATION PROJECT

The Clerk read the next bill on the Consent Calendar, S. 3675, an act relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects.

Mr. GOSS. Mr. Speaker, I reserve an objection. How many of these Indian projects are there?

Mr. LEAVITT. The Indian irrigation projects under contract and under similar conditions to these—as far as I know—would apply to two projects in the State of Washington, one or two in Montana, and that is as far as my information goes.

Mr. SUMMERS of Washington. I would like to say that there is one project in my district which has made more repayments than any other Indian project in the United States. At this time it is not able to carry on at all. There are several hundred of these water users on the Wapato project. I repeat, this project has an unsurpassed record for repayments, but at this time the farmers greatly need this legislation, and I hope no gentleman will object to the present consideration of the bill. My farmers are in sore distress at this time.

Mr. LEAVITT. What it does is to give these people who are situated in exactly the same way as the water users on Government irrigation projects, exactly the same treatment as those others receive. It provides that they shall have exactly the same treatment as was given under the bill which passed the House and Senate and is now a law to those living on other projects. To begin with, they must apply for it, and pay the interest on the deferred charges, with one year of complete deferment, for the second year deferment on one-half of the charge.

Mr. GOSS. There is nothing in the report that says how much money is involved.

Mr. LAGUARDIA. I do not think there is any justification for the bill at all. I am perfectly willing to let it go over without prejudice.

Mr. LEAVITT. There is the same justification that is found in connection with the other Government projects. The statement made at the end of the report by the Assistant Commissioner of Indian Affairs reads as follows:

> It would seem altogether consistent, therefore, that, if Congress enacts legislation granting deferment and adjustment of construction charges on lands included in projects under the reclamation law, similar legislation be enacted extending relief to the projects under the Indian irrigation service as is contemplated.

We did pass such an act for the other projects, and that is the justification for this, in order that the people who are situated exactly in the same way, except that they are on the Indian irrigation projects, shall have exactly the same treatment. This bill does nothing except to extend exactly the same treatment already given by a vote of the House and Senate to settlers situated in exactly the same way on other projects. However, that legislation applied only to Federal projects and could not be extended to those on the Indian projects. That is why we need this legislation.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. LEAVITT. Yes.

Mr. STAFFORD. A moment or two ago I referred to the general bill that we passed providing for the relief of settlers on irrigation projects. In my investigation of the subject it was called to my attention that 50 per cent had paid their construction charges, and that it was mostly the ne'er-do-wells who were pressing their Representatives in Congress to get this concession. I rise to ask whether the gentleman would have any objection to this series of amendments: Line 5, page 1, after the word "of," insert "such of the"; and after the word "charges," insert the words "as are in default," so that it would read:

> To defer the payment of such of the construction charges as are in default for the calendar year 1931.

Also, in line 9, strike out the words "and to the same extent."

I do not think the gentleman should ask or that it is his purpose to extend this privilege to those who have paid their construction charges.

Mr. LEAVITT. No; there is no such intention.

Mr. STAFFORD. Under the original act there was no inducement made to have the privilege extended to those who had already paid and were in a position to pay. It was nothing more than a raid, a stampede upon the part of the ne'er-do-well settlers who were organized in Idaho to try to take an unfair advantage of the Government. I recognize the merit of the position of the gentleman in trying to extend the provisions of that law to these Indian projects.

Mr. LEAVITT. Of course the result of that would be that the settlers on the Indian projects would not get exactly the same treatment as those on other Government projects, and we have already given to the settlers on the other projects certain privileges. All this act does is to extend to those settlers what we have done for the others.

Mr. STAFFORD. If I had known at the beginning of my investigation what I did at the conclusion, I would not only have fought it from the first but I would certainly have excepted those settlers who had paid their construction charges; and I am asking that reasonable provision to come to the relief of those not able to pay, not for the relief of those who are.

Mr. LEAVITT. Of course, I would have to accept that if the gentleman insists upon it, although I think it would be discriminatory. The difficulty is that we deal here with associations of people, not with the individuals. A number of years ago the Reclamation Service abandoned the idea of dealing with the individual. The same situation exists here. I have in mind the Flathead project, not in my district, where they have organized their districts and deal with associations. To apply the gentleman's proposition would be difficult on that account. I think they should have just the same treatment, because they are in exactly the same situation. I hope the gentleman will not insist upon that, because it would be hard to apply.

Mr. STAFFORD. The remedy would be extended to those who are needful of relief, but it would not be extended to those who do not require this relief.

Mr. LEAVITT. The way the other has worked out is that many of them have not made any application at all, and this requires the making of an application and dealing with the organizations.

Mr. STAFFORD. My amendment is a very reasonable one, in view of the disclosures in connection with the other measure.

Mr. LEAVITT. Of course, as I have said, I can not resist it on the Consent Calendar, if the gentleman insists.

Mr. LAGUARDIA. Mr. Speaker, I would like to examine the gentleman's amendment, so I ask unanimous consent that the bill go over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

TAX LAWS OF NEVADA AND ARIZONA

Mr. JENKINS. Mr. Speaker, with reference to the bill immediately preceding the one just disposed of, namely, H. R. 11945, to provide that tax laws of Nevada and Arizona shall apply to construction and reserved areas at Boulder Dam, I made objection to that bill when it was called. It is a bill in which my colleague, the gentleman from Nevada, Mr. ARENTZ, is interested, and the gentleman is not present. Some of my colleagues have asked that that objection be set aside. Therefore, I ask unanimous consent, Mr. Speaker, that the objection be set aside and an order substituted that it be passed without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

COLORADO RIVER REIMBURSABLE LOANS

The Clerk called the next bill, S. 3864, authorizing expenditures from Colorado River tribal funds for reimbursable loans.

Mr. GOSS. Reserving the right to object, I notice from reading the report that there is no mention of how much money is in that fund. I notice the bill asks for reimbursing $25,000. I would like to inquire how much is in the fund?

Mr. HOWARD. I do not know offhand, but I think that tribe has considerable money.

Mr. PATTERSON. If the gentleman will yield, I have the figures.

Mr. GOSS. I yield.

Mr. PATTERSON. Fifty-five thousand four hundred and eighty-eight dollars.

Mr. GOSS. Then this would take about one-half the funds of the tribe?

Mr. HOWARD. Yes; if the Secretary should decide to use that much.

Mr. GOSS. Why does the gentleman put in the language contained in lines 8 to 14 on page 2 of the bill "except in the case of loans on irrigable lands for permanent improvement of said lands in which the period for repayment may run for not exceeding 20 years"? Why the 20 years?

Mr. HOWARD. Well, there is good security there. It would not matter.

Mr. GOSS. The gentleman knows that many of these irrigation projects come here with these Indian irrigation matters and put them off and put them off, and the funds never get back to the Treasury.

Mr. HOWARD. This particular irrigation project, as I understand, is out of debt.

Mr. GOSS. There is no debt?

Mr. HOWARD. That is the way I understand it, and I take it for granted that the Secretary of the Interior regards that loan as absolutely good. That would be my estimate of it, although I am not qualified to speak for the Secretary.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to use not to exceed $25,000 from tribal funds on deposit to the Indians of the Colorado River Indian Reservation, Ariz., for the construction of homes for individual members of the tribe, the purchase for sale to them of seed, animals, machinery, tools, implements, building material, and other equipment and supplies, and for advances to old, disabled, or indigent Indians for their support, and Indians having irrigable allotments to assist them in the development and cultivation thereof: *Provided*, That expenditures for the purposes above set forth shall be limited to the fiscal years 1932 and 1933 and such expenditures shall be made under conditions to be prescribed by the Secretary of the Interior for repayment to the United States for deposit to the credit of the Colorado River Indian tribal fund on or before June 30, 1938, except in the case of loans on irrigable lands for permanent improvement of said lands in which the period for repayment may run for not exceeding 20 years, in the discretion of the Secretary of the Interior, and advances to old, disabled, or indigent Indians for their support, such advances to remain a charge and lien against their lands until paid.

Passed the Senate April 25, 1932.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

PERMISSION TO EXAMINE GOVERNMENT RECORDS IN RE WISCONSIN INDIANS

The Clerk called the next business on the Consent Calendar, Senate Joint Resolution 125, authorizing the attorney general of Wisconsin to examine Government records in relation to claims of Wisconsin Indians.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, this is a Senate joint resolution. Ordinarily I would move to strike out the whereas clauses as that is generally done. Of course, that would necessitate the bill going back to the Senate.

Mr. STAFFORD. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. STAFFORD. I have had some private talks with my friend the gentleman from Wisconsin [Mr. SCHNEIDER] about the investigating privileges to be conferred by this bill. I had some doubt as to whether we should confer upon any representative of a State the right to invade the departments and obtain evidence or information as the basis of a claim, without the approval of the department head. I am a little wary about granting the privilege to a subordinate of a State to go into a department with a certificate of authority from the National Government and say, "I have authority from the National Government and I can search your files and records to any extent I may, because here is congressional authority."

Mr. LAGUARDIA. The secretary says you can get all of this information.

Mr. STAFFORD. As far as the Secretary of the Interior is concerned, there is no need whatsoever for this resolution. My colleague the gentleman from Wisconsin [Mr. SCHNEIDER] told me it is desired to have this investigational power as to other departments.

Mr. SCHNEIDER. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. SCHNEIDER. I would like to state to the gentleman and to the House that that desired information can not be secured from the Comptroller General. I have a letter to that effect wherein he says he can not grant that permission without the consent of Congress by act. Therefore, that resolution was introduced and passed by the Senate. The provisions in the resolution mentioned by the gentleman from Wisconsin [Mr. STAFFORD] are granted in jurisdictional bills, wherein they ask to go to the Court of Claims. The acts carry the provision that the department shall furnish all the information.

Mr. STAFFORD. Would my colleague have any objection to the incorporation in the first section on page 2, after the word "authorized," the following: "subject to the approval of the respective departments or independent establishments"?

Mr. LAGUARDIA. I was going to suggest that it seems to me the authority should have been permissive to the United

States officials. If I were drawing this bill, I would say that the Secretary of the Interior or any head of a department is hereby authorized to permit the attorney general, and so on. I would have made it permissive. This gives them the absolute right to walk in and search the records. While it may be all right in this instance, it is a peculiar precedent to establish.

Mr. SCHNEIDER. I would like to have my colleague read the amendment.

Mr. STAFFORD. After the word "authorized" in line 1 on page 2, insert, "subject to the approval of the respective departments or independent establishments," so that it will read—

is authorized, subject to the approval of the respective departments or independent establishments, to examine official letters, papers, documents, and records, etc.

Mr. LEAVITT. The gentleman means subject to the approval of the heads of those departments.

Mr. STAFFORD. Yes; subject to the approval of the respective departments.

Mr. LEAVITT. Does the gentleman not think the language "approval of the heads of the respective departments" should be included?

Mr. LAGUARDIA. That may put the discretion of permitting the giving of the information with the head of the department. I wonder if it would not be better to say "under such conditions as the heads of the respective departments may prescribe"? I think that would be better.

Mr. JENKINS. Will the gentleman yield there? There is no reason why the Federal branch should not permit the State attorney general to have the information if he wishes it. It is permissive; the head of the department may.

Mr. LEAVITT. The Department of the Interior may. The gentleman from Wisconsin has a letter from the comptroller stating that he does not have the authority under the law to allow a search of the records there.

Mr. JENKINS. I do not believe he ought to have the authority.

Mr. LEAVITT. The gentleman from New York offers an amendment that would permit him to do that under such rules as he may prescribe. If I may take just a moment, I will state what the Committee on Indian Affairs is attempting to do, although perhaps it has not approached it in exactly the right way there in accepting the Senate language just as it came to us. You will recall that in the case of California we passed a bill that authorized the bringing of certain cases in the Court of Claims under the requirement that the attorney general of the State should represent the Indians of the State.

Here we have a situation where the State of Wisconsin has taken the preliminary steps to represent through its own attorney general Indian citizens of that State, and we think that under conditions such as are presented to us, it is a good thing to open the door.

I agree with the gentleman from New York that it should be under proper restriction, but an examination of the records is necessary so they can properly represent the rights of the Indian citizens of that State.

Mr. LAGUARDIA. I do not think there is any objection to what the gentleman is endeavoring to do. What this bill does, as pointed out by the gentleman from Wisconsin [Mr. STAFFORD], is to grant the power and authority in the visiting official or State officials. What you intend to do is to make it permissive for the State officials to obtain this information.

Mr. LEAVITT. I think the gentleman's suggestion is a good one.

Mr. JENKINS. The part I am opposed to is not that part which was sought to be amended, but the last part, which says: "And the departments and the independent establishments of the Government shall give access to the attorney general of Wisconsin, or his duly accredited representative, to such official letters, papers, documents, and records." Now, that is going pretty far.

Mr. LEAVITT. If it were not too late in the session, I would want to substitute "attorney general of any State."

Mr. BALDRIGE. Mr. Speaker, I object.

CHELAN NATIONAL FOREST

The Clerk called the next bill, S. 3711, to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington, and for other purposes.

Mr. GOSS. Mr. Speaker, reserving the right to object, I notice in the report that there are some 350,000 acres embraced in this 4-mile tract that it is proposed in a permissive way to acquire as part of this national forest.

Mr. HILL of Washington. Yes.

Mr. GOSS. I notice there are some 40,000 acres of public land.

Mr. HILL of Washington. I think there are 35,000 acres of public land.

Mr. GOSS. What are the timber rights on this land? I take it there is stumpage on the land.

Mr. HILL of Washington. The timber on some of this privately owned land has been cut off. In fact I would say the timber has been largely cut off, but there is a new growth of timber coming on, and the land is valuable, particularly to that country, for watershed purposes.

Mr. GOSS. In these cases sometimes the exchange is made on the basis of stumpage. Of course the gentleman is familiar with these terms, coming from a lumber State. In several instances they acquire the land itself; and sometimes in these transfers, unless we are pretty well safeguarded, there is a chance for fraud.

Mr. HILL of Washington. This land is to be exchanged on the land-value basis.

Mr. GOSS. Is it on the value of the stumpage or the value of the land?

Mr. HILL of Washington. The value of the stumpage belonging to the United States Government within the national forest. The exchange is for land of equal value within the 4-mile area.

Mr. GOSS. That is just the point. Within the Government forest there is timberland, and there are stumpage rights. Is not that true?

Mr. HILL of Washington. Yes.

Mr. GOSS. If you transfer that property for some of these logged or partially logged off lands, it seems to me we are giving away some pretty good stuff.

Mr. HILL of Washington. It is only on the basis of equal value.

Mr. GOSS. That is the point I am making. How is it arranged? Is it stumpage in one instance and the plain lands in the other instance?

Mr. EATON of Colorado. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. EATON of Colorado. This is one of a series of bills that apparently is in accord with the policy of the Forestry Department to increase the size of the forests by extending the boundaries a certain number of miles. Most of them are 6 miles, while this one is 4 miles. The policy is to exchange lands which are already in the forest for lands which are outside, and for the United States Government to obtain title to lands now in private ownership outside of the forests, so that they may have control over certain lands outside the existing forests. What the Forestry Bureau is going to do in the future has not yet been disclosed.

Mr. GOSS. The proposal is to give land that has good stumpage rights for land that is partially cut over. There is a lot of difference between the value of the land itself and the value of the land and the stumpage. That is what I am getting at.

Mr. LEAVITT. Under the forest exchange act this sort of thing has been done for a considerable period of years.

Mr. EATON of Colorado. Since 1922.

Mr. LEAVITT. I am sure no gentleman can call my attention to any criticism that has ever been raised as to this exchange not being on a proper basis of value. The Forest Service has its organization that appraises the land and looks out for the interests of the Government. It knows the

amount of stumpage that is being exchanged and the value of it in the market, and the exchange is made entirely on the basis of value.

Mr. GOSS. The railroads have endeavored to get rid of a lot of that timberland out there, and there have been some great scandals in connection with some of those deals.

Mr. LEAVITT. The gentleman can not point to any scandals in connection with these forest exchanges on the part of the Forest Service. Nothing that even breathes of scandal has ever transpired.

Mr. GOSS. I notice there is not any money carried in it; but if we are going to take on 350,000 acres, it is going to cost something to patrol it and police it.

Mr. STAFFORD. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. STAFFORD. The gentleman is acquainted with the fact that the House, when the Committee on the Public Lands had its day on Calendar Wednesday, objected, and very strenuously objected, to a similar bill involving a large acreage located in the State of Idaho, some 500,000 acres, which it was intended to have incorporated in a forest reserve under similar conditions.

Mr. LEAVITT. Not the same conditions. As I understand, this bill allows an exchange within 4 miles around the boundaries of the national forest.

Mr. HILL of Washington. That is correct.

Mr. LEAVITT. Such a law has been in existence in Montana for quite a few years, and under its provisions exchanges are gradually made and consolidation of various areas are being brought about. This adds to the efficiency of administration rather than adding difficulties.

Mr. STAFFORD. We virtually buy the lands outside the present borders, and through this procedure we always increase the borders of the forest reserves.

Mr. LEAVITT. In order to have what you might call proper control in the way of fire protection and efficient administration of the forest, it is to the general advantage of the community to have this done. That can be shown through the fact that the communities which surround these forests are continually presenting petitions asking that areas of this kind be included in the forests for protection and better administration.

Mr. EATON of Colorado. Before the committee the only objection made to this type of bill has been where there has been a general authorization given to an entire State, but in various States those who know something about the particular forests have given evidence to the committee that in the case of particular forests it is proper to let those interested in such forest determine the boundaries and get the advantage of this exchange provision in existing law for lands outside the present boundaries.

Mr. STAFFORD. Does the gentleman believe it proper for the National Government to purchase such lands?

Mr. PATTERSON. Mr. Speaker, I demand the regular order.

Mr. GOSS. Mr. Speaker, if I am to be shut off, I will have to object.

SILVER SERVICE OF THE GUNBOAT "MARIETTA"

The Clerk called the next bill, H. R. 1225, authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Campus Martius Memorial Museum, of the city of Marietta, Ohio, the silver service presented to the United States for the gunboat *Marietta*.

Mr. JENKINS. Mr. Speaker, reserving the right to object, and I shall not object, I make this reservation for the purpose of calling the attention of the author of the bill to the fact that there is one misspelled word in the title. I do not suppose that can be corrected without an amendment.

Mr. STAFFORD. I assume the gentleman from Ohio, the author of the bill, will have no objection to the incorporation of the customary reservation that this silver service shall be returned when the Navy Department has need of it?

Mr. MOORE of Ohio. I have no objection to such an amendment.

Mr. STAFFORD. That is the customary reservation in all these bills. The gift is always made with the proviso that in case the Navy Department has occasion to use the silver service it may claim it.

Mr. LAGUARDIA. I think the better thing would be not to accept any more silver-service sets.

Mr. STAFFORD. There is a patriotic spirit developed when they see a silver service formerly in use on some cruiser or some battleship that can be kept as an heirloom.

Mr. LAGUARDIA. But I think the tradition is different The silver set was usually presented to a battleship when they were used in drinking punch.

Mr. STAFFORD. Well, outside of the 12-mile limit there is no law that forbids the sailors or the officers to drink punch, I am very happy to say——

Mr. LAGUARDIA. I never thought of that.

Mr. STAFFORD. And perhaps in the near future they may have renewed use for it.

Mr. JENKINS. If the gentleman will permit, I am sure the gentleman from Ohio [Mr. MOORE] would not want these articles returned for that purpose.

Mr. STAFFORD. But it may be that the authorities may want them withdrawn for that purpose and I want to fix it so they may be returned in that event.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy is authorized, in his discretion, to deliver to the custody of the Campus Martius Memorial Museum, of the city of Marietta, Ohio, for preservation and exhibition, the silver service which was presented to the United States for the gunboat *Marietta* by the citizens of Marietta, Ohio: *Provided*, That no expense shall be incurred by the United States for the delivery of such silver service.

Mr. STAFFORD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Stafford: Page 1, line 6, after the word "exhibition," insert "until such time as he shall determine the Navy Department has need of the same."

The amendment was agreed to.

Mr. MOORE of Ohio. Mr. Speaker, I ask unanimous consent that the clerk be authorized to correct the spelling of the word "museum" in the title.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CRATER LAKE NATIONAL PARK

The Clerk called the next bill, S. 4070, to authorize the acquisition of a certain building, furniture, and equipment in the Crater Lake National Park.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, it seems to me we will have complications here if we permit an individual or a private corporation to construct a building on Government property in this way. It might be easier if we simply gave them title to as much land as may be necessary for this purpose.

Mr. LEAVITT. Not in one of the national parks.

Mr. LAGUARDIA. Who owns the building?

Mr. BUTLER. Kisers (Inc.).

Kisers (Inc.), under a permit from the Park Service, put up this building at an expense of six or seven thousand dollars. Apparently, it was not profitable to them. The Government then commenced to use it, and the Park Service and the Interior Department do not feel that it is just to these parties to use this valuable building, which, if it were taken away——

Mr. LAGUARDIA. It can not be taken away.

Mr. BUTLER. Strictly speaking, it can not be taken away. When the permit expired, ownership became vested in the Government, but the man who placed it there has lost the money and they feel it is an act of justice. Personally, it means nothing to me. The owner is not even a constituent of mine.

Mr. LAGUARDIA. It will be much easier for me to object under those conditions.

Mr. BUTLER. Very well.

Mr. LAGUARDIA. I object, Mr. Speaker.

WIDOWS ISLAND, ME.

The Clerk called the next bill, H. R. 5642, to authorize and direct the transfer of Widows Island, Me., by the Secretary of the Navy to the Secretary of Agriculture for administration as a migratory-bird refuge.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, the impression I gained from reading the report on this bill is that the Secretary of Agriculture wants to have a nice summer outing place for some of the officials of that department.

Mr. LAGUARDIA. I thought it was for the birds.

Mr. STAFFORD. I do not think the Secretary of Agriculture has made a strong case, except for providing a hibernating place for some of their officials during the summer months up in the delightful climate of Maine. I therefore object.

FORT WORTH DIVISION OF THE NORTHERN JUDICIAL DISTRICT OF TEXAS

The Clerk called the next bill, H. R. 11390, to detach Hardeman County from the Fort Worth division of the northern judicial district of the State of Texas and attach the same to the Wichita Falls division of said district.

Mr. JENKINS. Mr. Speaker, on these bills I usually reserve the right to object to inquire as to whether there is any objection to the bill on the part of the lawyers or any of the bar associations.

Mr. SUMNERS of Texas. My understanding is that everybody is in favor of it.

Mr. JONES. It saves the Government some money and saves the people some inconvenience.

Mr. JENKINS. Mr. Speaker, I withdraw the reservation of objection.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That Hardeman County, of the Fort Worth division of the northern judicial district of the State of Texas, be, and the same is hereby, detached from said division of said district and attached to and made a part of the Wichita Falls division of said northern judicial district of the State of Texas.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

COLVILLE NATIONAL FOREST

The Clerk read the next bill on the Consent Calendar, H. R. 9440, to authorize the adjustment of the boundaries of the Colville National Forest in the State of Washington, and for other purposes.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. Reserving the right to object, here is another of these national forest bills, involving 674,900 acres of land. I notice down here that the prices range from 25 cents to $7 an acre. That takes in the question of stumpage.

Mr. HILL of Washington. This is the same proposition. This is outside of the Indian reservation.

Mr. GOSS. I do not think at this time we should involve the Government in taking over these large tracts of land, and have to police them.

Mr. HILL of Washington. We do not have to take them over right away; this is simple permissive.

Mr. GOSS. But I never saw a permissive bill that did not actually come into a reality.

Mr. HILL of Washington. This is simply to give them the opportunity—that is the purpose of the bill.

Mr. GOSS. I wish we had some more definite information about the stumpage and the value of the stumpage. This is too big a proposition to let it go by without consideration.

Mr. HILL of Washington. These lands are mountain lands of very little value. They are isolated, and what little timber is on them would be of the value of about $2.50 a thousand. The land and the stumpage is cheap on account of the isolated character of the country.

Mr. GOSS. I object, Mr. Speaker.

AMENDING THE DISTRICT OF COLUMBIA TRAFFIC ACT

The Clerk read the next bill on the Consent Calendar, S. 4123, an act to amend the District of Columbia traffic act as amended.

Mr. COLLINS. I object.

PAYMENT OF GRATUITY TO DEPENDENT RELATIVE OFFICERS, ETC.

The Clerk read the next bill on the Consent Calendar, H. R. 6734, a bill to amend an act entitled "An act to authorize payment of six months' death gratuity to dependent relatives of officers, enlisted men, or nurses whose death results from wounds or disease not resulting from their own misconduct," approved May 22, 1928.

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA. I object.

Mr. BARTON. Will the gentleman reserve his objection?

Mr. LAGUARDIA. Certainly.

Mr. BARTON. This is an amendment to a statute approved by the Navy Department. It was passed by both Houses two years ago, and is approved by the Naval Affairs Committee. Under the law as it stands to-day the Navy Department determines the relationship of all dependent persons not named by the deceased soldier. The purpose of this act is to permit the Navy Department to determine the relationship, both of those designated by the deceased soldier and those not designated.

It seems very peculiar to say that when a soldier fails to designate, then the Navy Department can determine it, but if he does designate it, then it is to be determined by the Treasury Department. This bill would place the determination of both in the hands of the Navy Department.

Mr. LAGUARDIA. The anomaly the gentleman refers to is this: Congress had a great many discrepancies when it had no control over the construction or expenditure of public funds, when each department had its own comptroller audit its own expenditures. We have appointed an agency, a General Accounting Office, created the office of Comptroller General, and I for one shall resist any attempt to curtail his power or remove from his control any matter, no matter how trivial it may be. That is the proper auditing office of the United States Government, and there it should remain.

Mr. BARTON. Would the gentleman be willing to withdraw his objection to the bill if that feature of the bill were stricken out?

Mr. LAGUARDIA. That is the whole bill.

Mr. BARTON. Oh, no; there is some more.

Mr. LAGUARDIA. That is the real purpose of it.

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA. I object.

Mr. BALDRIGE. I object.

Mr. STAFFORD. I object.

MARINE CORPS RESERVE

The next business on the Consent Calendar was the bill (H. R. 5329) to amend section 24 of the act approved February 28, 1925, entitled "An act to provide for the creation, organization, administration, and maintenance of a Naval Reserve and a Marine Corps Reserve," as amended by the act of March 2, 1929.

The SPEAKER pro tempore. Is there objection?

Mr. COLLINS. Mr. Speaker, I object.

Mr. STAFFORD. I object.

Mr. PATTERSON. I object.

ADMINISTRATION OF JUSTICE IN THE NAVY

The next business on the Consent Calendar was the bill (H. R. 5352) to provide for the better administration of justice in the Navy.

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, I object.

Mr. COLLINS. I object.

Mr. PATTERSON. I object.

WATER-RIGHT CHARGES ON FEDERAL IRRIGATION PROJECTS

The next business on the Consent Calendar was the bill (H. R. 11966) to amend section 14 of an act entitled, "An act to adjust water-right charges, to grant certain others relief on the Federal irrigation projects, and for other purposes," approved May 25, 1926 (44 Stat. 636), as amended (46 Stat. 249).

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object. Does this remit any existing liability?

Mr. BUTLER. Oh, no; it does not involve any expenditure of money. It does not reduce the obligation that the district owes to the Government to any extent whatever. It is administrative.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. Without objection, a similar Senate bill (S. 4614) will be substituted.

There was no objection, and the Clerk read the Senate bill, as follows:

S. 4614

Be it enacted, etc., That an act entitled "An act to adjust water-right charges, to grant certain other relief on the Federal irrigation projects, and for other purposes," approved May 25, 1926 (44 Stat. 636), as amended by the act of April 23, 1930 (46 Stat. 249), be, and the same is hereby, further amended by adding after the subparagraph (a) in section 14 the following new subparagraph:

"(a–1) The Secretary of the Interior is hereby authorized to reclassify all lands within the Klamath irrigation district and to place in the temporarily unproductive class such lands as he determines are properly subject to this classification."

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

A similar House bill was laid on the table.

CAMP SITES AND RIFLE RANGES, SOUTH DAKOTA

The next business on the Consent Calendar was the bill (H. R. 487) to authorize an appropriation for the purchase of land in South Dakota for use as camp sites for rifle ranges for the National Guard of said State.

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object. It seems to me under the Williamson plan of retrenchment, this is hardly the time to authorize additional expenditures, particularly so when my own State furnishes the rifle ranges and the armory and the field. I do not believe we ought to embark on any new policy.

Mr. WILLIAMSON. Mr. Speaker, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. WILLIAMSON. In 1903 Congress appropriated approximately $2,000,000 for the purpose of purchasing camp sites and rifle ranges in various States of the Union. Under that act allocation was made to South Dakota in the sum of $15,704.75. New York doubtless got its share, and presumably still has it.

Mr. LAGUARDIA. That was in 1926?

Mr. WILLIAMSON. No; in 1903. The camp site and rifle range was acquired in 1906 and 1908. Under the national defense act of 1916 the Congress provided that in cases where camp sites were sold the money should be placed to the credit of the State where the site was located so that the State would not lose the fund allocated to it under the act of 1903. In 1918 Congress inserted a provision in the Army appropriation bill authorizing the Government in certain cases to sell camp sites. The camp site purchased at Watertown, S. Dak., while suitable at the time it was purchased for a camp site and rifle range, became undesirable because of the gradual encroachment of settlement and construction, making it dangerous to use it as a rifle range. For that reason the camp site was sold and the money was placed in the Treasury to the credit of the fund "Arming, equipping, and training the National Guard," instead of "to the credit of the State (South Dakota)," as contemplated by the national defense act (act of June 3, 1916).

Mr. LAGUARDIA. That is $5,876?

Mr. WILLIAMSON. There were two sales. The total sum amounts to $13,267, upon which there was accrued interest in the sum of $412.78, making a total now in the Treasury of $13,680.58. The fact is that this should have been placed to the credit of South Dakota. The National Guard has not been able to get the site it wanted until this winter, or the return of this money would have been asked for long ago.

Mr. LAGUARDIA. They say the only reason it is not available to the State is the deposit was not made for that purpose, but the deposit was made for the general purpose of arming, equipping, and training the National Guard.

Mr. WILLIAMSON. It was wrongfully made, because the act of 1916 provided that it should be placed to the credit of the State.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. STAFFORD. What impressed the subcommittee of the Committee on Military Affairs, which reported this bill to the full committee, was the fact that here were funds that rightfully belonged originally to the State of South Dakota that had been transferred to the Treasury.

Mr. LAGUARDIA. It was allocated originally to the State. It did not belong to the State.

Mr. WILLIAMSON. They could not agree upon a camp site, and at the end of the 3-year period it automatically went into the general fund, and we can not get it out without authorization. I may say in this connection that a bill identical with this bill has already passed the Senate. A similar bill passed the Senate in the Seventy-first Congress, but too late to get action in the House.

Mr. COLLINS. Mr. Speaker, I think we had better wait until next year when conditions are better, and therefore I will object.

Mr. WILLIAMSON. Will not the gentleman reserve his objection for just a moment and let me explain the situation?

Mr. COLLINS. I will reserve it.

Mr. WILLIAMSON. In an effort to secure the site desired by the National Guard we have already secured the passage of an act at this session of Congress under which the Government has arranged to purchase the necessary lands. In order to complete the transfer, which has been authorized by the Congress, we must have the funds provided for in this bill.

Mr. COLLINS. I appreciate the necessity of a rifle range, but I think we can very well wait until next year. I object.

Mr. WILLIAMSON. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER pro tempore. The bill does not go off the Consent Calendar.

BOUNDARY LINES, CHIPPEWA INDIAN TERRITORY

The Clerk called the next bill, H. R. 12329, to establish the boundary lines of the Chippewa Indian territory in the State of Minnesota.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That on and after the passage of this act the territory in Minnesota to be considered as Indian-treaty territory under provisions of article 7 of the treaty of February 22, 1855 (10 Stat. L. 1165–1169), between the United States and the Mississippi Bands of Chippewa Indians shall be reduced to the territory within the boundaries described as follows:

Beginning at the intersection of the range line common to ranges 32 and 33 west, with the common county line of Beltrami and Hubbard Counties of the State of Minnesota. From thence, bearing north following and on said range line to the northwest corner of township 148 north, range 32 west; thence angling to the right on to the north bounds of said township and bearing east on said bounds to the northeast corner thereof; thence continuing east on the said north bounds of said township 148 north, across ranges 31 and 30 west to the county line of Beltrami and Itasca Counties; thence north on said county line to the southwest corner of Koochiching County; thence east on the south bounds of Koochiching County to the corrected range line as between ranges numbered 25 on the west and 27 on the east side thereof; thence north on the last-described range line to the northwest corner of township 66 north of the aforesaid range 27; thence east on the north bounds of said township across ranges numbered 27, 26, 25, 24, 23, 22, 21, 20, 19, and part of 18 to the point of intersection of said line with the Vermillion River; thence angling to the right on to a right line that will intersect the south boundary line of township 63 north, range 19 west. This point of intersection is equidistant from the south-

east corner of said township 63 and the center of the railroad track of the Duluth, Winnipeg & Pacific Railroad, as measured on and along the said south bounds of said township; thence west on and along the said south bounds of township 63, crossing part of range 19 and the whole of ranges 20 and 21, to the southeast corner of Koochiching County; thence continuing west on the south bounds of said county to its intersection with the common line as between ranges 25 and 26 bearing north into Koochiching County and south into Itasca County; thence south on to the south range line, being also the west bounds of townships 56, 57, 58, 59, 60, 61, and 62 north of range 25 as in Itasca County to the southeast corner of township 56 north, range 26; thence west on to and following the south bounds of said township to its intersection with the corrected range line common to range 25 on the west side and range 27 on the east side thereof; thence angling to the left on to and following the said range line south, from this point being the common division line as between, in part, Itasca and Aitkin Counties, to the southeast corner of township 139 north, range 25 west; thence west on and along the south bounds of said township in range 25 west, crossing ranges 25, 26, 27, 28, 29, 30, and 31 to the southeast corner of Hubbard County; thence north on the east bounds of Hubbard County to the northeast corner of township 140 north, range 32 west; thence west on and along the north bounds of township 140, ranges 32, 33, 34, and 35 to the northwest corner of said township 140 north, range 35 west, as located on county line as between Hubbard and Becker Counties; thence south on the west boundary line of Hubbard County to the northwest corner of township 139 north, range 35 west; being also the northeast corner of township 139 north, range 36 west, as in Becker County; thence west on the north bounds of said township 139 north as said north bounds crosses ranges 36 to 43, both inclusive, to a point where said north bounds intersects with the common line as between Becker and Clay Counties; thence north on and along the west bounds of said Becker County to the north bounds thereof; thence continuing north on and following the range line of ranges 43 and 44 west as it is located between the townships 143 to 146 north in Norman County to the north bounds of the said Norman County; thence east following and along the north bounds of Norman County to the northeast corner thereof, being also the northwest corner of Mahnomen County; thence continuing east following and on the north bounds of Mahnomen County to the northeast corner thereof; thence continuing east following and along the north bounds of township 146 north, range 38 west, in Clearwater County to the northeast corner thereof; thence south following and along the east bounds of said township to the southeast corner thereof; thence east following and along the south bounds of township 146 north, ranges 37 and 36 west, to the intersection of said south bounds with the west bounds of Beltrami County; thence continuing east following and along the common boundary line as between said Beltrami and Hubbard Counties to the place of beginning.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TO AMEND SECTIONS 328 AND 329 OF UNITED STATES CRIMINAL CODE OF 1910, ETC.

The Clerk called the next bill, H. R. 11595, to amend sections 328 and 329 of the United States Criminal Code of 1910 and sections 548 and 549 of the United States Code of 1926.

Mr. BLACK. Reserving the right to object, what is this all about?

Mr. KNUTSON. Mr. Speaker, this legislation was introduced by the chairman of the committee, Mr. HOWARD, of Nebraska, at the request of the Indian Bureau. The law as it now stands will not permit Indian officials to punish adequately major violations of the law on Indian reservations. Under the present law they can only give 90 days for offenses against the person.

Mr. LAGUARDIA. Reserving the right to object, this is a bill that is highly penal, and it seems to me it should have gone to the Committee on the Judiciary, even though it deals exclusively with Indians.

Mr. KNUTSON. But it is always customary to refer a bill to a committee which has exclusive jurisdiction. The Committee on the Judiciary could hardly legislate for an Indian reservation.

Mr. LAGUARDIA. Why not?

Mr. KNUTSON. While I have the highest regard for the ability of the Committee on the Judiciary and its membership, they could not legislate for an Indian reservation. I admit there are some Indians on the Committee on the Judiciary.

Mr. STAFFORD. As the members of the Committee on Indian Affairs will testify, originally it was the policy not to have the National Government take jurisdiction over any crimes on Indian reservations. Then they increased that jurisdiction gradually to confer jurisdiction in certain cases. This bill merely extends jurisdiction to the following crimes: Incest, carnal knowledge, and assault with intent to rape. I have read the report very carefully, and I think this added jurisdiction should be conferred for the purpose of conferring jurisdiction on the United States courts in these cases of sexual crimes.

Mr. LAGUARDIA. On the part of Indians?

Mr. KNUTSON. Yes. They can not handle it as it is.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. Without objection, a similar Senate bill (S. 4511) will be substituted for the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 328 of the United States Criminal Code of 1910 and section 548 of title 18 of the United States Code of 1926 are hereby amended to read as follows:

"All Indians committing against the person or property of another Indian or other person any of the following crimes, namely, murder, manslaughter, rape, incest, assault with intent to kill, assault with a dangerous weapon, arson, burglary, robbery, and larceny on and within any Indian reservation under the jurisdiction of the United States Government, including rights of way running through the reservation, shall be subject to the same laws, tried in the same courts, and in the same manner, and be subject to the same penalties as are all other persons committing any of the above crimes within the exclusive jurisdiction of the United States: *Provided*, That any Indian who commits the crime of rape upon any female Indian within the limits of any Indian reservation shall be imprisoned at the discretion of the court: *Provided further*, That as herein used the offense rape shall be defined in accordance with the laws of the State in which the offense was committed.

"The foregoing shall extend to prosecutions of Indians in South Dakota under section 329 of the United States Criminal Code of 1910 and section 549 of title 18 of the United States Code of 1926."

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

BRIDGE ACROSS MISSISSIPPI RIVER BETWEEN CHEROKEE AND OSAGE STREETS, ST. LOUIS, MO.

The Clerk called the next bill, H. R. 9265, to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Cherokee and Osage Streets, St. Louis, Mo.

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA and Mr. PATTERSON objected.

TOLL BRIDGE ACROSS EAST BRANCH OF NIAGARA RIVER NEAR TONAWANDA, N. Y.

The Clerk called the next bill, H. R. 12077, granting the consent of Congress to the Niagara Frontier Bridge Commission, its successors and assigns, to construct, maintain, and operate a toll bridge across the east branch of the Niagara River at or near the city of Tonawanda, N. Y.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. Without objection, a similar Senate bill (S. 4778) will be substituted for the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge authorized by act of Congress approved June 17, 1930, to be built by the Niagara Frontier Bridge Commission, a State commission, created by act of the Legislature of the State of New York, chapter 594 of the laws of 1929, across the east branch of the Niagara River, from the town of Tonawanda, about midway between the southerly city limits of the city of Tonawanda and the northerly city limits of the city of Buffalo, to Grand Island, in the county of Erie and State of New York, are hereby extended two and five years, respectively, from June 17, 1932.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. GOSS. Mr. Speaker, I move to strike out the last word for the purpose of making an inquiry. I notice there are two bills, Calendar Nos. 365 and 366, which seem to be

on the same subject matter. I would like to have somebody explain the difference between them, or why a pair of bridges is needed.

Mr. BLACK. They are two different cities.

Mr. GOSS. Niagara Falls and Tonawanda are both the same, are they not?

Mr. LAGUARDIA. No.

Mr. STAFFORD. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. STAFFORD. The so-called Peace Bridge connects Tonawanda with the opposite shore. I believe that is a toll bridge.

Mr. REED of New York. The Peace Bridge is farther up the river. It is way up above Tonawanda.

Mr. STAFFORD. The gentleman says "way up."

Mr. REED of New York. Yes. The Peace Bridge is from Buffalo across. Tonawanda is below Buffalo, toward Niagara Falls.

Mr. STAFFORD. Let me get my geography right. When I cross the Niagara River from Canada at Black Rock, I can see to the south the Peace Bridge; and when I get across on the American side, that is Tonawanda.

Mr. REED of New York. Oh, no.

Mr. STAFFORD. What is it, then?

Mr. REED of New York. The gentleman is mixed in his geography.

Mr. STAFFORD. I have a pretty good acquaintance with the geography around Black Rock and around Niagara Falls, United States, and Niagara Falls, Canada; and I know where Tonawanda is.

Mr. REED of New York. I know, but I live right in that section. The Niagara River runs practically north and south. Right at Buffalo the Peace Bridge goes straight across into Canada. Then you go down the river for miles before you get to Tonawanda. Tonawanda is quite a large city. There are two Tonawandas, there is North Tonawanda and South Tonawanda.

This bridge is to accommodate them. They are thriving industrial communities and not to give them this convenience is bound to impair their business efficiency in every way.

Mr. GOSS. How far apart are Buffalo and Tonawanda?

Mr. REED of New York. Ten miles.

Mr. STAFFORD. Does the gentleman mean to say there is much business activity on the other side of the river?

Mr. REED of New York. On the Canadian side?

Mr. STAFFORD. Yes.

Mr. REED of New York. There is a good deal of activity on both sides.

Mr. STAFFORD. At Bridgeburg and Niagara Falls, Ontario?

Mr. REED of New York. Yes; there is, with the great hydroelectrical development there.

Mr. STAFFORD. I think I know more about the conditions at those places than my friend, the gentleman from New York.

Mr. REED of New York. Oh, no. I live there.

Mr. STAFFORD. I can not conceive of any reason why we should have a bridge at Tonawanda and another at Niagara Falls.

However, I do not intend to press the matter further.

Mr. GOSS. Mr. Speaker, I ask unanimous consent to withdraw my pro forma amendment.

The SPEAKER pro tempore. Without objection the pro forma amendment will be withdrawn.

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

BRIDGE ACROSS NIAGARA RIVER NEAR NIAGARA FALLS, N. Y.

The Clerk called the next bill, H. R. 12078, granting the consent of Congress to the Niagara Frontier Bridge Commission, its successors and assigns, to construct, maintain, and operate a toll bridge across the east branch of the Niagara River at or near the city of Niagara Falls, N. Y.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Niagara Frontier Bridge Commission, a State commission created by act of the Legislature of the State of New York, chapter 594 of the Laws of 1929, its successors and assigns, to construct, maintain, and operate a toll bridge and approaches thereto across the east branch of the Niagara River, at a point suitable to the interests of navigation, from the city of Niagara Falls, in the county of Niagara and State of New York, at a point east of Evershed Avenue in said city of Niagara Falls, to Grand Island, in the county of Erie and State of New York, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That this act shall be null and void unless the construction of said bridge is commenced within two years and completed within five years from the date of approval hereof.

SEC. 3. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and opened free of tolls; or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 4. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Strike out all after the enacting clause and insert: "That the times for commencing and completing the construction of a bridge authorized by act of Congress approved June 17, 1930, to be built by the Niagara Frontier Bridge Commission, a State commission created by act of the Legislature of the State of New York, chapter 594 of the Laws of 1929, across the east branch of the Niagara River, from the city of Niagara Falls, in the county of Niagara and State of New York, at a point east of Evershed Avenue in said city of Niagara Falls, to Grand Island, in the county of Erie and State of New York, are hereby extended two and five years, respectively, from June 17, 1932.

"SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended.

BRIDGE ACROSS OHIO RIVER

The Clerk called the next bill, H. R. 12243, to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.

Mr. LAGUARDIA. Mr. Speaker, I object.

Mr. BACHMANN. Will the gentleman reserve his objection?

Mr. LAGUARDIA. I reserve it.

Mr. BACHMANN. I wish the gentleman would enlighten me as to his objection to this bill.

Mr. LAGUARDIA. I believe in supporting our administration. I believe we ought to give all the moral support we can to our administration, Mr. Speaker. I am for standing by the administration, and when the Department of Agriculture says—

The department, therefore, recommends against enactment of the pending bill—

I am going to uphold the hands of the President and the hands of the Secretary of Agriculture. [Applause.]

Mr. BACHMANN. If the gentleman will permit, he remembers we passed an act in the last Congress giving the West Virginia Bridge Commission certain powers of inspecting bridges in West Virginia. I have not introduced a bill since that act was passed without submitting it to the West Virginia Bridge Commission and obtaining its approval. In this particular instance they have already started and com-

pleted one of the abutments of this bridge at Wellsburg, W. Va.

Mr. LAGUARDIA. Oh, no.

Mr. BACHMANN. I direct the gentleman's attention to the report.

Mr. LAGUARDIA. It says:

More than four years have already elapsed since the original franchise was granted for the construction of this bridge by private enterprise, and apparently those to whom the authorization was granted have been and are unable to arrange for the construction of the bridge. It, therefore, is not believed that they are entitled to any further extension of time. Furthermore, it would seem inadvisable to further tie up this proposed bridge location by extending the life of the private franchise, as the State bridge commission may at some date in the near future decide to proceed.

Mr. BACHMANN. We are not far apart and that is just what I am coming to. If the gentleman will look at the report on page 1, the last paragraph, he will see this wording:

In addition to the expenditure made at the time the franchise was taken over by them, they have built one of the abutments on the West Virginia side in strict accordance with the plans and specifications. In making these statements the writer has been in close touch with the bridge company at all times and is speaking advisedly.

Mr. LAGUARDIA. Who is Mr. Thomas J. Reid?

Mr. BACHMANN. Mr. Reid is one of the prominent citizens of Wellsburg, who went before the city council, at my request, and secured the approval of the city council before I introduced this bill and then took it up with the bridge commission. I have taken the letter from the bridge commission and given it to the Senator in charge of the same bill in the Senate and that letter is there now, and the West Virginia Bridge Commission approves the extension of this particular bridge. There is no question about any holdup or making the State of West Virginia pay any sum for this franchise that is not reasonable and right. The matter has the approval of the town council, has the approval of the West Virginia Bridge Commission, and they have made this expenditure. We are only asking for this one because the bridge commission says that if they do not do the work they will never come back and I would not introduce a bill.

Mr. LAGUARDIA. I do not think they will ever come back, and I object.

BRIDGE ACROSS THE MISSISSIPPI RIVER

The Clerk called the next bill, H. R. 12316, to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Helena, Ark.

Mr. PATTERSON. Mr. Speaker, I object.

Mr. STAFFORD. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER pro tempore. Will the gentleman withhold that for a moment?

Mr. STAFFORD. I withhold it.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3847. An act to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings.

ORDER OF BUSINESS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that Calendar Wednesday business in order to-morrow be dispensed with.

The SPEAKER pro tempore. Is there objection?

Mr. SABATH. Mr. Speaker, reserving the right to object, there is on the calendar the so-called copyright bill. In what shape will that be?

Mr. O'CONNOR. As to the copyright bill, I have letters from two physicians stating that the chairman of the committee, Doctor SIROVICH, is in the hospital in New York and will be there for a few weeks.

Mr. SABATH. So he will not lose his rights.

Mr. O'CONNOR. He will not lose his rights, but will have his day to bring up that bill.

Mr. PATTERSON. Mr. Speaker, I feel I shall have to object.

Mr. BLACK. The chairman of the committee got in touch with me to-day and he asked that this request be made, that Calendar Wednesday business in order to-morrow be dispensed with.

Mr. PATTERSON. If it is the wish of the chairman of the committee, I have no objection.

Mr. CHINDBLOM. Mr. Speaker, as many Members of the House know, a great deal of interest has been manifested in an amendment to the copyright bill which has been placed in my hands. I think, perhaps, the Members will be interested in knowing that the persons and parties who are interested in this amendment are willing that this order shall be made at this time, because they realize the copyright bill could not properly be considered without the presence of the chairman of the committee, Doctor SIROVICH.

In this connection, Mr. Speaker, I beg leave to say to the membership of the House that the amendment in question will be found in the bill (H. R. 12425), relating to copyrights, introduced by the gentleman from New York, Doctor SIROVICH, on June 2, 1932, at page 10, beginning in line 8. It is purposed to offer the amendment in the form in which it appears there broadened, perhaps, so as to also include mechanical reproductions.

Mr. LAGUARDIA. Is that the bill that is on the calendar?

Mr. CHINDBLOM. No; this is not the bill that is on the calendar. This is the bill introduced by the gentleman from New York and the number is H. R. 12425.

For the information of the Members of the House, from many of whom I have received inquiries on the subject, I here insert the amendment which I intend to offer to the copyright bill when it receives consideration by the House:

If, in any suit for infringement for the unauthorized broadcasting or mechanical reproduction of any copyright musical work or works, it shall appear that the suit is brought by or in behalf of any association, society, corporation, or combination which deals with or in the issue or grant of licenses for the broadcasting or mechanical reproduction of such works and which exercises in the United States a substantial control of the performing, broadcasting, or mechanical reproduction rights in such works or in any class thereof, recovery shall be limited to an amount which will justly compensate the plaintiff for the use made of such work or works and shall in no event exceed the amount of a reasonable fee for a license which, under similar circumstances, would have authorized the infringing act or acts complained of. In determining the amount of such just compensation or of such reasonable license fee the prices currently paid for similar rights under similar circumstances shall be considered. Upon payment of a reasonable license fee, as found by the court, the infringer shall, in the discretion of the court, be entitled to continue the infringing acts complained of, upon such terms, and for such reasonable license period, as the court shall deem just. No injunction shall issue in respect to any works other than those proved to have been infringed.

Mr. PATTERSON. Mr. Speaker, further reserving the right to object, the only reason I withdraw my objection is because it is the wish of our chairman. This is very important legislation, and I would otherwise object.

The SPEAKER pro tempore (Mr. RAINEY). Is there objection to the request of the gentleman from New York [Mr. O'CONNOR]?

There was no objection.

THE PRIVATE CALENDAR

Mr. BANKHEAD. Mr. Speaker, at the request of the majority leader now occupying the chair I submit the following unanimous-consent request:

That on to-morrow it may be in order to consider unobjected-to bills on the Private Calendar in the House as in Committee of the Whole, the call to begin where the last call ended, under the old rule.

The SPEAKER pro tempore. The gentleman from New York asks unanimous consent that it may be in order on to-morrow to consider unobjected-to bills on the Private Calendar in the House as in Committee of the Whole, the call to begin where the last call ended, under the old rule.

Mr. EATON of Colorado. Mr. Speaker, reserving the right to object, under the old rule, when the Private Calendar was last considered, I asked that there be passed over the last bill, calendar No. 393, a bill introduced by the gentleman from Ohio [Mr. SEIBERLING], who was then in the hospital with a broken shoulder. The gentleman from Ohio came to me a little while ago and asked me if we would consider his bill at the next call. If the star were printed one space above, his bill would be the first one to be considered.

Mr. BANKHEAD. I am willing for the gentleman to submit that request, under the circumstances.

Mr. BACHMANN. Mr. Speaker, reserving the right to object, is the request that we proceed under the old rule?

Mr. BANKHEAD. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama (Mr. BANKHEAD)?

There was no objection.

Mr. EATON of Colorado. Mr. Speaker, I ask unanimous consent that in the consideration of bills on the private calendar to-morrow we commence with calendar number 393, the bill (H. R. 5289) for the relief of Samuel Puff Bailey.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

EXTENSION OF REMARKS—SHORT SELLING

Mr. SABATH. Mr. Speaker, two and a half years ago, in October, 1929, I called the attention of the American people to the most stupendous racket in our country, namely, that connected with the New York Stock Exchange. On December 7, 1929, I introduced a bill to put a stop to the operation of short selling, and on December 9, on the floor of this House, condemned and scored these criminal activities that are responsible for closing the doors of banks and businesses, throwing millions of wage earners out of employment, pauperizing 20,000,000 people, and causing thousands of suicides.

Ever since then I have appealed to President Hoover and to the governors of the stock exchanges to take action against these activities, and have tried to secure legislation to stop this wholesale racketeering, but unfortunately neither the President nor the governors of the stock exchanges have acted in compliance with my appeals, nor have I secured any consideration for my bills to prohibit short selling.

During this session I was granted a hearing finally on my bills, but due to the illness of the chairman of the Judiciary Subcommittee [Mr. TUCKER], no action has been taken aside from hearings extending over a period of a few days.

The gentlemen on the other side of the Capitol have begun investigating instead of acting—this, I am informed, for the purpose of delaying action. Although the chairman of the Senate Banking and Currency Committee [Mr. NORBECK] is well intentioned, I am satisfied that the board of strategy of the Republican leaders are endeavoring to use the investigation for political purposes.

That this is a fact can not be honestly denied. For it is clearly evident that, notwithstanding that 95 per cent of the largest, most active, and outstanding manipulators are Republicans and among the largest contributors to the Republican campaigns, the committee is devoting most of its time and publicity to one or two Democrats who, they say, were members of stock pools in 1929.

What the country now demands is the immediate prohibition of the dishonest, destructive, yes, criminal, activities of the outstanding bear raiders and market manipulators, against whom the President refused to take and is still refusing to take any action whatsoever. I believe that it is necessary, therefore, for the country to have all of the available information in regard to stock manipulations and stock inflation from 1927 to 1929.

I realize the great power and influence of these financiers who are endeavoring to forestall congressional regulation, but is it possible that in addition to controlling the President they also control Congress? They have stated repeatedly that short selling is absolutely essential to an orderly market; yet without apparent regard for their contention, they have issued several restrictive rules affecting it. On May 20, for the fifth time, the exchange issued a rule restricting short selling by making it necessary to put up a 10-point margin on all short sales. This will no more restrict short selling than the "April fool" rule. If it be necessary to have short selling in order to preserve a fair and orderly market, why have they adopted these rules? It is clear that the exchange is hiding behind these subterfuges to prevent congressional legislation.

If the exchange officials were not so greedy, they would have prohibited short selling long ago, for in all instances where short selling was prohibited the downward movement of security prices was immediately arrested. I repeat, you can not restore confidence and legitimate business until you stop these criminal manipulations. The evidence which disclosed the operations of the Radio and Warner Bros. pools and the few millions of dollars these pools made is a joke in comparison with some of the real profits and the destruction brought about by the real bear operators.

ADJOURNMENT

Mr. O'CONNOR. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 3 minutes p. m.) the House adjourned until to-morrow, Wednesday, June 22, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

618. A letter from the Secretary of War, transmitting a report dated June 18, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Upper Thoroughfare, Deals Island, Md.; to the Committee on Rivers and Harbors.

619. A letter from the Secretary of War, transmitting a report dated June 18, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Ocean City Harbor and Inlet and Sinepuxent Bay, Md.; to the Committee on Rivers and Harbors.

620. A letter from the Secretary of War, transmitting a draft of legislation to authorize an additional appropriation of $6,400 necessary to accomplish the acquisition of land in the vicinity of Camp Bullis, Tex.; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WARREN: Committee on Accounts. House Resolution 202. A resolution that there shall be paid, out of the contingent fund of the House, not to exceed $25,000 for the expenses of the select committee appointed under House Resolution 201 to investigate campaign expenditures of the various candidates for the House of Representatives (Rept. No. 1679). Ordered to be printed.

Mr. WARREN: Committee on Accounts. House Resolution 271. A resolution relative to expenses of conducting investigation authorized by House Resolution 235 (Rept. No. 1680). Ordered to be printed.

Mr. CONNERY: Committee on Labor. House Joint Resolution 422. A joint resolution to provide for a survey to determine the amount of surplus cloth held by the Government, and to provide for the free distribution of such surplus to unemployed people of the United States; with amendment (Rept. No. 1681). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULMER: Committee on Agriculture. House Joint Resolution 434. A joint resolution to authorize and direct the Secretary of Agriculture to provide additional facilities for the classification of cotton under the United States cotton standards act, and for the dissemination of market news information; without amendment (Rept. No. 1682). Referred to the Committee of the Whole House on the state of the Union.

Mr. PEAVEY: Committee on Indian Affairs. H. R. 11297. A bill for the relief of the Winnebago Indians residing in

school district No. 17, Thurston County, State of Nebraska; without amendment (Rept. No. 1683). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on the Public Lands. H. R. 12359. A bill to authorize the acceptance of relinquishments by the State of Arizona and the city of Tempe, Ariz., to certain tracts of lands granted by the act of April 7, 1930, and to direct the Secretary of the Interior to issue patent to said tracts to the Salt River Valley Water Users Association; without amendment (Rept. No. 1687). Referred to the Committee of the Whole House on the state of the Union.

Mr. NORTON: Committee on Agriculture. H. R. 12733. A bill to secure cost of production to producers of agricultural commodities, and for other purposes; without amendment (Rept. No. 1688). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ROGERS: Committee on Military Affairs. H. R. 2735. A bill for the relief of Timothy J. Devine; with amendment (Rept. No. 1684). Referred to the Committee of the Whole House.

Mr. CHIPERFIELD: Committee on Military Affairs. H. R. 2753. A bill for the relief of John H. D. Wherland, alias Henry Lowell; without amendment (Rept. No. 1685). Referred to the Committee of the Whole House.

Mr. PETTENGILL: Committee on Military Affairs. H. R. 7605. A bill for the relief of Samuel C. Simpkins; with amendment (Rept. No. 1686). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CRAIL: A bill (H. R. 12738) to prohibit discrimination on account of race or color in employment under contracts for public buildings or public works of the United States; to the Committee on Labor.

By Mr. RAYBURN: A bill (H. R. 12739) to regulate the transportation of passengers and property in interstate and foreign commerce by motor carriers operating on the public highways, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. McREYNOLDS: A bill (H. R. 12740) authorizing an appropriation for payment to the Government of China for the account of certain Chinese citizens; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12741) authorizing an appropriation for payment to the Government of China for the account of certain Chinese citizens; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12742) authorizing an appropriation for payment to the Government of the Dominican Republic for the account of Mercedes Martinez Viuda de Sanchez, a Dominican subject; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12743) authorizing an appropriation for payment to the Government of Canada for the account of Janet Hardcastle Ross, a citizen of Canada; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12744) authorizing an appropriation for payment to the Government of Nicaragua for the account of Raimunda Valladares de Calderon, a citizen of Nicaragua; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12745) authorizing an appropriation for payment to the Government of Great Britain for the account of N. J. Moosa, a British subject; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12746) authorizing an appropriation for payment to the Government of Norway in settlement of all claims for reimbursement on account of losses sustained by the owner and crew of the Norwegian steamer *Tampen;* to the Committee on Foreign Affairs.

Also, a bill (H. R. 12747) authorizing an appropriation for payment to the Government of China for the account of Ling Mau Mau, a citizen of China; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12748) authorizing an appropriation for the payment to the Government of Nicaragua for the account of Salvador Buitrago Diaz, a citizen of Nicaragua; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12749) authorizing an appropriation for payment to the Government of Great Britain for the account of the Shanghai Electric Construction Co. (Ltd.); to the Committee on Foreign Affairs.

Also, a bill (H. R. 12750) authorizing an appropriation for payment to the Government of Nicaragua for the account of Benjamin Gonzales, a citizen of Nicaragua; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12751) authorizing an appropriation for payment to the Government of Chile for the account of Enriqueta Koch v. de Jeanneret, a citizen of Chile; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12752) authorizing an appropriation for payment to the French Government for the account of Henry Borday, a citizen of France; to the Committee on Foreign Affairs.

By Mr. McKEOWN: A bill (H. R. 12753) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1889, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. NORTON: Resolution (H. Res. 272) for the consideration of H. R. 12733, a bill to secure cost of production to producers of agricultural commodities, and for other purposes; to the Committee on Rules.

By Mr. TARVER: Joint resolution (H. J. Res. 442) directing and authorizing the Postmaster General to have prepared and issued a postage stamp commemorating the services of the late Thomas E. Watson in the origination of the Rural Free Delivery Service; to the Committee on the Post Office and Post Roads.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the municipal government of Makati, Rizal, P. I., expressing thanks and sincere gratitude for the passage of the independence bill of the House of Representatives; to the Committee on Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 12754) granting an increase of pension to Adaline Schlotterbeck; to the Committee on Invalid Pensions.

By Mr. CONNERY: A bill (H. R. 12755) granting a pension to Mary P. Hall; to the Committee on Invalid Pensions.

By Mr. DRANE: A bill (H. R. 12756) for the relief of Harry Flanery; to the Committee on Military Affairs.

By Mr. JOHNSON of Missouri: A bill (H. R. 12757) to correct the military record of Ira J. Paxton; to the Committee on Military Affairs.

By Mr. KNIFFIN: A bill (H. R. 12758) granting an increase of pension to Ruma McLaughlin; to the Committee on Invalid Pensions.

By Mr. LAMBETH: A bill (H. R. 12759) granting a pension to Hope Carolina Davis; to the Committee on Pensions.

By Mr. POLK: A bill (H. R. 12760) granting a pension to Gus Brunner; to the Committee on Pensions.

Also, a bill (H. R. 12761) granting an increase of pension to Mary Clemons; to the Committee on Invalid Pensions.

By Mr. RUDD: A bill (H. R. 12762) for the relief of George French; to the Committee on Naval Affairs.

By Mr. SHREVE: A bill (H. R. 12763) granting an increase of pension to Martha Gage; to the Committee on Invalid Pensions.

By Mr. WHITTINGTON: A bill (H. R. 12764) for the relief of Robert D. Hutchinson; to the Committee on Military Affairs.

By Mr. WOLVERTON: A bill (H. R. 12765) granting an increase of pension to Isabelle T. Dubois; to the Committee on Invalid Pensions.

By Mr. WYANT: A bill (H. R. 12766) granting an increase of pension to Amanda Struble; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8409. By Mr. BOYLAN: Letter from the Erickson Engineering Co. (Inc.), New York City, N. Y., favoring House bill 9921; to the Committee on Expenditures in the Executive Departments.

8410. Also, resolution adopted by the Intercoastal Lumber Shippers Association, New York, N. Y., opposing Senate bill 4491; to the Committee on Ways and Means.

8411. Also, resolution adopted by the Steuben Society of America, New York City, N. Y., opposing House bill 378, providing for a permanent court of international justice, etc.; to the Committee on Foreign Affairs.

8412. By Mr. CRAIL: Petition of William Eric Fowler, chairman Los Angeles County Republican Central Committee, urging that Congress amend the Wagner relief bill so that the Reconstruction Finance Corporation can lend money to persons and corporations holding contracts of States and municipalities for public improvements, as well as to the municipalities themselves for this purpose, and that such loans may be made for a period of 20 years; to the Committee on Banking and Currency.

8413. Also, petition of Howard W. Marsh, sr., proposing that the Reconstruction Finance Corporation be authorized to finance small business corporations; to the Committee on Ways and Means.

8414. By Mr. LINDSAY: Petition of Mark Graves, director of the budget, Albany, N. Y., urging support of the McCormick amendment to section 621 of the new revenue act; to the Committee on Ways and Means.

8415. Also, petition of S. J. Gellard, station WLTH, Voice of Brooklyn (Inc.), Brooklyn, N. Y., urging speedy action on passage of Sirovich copyright bill and Chindblom amendment; to the Committee on Patents.

8416. Also, petition of W. G. White, New York City, opposing increased governmental expenditures; to the Committee on Economy.

8417. Also, petition of American Manufacturing Co., Brooklyn, N. Y., favoring the reduction of governmental expenditures; to the Committee on Economy.

8418. By Mr. RUDD: Petition of New York Flour Club (Inc.), New York City, favoring the repeal of the agricultural marketing act and the eighteenth amendment, thereby aiding the farmer in marketing his surplus crops of grains, increase revenue, and give further employment to industry; to the Committee on the Judiciary.

8419. Also, petition of Mark Graves, director of the budget, State of New York, Albany, N. Y., favoring the McCormick amendment to section 621 of the new revenue act; to the Committee on Ways and Means.

8420. Also, petition of S. J. Cellard, station WLTH, Voice of Brooklyn, N. Y., favoring the passage of the Sirovich copyright bill; to the Committee on Patents.

8421. By Mr. YATES: Petition of T. J. Murray, 1030 Nineteenth Street; H. M. Farrel, 1300 Fifteenth Street; and other citizens, of Rock Island, Ill., urging reduction of Federal expenditures; to the Committee on Appropriations.

SENATE

WEDNESDAY, JUNE 22, 1932

(Legislative day of Wednesday, June 15, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Jones	Robinson, Ind.
Austin	Couzens	Kean	Sheppard
Bankhead	Davis	Kendrick	Shortridge
Barbour	Dickinson	King	Smoot
Barkley	Fess	La Follette	Stephens
Bingham	Fletcher	McGill	Thomas, Okla.
Black	Frazier	McKellar	Townsend
Blaine	George	McNary	Trammell
Borah	Glenn	Metcalf	Tydings
Bratton	Goldsborough	Moses	Vandenberg
Broussard	Hale	Norbeck	Wagner
Bulkley	Harrison	Norris	Walcott
Bulow	Hastings	Nye	Walsh, Mass.
Byrnes	Hatfield	Oddie	Walsh, Mont.
Capper	Hawes	Patterson	Watson
Caraway	Hayden	Pittman	
Cohen	Hebert	Reed	
Connally	Johnson	Robinson, Ark.	

Mr. FESS. I desire to announce that the following-named Senators are detained in a meeting of the Committee on Claims: The Senator from Nebraska [Mr. HOWELL], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Oregon [Mr. STEIWER], the Senator from Kentucky [Mr. LOGAN], the Senator from Iowa [Mr. BROOKHART], and the Senator from Maine [Mr. WHITE].

The VICE PRESIDENT. Sixty-nine Senators having answered to their names, a quorum is present.

CONSTRUCTION OF HIGHWAY, UNITED STATES AND CANADA (S. DOC. NO. 121)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision pertaining to an existing appropriation for the Department of State for the "Commission on Construction of Highway, United States and Canada, 1931 and 1932," which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

OGLALA BOARDING SCHOOL, PINE RIDGE RESERVATION, S. DAK. (S. DOC. NO. 122)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation in the amount of $65,000 for the Department of the Interior, Bureau of Indian Affairs, fiscal years 1932 and 1933, for replacement and repair of buildings and equipment destroyed or damaged by cyclone at the Oglala Indian boarding school, Pine Ridge Reservation, S. Dak., which with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

LAW ENFORCEMENT IN THE TERRITORY OF HAWAII

The VICE PRESIDENT laid before the Senate the report of a joint committee of the Legislature of the Territory of Hawaii, and adopted by the legislature thereof, pertaining to a study made by the said joint committee of legislation introduced in the Senate in accordance with recommendations contained in a report submitted by the Attorney General (pursuant to S. Res. 134, requesting a report upon the administration and enforcement of the criminal law of the Territory of Hawaii and upon the desirability of changes in the organic law), and recommending, among other matters, the appointment of a congressional committee to make a complete investigation of the government of the Territory, the administration of civil affairs and criminal law, the advisability or inadvisability of making changes in the organic act, etc., which was referred to the Committee on Territories and Insular Affairs.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial from the Consolidated Committee of Fourteen Russian National Organizations in California, San Francisco, Calif., remonstrating against the recognition of the Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted at a meeting of the Committee for the Defense of Political Prisoners, Boston, Mass., relative to the case of Edith Berkman, alleged to be held a prisoner for many months in connec-

tion with action of the Immigration Bureau, which was referred to the Committee on Immigration.

He also laid before the Senate a letter in the nature of a petition from Louis King, assistant secretary of the restricted Creek Indian Tribe, Wetumka, Okla., praying for the passage of the so-called Frazier bill, being the bill (S. 3509) relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma, which was referred to the Committee on Indian Affairs.

He also laid before the Senate the petition of the Altoona (Kans.) Home Missionary Society, praying for the passage of legislation for the investigation and regulation of the motion-picture industry, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution adopted by the sixteenth annual convention of the Wyoming Stock Growers' Association, favoring the passage of legislation transferring in fee simple the remaining public lands in Wyoming to the State, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a resolution adopted by members of the Municipal Council of Gigaquit, Province of Surigao, P. I., favoring the passage of the so-called Hare bill, or a similar measure, granting independence to the Philippine Islands, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the County Board of Supervisors of Dane County, Wis., favoring the immediate passage of legislation for the cash payment of adjusted-compensation certificates (bonus) of World War veterans, which was ordered to lie on the table.

He also laid before the Senate a telegram from Mabel Reiss Barstow, Washington, D. C., stating "Please before dropping efficient married women from the Government pay roll weed out those who are incompetent," etc., which was ordered to lie on the table.

He also laid before the Senate a telegram from Walter E. Quenstedt, department commander, Veterans of Foreign Wars, Department of Maryland, Annapolis, Md., stating "Resolutions adopted thirteenth annual encampment Veterans Foreign Wars now in session in Annapolis, Md., urge immediate action and passage of H. R. 8173, amendment World War insurance act," which was ordered to lie on the table.

He also laid before the Senate telegrams in the nature of petitions from the Anchor Building, Savings and Loan Association, by Clarence T. Rice, its president, and the Gibraltar Building, Loan and Savings Association, both of Kansas City, Kans., praying for the prompt passage of legislation providing a home loan banking system, which were ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Commonwealth Club of Minnesota, Minneapolis, Minn., favoring the immediate passage of legislation making a substantial appropriation for combating the grasshopper plague in the Northwest, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Council of the City of Chicago, Ill., protesting against the passage of the so-called Garner post office and relief measure, which was ordered to lie on the table.

He also laid before the Senate a letter from Frank H. Tredway, of Union City, N. J., advocating, as a measure to help Federal finances, the voluntary placing of 4-cent stamps instead of 3-cent stamps on first-class postal matter, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Council of the City of Rochester, N. Y., favoring the passage of legislation whereby the Reconstruction Finance Corporation may provide financial aid for the purpose of expanding employment in industry and the inauguration of income-producing works of public and private character, etc., which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Council of the City of Streator, Ill., favoring the passage of legislation authorizing a bond issue of not to exceed $5,000,000,000 for the purpose of financing municipal and public improvement projects so as to aid employment, which was ordered to lie on the table.

He also laid before the Senate a telegram and a letter in the nature of petitions from Mrs. Benjamin F. Neill, president of Capital Post, No. 1, American Legion Auxiliary of Topeka, Kans., and the Military Order of the World War, signed by Edwin S. Bettelheim, jr., adjutant general, Washington, D. C., praying for the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

He also laid before the Senate numerous telegrams and papers in the nature of memorials from sundry citizens and organizations of the District of Columbia, Pennsylvania, Massachusetts, Rhode Island, New Jersey, New York, California, Ohio, Maine, North Carolina, Connecticut, and Wisconsin remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

Mr. VANDENBERG presented a petition, numerously signed by Federal employees, pointing out that employees of the Bureau of Engraving and Printing do not receive any sick leave, and praying that in the so-called economy bill now pending they be granted either annual leave or sick leave for 30 days, which was referred to the Committee on Appropriations.

Mr. WALSH of Massachusetts presented papers in the nature of petitions from 500 citizens of the State of Massachusetts, praying for the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented letters in the nature of petitions from 60 citizens of the State of Massachusetts praying for retrenchment in governmental expenditures and the balancing of the Budget, which were ordered to lie on the table.

He also presented a resolution adopted at a meeting of the Committee for the Defense of Political Prisoners, Boston, Mass., relative to the case of Edith Berkman, alleged to be held a prisoner for many months, in connection with action of the Immigration Bureau, which was referred to the Committee on Immigration.

He also presented a resolution adopted at a meeting of the Committee for the Defense of Political Prisoners, Boston, Mass., opposing the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

FURLOUGH FOR GOVERNMENT EMPLOYEES

Mr. ROBINSON of Indiana. Mr. President, I ask to have incorporated in the RECORD a telegram just received from Harry Estle, president of Local 130, National Federation of Post Office Clerks, Indianapolis.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

INDIANAPOLIS, IND., *June 21, 1932.*

ARTHUR R. ROBINSON,
United States Senate, Washington:

Majority of postal clerks in Indianapolis are forced to work at night, owing to volume of mail deposited in evening. Night workers should not bear double penalty of 5 per cent wage cut and furlough. Urge you vote against conferees' amendment to Senate amendment No. 61 in economy bill. Senate amendment No. 61 is satisfactory to us.

HARRY ESTLE,
President Local 130, National Federation Post Office Clerks.

REPORTS OF THE NAVAL AFFAIRS COMMITTEE

Mr. WALSH of Massachusetts, from the Committee on Naval Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 922. An act for the relief of John Heffron (Rept. No. 868);

H. R. 1383. An act for the relief of certain United States naval officers (Rept. No. 871);

H. R. 6334. An act for the relief of Lieut. M. A. Sprengel (Rept. No. 869); and

H. R. 6336. An act for the relief of George W. Steele, jr. (Rept. No. 870).

Mr. WALSH of Massachusetts also, from the Committee on Naval Affairs, to which was referred the bill (H. R. 6337) for the relief of Capt. Chester G. Mayo, reported it with an amendment and submitted a report (No. 872) thereon.

ENROLLED BILL PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, June 22, 1932, that committee presented to the President of the United States the enrolled bill (S. 3847) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings.

EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHEPPARD:

A bill (S. 4922) granting a pension to Robert M. Board; to the Committee on Pensions.

By Mr. HASTINGS:

A bill (S. 4923) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1889, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. NEELY:

A bill (S. 4924) granting an increase of pension to Sarah E. Pratt; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 4925) to reduce the rate of interest on loans upon adjusted-service certificates and to give such certificates a loan value immediately upon the issuance thereof, and for other purposes; to the Committee on Finance.

VETERANS' RELIEF

Mr. ROBINSON of Indiana. Mr. President, I ask unanimous consent to have incorporated in the RECORD four 10-minute speeches made over the radio on May 25, 1932, in this city, by the department commanders of the four major veterans' organizations, namely, the United Spanish War Veterans, the Veterans of Foreign Wars, the American Legion, and the Disabled American Veterans of the World War.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

REMARKS BY MRS. HELEN EVANS O'NEILL, COMMANDER OF GENERAL W. W. ATTERBURY CHAPTER, DISTRICT OF COLUMBIA DEPARTMENT, DISABLED AMERICAN VETERANS OF THE WORLD WAR

It is believed that this will be the first time in radio history that four department commanders of the four major veterans' organizations—namely, the United Spanish War Veterans, Veterans of Foreign Wars, the American Legion, and the Disabled American Veterans of the World War—have broadcast on the same program.

The spirit of cooperation shown throughout the past year by these commanders is again manifested by their appearance here to-night.

It gives me great pleasure at this time to introduce to you Maj. Samuel J. McWilliams, department commander of the District of Columbia Department, United Spanish War Veterans.

ADDRESS OF MAJ. SAMUEL J. M'WILLIAMS, DEPARTMENT COMMANDER OF THE DISTRICT OF COLUMBIA DEPARTMENT, UNITED SPANISH WAR VETERANS

As the guest of the Disabled Veterans of the World War, I feel highly honored. However, it is not for myself that this honor is extended, but for and to that splendid group of American veterans who fought and won one of the most decisive wars in the history of mankind, before many who now hear my voice were conscious of mundane affairs. I refer to the soldiers of ninety-eight and to America's war with the Kingdom of Spain. I say that was a decisive war because the issues submitted to the arbitration of that armed conflict has never since been raised on the American Continent, and no one has ever questioned who won the war. I like to refer to that epochal event as the second discovery of America; and, by a singularly strange and grim irony of fate, Spain was the discoverer on both occasions. But it was not Spain alone who, out of that conflict which drove Old World tyranny from the Western Hemisphere and proclaimed a new world power of the first magnitude, discovered something new. Our own people discovered in themselves a united people, knowing no North, no South, no East, no West, with renewed devotion to those high ideals made sacred by the blood of our fathers. It was indeed a grand discovery, and none can claim so great a share in the supreme joy afforded by that revelation than we sons of the North who shared the hardship in camp and in field with the sons of the South and found their loyal zeal to Old Glory equal in every respect to our own. And Europe also discovered something. She discovered a new world power with high ideals, willing and able to make good that immortal pronouncement in the American Declaration of Independence that the power of government may only be exercised at the consent of the governed, and to enforce, if need be by armed power the Monroe doctrine, never since questioned. But time will not admit our attempt to further recount even in part the many blessings to ourselves and to humanity resulting from that conflict, or to mention the individual acts of valor displayed or hardship endured by those who took part in it, although their memories inspire and the temptation is great.

I should like to dwell again in tender memory with the immortal Roosevelt, the gallant Lawton, the invincible Dewey, Fitz Hugh Lee, Joe Wheeler, the spirited Funston, and a hundred other heroic souls whose deeds of valor have been preserved in history and will remain as a priceless heritage to generations yet unborn.

> "There are moments, I think, when the spirit receives
> Whole volumes of thought on its unwritten leaves.
> There are moments that glow with an angel's fair face,
> There are hours that throb with the hope of the race."

We can not stop to do further honor to these heroes or to those other sainted souls who gave their lives in that conflict; their memories are tender and sacred, but the living present cries to us for the solution of present-day problems which threaten our very existence as a free Republic and to reduce our Nation to the state of helpless China, which to-day is at the mercy of a much smaller nation but one which has at all times been prepared for aggressive action against its weaker neighbor. Again the voice of the pacifist is heard seeking to destroy our Army and our Navy under the false plea of economy. These modern Copperheads fought the efforts of our Government during the days of the World War as persistently and as viciously as did their kind of Civil War days, which hampered our Army and so sorely distressed President Lincoln. Not satisfied with the destruction they have wrought to our pitifully small Army and to our Navy, which must protect us against future wars if wars are to be averted, they direct their vicious shots toward the men who won our past wars and demand the repeal of all veteran legislation which undertakes only in part to equalize their economic status with that of the slacker who remained out of the war and profited at the expense of the Army. While the veterans bared their breasts to German steel and "took it on the chin" in the blood-soaked fields of Flanders those who profiteered in blood now seek to deny to the distressed of them all assistance except and in case they have first been reduced to abject poverty. In respect to both of these issues must their challenge be met "head on." From the point of efficiency our Army and Navy must be strengthened to second to none in the entire world, if further wars are to be averted; and the veterans who won our past wars, and their dependents, must be provided for against want when weakened by age or infirmities, if we are to preserve our self-respect as a nation. It is a strange cry that those of great wealth now make against the man who served in the trenches of Flanders at $30 per month, less insurance and Liberty-bond deductions, while they amassed great fortunes on abnormal profits from the war. No question was raised as to the credit of our Government or its ability to pay so long as the profits flowed into their coffers; but now that the flow has stopped and adjustments are in order they shudder in fear of greater taxes and cry "Treasury raiders" when friends of the Nation's defenders in Congress propose legislation intended to smooth the economic paths of their most unfortunate.

It would be far more consistent with the true situation, and more in keeping with the spirit of equality and justice, if men of great wealth would offer up prayers to the fates to preserve us against further wars, and to draft memorials of thanksgiving and praise to the veterans for preserving them from the demands of German tax collectors, which would have been their lot but for the sacrifices of these men, many of whom are now and evermore will remain helpless invalids. The picture which we now see in Germany, of the tax-burdened citizen turning over his crops and his cash as tribute to a conquering foe, and the misery attending, is mild in comparison with what would have been the plight of the American people had Germany won the war and Kaiser Bill made good his threats to "take it out on America."

It is these enemies of our country, happily in the minority but dangerous because of their wealth, and the doctrines they stand for, that we veterans of all wars must face in these times of peace, and in our contest with them we solicit the assistance of all true patriots who have never failed us in the past.

Mrs. O'NEILL. It is again my pleasure to introduce to you another department commander—Charles B. Jennings, department commander, District of Columbia Department, Veterans of Foreign Wars.

ADDRESS OF CHARLES B. JENNINGS, COMMANDER OF THE VETERANS OF FOREIGN WARS OF THE UNITED STATES, DEPARTMENT NO. 1, DISTRICT OF COLUMBIA

Good evening, everybody. You have just heard the able remarks of Comrade McWilliams, of the United Spanish-American War Veterans, who has told you something about that wonderful organization of his. You will in the course of the evening hear from the representatives of the other three major groups of war veterans, namely, Commander Fraser, of the American Legion; Commander Turner, of the Disabled American War Veterans; and myself in behalf of the Veterans of Foreign Wars of the United States. This program is given to you through the courtesy of station WJSV, a station that always has our interest at heart, and through the endeavors of Mrs. O'Neill, commander of General W. W. Atterbury Chapter of the Disabled American War Veterans. As a result of her efforts, the four veteran groups have been brought together for the first time in a program of this nature.

Fundamentally speaking there is little difference in the various groups of veterans. The difference appears mostly in our eligibility requirements. Commander McWilliams represents that group of men who served in the stirring days of '98 in the war with Spain my good friend and comrade, Fraser, represents those whose services are identified with the World War; my good friend and comrade, Turner, represents that group who were injured or wounded in the late World War, while I have the honor to represent a cross section of American veterans—men who have served their country in time of war from the days of '48 up to and including the recent crisis in China. Our eligibility requirements are not limited to any particular war or period of our history; but we do require that one must have an honorable discharge from the Army, Navy, Marine Corps, or Coast Guard, or still in active service in the aforesaid organization with a record of foreign service in time of war or during an expedition recognized by the War or Navy Department by the issuance of a campaign badge. Hence the V. F. W. represents a veritable cross section of America's fighting men. Until death took the last surviving member a few months ago, our ranks contained those who served with Taylor in the Mexican War of '48. We still boast of those who served with Grant and Lee in the days of '61; those who followed the flag in the war with Spain, storming the heights of San Juan and El Caney; or with Dewey at Manila Bay. Men who followed Chaffee before the walls of Peking during the Boxer uprising; gobs and marines who landed at Vera Cruz in 1914; cavalry men who followed Pershing into Mexico; men who participated at Cantigny, Chateau-Thierry, St. Mihiel, the Argonne, and in Siberia during the World War; marines and blue jackets who were under fire in Nicaragua, Puerto Rico; and men who defended American lives during the very recent China trouble. Our oldest member is around the century mark, and our youngest a mere lad of 17. We call ourselves the evergreen organization because of the fact that just so long as there are wars, just so long will there be a V. F. W. dedicated like our sister organizations to the principles of Americanism, pledged to promote comradeship among our members, obligated to care for needy comrades in distress and to provide for their widows and orphans, and sworn to protect the United States of America from her enemies, whosoever.

One of the cardinal objectives of our order, and of all veteran groups, is to preserve the history and the memory of our dead, and special emphasis will be laid upon that phase of our endeavors in conjunction with all veterans next Monday—Memorial Day. Prior to that day the Veterans of Foreign Wars will live up to their slogan of remembering the dead by helping the living. We will launch here in the District of Columbia our annual buddy-poppy sales. You see there buddy poppies in the hands of our representatives Friday morning. You can identify them by the little green copyright label bearing the legend, "Buddy poppy made in United States hospitals." These poppies were made by disabled veterans in the Government hospitals, who will be benefited by the proceeds derived from the sale thereof; for a part of the proceeds will go to those who made them, giving them the opportunity to make a little spending money to purchase a few little luxuries they are now denied, or to send to their families who are deprived of their services, much-needed financial help. A part of the proceeds will go to support the Veterans of Foreign Wars National Home for the widows and orphans of deceased comrades, located at Eaton Rapids, Mich. This home is sponsored by the Veterans of Foreign Wars and supported by that organization. It is the only institution of its kind in America to-day. Although the Government provides a home for the old soldier, it remains for the Veterans of Foreign Wars to provide one for widows and orphans. The remainder of the proceeds will go to the relief of veterans and their families here in the District of Columbia. The President of the United States, the District Commissioners, and many others have indorsed this sale and we hope you will by purchasing a poppy. On Memorial Day the Veterans of Foreign Wars will join with the other veteran groups in carrying out the program of the day under the auspices of the few surviving members of the Grand Army of the Republic, an organization revered and respected by all of us. These exercises will culminate in services in the Amphitheater of the Unknown Soldier, whose tomb is a national shrine to-day. The unknown soldier, it is true, is a product of the World War; but in the short space of time elapsing since his interment in Arlington Cemetery, he has become symbolic of American war dead, irrespective of the war in which they died or the manner in which they left our ranks.

It is fitting, therefore, at this time to recall the burial of this unknown hero. Many of my listeners this evening were no doubt spectators to the solemn ceremonies surrounding that event. You will recall that scarcely 10 years has elapsed since his body lay in state in the rotunda of our National Capitol, from whence it was carried to its present resting place. Many of you will recall the funeral procession of that day. Leading the procession and in humble homage there walked a President of the United States. By his side there marched the Commander in Chief of America's Expeditionary Forces, John Pershing. Behind these two dignitaries there trudged members of the Cabinet, the judiciary, of Congress, and high officials in Government life. Then came a police patrol, and then in a horse-drawn vehicle rode America's war President, then a troop of cavalry, and then on the caisson that had borne Lincoln, Grant, Dewey—and later Harding—rode the flag-bedecked casket containing the immortal remains. In the caisson's wake marched representatives from the various military and civic orders. On either side of Pennsylvania Avenue thousands stood and watched, through tear-dimmed eyes. Slowly and surely the column serpentined its way to Arlington Cemetery and there at a selected spot halted, that final tribute might be paid. At this spot the crowned heads of Europe, through their proxies, paid their nations' tribute; at this spot the rulers of the Asiatics, through their proxies, paid their nations' tribute; at this spot the Presidents of the Latin Republics, through their proxies, paid their nations' tribute. At this spot a President of the United States, in the name of the American people, eulogized. A firing squad fired a soldier's salute, and a trumpeter sounded a soldier's farewell, and as the last clear clarion notes of the bugle echoed and reechoed over the hills of Virginia, the casket was lowered into a grave. A grave—it is nothing but a hole in the ground, that is filled again; it is as it was; but then a cross is nothing but two sticks, a crown but a band of metal, a flag but a stained piece of cloth. We take none of these for their material worth, but for their symbolic value. Hence the cross is symbolic of Christianity, the crown of sovereignty, and that dye-stained old flag with its azure blue and its argent white and its crimson red, is symbolic of the grandest Nation that ever saw the rising or the setting of the sun.

That grave in Arlington is to America what Westminster Abbey is to England, what the pyramids are to Egypt, and what Napoleon's grave is to France—a place for pilgrimage, a spot for worship. And who lies in that grave to make it so hallowed, we do not know; it is to be hoped that we shall never know, for to know would be only to detract from the sacred sentiment that now enshrouds the spot. He might have been a degenerate of the Barbary coast, or he might have been from the élite of Park Avenue. He might have been just released from penal institutions, or he might have been a minister of the gospel. He might have been a free son of the West who quit the logging camp or cattle trail to give his all for his country, or he might have been one who occupied his own small sphere in a Government office. He might have been yellow; he might have been red; he might have been black; or he might have been white; but whoever and whatever he was, he plied one trade worthy of plying—the trade of a soldier—and he died one death worth dying, the death of the soldier. He died that men might live, and we know that he was called by the Commander of All Battles and bivouacked on His right. We know that his body lies in its sacred shrine, symbolizing the deeds of those whose services will never be forgotten, and he is to us veterans—veterans of all wars—a constant reminder of the fact that we are dedicated to the principles for which he died—the principles of America, of Washington—life, liberty, and the pursuit of happiness; the principle of Lincoln—with malice toward none, with charity for all; and the principle of Roosevelt—one God, one flag, and one country.

Mrs. O'NEILL. You have heard the splendid addresses of two of the District of Columbia department commanders, and it is hoped that you will enjoy the remarks of the following two.

I now desire to introduce to you Fred G. Fraser, District of Columbia department commander, the American Legion:

ADDRESS OF FRED G. FRASER, DISTRICT OF COLUMBIA DEPARTMENT COMMANDER, THE AMERICAN LEGION

Comrade Commander O'Neill, my associate department commanders of the District of Columbia, comrades, friends, before proceeding with my part in this harmonious gathering, permit me to thank our charming hostess, Comrade O'Neill, of the Disabled American Veterans, for having arranged this program and the authorities in charge of station WJSV for their courtesy.

The American Legion is on record in the Halls of the Congress and with the American people in its care of constructive legislation as regards the disabled veteran, the widow and orphan, national defense, veterans' preference, and hospitalization. For several months past the public at large has heard of the American Legion's activity on behalf of the unemployed. Newspapers throughout the land have not only cooperated with us, but have commended our constructive leadership in this worthy cause.

The American Legion's stand for national defense does not mean to imply that it believes in war; on the contrary, it emphatically means that those who served their country in time of war know the horrors thereof, and unless our country is adequately prepared, another conflict is certain to follow.

We hear much talk these days of Government expenditure on behalf of veterans. We must realize that these expenditures are a direct result of our war engagements and the responsibilities

that such conflicts brought upon us. We all recall the stirring days of 1917 with the bands playing, the flags waving, the cheering and the sudden outbursts of oratory, which promised to those brave lads going to the defense of their country everything that a grateful Government was able to give. And to-day in time of peace, those who defended their country in time of war are heralded by some unscrupulous individuals and advertised to the public as Treasury raiders. Yet we must realize that the obligations of war do not cease with the signing of an armistice, but continue on for generations. Preparedness in time of peace does not mean that we are aiming at war, but it does mean the ultimate saving of human life, useless and unnecessary expenditures and the safeguarding of our shores against a foreign foe. We talk to-day of a movement called economy that will practically disarm our country and leave us open for attack. Other countries are not disarming, other nations do not want war, but they believe that the best way to assure peace is by being adequately prepared. Our national defense at the present is one of the weakest in the world and the further curtailing of appropriations for the Army and Navy will leave us exposed to the expenditure of billions, being unprepared as we are, and in the event that we are called upon to defend our land against a foreign invasion. A few months ago, newspapers throughout the country carried glaring headlines informing us that Japan had invaded China. We know that Japan is small in regard to area and population in comparison with China. Had China been prepared for such a crisis, she would have been spared the great loss in human lives. France, in the late political battle, placarded the entire country with the following phrase: "France has experienced invasion four times in the last 100 years and must not disarm without being assured of its security." Another prominent poster blazed out: "Frenchmen, remember that my predecessor of 1914 was a victim of facing the enemy insufficiently armed."

Veterans' organizations claim that the sacrifice of human life in the late World War, which numbered 10,000,000 dead, 19,000,000 wounded, 9,000,000 orphans, 5,000,000 widows, would have not taken place had the countries been prepared and sufficiently armed. Therefore, we veterans represented here this evening call upon you to assist us in every way possible to prevent further disarmament by the United States and to make certain that every avenue of preparedness to secure peace shall be opened.

In 1917 a proclamation was declared that we were in a state of war and that all citizens would be called upon to serve their country toward a victory that would make the world safe for democracy and peace for all time. To-day, however, we have equally as important a crisis—we all know what it is—unemployment. Are we facing this test or are we shrugging our shoulders and leaving it to the other fellow to do? My comrades and friends, have you ever been without employment? Do you realize the hardships that it brings to a home? Oh, the first few weeks perhaps slip by like a holiday, but as weeks lengthen into months it is harder to smile. Shoulders bend and heads bow. Gradually self-respect is lost and faith in God and man dwindles. If the unemployed person is married, he becomes obsessed with the idea that even his own family no longer respects him. This unemployment situation is indeed a terrible calamity. These unemployed citizens do not want charity, they want work. In the past we have realized and appreciated too little the benefits of labor, forgetting that it is one of our greatest blessings. This Government of ours, of the people, by the people, and for the people, can not afford to leave thousands of its citizens without employment. Such a condition not only breaks down the morale of the country but it impairs the health of the future generations.

Just a word at this time to Members of the Congress who believe that a move should be made to cut Government salaries, prevent the filling of vacancies, and the refusal to recognize justified and well-earned promotions. We veterans believe that such a step would tend to break down the morale of the employees in the Government service. It would surely mean a step backward instead of forward. The masters of industry and capital must assume responsibility in meeting this crisis by refusing to cut prices on commodities—they should reassure their employees that the bottom has been reached and that employment is guaranteed and secure. By so doing the element of fear would be destroyed. Can't Members of the Congress realize that their movement to cut Government salaries is most harmful? Can they not realize that it is a direct challenge to all employers to do the same? Can they not see that when the spending power of a community, State, or Nation is decreased that it retards industry?

A reduction in salaries would necessarily mean that the standards of living would likewise be lowered, and how in the name of common sense can we buy more when the power to buy is being constantly decreased, and how can a Government maintain law and order when appreciation of human values is lost in the interest of a false movement known as economy?

Can not the united veteran citizenry of the District of Columbia call upon you for assistance at this time, as you called upon us in 1917? What do we wish you to do? Write your Congressman and Senator; tell them that you are for preparedness for America's sake and that you are opposed to a cut in Government employees' salaries, because such an act would tend to destroy the fine standards of the American citizenry.

Mrs. O'NEILL. Now, last but not least, I desire to introduce to you my own commander, Lee T. Turner, department commander District of Columbia Department, Disabled American Veterans of the World War.

ADDRESS OF COMMANDER LEE T. TURNER, DEPARTMENT COMMANDER DISTRICT OF COLUMBIA DEPARTMENT, DISABLED AMERICAN VETERANS OF THE WORLD WAR

Ladies and gentlemen of the radio audience and Mrs. Helen Evans O'Neill, first woman chapter commander of the Disabled American Veterans, it is doubtful if at any time since the armistice there has been such a mass of propaganda in the public press and over the air on the matter of veterans' relief as has been placed before the public in the past few months. In other words, the men who are to-day suffering because of the part they individually played in winning the World War have been suddenly thrown into a distinctly defensive position.

It will no doubt be news to the listeners to know that the first war risk insurance law was enacted before the First Battle of the Marne in 1914, or almost three years before America entered the war. This was in the form of protection to Americans in the crews of ships endangered by submarine activities. From that day on there has not been a session of Congress during the past 18 years that has not amended in some way this basic act. In other words, the original law has been changed and altered and patched until it contains many features that should be smoothed out.

However, the position of the Disabled American Veterans is that, instead of Congress appointing a committee to hold executive sessions and then bring out from behind closed doors bills that overnight would deprive hundreds of innocent disabled men of benefits, amendments to be made should come from deliberate across-the-table discussion between Members of Congress, officials of the Veterans' Administration, and the representatives of the service organizations. If such procedure is not to be followed and Congress pursues a wild chase to effect economies, it is manifest that in the actual operation of any new enactments damage will be done to the very persons Congress has been endeavoring to protect.

The public should not be beguiled into believing that $1,000,000,000 a year is going into the pockets of the World War men. If such a condition, or approximately such a condition, existed, there might be justification for the use of the expression "Treasury raiders" to this class of Americans whose patriotism was amply demonstrated not so many years ago. This billion dollars is the total sum which the Government uses in a year to pay every cent of administration salaries, maintenance of institutions, pensions from the War of 1812 up to and including peace-time payments of pensions to men who served in the military or naval forces when the country was not at war.

It is not my intention to bore this audience by a recital of tiresome statistics but, if anyone who is listening in is sufficiently interested to analyze the costs of relief covering all the wars of more than a century and will address me at the office of the District of Columbia Department of the Disabled American Veterans in the Transportation Building, I will be pleased to forward to him or her a copy of the annual report of the Administrator of Veterans' Affairs.

While it is conceded that the veterans' relief costs have run into high figures, it is believed a calm study of where the money goes would go far to dissipate the effect of the aggressive propaganda which has gone far toward putting the former service men in a most unenviable plight during these days of national depression.

But, getting down to the World War, there are three separate and distinct classifications of the men who served. There is the able-bodied veteran, who constitutes the vast majority of the former service men of the country to-day, and to him the Government has granted only an adjusted-service certificate payable in 1945. This certificate is in no way, shape, or form a bonus, but merely an adjustment between the pay he received while a soldier and the average pay of the average American during war times. Even the fact that the soldier had his meals and uniform paid for was deducted, and he is allowed the difference between his Army pay and a dollar a day for domestic service and a dollar and a quarter a day for foreign service. Obviously this is not a bonus but is merely a belated endeavor to adjust service pay. Up to last year there was due on these certificates about one-half of what would be due in 1945, and Congress allowed veterans to borrow up to that point. However, the point is that aside from this Congress has made no monetary allowances to the overwhelming majority of those who served. The second class of veterans are the men who served and are to-day disabled. Regardless of the cause of this disablement, if it is permanent, there is an allowance which averages about $18 per month, or a little more than 50 cents per day, as long as the ailment continues, with a top figure of $40 per month for total and permanent. The third class of veterans number a few more than 300,000 out of more than 4,000,000,000 men who were under arms. These are truthfully disabled veterans in the sense that their disabilities resulted from the war. Based upon the assumption that if there had been no war these men would not have been disabled for these particular causes, Congress and the American people have accepted the obligation of compensating these men—so far as compensation is possible—for the results of the hazards of war on identically the same principle that a commercial company would compensate a workman for a disability received in connection with his work.

The Disabled American Veterans is an organization composed exclusively of men suffering as a result of their participation in the war, and while the relationship continues most friendly and there is a mutual tie of comradeship with the able-bodied as well

as the men who once served and are now disabled, the Disabled American Veterans has made a determined stand on the matter of eligibility. Our membership is composed of service-connected disabled men, and our objective is the conservation of the rights of these men through obtaining them justice. We resent and oppose any suggestion of charity in the relationship of these service-connected cases with the Government and the people and, based on that, are opposed to the so-called pauper clause that would deprive men whose disabilities were a result of their service receiving the small compensation the Government grants them purely because they have had sufficient courage and intelligence to fight his way back into civilian pursuits in spite of war handicaps.

Just as the Disabled American Veterans is extremely strict on the matter of eligibility for membership, so do our officers endeavor to protect the prestige that the organization has built up during the past decade in its relationship with the public and Congress. Appearing before a committee the other day, the Hon. JOHN E. RANKIN, chairman of the Veterans' Committee in the House, made this public statement: "I say without hesitation and without fear of successful contradiction by anybody, that there is no organization that has done more for them or worked harder to secure just, adequate, and equitable relief for the disabled veterans of the World War and their dependents than the Disabled American Veterans." Having received this unqualified endorsement from the head of the committee handling veterans' affairs in Congress, Gen. Frank T. Hines, administrator, then made this statement concerning our cooperation on the matter of policies with the agency set up for distribution of relief: "I desire to testify as strongly as I can to this organization's efforts in assisting the disabled man in many ways." Asked by a Congressman whether the Disabled American Veterans had been an asset to the Government, General Hines said, "Yes; I say that unqualifiedly. I think they have been and they are of assistance to us now."

Within the next few days it is expected that the Senate Economy Committee will bring in its report to that branch of Congress and, if rumors may be credited, there will be proposed large reductions in the outlay for veterans. When this was tried in the House a couple of weeks ago it was possible to defeat the plan; and if the Senate committee recommends in its report that there be a curtailment of relief to service-connected cases, it will find the Disabled American Veterans mobilized to its fullest extent to repel any such injustices. There could unquestionably be vast savings in different governmental activities, and there might be savings here and there in the Veterans' Administration; but if the effort is made to have America break her solemn pledges to care reasonably for those who are to-day disabled because of the part they played in the war, the Disabled American Veterans will oppose it to the last ounce of the organization's strength.

Mrs. O'NEILL. Now, ladies and gentlemen of the radio audience, you have heard the program which, no doubt, is the first ever given to the public over the radio, and we sincerely hope that you have enjoyed it. Thank you.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

Mr. ROBINSON of Arkansas. Mr. President, before the Senate recessed yesterday afternoon, some discussion was had of a proposal to limit debate in order that some decision may be reached touching the bill within a reasonable time. I desire now to submit a request for unanimous consent, namely, that after the hour of 7 o'clock p. m. to-day no Senator shall speak more than once nor longer than 10 minutes on the bill or any amendment thereto.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. Mr. President, I would like to explain to the Senator from Arkansas the situation that confronts me. I have been working for some time on what I believe is a very important proposal in connection with the bill. Under orderly parliamentary procedure, it being practically in the nature of a substitute for the committee amendment, it can not be offered until all amendments to the text of the committee amendments are disposed of. There have been, as the Senator knows, a great many of those amendments offered each day, and the debate on those amendments has consumed the time of the session. If I were to agree to the Senator's request, not knowing how many individual amendments there are to the text of the committee amendment, and judging from our experience on previous days in the consideration of the bill, the entire time might be exhausted on those individual amendments and I would have to present my proposal under the 10-minute limitation proposed in the Senator's request. Obviously I can not do that.

Mr. ROBINSON of Arkansas. Mr. President, since the Senator from Wisconsin implies an objection to the request which has been stated, I ask the privilege of submitting another, namely, that on amendments to the text of the bill no Senator shall speak more than once nor longer than 15 minutes.

The VICE PRESIDENT. Is there objection?

Mr. FRAZIER. Mr. President, on yesterday I made a short statement in regard to a farm bill that is on the calendar and has been there for more than a month. Unless I can get some understanding as to when it shall be taken up separately I propose to offer it as an amendment to the pending bill. For that reason, and until I find out a little more about it, I must object to the proposed unanimous-consent agreement.

Mr. ROBINSON of Arkansas. Mr. President, I understand that the Senate is not in a mood to agree to a limitation of debate to-day. I ask unanimous consent that after the Senate meets to-morrow no Senator shall speak more than once nor longer than 15 minutes on the bill or upon any amendment thereto. I will say that if that is agreed to I shall cooperate with other Senators who may feel disposed to do it to continue to-day's session, so that it will not interfere with the amendments which it is indicated will be proposed.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. MOSES. Mr. President, I have had printed and lying upon the table several amendments to the bill, some of which are important. I have determined, however, that there is but one of the amendments which I am proposing which affects the question of policy involved in the measure. I shall offer that amendment only. I am entirely willing to accommodate myself to the 15-minute limitation suggested by the Senator from Arkansas.

Mr. ROBINSON of Arkansas. That is very kind of the Senator.

Mr. MCNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. ROBINSON of Arkansas. I yield.

Mr. MCNARY. I think we all share the desire of the Senator from Arkansas for a complete and yet early decision with respect to the unfinished business. The Senator from Washington [Mr. JONES] desires to present a conference report. I have discussed the matter with him, and he is willing to withhold the report until reasonable time may be given to the further consideration of the unfinished business.

The Senator from Wisconsin [Mr. LA FOLLETTE] is entirely right in his position, namely, that he wants full opportunity to present his substitute, but he can not do so until the text of the unfinished business is perfected. Let me suggest to the able Senator from Arkansas that we run along two or three hours—say until 2 or 3 o'clock—at which time we can determine what disposition may be made of the text of the unfinished business. Then I think we can probably come to some agreement.

Mr. ROBINSON of Arkansas. Very well, Mr. President; but I wish to say before relinquishing the floor that I appreciate the attitude that has been taken by the Senator from Washington, and for my part I do not mean to impose upon him any embarrassment or serious delay in the consideration of conference reports on appropriation and other bills.

Mr. JONES. Mr. President, I wish to make a brief statement. I want to help to expedite action on the pending measure in every way possible, so that it may be disposed of as rapidly as it possibly can be; but I think I should call the attention of the Senate to the condition of the appropriation bills.

The general deficiency appropriation bill has not as yet been reported.

The Treasury and Post Office appropriation bill has not been acted upon by the Senate, although, of course, it has been acted upon by the House and has been reported to the Senate and is ready for action by the Senate. After the Senate shall pass it, of course it will have to go to conference so that the differences between the two Houses may be adjusted.

Then there is the independent offices appropriation bill, which is in the same condition.

The agricultural appropriation bill has not as yet been finally disposed of, there being some items still pending in conference.

The War Department appropriation bill is still in conference, and there has been no report on it made to either House. So also with the naval appropriation bill, which is likewise in conference.

The bill making appropriations for the Departments of State, Justice, Commerce, and Labor is still pending. The conference report is prepared and ready to be presented, but has not been acted upon by either body as yet.

As to the legislative bill, the conference report is ready to be presented to the Senate at the very first opportunity.

The District of Columbia appropriation bill is still in conference and has not been acted upon; it is necessary to adjust the differences between the two Houses in regard to that measure.

So the Senate can very well see that the great majority of the appropriation bills which are supposed to be passed by the 1st of July are still pending.

The independent offices appropriation bill is especially urgent because of the checks that have to be made out for the soldiers. There are about a million of such checks, if not more, and it takes time to get them out, and, unless that bill shall be acted upon at a very early date, a very serious situation will confront the Government.

As I have said, I want to expedite the pending bill in every way I possibly can, but the appropriation bills must be passed and put into effect before the 1st of July. Other measures can run, of course, indefinitely if it is necessary. I hope it will not be necessary; but we must press the appropriation bills as rapidly as possible.

I am willing to withhold action on some of these conference reports, in the hope that some satisfactory sqlution at least may be reached with reference to the bill that is now pending, but after that, if I find it necessary, I must insist as much as I possibly can on having the appropriation bills kept before the Senate until finally disposed of.

The VICE PRESIDENT. The Secretary will state the amendment offered by the Senator from Michigan [Mr. COUZENS], which is the pending amendment.

The CHIEF CLERK. On page 101, line 12, before the word "period," it is proposed to strike out the word "reasonable," and in the same line, after the word "period," to insert "not exceeding 30 years."

Mr. COUZENS. Mr. President, may I suggest that the clerk use the new print of the bill. We have on our desks a new print with the amendments which have been adopted indicated. When the clerk states amendments from the original bill, they do not correspond to the pages and lines of the new print. It seems to me that the amendments ought to be stated from the new print.

The VICE PRESIDENT. The Chair will announce that it is impossible for the clerk to use the new print. The official copy must be the copy used at the desk.

Mr. WAGNER. Mr. President, I understand that the new print was prepared only for the information of the Senate, but that, so far as the parliamentary situation is concerned, we must still use the original bill.

The VICE PRESIDENT. That is correct.

Mr. MOSES. Mr. President, that is quite right. Under the rules the amendments must be stated in their relation to the official text. I might suggest, in view of what the Senator from Michigan has just said, however, when the location in the official text has been stated that the clerk can readily tell us on which page of the new print which has been prepared for our convenience we may find the amendment.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Michigan to the amendment reported by the committee.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is on the amendment offered by the Senator from Maryland [Mr. TYDINGS] to the committee amendment.

Mr. ASHURST. Mr. President, I offered an amendment yesterday to strike out section 8.

The VICE PRESIDENT. The Chair understood the Senator temporarily to withdraw the amendment and that it was laid aside.

Mr. ASHURST. If there is no other amendment pending, then I wish to renew the amendment to strike out, if it be in order.

The VICE PRESIDENT. The Secretary will report the amendment of the Senator from Arizona.

The CHIEF CLERK. On page 112, after line 16, it is proposed to strike out section 8, as follows:

SEC. 8. (a) A commission is hereby created to be known as the Industrial Commission, and to be composed as follows: 5 Members of the Senate, to be appointed by the President of the Senate; 5 Members of the House of Representatives, to be appointed by the Speaker; and 9 other persons who shall fairly represent the various industries and employments of the United States, to be appointed by the President, by and with the advice and consent of the Senate.

(b) It shall be the duty of the commission to investigate questions pertaining to agriculture, labor, manufacturing, and business, including domestic and foreign commerce, to report to Congress from time to time, and to recommend such legislation by the various States of the Union and the Congress as will harmonize conflicting interests and be equitable to the laborer, the employer, the producer, and the consumer, and which is calculated to revive trade and promote the general welfare. Upon the completion of its investigation the commission shall submit a final report to the Congress.

(c) The commission may hold hearings and, if necessary, it may appoint a subcommission or subcommissions of its own members to make investigations in any part of the United States; and it shall have authority to send for persons and papers, to administer oaths and affirmations, and to incur necessary expenses, including expenses for clerks, stenographers, messengers, rent for place of meeting, and printing and stationery, in an amount not to exceed $50,000 per annum for the purposes of this subdivision.

(d) The commission shall cease to exist upon the expiration of two years after the date of enactment of this act. The salary of each member of the commission appointed by the President shall be at the rate of $3,600 per annum. Each member of the commission shall be allowed his actual traveling expenses.

(e) Any vacancy occurring in the commission by reason of death, disability, or any other cause shall be filled in the same manner as the original appointment.

(f) A sum sufficient to carry out the provisions of this section is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated.

Mr. ASHURST. Mr. President, I need not discuss this amendment more than to say that it proposes to strike out section 8, which provides for the creation of a commission composed of 5 Senators and 5 Representatives, who are to serve without salary, and 9 additional members, who are proposed to be paid a salary of $3,600 a year. It is also proposed to grant to this commission the sum of $50,000 for rent, clerk hire, and stenographers.

I see that the Senator from Oklahoma [Mr. GORE], the author of the provision, is not present. I understood he was to be here. So, Mr. President, I shall withhold the amendment until that Senator comes into the Chamber. I do not care to suggest the absence of a quorum, as we just had a quorum call. I have nothing more to say at the moment.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. I inquire what amendment is pending?

The VICE PRESIDENT. The pending amendment is the amendment in the nature of a substitute offered by the Senator from Maryland [Mr. TYDINGS]. The Senator from Arizona had an amendment striking out section 8, which he has temporarily withdrawn.

Mr. LA FOLLETTE. Mr. President, if there be no further textual amendments, in view of the absence of the Senator

from Maryland, I ask unanimous consent that his amendment may be laid aside without prejudice, and I will then be prepared to go forward with the amendment I desire to offer.

Mr. WAGNER. Mr. President, I have one or two amendments to offer.

Mr. ASHURST. Mr. President, I mean no discourtesy to the Senator from Oklahoma, but I shall ask the Senate to vote on the amendment I have offered and if the Senator from Oklahoma feels aggrieved, I shall support a motion to reconsider, if he sees fit to make such a motion. But in the interest of progress I should like to have a vote on my amendment.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Arizona to the amendment reported by the committee, which the secretary will again report.

The CHIEF CLERK. On page 112, after line 16, it is proposed to strike out section 8.

The VICE PRESIDENT. The question is on the amendment of the Senator from Arizona to strike out section 8. Those in favor of the amendment to the amendment will say "aye"——

Mr. SMOOT. Yeas and nays, Mr. President.

The VICE PRESIDENT. Contrary, "no." The ayes seem to have it; the ayes have it, and the amendment is agreed to.

Mr. BLACK. Mr. President, I desire to move to strike from the bill subdivision (b) beginning on line 18, page 101.

Mr. FLETCHER. Mr. President. as I understand the amendment of the Senator from Arizona, it was to strike out all of section 8.

The VICE PRESIDENT. That is correct, and the amendment was agreed to. The Senator from Alabama proposes an amendment, which will be stated.

The CHIEF CLERK. On page 101, after line 17, it is proposed to strike out the following:

(b) The Reconstruction Finance Corporation is authorized and directed to advance to the Secretary of Agriculture, in addition to the amounts allocated and made available to him by section 2 of the Reconstruction Finance Corporation act, not to exceed $40,000,000, of the amounts made available under section 2 of this act, for the purpose of financing sales of agricultural products in the markets of foreign countries in which such sales can not be financed in the normal course of commerce, but no such sales shall be financed by the Secretary of Agriculture if, in his judgment, such sales will affect adversely the world markets for such products. Any loan or advance made by the Secretary of Agriculture for the purposes of this subdivision may be made with or without security, as the Secretary of Agriculture deems advisable.

Mr. BLACK. Mr. President, I do not care to discuss this proposal at any length; but I desire to call attention to the fact that numerous protests have reached me with reference to this particular provision. It will be noted that it provides $40,000,000 to be turned over to the Secretary of Agriculture to be utilized by him in financing sales, evidently abroad. I can not vouch absolutely for the statement which has been made to me with reference to this proposal and which I am now about to call to the attention of the Senate; but I have been informed that the Secretary of Agriculture has caused the suggestion to be offered in seven different bills in the House of Representatives; that it has not met with approval in the House; and, as a matter of fact, I am informed, that if it should be adopted on this measure, the chances are that it would receive opposition from practically the entire Democratic membership of the House.

The objection which has been offered to this proposal has come, in the main, as I understand, from farmers. They do not desire that the wheat and cotton which is now held by the Farm Board shall be dumped on the markets of the world at this time. They believe that it would be injurious to the market and would further, if possible, reduce prices.

I believe it will be found by anyone who may be interested that the Secretary of Agriculture has been seeking to get this power since the very beginning of the present session of Congress. Personally, I am not willing to risk the judgment of the Secretary of Agriculture, as is provided in this amendment.

It will be noted the provision reads in part:

But no such sales shall be financed by the Secretary of Agriculture if, in his judgment, such sales will affect adversely the world markets for such products.

It may be that there are some who believe that the record of the Secretary of Agriculture is such as to lead to the conclusion that we should place this vast power in his hands. It has not been such, however, as to convince me that his interest in the American farmer has been so manifest that we can trust him with this fund of $40,000,000, to be used within his discretion and affecting the market for every cotton farmer and every wheat farmer in America.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield.

Mr. FLETCHER. I should like to inquire exactly what the Senator's proposal is. Is it to strike out paragraphs (b) and (c)?

Mr. BLACK. It is to strike out paragraph (b) entirely.

Mr. FLETCHER. How about paragraph (c)?

Mr. BLACK. As I understand, subsection (c) has nothing to do with subsection (b).

Mr. FLETCHER. Is it the Senator's construction that this money would be used by the Secretary of Agriculture to unload on foreign markets the surplus wheat and cotton that is now on hand under the control of the Federal Farm Board?

I rather favored this provision. My idea was that it was to enable the Secretary of Agriculture to open up new markets for agricultural products in this country by extension of time, and being able to finance sales which otherwise would not be made at all, and that it would apply to new products of agriculture—not to the surplus on hand.

If that is carried out, I should think this provision might accomplish a great deal of good by enabling us to dispose of our cotton and wheat and other agricultural products in places where otherwise there would be no opportunity to dispose of them. If it is simply to facilitate the handling of the surplus, I do not see that that would help our producers very much; but there are opportunities in foreign markets whereby, with a little financial help, such as extension of time beyond the time demanded by banks, our products—cotton, for instance—can be disposed of, and where present existing financial facilities will not accomplish that result. If cotton can be sold to spinners in Europe on such length of time that they can convert the cotton into goods, and market the goods, and then pay their bills, it seems to me that would be a very desirable thing to accomplish; and that could be done under this sort of an appropriation. If, however, it is simply to unload the surplus on foreign markets, I rather agree with the Senator about it.

Mr. BLACK. Mr. President, the measure specifically leaves it within the power of the Secretary of Agriculture to refrain from making sales if, in his judgment, such sales will affect adversely the world markets for such products. If this is a proposal to help agriculture, it should be taken up with the Agricultural Committee. It has no place in this bill. I am informed by the chairman of one of the most important committees of the House that the Secretary of Agriculture has tried for months to obtain a provision of exactly this kind in various measures. I am also informed that he has not met with any success in the House. In several instances he has tried to get $100,000,000 instead of $40,000,000.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BLACK. I yield to the Senator.

Mr. NORRIS. I was very much perplexed as to what this particular provision meant and what its object was; and I had supposed that when we got into the discussion of it, some Senator would defend it. What is the reason given by those who are for this provision for its inclusion in the bill?

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from South Dakota?

Mr. BLACK. I yield to the Senator.

Mr. NORBECK. I will say to the Senator from Nebraska that I want the Senator from Alabama to complete his remarks, and then I will try to explain the provision.

Mr. BLACK. Mr. President, I am not going at any length into a discussion of this proposal which seems to have found its way into this bill—a bill in which, in my judgment, it is wholly improper to place such a subject. If the Farm Board needs $40,000,000, the Farm Board ought to get its $40,000,000 by coming up to the committee and suggesting that it should have $40,000,000. Why should it be necessary to go through the circuitous route of the Secretary of Agriculture?

Personally I am not willing to place any such power in the hands of the Secretary of Agriculture. My judgment is that many of the powers that have been vested in the Secretary of Agriculture have not been exercised in such a way as to benefit the American farmer. Why should we complicate this bill with this proposal when, according to my information—which can be verified, and I shall be glad to verify it in a few minutes—when the effort has been made in several different instances to obtain the passage of this proposal through the House, either for $40,000,000 or for $100,000,000, the House committees have declined to approve it?

There has been no hearing on this proposal in this body. It was simply inserted, as I understand, at the request of the Secretary of Agriculture. I am also informed that a bill to this effect was introduced in the House by a Member of the House, and that he had published in his home State of Kansas a statement that he offered it wholly and completely at the instance of the Secretary of Agriculture, who had dictated the measure which he had offered in the House.

I am opposed to placing in a bill for the relief of unemployment a provision for turning over to the Secretary of Agriculture at this time $40,000,000 which plainly could be used for purposes beyond those which clearly appear in the bill. The provision leaves it entirely to his discretion. Of course it has been amended so as to state that adequate security shall be given for loans; but we still have the provision that we are vesting in the Secretary of Agriculture the power to dump on the markets of the world the wheat and the cotton which are now held; and every time any of those products are dumped at the present time they displace other cotton and other wheat that might be utilized for sale in those foreign markets.

While this provision is being explained, in order that I may be absolutely sure, I am going to call up and ascertain just how many times the effort has been made to secure the passage of this proposal in the House, and how many times it has been rejected.

Mr. NORBECK. Mr. President, there has been advanced here a new line of argument that I shall not discuss, and that is, whether we shall assume that the attitude of the other House is a certain way and vote accordingly. I can not go into that matter. I am sure the Members of the House do not take that view toward us. They wait until our bills come over, and then deal with them on their merits as they think best.

Mr. President, this provision is to take care of some surplus grain that was bought by the Farm Board and put in storage. It is one of the mistakes of the Farm Board. It is the proof of their bad judgment. It confirms the worst suspicions that I had when I voted against the farm marketing act. Not only two years ago, but some five or six years ago, when Senator Lenroot urged it, I said that if we would let a Government board speculate in grain with Government money, they would lose the money; it would be pointed to forever as proof of the fact that nothing could be done. We were headed into a blind alley at the time, and we went into it, and this is the result.

But, Mr. President, we are faced now with three alternatives. What are we going to do with this grain—export it, sell it in an American market, or keep it in storage as the Farm Board has been doing, where the cost of storage will eat up its value in three years, and we will still have the grain; and, worst of all, it is a threat on the market that depresses the market, because nobody will buy grain, not knowing what day it will be released.

There is really only one alternative to the export plan, and that is to impound the grain and announce to the world that it never will be sold. We can take our choice between leaving it as it is, selling it abroad, or impounding it so that it shall never be sold and never be used.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Utah?

Mr. NORBECK. Yes.

Mr. KING. We appropriated $500,000,000 to the Farm Board which was to be used as a revolving fund. Certainly they have not lost the entire $500,000,000. Why do they not use a part of that and sell this wheat and take their losses? If they can get only 20 cents a bushel for it, why not sell it and get rid of it, if that is the wisest course to pursue? We gave them the $500,000,000, and certainly that has not all been squandered.

Mr. NORBECK. I am unable to answer the Senator from Utah from the record, but I think it is well understood here that the Farm Board are so involved and so obligated that they can not carry on this transaction.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Idaho?

Mr. NORBECK. I do.

Mr. BORAH. Do I understand that this $40,000,000 is for the purpose of enabling the Farm Board to get rid of this surplus that they have on hand?

Mr. NORBECK. Absolutely; I understand why the Secretary of Agriculture is designated here is that there is such a feeling that the Farm Board should not be trusted with this undertaking, and there is an effort made to intrust it to somebody else who seems to enjoy more confidence for business ability, but I happen to know that the Farm Board is perfectly willing for the Secretary of Agriculture to handle it.

Mr. BORAH. What I am asking the Senator—and I have very great respect for his judgment in regard to the matter—is, What will be the effect of trying to unload on the market, through the process here outlined, this surplus? What would be the effect upon the price of the wheat that the farmer has produced this year?

Mr. NORBECK. The plan they have in mind is unloading it outside the tariff wall, which is 42 cents high. We have this year a wheat crop that is only equal to the domestic demand, and there is not any reason under the sun why the tariff of 42 cents should not be effective; and we should get 42 cents more for the wheat than we are now getting, without increasing the cost of bread to anybody, if we will get this wheat out of the way and do the best we can with it. I think it is one of the things that will really relieve the wheat situation for one year.

Mr. BORAH. Let me ask the Senator whether there has been any investigation as to where they could dispose of this wheat. I can not think of any place they can place this wheat that it will not hurt the farmer, except in China.

Mr. NORBECK. Of course, if they should dispose of it in the United States, it would depress the market. It must be exported. Whether or not they can export it all remains to be seen; but this will give them the money with which to do it in case they find the market, and they think they can, as I understand. If, however, it can not be done, of course, no action will be taken.

Mr. BORAH. Has there been any hearing upon this matter? Has anyone come before any committee and undertaken to explain where they are going to send this wheat?

Mr. NORBECK. This matter has been discussed informally a good deal for the past two years in the Agricultural Committee, and China has been looked upon as the most hopeful market; but the question of marketing is not a

thing that we can determine here in the Senate, whether that wheat shall be sold, or at what price it shall be sold, or how it shall be sold. We are simply giving a governmental agency the power to do it, in the hope that it can do it, and thereby relieve the situation of wheat and cotton; and this would be especially effective with regard to wheat.

Mr. BORAH. We are naming here the Secretary of Agriculture; but, of course, the Farm Board will do the business, if any business is done.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Montana?

Mr. NORBECK. I do.

Mr. WALSH of Montana. Inasmuch as the idea which prompted the incorporation of this provision in the bill has been the subject of some discussion, I feel like saying that the sponsors of the bill had in mind, in incorporating it therein, the considerations adverted to by the Senator from Florida [Mr. FLETCHER]. None of them had in mind at all the utilization of this fund for the purpose of disposing of any of the grain held by the Farm Board. I am not a little surprised to learn that it is in contemplation now that it shall be used for that purpose.

Mr. NORBECK. Will the Senator pardon me? It is possible that I did not make a clear enough distinction in regard to the matter of surplus. I am assuming that there is practically no surplus in this year's crop. It may have been that when they started out they wished to dispose of the surplus; but I think the weather conditions and the economic conditions have taken care of that, and that the only threat of any importance hanging over the market is the Farm Board wheat.

Mr. WALSH of Montana. Very well, that may be; but the idea that was in the minds of those who incorporated this provision in the bill was that by reason of the world-wide depression our ordinary export market would be almost altogether cut off, or at least very largely restricted; that the ordinary way in which exports of agricultural products are financed could not be in this situation relied upon; that the foreign purchasers of commodities would be unable to get the financing which they usually have, and therefore that it would be necessary to extend to them credit which, under ordinary circumstances, would not be extended, at least for a longer period. So it was intended to utilize this for the export of agricultural products in that way.

I do not know how the impression was conveyed to the Senators who took the responsibility of framing the bill, but I got the impression some way or other myself that a bill to this effect had passed the House of Representatives and was now pending before the Committee on Agriculture and Forestry of the Senate. I am informed, however, by the chairman of that committee that that is erroneous, that no such bill has come to that committee; but I do understand that the subject has had consideration by the Committee on Agriculture of the Senate.

However, Mr. President, if it is believed that this is for the purpose of further financing the operations of the Federal Farm Board, I am not going to interpose any objection at all to the excision of this paragraph from the bill, for if the Farm Board requires further financing it ought to be taken care of by a straight appropriation from the Treasury to the Farm Board and we should not be relying upon resources derived from the sale of bonds to take care of the unemployment situation further to finance the Farm Board.

It appears now, from the development of the discussion, that it would scarcely be applicable to any other exports than those which might be carried out by the Farm Board.

Mr. NORBECK. Mr. President, would the Senator be better satisfied if it provided that the current surplus should be dealt with and the Farm Board be instructed to hold the wheat for another year, so as not to depress the market?

Mr. WALSH of Montana. No; but if I were framing a bill, I should put in a provision for the export of the agricultural surplus other than that held or acquired by the Farm Board, or any of its instrumentalities.

Mr. NORBECK. The Senator means limit it to the others?

Mr. WALSH of Montana. Limit it to stocks other than those held by the Farm Board.

Mr. NORBECK. I am one of those who think that even that might, under certain conditions, be helpful. I think we must not deal lightly with this problem. I think that the prices of farm commodities, at least certain of them, are absolutely involved in the action we take on this paragraph.

Mr. BORAH. Mr. President, if this provision is not to take care of the surplus, and get out of the way the surplus which is constantly depressing prices, I do not see how it is going to benefit the farmers of the country. What we are trying to do is to lend money to some government or somebody in Europe or elsewhere by which they can turn around and buy wheat from us.

Mr. WALSH of Montana. No; the idea would be to lend the American exporter of grain who is obliged to give credit, long-time credit, to the European purchaser.

Mr. BORAH. Exactly; in other words, they have not the means by which to purchase, therefore we lend to the exporter, and he can extend credit to them; but in the sum total of things it amounts to the same thing, because if they are not able to pay we lose, for the exporter will not be able to pay.

Another thing we have to bear in mind is that the markets of the world for the products which come in competition with our farmers are well supplied. Why should they come here to buy from us when they can buy from other countries where the products are just as cheap?

Mr. KING. Mr. President, if the Senator will yield, this is a bill for furnishing employment, and, of course, to extend credit to Europe in the sum of $40,000,000 would furnish a vast amount of jobs to American unemployed.

Mr. BORAH. That is true; but if this will affect the prices of farm products, and it can be shown to be in that respect relevant, it would have its tendency to take care of unemployment. But I can not see any benefit to the farmer arising out of this matter. If I can see in it an increase of farm prices, I will support it, but I must be assured of that.

Mr. NORBECK. Mr. President, if we can get away from the surplus that depresses our market, so that our production which is sold in the United States is not in excess of the demand, we have made the tariff effective, and this is a year when the wheat production is so low that it seems rather easy to do that.

Mr. NORRIS obtained the floor.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Florida?

Mr. NORRIS. I yield.

Mr. FLETCHER. The Senator a few moments ago indicated that he wanted to hear from some one who had something to say in behalf of this amendment. I want to state that I fully agree with the position taken by the Senator from Montana, and I undertook to state that when the Senator from Alabama was discussing the matter.

Let me just illustrate, very briefly, what I think we could accomplish, possibly, under this amendment, in line with what we attempted to provide for in section 5 (a) of the Reconstruction Finance Corporation act.

Let us suppose that there is an exporter who has been in that business for a great many years, who has connections in European countries, say in Germany, France, Italy, England, and other nations of Europe. At present that exporter is unable to finance his transactions because of the breakdown of financial institutions in Europe to a large extent, and because of the general banking practice that commercial paper, short-time paper, usually runs about 60 or 90 days, and therefore the banks are not able to take care of the bills of lading, and drafts, and exchange, and that sort of thing.

There are opportunities in Europe, however. Europe has not gone all to pieces. People are living over there, just as they are in this country, from day to day, transacting business, somewhat hampered and limited, of course, but things are going on, and the people have to have clothing and they have to have food.

Under the usual and customary financial operation through the banks, the millers over there and the spinners over there can not arrange to have the banks take care of their paper, so that the goods they would import from this country can be paid for now. They would be helped if we could set up some sort of machinery here whereby we could say to our exporters, "You are in touch with millers; you are in touch with spinners. They want this wheat; they want this cotton." I take those products just to illustrate, but the same thing applies to other products. "But they can only buy them provided they can have six months' time in which to pay for them."

That means that they want time enough to convert the raw material into the finished product, the wheat into flour, to manufacture the flour into bread and sell it, and to be in a position to put it on the market. Then they can pay for it. The same thing applies to the spinners. They say, "Give us enough time so that we can convert the cotton into cloth and put that cloth on the market, and we will meet our obligations."

They are perfectly responsible concerns. They can even get their own banks to guarantee them if we can take care of their paper in the meantime and accomplish the operation. If we arrange to assist along that line, we will get markets which we have not to-day, because those foreigners can not pay for the goods. Give them time enough and they can pay for them, and the banks and other institutions will guarantee them.

We are attempting here to place in the hands of the Secretary of Agriculture $40,000,000, by which, through proper management and control and supervision, we can finance the sale of our products in the markets of the world, not only in Europe but in China and elsewhere, accomplish the sale of them, and open up markets which otherwise are not available to us at all.

That is the whole thing I have in mind. I do not want Congress to appropriate this money to enable the Secretary of Agriculture to dump on the markets of the world what is stored now by the Federal Farm Board and its subsidiaries. I do not see that that would do any good. I am in favor of opening up markets for the products which are yet to be offered, and that would help the producers of the United States. That is my idea about it. If it is to be confined to finding a market for this stored material, wheat, cotton, and so forth, I do not think we get anywhere by adopting the measure.

Mr. BORAH. Mr. President, if the surplus of wheat and cotton remains upon the market here, it will have its effect upon our markets for our home products. We can not expect the price of grain to rise in this country if these surpluses are on hand, ready to be turned onto the market at any time when the Farm Board wishes to put them on the market. We must get rid of the surplus products, in my judgment, that are in the hands of the Farm Board, before we can expect any rise in prices of our products.

Mr. FLETCHER. I should say they ought to feed them out gradually.

Mr. BORAH. They have been feeding them out gradually, and gradually holding down the price of the farmers' products. I said some time ago that if I had my way about it, I would ship that wheat to China and give it to them. That would be infinitely better than holding it here.

Mr. NORRIS. Mr. President, I started to say, when the Senator from Florida interrupted to ask a question, that when I first saw this provision in the bill I wondered why it was here, and I have been waiting expectantly to hear somebody give a reason for it. I think the reason has now been given, although those who favor this provision do not agree as to the object to be accomplished by the provision.

The thing that struck me first of all, naturally, I think, was that the intention was to get rid of the surplus wheat owned by the Farm Board. If that be true, why, then, should we go the roundabout way and give the authority to the Secretary of Agriculture to borrow money from the Reconstruction Finance Corporation for the purpose of financing wheat or other products, wheat and cotton mainly, over which the Secretary of Agriculture has no authority? As a matter of law, if this were passed as it is here, the Farm Board would not be required to give him the wheat. He could not get it if the Farm Board did not want to give it to him. There is no provision here that the Farm Board shall be authorized to turn that wheat over to the Secretary of Agriculture, even if we give him this authority. So that it seems to me that the reason given by the Senator from South Dakota is not a valid one, and I take it that the Senator from Florida and the Senator from Montana are right when they give us the reasons which they have given as to why this provision should be in the bill.

Mr. GLENN. Mr. President——

Mr. NORRIS. I want to take those reasons up for just a moment; but before I do that, I will yield to the Senator from Illinois for a question. I hope his question will not be as long as the question propounded by the Senator from Florida.

Mr. GLENN. My question will be very brief. I came into the Chamber just a moment ago. In view of the statement made by the Senator from Idaho—and I have not heard the whole colloquy—I wonder if it would not be well to provide that this fund should not be devoted to use of the Farm Board.

Mr. NORRIS. That is the first thing that struck me, as I said, when I read the provision. If we are trying to get rid of the surplus wheat held by the Farm Board, and we have any additional authority to give in order to enable them to get rid of it, it ought to be given to the Farm Board, of course. I do not believe they need any such authority. I think they have it under existing law. I think all the authority the Secretary of Agriculture would have with this appropriation of $40,000,000 is now possessed, under the law, by the Farm Board. They have the authority to do that very thing. They have the authority, as I understand, to do everything that is provided for here. Why, then, the appropriation of $40,000,000 to enable them to do something which they could do now?

I am wondering, Mr. President——

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. COUZENS. I think that, at least according to what the committee had in mind when we reported the bill, the Farm Board had no authority to sell any wheat or any of these products on credit.

Mr. NORRIS. Let me ask the Senator from Michigan, since he is going back to the committee, whether the Senator from Michigan agrees with the Senator from South Dakota or with the Senator from Montana as to the objects of the provision.

Mr. COUZENS. The Senator from Oregon [Mr. McNARY] made a statement on the floor yesterday that there was no restriction in the provision as to where the wheat should come from. There was a contemplated restriction as to where the Secretary of Agriculture should buy the product to sell.

Mr. NORRIS. This provision does not come from the Committee on Agriculture. It comes from the Finance Committee, of which the Senator is a member.

Mr. COUZENS. I am trying to explain to the Senator what the Senator from Oregon stated about the matter when it was before his committee. The subject matter was before his committee in several forms as to financing the exporting of agricultural products. What was contemplated was substantially that if the Farm Board or a private individual desired to ship wheat abroad to put in a warehouse there for distribution among any buyers that might appear, then this money would be available for that purpose. In other words, it would be secured by a warehouse receipt. If the Farm Board or a private concern desires to take 100,000 bushels of wheat to China and put it in a warehouse for storage and distribution there, then the shipper would get the money through this source.

Mr. NORRIS. That comes back then to the proposition that the Farm Board is supposed to be operating through cooperative organizations. The real object of the farm marketing act was to help the farmers' cooperative organizations and give them assistance. According to the Senator from Michigan, as I understand it, this plan is intended so the Secretary of Agriculture can loan the money to a private individual who wants to export, and that is the way it was explained by the Senator from Montana. If that be true then we have set up, through the instrumentality of the Farm Board an organization to help cooperatives to dispose of the surplus and handle all the farm products, and by this provision we propose to give to the Secretary of Agriculture $40,000,000 to deal with private parties to go into competition with the very instrumentality which we have set up, known as the Farm Board, so we will have one Government board operating through cooperatives and another Government institution to help kill the cooperatives by operating through private individuals and loaning them money so they may successfully compete with the other instrumentality we have set up to help cooperative organizations. Would it not work that way? Is not that what is going to happen?

Mr. BORAH. It would not work at all.

Mr. NORRIS. It seems to me that would be the inevitable result. We provide an appropriation of $500,000,000 to help cooperative organizations of farmers. We want to build them up. Then we provide $40,000,000 to tear them down and get private parties to go into the market and compete with the other instrumentalities we have set up.

Mr. GLENN. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Illinois?

Mr. NORRIS. I yield.

Mr. GLENN. Further, it is a very liberal provision because it provides that any loan may be made with or without security.

Mr. COUZENS. That was stricken out. It was corrected.

Mr. GLENN. I am sorry; I did not know that.

Mr. NORBECK. No, Mr. President, it was changed—I object to the word "corrected"—because it is not the usual way of dealing necessarily. In fact, I think that restriction tends to make it very difficult to operate, but it was changed. I want to get another vote on that matter to-day if I can. I think if we are going to get the surplus out of the way so as to relieve conditions in the American market, we ought to do something of the sort. I do not find the farm organizations objecting, but I do find the grain dealers objecting, and I find the board of trade objecting. They called me up from the Chicago Board of Trade to object to it. I am at a loss to know what opposition has come from the other side.

Mr. NORRIS. Evidently, from the statements made here, this money is going to be loaned to individuals who are exporters who in turn will have to sell the wheat on long-time terms. We are going to loan the money to the exporter on that same long-time credit in order that he may finance the individual who is engaged in exporting the wheat in competition with our own Federal Farm Board.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. NORRIS. I yield.

Mr. BORAH. It is provided—

but no such sales shall be financed by the Secretary of Agriculture if, in his judgment, such sales will affect adversely the world markets for such products.

It seems to me that is trying to bestow divine wisdom and power upon the Secretary of Agriculture.

Mr. NORBECK. I quite agree with the Senator from Idaho.

Mr. GORE and Mr. GLENN addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. For the moment I do not yield to anyone.

The Senator from Idaho [Mr. BORAH] says this is bestowing divine power upon the Secretary of Agriculture. I think that is right. But we can do that, Mr. President. That is not difficult. We have a superman at the head of the Government, and divinity is only a little ways off! [Laughter.] I do not think that is any objection.

But I wonder if behind all this there is not something else. We provided after a long debate for the Farm Board. It was President Hoover's method of settling the farm question. It was his redemption of his promise made in the campaign that if he was elected he was going to put the farmer on an equal basis with the manufacturer so far as the tariff was concerned, and in answer to that promise we passed the Farm Board act. It is President Hoover's baby. I do not want to do anything to cripple it.

In the first place, it seems to me we are trying to be on both sides of that controversy that was waged over the Farm Board, and is still being waged to some extent. If we are acting in good faith, we ought not to put this provision in the bill, because it will help to tear down the very Farm Board we have set up. I am wondering if after all it is not another method to attract the attention of the country away from the difficulty in which the Farm Board have found themselves? They went out on the market and bought wheat, for instance, spending many millions of dollars in buying wheat. They raised the domestic price above the world price. That must be conceded by everybody. Immediately from one end of the country to the other went up the cry, "See what Mr. Hoover's action has done. It has raised the price of wheat in America above the world price. We are getting some benefit from the tariff."

To the man who did not look any farther, that seemed like a reasonable proposition. But I now inquire, What are we going to do with the wheat that has been piled up? We are only half through with the transaction. Of course, if I were given money enough, if the Federal Treasury was opened to me to the limit of $500,000,000 and I was told to take that money and see what I could do to help the price of wheat, I could raise the domestic price of wheat by bidding above the world price, and the tariff would keep foreign wheat from coming in here. I could raise the price to the farmers and, incidentally, to the middleman who had ownership and possession of a good deal of it.

But what would I do with the wheat then? If I had an unlimited supply of money, so I could burn the wheat or dump it in the sea, I could keep the price level always above the world price. The Farm Board went half through with their plan. They bought the wheat, bid for it and got it, and raised the price, but then they had the wheat. Then the question is, What are they going to do with the wheat? They can not equalize their business and call it a gain or a loss until they have sold the surplus wheat. I have always said we should wait until they sell it and let us see whether the farmer has been really helped or not. Now that wheat stands like a colossus, and everybody admits that its tendency is to hold the price of wheat down because we all know that some time that wheat is going to come on the market and depress the price. While it raised the price temporarily when they bought it, it will lower the price when they sell it. We can not weigh the Farm Board and its activities to know whether they have been a benefit or otherwise to agriculture until they have completed the job; until they have sold the farm products they now have stored.

Mr. GLENN. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Illinois?

Mr. NORRIS. I yield.

Mr. GLENN. In connection with the thought advanced by the Senator from Nebraska may I not inquire if the Government situation in that respect—that is, that they have completed only half of their job and the difficult part is unfinished—is not practically in line with the experience of private business particularly exemplified by our late Chicago Joe Leiter when he bought almost all the wheat in America and upon paper had made a great fortune, until the time came to dispose of the wheat. When he came to dispose of the wheat and the wheat was shipped into Chicago from all over the United States, then the burden became too great and the project, which seemed to have been a very highly advantageous one for Mr. Leiter, turned into a

most disastrous one for him when the wheat was supplied and the time came to pay for it. The price fell and, except for his father's great estate, he would have been a bankrupt.

Mr. NORRIS. Mr. President, let me proceed just a little further. I am wondering if we leave this provision in the bill and the Secretary of Agriculture takes the wheat which the Senator from South Dakota [Mr. NORBECK] said the Farm Board would be glad to give him, just what would happen. They can sell it to the Secretary of Agriculture and not lose much money on it. Then the plan is to let the Secretary of Agriculture send it abroad and lose the money. Then the argument would be made that the transaction has been completed and the farmers got the benefit of it, and nothing would be said about the loss because the loss would fall on the Secretary of Agriculture and not on the farm board. I have wondered if Senators thought that might be the object of the provision.

Mr. President, I do not want to do anything and I would not knowingly do anything that would injure the operations of the Farm Board. I never have. I would have been as glad as anybody to see them succeed. I would be glad now to see them succeed. But I want to be fair with the Government as well. When they make the claim that they have raised the price of wheat to the producer in the great West, I want them to complete the job. I have always contended, and those of us who have worked on the various farm bills to get rid of the surplus have always contended, that we could see no way on earth to deal with farm products where a surplus was produced unless we devised some method by which we could take care of the surplus, and the farm marketing act provided no such method. If it accomplished any good, and it seemed to me it would do something, it would be simply a steadying of the market.

But after all, under the law by virtue of which the Farm Board is now in existence they must deal with world markets, because when they get the surplus, unless they dump it back and kill our domestic market, they have to sell it on the other side of the tariff wall and take a lower price for it. That is the reason why it seemed to me they were trying to pull themselves over the fence by pulling on their own bootstraps. I do not believe it is economically sound. I said so when the farm marketing act was before us, but I failed on every provision that I favored. I have seen the idea go down to defeat in the main on account of the opposition of the President of the United States. I have seen him stand like a stone wall against the equalization fee provision, against the debenture plan, against the other bills introduced soon after the war by which we undertook to establish markets abroad to handle our surplus products.

I have always said, and so have those who have been in this fight since the end of the war, "If you have a better method, let us have it; we have done the best we can; we have suggested remedies in the shape of bills; we have seen them go down to defeat on account of the power and the influence of the administration. Now if the administration can do better, we give them carte blanche and welcome them into the field." As an answer to that challenge came the farm marketing act. It was Mr. Hoover's proposition in the campaign, and because the people of the United States believed that he was a superman, and, as the Senator from Iowa has intimated here, was closely related to Deity, he could perform feats in the economic world that nobody had ever before performed. So with a sweeping majority he was given the power. We passed the law he desired; he appointed his own Farm Board. They have been operating, and we have seen the results.

This is another plan, it seems to me, as to which nobody seems to know just exactly why it is here. Members of the committee do not agree as to the reason for putting the provision into the pending measure. I think it is here for the purpose of letting the Farm Board creep out of a hole out of which they ought not to be allowed to creep.

We ought to be fair with the Farm Board, and they ought to be fair with us. They have the authority now under the law to do just what we are proposing to give authority to the Secretary of Agriculture to do. They have already sold wheat in China on long time; they have already sold wheat in foreign markets and also have traded it for other commodities, as in the case of the coffee of Brazil. I hope they will succeed in their trading, but there is not any reason now, it seems to me, to try to help them creep out by permitting the Secretary of Agriculture to have $40,000,000 which I think he will use for the purpose of handling the surplus wheat the Farm Board has and of taking the responsibility off the Farm Board, so that when the transaction shall have been all completed, if we do not trace it clear through to where the money which has come from the Treasury has actually gone, we will think that we have spent the money well, because the farmers obtained an enhanced price for their wheat by virtue of this buying.

Personally I have not yet heard any reason given that satisfies me that this language has any place in this bill. It seems to me it ought to be eliminated from it, although, if there can be given a reason for its insertion that seems to have some kind of foundation, I am certainly willing to let it remain in the bill. Technically speaking, it has no place in a bill of this kind. As the Senator from Idaho stated, this is a different kind of bill; but I would not object for that reason. If it will help the farmers of the United States in any way, I am willing to put it in, even though technically and properly it does not belong in an unemployment relief bill.

Mr. GORE. Mr. President, I agree with the Senator from Nebraska that this provision has no proper place in the pending relief bill. I also agree with him that if the section remains its purpose and its object ought to be more clearly defined. I think the powers that are intended to be conferred ought to be defined with more precision.

If the Farm Board has made a success of its operations in wheat and cotton, then this power ought to be conferred and this money ought to be advanced to the Farm Board and let it continue its successful operations. If the Farm Board has not made a success of its operations in wheat and cotton, then why should we try another experiment? What assurance have we that a different experiment will be more "noble" than that of the Farm Board, except as suggested upon the assumption of divine power vested in some authority somewhere in the Federal Government?

The question has been raised as to exactly what this language does mean. Perhaps some light may be shed upon its obscurity by reference to House Joint Resolution 394, introduced by Representative STRONG of Kansas. The newspapers report Representative STRONG as saying that House Joint Resolution 394 was prepared by the Secretary of Agriculture, that it was submitted to him by the Secretary, and that he introduced it in the other House at the instance of the Secretary of Agriculture. If that be true—and I do not doubt it—this joint resolution ought to shed some light on the section now under consideration. The more is this true because the House joint resolution and subsection (b) of the pending measure are in exactly the same language, word for word, for the most part, including the major part of the joint resolution.

I should add that the House joint resolution calls for an expenditure of $100,000,000 instead of calling for only $40,000,000. I make no point of that; the difference is inconsequential so far as the amount of money is concerned. Money grows on trees, and the forest of Vallombrosa grows and flourishes down here in the Treasury Department.

But there is a sort of appendix or codicil attached to House Joint Resolution 394 which does not show up in the pending section and which only illustrates our power to work miracles. It provides that the financing of the *sale* of wheat and cotton shall be construed to include the *purchase* of domestic wheat and cotton. I make no point of that. There is no material difference between purchases and sales when the power to work miracles is invoked; but the joint resolution to which I have referred, in which the Secretary of Agriculture has revealed his motives and his objects, authorizes him, under the power to finance sales, to effect purchases of wheat and cotton and to add to the stores already hoarded by the Farm Board.

Not only that, but this House joint resolution authorizes the Secretary of Agriculture to make sales either for cash or upon credit. I shall refer to the credit proposal in a moment. Whether this authority is to be limited to cotton held by the Secretary of Agriculture now—and he holds 400,000 bales—whether it is to be limited to wheat and cotton held by the Farm Board ought to be made clear.

Mr. President, where are these sales to be made in foreign lands? We have a wheat carry-over now of something like 300,000,000 bushels or more, much of it held in the hands of farmers, much of it held in the hands of the private trade, searching the globe for markets—every crevice, every cranny, every market where a bushel could be sold being searched with the eagle eyes of private traders anxious to dispose of this surplus. Where is it to be sold? Spain, for instance, has an embargo on wheat until the price passes $1.37 a hundred; France has a tariff on wheat of $1.43 a hundred; Italy has a tariff on wheat of $1.44 a hundred; Germany has a tariff on wheat of $2.70 a hundred; South American countries have tariffs on our wheat ranging from $2 to $3. Where is this wheat to be sold? England, under her new provisional tariff, imposes a duty of 10 cents a bushel on wheat, and newspaper reports say that in her permanent tariff that rate will be raised to $1.03 in order to extend preference rights to Canada and Australia. I again ask, Mr. President, where is this wheat to be sold? And if sold by the Secretary it would plug foreign markets against the wheat now held by farmers and private dealers.

Cotton! The Secretary of Agriculture has 400,000 bales of cotton on his hands, taken over from farmers on loans to them made by the Secretary. The Farm Board owns and controls more than 3,000,000 bales of cotton. We have a carry-over of something like 10,000,000 bales or more, now held by private dealers as well as by farmers searching the earth for market places. Where will the Secretary of Agriculture find a market for this surplus cotton?

I think the Senator from Florida and the Senator from Montana have properly interpreted this provision. If I understand it aright, it authorizes the Secretary of Agriculture to lend money to foreign purchasers with which to purchase our cotton.

We sold wheat in China and took in payment Chinese bonds, which ought to be put in a strong box or in a cabinet of curios alongside Fenian bonds and Confederate bonds. We traded wheat with Brazil for coffee and disturbed the coffee market. We have loaned, Mr. President, since the war ten or twelve billion dollars of public money and fifteen or twenty billion dollars of private money to foreign governments and to foreign firms and corporations with which to buy our goods. We can sell this cotton and wheat if we will lend the money to the prospective purchasers with which to buy it. The only point is, Has that experiment proved a success? If Senators are satisfied with it, then let them repeat the experiment by adopting this section—I had almost said "by repeating the folly."

Mr. NORBECK. Mr. President, my friend from Nebraska [Mr. NORRIS], who is always so fair, shows a little more bitterness than usual this morning in his criticism of the administration and in the handling of its program; but he and I have traveled the same road on this matter. We have disagreed with the administration's policies. We have firmly believed that it was utter folly to go and buy wheat and store it in warehouses. We have believed that it was not orderly marketing, which was declared to be the main principle of the farm marketing act.

Orderly marketing consists in selling as you produce; and wheat must be sold every month in the year to somebody. We have our months of demand in the world market, and when we hold back on it other countries come in and take our place. But the question is, Can we sell this wheat in the world market, Mr. President?

For about 200 years we have been selling wheat in the world market. It is only since the Farm Board came into being that we withdrew from the world market. The world market has been open to us all the time. It is open to us now. It has been open to us only at the world price. It is open to us now only on the same conditions. It is true, however, that the economic situation is harder now; and it was hoped that this wheat might be moved with a little inducement.

The Senator from Oklahoma [Mr. GORE] asks, Can we afford to loan $40,000,000 to the debtor? Mr. President, if it raises the price of the wheat that we raised in the United States 10 cents a bushel we will get the money back with 100 per cent interest. If it raises it 40 cents a bushel, it will come back manyfold.

I have not agreed with this administration in all things, but I agree that this is a sane effort, because it is along the lines that the Senator from Nebraska and I have been advocating all the time; and I am not going to abandon it now just because President Hoover comes over to our side.

Mr. NORRIS. I think I would begin to get doubtful about it, anyway, under those circumstances. [Laughter.] And let me say to the Senator that President Hoover never yet has come over to our side.

Mr. NORBECK. If this is an administration measure, he is absolutely coming over to our side. It is to market the surplus abroad. That is the thing we contended for. We have said it is the only thing that is economically sound. Finally, after holding back for all these years, they say, "All right; we will try to do it if you will give us the money."

I see no other way to raise the price of our products, and give us an American price here for American products, than this very way that the Senator from Nebraska and I have been advocating all these years—the very way that it is proposed to do it in this provision this morning.

Mr. President, the depressed economic situation is getting widespread. It started in the agricultural States, but it has spread over the entire Nation.

Mr. NORRIS. Mr. President, if we want to do that, why not do it openly and aboveboard, and let the Farm Board do it? Why loan this money to the Secretary of the Treasury? Why loan money to anybody? Let the Farm Board sell this wheat on any terms it wants to, as it can do under the law.

Mr. NORBECK. I have no objection to doing it through one agency or the other; but the Senator knows as well as I do that there are a number of Senators here who have said they would not vote another dollar to the Farm Board, and I suspect that this has been done in this way to meet that situation, in order to get the legislation. I have not any objection to doing it in the other way.

Mr. NORRIS. Mr. President, will the Senator yield again?

Mr. NORBECK. I yield.

Mr. NORRIS. If that is true, then we are just putting in "the Secretary of Agriculture" here instead of "the Farm Board" in order to go a roundabout way to get the votes of the Senators who would not vote for something if it was the Farm Board that was going to operate it. In other words, we are going to practice a little deception on them.

Mr. NORBECK. No; why always put the worst possible construction on these things? There are Members of the Senate who do not believe the Farm Board has any business judgment. They are the same Members of the Senate who believe that Secretary Hyde is a successful business man. They will vote for one, and not for the other; and we will simply have to recognize that as a fact.

Mr. NORRIS. If that is true, there are other Members of the Senate who think that the Farm Board has a lot more business judgment than the Secretary of Agriculture has.

Mr. NORBECK. All right. There is room, therefore, for honest difference of opinion on it.

Mr. NORRIS. Then it is only a question as to which viewpoint has the most votes as to what we ought to put in the bill.

Mr. NORBECK. Yes; but that difference of opinion arises out of the different appraisements of different individuals. Therefore, the Senator and I can not decide it for the others.

Mr. GLENN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Dakota yield to the Senator from Illinois?

Mr. NORBECK. I yield to the Senator from Illinois.

Mr. GLENN. As I understand, there is a large group of Senators here who have no confidence in the business judgment of the Farm Board. There is another group of Senators who have no confidence in the business judgment of the Secretary of Agriculture. So this is a provision whereby, having already provided a fund for the Farm Board, we now provide a fund for the Secretary of Agriculture, in the hope that by voting funds to both outfits we will find one that has some business judgment.

Mr. NORBECK. There is room for difference of opinion, and I quarrel with no man who has an opposite view on that matter. I am simply suggesting that there seems to be no other way to give the American farmer an American price, and no Senator has suggested any other way.

Mr. PITTMAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Dakota yield to the Senator from Nevada?

Mr. NORBECK. I do.

Mr. PITTMAN. As I understand the Senator's position with regard to wheat, there are only three ways of dealing with this matter. One of them is to get this wheat out of the country and keep it from hanging over the future market. Another is to impound it, and let it be known that it always will be impounded.

Now that the Senate has voted an appropriation of $300,000,000 to be used to lend to the States for the purpose of meeting destitution, would it not be better to take this wheat and turn it over to the Red Cross or allocate it to the States for the purpose of feeding the destitute? The destitute can not buy any of the wheat of the crop that is coming on.

Mr. NORBECK. Mr. President, we have already done that.

Mr. PITTMAN. Well, why not eat up the rest of it?

Mr. NORBECK. Because there is more wheat raised in the United States than we are able to eat; and if that were not so, we never would have any surplus.

Mr. PITTMAN. I am only talking about this surplus that is in the hands of the Farm Board. That wheat is there. It is a constant threat as against the future market for wheat in this country; and, as the Senator has said, it must be gotten rid of; otherwise it is a constant "bear" on the price of the future crop.

This provision proposes, in a sense, to get rid of it by aiding in the sale of it to foreigners. It is contended that that will itself consume part of the future export market of the wheat, if there is a surplus. The Senator from South Dakota thinks there will not be a surplus. Others think there will be a surplus, but what I am getting at is this: We believe that it will require at least $300,000,000 in the near future, commencing now, or possibly with the next session of Congress, to take care of the destitute; in other words, to feed them. There will have to be bread bought with that $300,000,000.

Mr. NORBECK. No; in the total cost of living bread is a very small percentage.

Mr. PITTMAN. Yes; but a great many of these people to-day would be very glad to have half a loaf of bread.

Mr. NORBECK. Yes; and the Congress has made provision for that.

Mr. PITTMAN. I know that bread is a very small part of the cost of living of those who have something else to live on; but I venture to say that a loaf of bread to-day would be a great help to a whole lot of people.

Mr. NORBECK. Undoubtedly.

Mr. PITTMAN. If we really think we are going to spend $300,000,000 to meet that destitution between now and next winter, why take the $300,000,000 and buy bread with it if we already have, in the form of wheat, bread that we want to get rid of? Why do we not just substitute in that proposition and provide that all of this wheat in some way shall be made available for those who can not buy flour to eat between now and December, instead of impounding it in a warehouse?

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Dakota yield to the Senator from Maryland?

Mr. NORBECK. Just a minute.

That is a detail. The surplus problem simply grows out of the fact that we produce more wheat than we can eat. If everybody eats all the bread he can eat, we still will have a surplus; so when we take it out of one place and move it to another place within the domestic market, we have simply relieved the pressure in one place and put it in another. There is no remedy for this surplus except to get it into the usual channels of trade, where it has been going for more than a century, where the world's demand has always absorbed it; but what little is needed here at home certainly should be provided. It has been provided.

Mr. PITTMAN. We have 10,000,000 idle wage earners in this country now. We have at least 7,000,000 on top of that number who are dependent on them; so that we have 15,000,000, then, who can not buy. Otherwise, we would not be appropriating this little sum of $300,000,000. They can not buy. Now, why take money out of the $300,000,000 to go and buy with one hand, and give with the other?

The proposition is this: What we want to do under this proposal is to sell all this wheat to some starving Chinese. That would be a pretty good idea if we did not have starving people here; but, as a matter of fact, the chances are that it will not be paid for for a long time to come, and we know that out of this $300,000,000 we are going to pay for bread right away.

The Senator says there is more wheat than we can eat. I do not know how much there is. How much wheat is there now in the hands of the Farm Board?

Mr. GORE. Ninety million bushels.

Mr. NORBECK. The figures of the Senator from Oklahoma will be accepted by me.

Mr. PITTMAN. Ninety million bushels; all right. How long will it take 15,000,000 people, between now and the end of next winter, to eat up 90,000,000 bushels of wheat? I venture to say they could eat it up, considering the fact that they will get hardly anything else to eat.

Mr. NORBECK. Yes; and then we will pile up another 90,000,000 bushels elsewhere, so that it will amount to exactly the same thing.

Mr. PITTMAN. But we are dealing with this surplus now.

Mr. NORBECK. Mr. President, the Senator must not get this confused. This $300,000,000 for relief to give employment is in order that the workingman may be able to pay his house rent, may be able to pay his meat bill, may be able to buy his shoes, may be able to buy clothing for himself and his children, and their schoolbooks. Only a small part of it will go into wheat. The Senator from Nevada and I are not in disagreement.

Mr. PITTMAN. I know; but if we refrain from taking out of this $300,000,000 fund the amount that would be spent for bread, we would have that much more in the $300,000,000 fund; would we not?

Mr. NORBECK. It would be just like the Senator's silver. If we have not it at one place, we have it at another place. If we have a surplus, if we do not have it in the warehouses, if we supply a certain domestic market with the wheat in the surplus, then we have shut out just that many bushels from going into the domestic market. Therefore there is no solution in this deal except to export what we can not eat.

The Senator and I have voted for all the wheat the Red Cross wanted, and we will vote more. That is all right; but it is such a small part that it is not a solution. It is not even part of a solution.

Mr. PITTMAN. The whole truth about the thing is, and the complaint the Senator has against the Farm Board is, that they did not relieve the pressure on the market by buying, because this wheat has still hung above it.

Mr. NORBECK. My complaint of the Farm Board is that they have put this wheat in the warehouse instead of mar-

keting it abroad, as they could have done, when the world's market would absorb it. My complaint of the Farm Board is that they did not conduct orderly marketing. It is just as the Senator from Nebraska says; they gathered it and put it in warehouses and created a little demand because it was out of reach, and then we have it to sell afterwards.

Mr. PITTMAN. Does the Senator know where there is any market for it abroad now?

Mr. NORBECK. I know that we produce only one-fifth of the world's wheat, and that 80 per cent of the world's supply, or four times more than we raise, is being marketed and consumed in the world. Our part of the export is an exceedingly small part of the world's market; and I have had exporters come to me in this building and show me inquiries they had from Europe saying, "What can you sell us wheat at?"

Mr. PITTMAN. If the Senator knows where there is a market for it abroad, let us put a direction——

Mr. NORBECK. I did not say there was a market for all of it. The Senator asked whether there was any demand for it. I say there is. I am not saying that anyone can go out this morning and sell these 90,000,000 bushels. I doubt it very much. I do maintain that this wheat would have sold itself all the way along at the world price if they had let it go.

Mr. PITTMAN. It is perfectly evident to me, although I am not a farm expert, that the farmers will have to get rid of this wheat that is hanging over their heads. They will have to get rid of it either by shipping it to somebody who can not pay for it for a long time, or they will have to have the distressed people of this country eat it. I would rather have it eaten by the distressed people here than to have it eaten by the distressed people somewhere else who can not pay for it. I would rather have it eaten than to have it remain in warehouses for three years, where we are paying for storage, and it is becoming useless; and when we recognize the distress in this country I can not understand why we do not utilize something like this to meet it.

Mr. NORBECK. Mr. President, I desire to say that I feel that we are dealing lightly with an economic problem, but perhaps we can not deal with it in any other way. It is as plain as day, however, that prosperity can not return until purchasing power returns. It is as plain as day that if purchasing power does not return there will be liquidation. We can take our choice between trying to restore a normal condition and letting it drift. If it drifts, it will drift into one of two things: It will either drift into the bankruptcy courts, or it will drift into a cheaper kind of money, some form of inflation. We are going to face one or the other, and it is inescapable.

Mr. GLENN. Mr. President, it seems to me the point raised by the Senator from Nevada is certainly well taken. It seems to me that, besides the other apparently well-taken objections to this provision, first, it has no place in this particular bill; secondly, the question of further aid to the Farm Board, either directly, or through subterfuge, is a subject of such importance that it is entitled to consideration, and full consideration, upon its merits, and not to be intermingled with a bill of this character, are matters which, it seems to me, are of great importance.

After all, what does this section intend to provide? It intends to provide $40,000,000 for the furnishing of wheat to people who now are unable to pay for that wheat, and therefore to take that amount of wheat out of the competition in this domestic market, and send it abroad to feed people who can not pay for it. That is exactly what this means, and that is all it means.

I think the point which the Senator from Nevada makes is entirely sound. We can supply a domestic market, a market which can not now be supplied for this wheat, by providing that it be allocated and furnished to people in our country who now can not buy wheat and can not buy bread. It will help the wheat surplus situation just as much to allow this wheat to be purchased and furnished to people who now are unable to buy bread in the United States, as to finance the purchase of the wheat by people in foreign lands who now do not buy it because they have no funds.

What is the difference upon the surplus wheat situation, or the cotton situation, whether people in Europe are enabled to buy it, or people are provided with money to purchase wheat and cotton in the United States who now have no means with which to purchase it? They would not buy this wheat in competition now, because they have not any money. Why not have our Government provide that those people shall be the ones to eat this wheat and wear the clothes made from this cotton, rather than that we should send our money abroad to enable people abroad, now unable to buy these commodities, to buy them?

Mr. President, yesterday I heard a school-teacher from the city of Chicago testify that there come every day into the common schools of the city of Chicago thousands and thousands and thousands of little boys and little girls, American boys and American girls, unfed that morning, without bread or any of the other products of wheat, of which we have this great and abundant and overflowing supply. Why can we not provide means by which those children, and children like them in every great industrial center in the country, may be enabled to consume these surplus products, thereby making a wider market for the farmer? Why will it not be as sound for us to provide that this surplus be consumed by these unfed, undernourished, starving children of our own, rather than to provide by the sending of $40,000,000 of our money abroad, that people there, destitute perhaps, and unable to buy, may be empowered and put in position to buy this wheat and this cotton and these other commodities?

I think that in our effort to aid and assist the farmer it is our first duty at the same time to be thinking of the people of our own country.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. GLENN. I yield.

Mr. TYDINGS. I agree with what the Senator has said, if I may transgress just a moment on his time. In my judgment, the Federal Farm Board is never going to solve the agricultural problem. It has a lot of wheat on hand, and the sooner it gets rid of it the better everybody will be.

I think, myself, that in the end most of it is going to be given away, and certainly there is need now to utilize it to feed the unemployed and the hungry and the starving people, particularly in the large cities, of our own country. I would much rather give it for that purpose than to have $40,000,000 more of good money wasted, perhaps, in a foreign gamble which would not pay 10 cents on the dollar.

Mr. GLENN. I thank the Senator from Maryland. As he says, we can do all for the farmers that this section provides, according to its sponsors, by taking this surplus wheat and furnishing it to the people of the United States who now can not buy wheat from the farmers or cotton from the farmers. We can save this $40,000,000 to the taxpayers of the United States, and we can do all for the farmer that can be done by the Secretary of Agriculture if he had the $40,000,000, and at the same time we can save thousands and help thousands and thousands and thousands of people of the United States who now want bread made in the United States from American wheat.

I certainly am opposed to this provision of the bill.

Mr. NORBECK. Mr. President, I just want to call the attention of the Senate to the fact that this is the first challenge we have had of all the statistics since they were ever published. Here is one assertion that we are able to consume our surplus, and that if every stomach were full, there would be no surplus, notwithstanding the fact that we have a hundred-year record proving the contrary.

Mr. GLENN. Mr. President, we have a hundred-year record, but we have never had an experience or a time in the United States within that hundred years comparable with our present sad situation.

Mr. NORBECK. That is all right, but the size of the bushel is the same as it was then, and the size of the stomach is the same as it was then.

Mr. GLENN. But there are more empty stomachs now than ever before.

Mr. NORBECK. But when they were full, we never disposed of the surplus. That is the point I make.

Mr. GLENN. We can dispose of a lot of it in feeding the American people.

Mr. NORBECK. A lot of it, but not enough to affect the price.

Mr. GLENN. It would not take much time to divide up $40,000,000 worth of wheat among needy people in the months and months and months of the dire winter we are facing in the United States. That $40,000,000 worth of wheat which it is proposed to have the American taxpayers provide to send abroad would be consumed in the United States long before the snow cleared up in the spring.

Mr. NORBECK. It matters not whether the farmer gets 30 cents or 70 cents per bushel?

Mr. GLENN. It makes no difference to the American farmer whether that wheat is consumed abroad or in the United States, so far as that is concerned, by people able to buy. What difference does it make whether that wheat is consumed here by a boy or girl who can not buy bread in the morning for breakfast or whether it is bought by people of Europe?

Mr. NORBECK. The only difference is whether the tariff of 42 cents a bushel is effective.

Mr. GLENN. The tariff has not anything to do with this at all.

Mr. KING. Mr. President, it is apparent from what has been stated that there was no enthusiasm behind the proposal to name the Secretary of Agriculture to administer the $40,000,000 fund provided in subdivision (b) of section (2) of the bill before us. The section referred to directs that the Reconstruction Finance Corporation advance to the Secretary of Agriculture, in addition to the amounts heretofore allocated and made available to him by the Reconstruction Finance Corporation act, a sum not exceeding $40,000,000. The evidence before us conclusively shows that the Secretary of Agriculture and his allies have been exceedingly active in trying to secure an additional appropriation of $100,000,000 to finance the sales of agricultural products in other countries. The importunities of some of those sponsoring this proposition were ignored by the House, but they have been successful apparently in securing a part of their program which is represented by subdivision (b) referred to.

For some time it has been manifest that the Federal Farm Board and its supporters were determined to retrieve some of its blunders by getting rid of a large quantity of cotton and wheat, in which hundreds of millions of dollars of the money of the taxpayers had been invested. The Federal Farm Board and its friends learned that Congress was unwilling to make further appropriations to be expended by the board. Its past record has been such as to not only not inspire confidence but to convince a large part of the American people, as well as Congress, of its past unsound and, indeed, unwise and foolish policies.

There has been no little propaganda and pressure to induce Congress to appropriate further funds to the Federal Farm Board. I have received a number of communications, evidently inspired, urging that I support appropriations for use by the Federal Farm Board to enable it to dispose in foreign markets of wheat and cotton surpluses which it had purchased and was holding at great cost to the taxpayers of the United States. Copies of resolutions have been forwarded to me by a number of so-called cooperatives, eulogizing the Federal Farm Board, and approving its conduct—good, bad, and indifferent. I condemn the propaganda which is being carried on in behalf of the Federal Farm Board and the manifest determination of some of the direct or indirect agencies of the board, such as the Farmers' National Grain Corporation and the Grain Stabilization, and representatives of cooperatives, to persuade Congress to appropriate further large sums to be expended by the Federal Farm Board.

The Senator from South Dakota has indicated that a lack of confidence in the Federal Farm Board led those who proposed this $40,000,000 appropriation to name the Secretary of Agriculture as the agent to handle the fund and to sell in foreign markets wheat and cotton now in the hands of the board. In other words, because of the folly and improper policies of the Federal Farm Board, it has on hand tens of millions of bushels of wheat and enormous quantities of cotton. It expended a large part of the $500,000,000 fund provided by Congress, from taxes wrung from the people, in purchasing large quantities of wheat and cotton for which it finds no markets.

The policies of the Federal Farm Board have been counter to all sound business methods and practices which should have been followed in its activities under the law creating it. The Federal Farm Board—in the language of the street—"ran wild"; it ignored all lessons of history, and demonstrated its lack of wisdom or ability to meet the responsibilities resting upon it. Perhaps the board can not be criticized for its efforts now to find some means of getting rid of the surplus wheat and cotton which it purchased. But who would be willing, in the light of its record, to intrust it with $100,000,000 or $40,000,000 to enable it to sell in foreign markets these two commodities.

It is known that these commodities may not be sold in foreign countries unless credit is extended. The people of the United States are now suffering because of credits which have been extended to foreign countries. The losses which will be sustained by reason of these foreign transactions will be staggering in their proportions. Billions of dollars will be lost by reason of the inability of foreign governments, corporations, and individuals in other lands to meet their obligations.

We have learned that the members of the committee reporting this bill did not understand that it was contemplated that this $40,000,000 was to be used to relieve the Federal Farm Board of some of its surplus wheat and cotton and to aid it in minimizing the results of its foolish experimentations. The plan, however, has now been revealed.

The Secretary of Agriculture is to be substituted for the Federal Farm Board in attempts to dispose of the wheat and cotton held by the board in foreign markets. It is admitted that credits will have to be extended to foreign purchasers if sales are made. With the enormous losses which the American people have sustained during the past few years by extending credit and making loans to foreign governments, corporations, and individuals there is no great desire to take further chances and to run risks of losing additional millions of dollars. Personally, I would prefer to have the Federal Farm Board handle the $40,000,000 than to place it in the hands of the Secretary of Agriculture. Appropriations have been made both to the Federal Farm Board and the Department of Agriculture, to be used for agricultural purposes, including loans to cooperatives and farmers. Losses thus far have been very great, and undoubtedly when the final day of settlement comes the balance sheet will reveal additional losses. I am unwilling further to tax the American people for the purpose of placing in the hands of the Secretary of Agriculture or the board funds for the purposes indicated in the provisions of the bill now under discussion.

Mr. President, this provision has no place in this bill. As I stated yesterday, we are considering a bill to aid unemployment and to help the millions who are unemployed to obtain work and means of support. To take $40,000,000 from the fund which is designed to aid unemployment, and turn it over to the Federal Farm Board or the Secretary of Agriculture, with authority to further speculate in wheat and cotton by disposing of them in foreign countries, not for cash but for promises of payment, can not, in my view, be justified. Many complain that the fund to help unemployment is inadequate. Certainly it should not be impaired or diminished by subtracting from it the $40,000,000 in question, or other sums or amounts.

The Senator from Nevada has suggested that some of the wheat held by the Federal Farm Board, instead of being delivered to the Secretary of Agriculture, be used to feed the hungry and those who are in want. A short time ago a large quantity of wheat, held by the board, was acquired by the Government and distributed through the Red Cross

for the benefit of the destitute. Certainly it would be better to adopt a similar course with respect to some of the wheat held by the Federal Farm Board than to approve of the plan provided in the bill before us. I have no doubt that the board and some of the forces of the administration will make a strenuous effort to have this provision of the bill adopted. In my opinion the provision is unwise and the amendment offered by the Senator from Alabama to eliminate it from the bill should be adopted.

Mr. GEORGE. Mr. President, I want to say just a word about this proposal. I have not been able to see how the exportation of wheat and cotton and the sale of wheat and cotton in the foreign market, financed by American money, is going to be of particular benefit to American agriculture at this time. Any supply to the market anywhere is, of course, going to diminish the demand. The exception to that general statement would be to find a market for wheat and a market for our surplus cotton in which cotton and wheat are not now consumed. It is obviously out of the question to develop a purchasing market now for cotton or for wheat; that is to say, develop a market which will consume any considerable portion of our wheat or cotton surpluses now held, where the purchasers or consumers in that market have not heretofore been accustomed to use wheat or cotton.

It therefore seems to me—and I think the suggestion made by the Senator from Nevada and others is wise—that, so far as our wheat is concerned, it might as well be consumed in the United States.

It is true that would cut into the home market for the producer, but if we place the wheat elsewhere in the world market where wheat is now consumed, we are also cutting into the market of the American producer in so far as he contributes to the world surplus, as well as the producer elsewhere. The same thing is true of cotton, and I dare say that there are 40,000,000 people in the United States to-day who could easily consume at least $40,000,000 worth of wheat, who will not consume $40,000,000 worth of wheat if it is not made available to them. In other words, to supply the demand now of the unemployed and needy in America is not going to cut down any part of the market for the American wheat producer, because they are not able to buy or procure the wheat which they otherwise would consume. To withhold this wheat from them is not going to put them in any better shape to purchase any of the wheat which is coming on the market from the present crop.

Many cotton producers and many cotton manufacturers have questioned the proposal to use a portion of the American cotton now held by the Farm Board in this market. There seems to be little force in the objection which they have offered. It might as well be used here, and it ought to be used here, for the all-sufficient reason, it seems to me, that we ought to take care of our own people first. If we are not able to take care of all people, we should take care of our own people first.

I have said to the cotton producers of the South exactly what I am saying to the distinguished Senator from South Dakota now and to the proponents of this particular provision in the bill. If American cotton now held by the Farm Board is with American money exported and financed in any market, it will take up just that much of the world demand for cotton. We are getting the world's price for cotton and we are getting the world's price for wheat, with unimportant exception, and we might as well use our surpluses here if they are to be given away. It is true that if the Farm Board or the Secretary of Agriculture could take so much cotton and could place it where cotton has not been and is not now consumed, where there has not been a demand for cotton, of course it would be wise to export the cotton to supply that demand. But that would not be done. With the world flat on its back, with the purchasing power of consumers exhausted, obviously we can not develop a new market, a new demand for a product which has not been consumed in that market.

Mr. GORE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from Oklahoma?

Mr. GEORGE. I yield.

Mr. GORE. Does not the Senator think that if the Secretary of Agriculture knows any place in the world where cotton can be disposed of, he ought to communicate that secret to the Farm Board?

Mr. GEORGE. I think he certainly should do so. It seems to me far wiser, far better, certainly more just, that the Congress should furnish aid to those consumers in the United States who can not buy, and for that reason alone will not be able to use, wheat now held by the Farm Board or by 1932 producers. If we furnish wheat and cotton to our needy people in the United States, who have no power to buy, that will be far the wiser thing for us to do.

Mr. NORBECK. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from South Dakota?

Mr. GEORGE. I yield.

Mr. NORBECK. The Senator recalls that Congress authorized the Farm Board to turn over 40,000,000 bushels of wheat to the Red Cross.

Mr. GEORGE. Yes.

Mr. NORBECK. And there are bills pending to turn over more wheat to the Red Cross. The Senator will also admit that the Red Cross does its work pretty well. We have had no further requests for additional wheat. Certainly the Congress will give it all the wheat it can use, but that does not deal with the surplus.

Mr. GEORGE. I agree with what the Senator has said, but there is a larger demand than the Senator imagines in this country for wheat, for bread, for cotton—that is to say, for clothing—which can not be supplied because the people who need can not buy. They have not the money. All through the rural sections of the South now and during the remainder of this summer and autumn and winter there is and will be a tremendous demand for wheat and bread which can not be supplied simply because the purchasers can not buy, having nothing with which to buy. I have no doubt that here in the United States we could consume the surplus wheat carried by the Farm Board, and could do it with no more injury to our farmers than if we export the surplus wheat, because when we put that surplus in any hole that can be found anywhere in the world, we will have leveled up that hole and there will be no demand for whatever amount of surplus wheat we may produce this year.

But suppose I am only half right—the humane thing, the decent thing for the American Congress to do is to feed the hungry mouths of men, women, and children in the United States as long as those mouths are unfed and as long as they have no money with which to buy the food necessary to feed them or the cotton out of which cloth may be made to provide clothing. As certainly as we stand here in the Senate, in the very fields where the wheat is grown and in the very fields where the cotton is grown which furnishes the clothing for so large a part of mankind, men and women and children will go hungry and shivering during the coming winter.

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. CONNALLY. If the motion to strike out now pending should be adopted, would it then be in order to offer a similar amendment, or should the amendment be offered now?

The PRESIDENT pro tempore. It may be offered at any time.

Mr. CONNALLY. Then I offer my amendment now in the nature of a substitute.

The PRESIDENT pro tempore. The Senator from Texas offers an amendment in the nature of a substitute for the amendment proposed by the Senator from Alabama. The proposed substitute will be read for the information of the Senate.

The LEGISLATIVE CLERK. In lieu of the matter proposed to be stricken out, insert the following:

Whenever in the opinion of the board of directors of the Reconstruction Finance Corporation (1) there is a surplus of wheat or cotton or other agricultural products in the United States or lack of a market for the advantageous sale of the same, or (2) the ordinary banking facilities are inadequate to enable producers of or dealers in wheat or cotton or other agricultural products to carry such products until they can be exported or sold for export in an orderly manner, the corporation is further authorized and empowered to make advances as hereinafter provided to aid in financing the exportation and sale in the markets of foreign countries of wheat and cotton or other agricultural products produced in the United States. Such advances may be made (1) to any person or group of persons engaged in the United States in producing, marketing, or dealing in wheat or cotton or other agricultural products; (2) to any person outside of the United States engaged in purchasing wheat or cotton or other agricultural products, but only on condition that the moneys so advanced shall be expended wholly within the United States. Such advances shall be made for periods of not to exceed three years and shall be made in such amounts, and upon such terms and conditions, and with such security, as the board of directors of the corporation may prescribe. The aggregate of the advances made pursuant to this paragraph shall not exceed $250,000,000. For the purpose of this paragraph the term "person" means an individual, a partnership, an association, or a corporation.

Mr. CONNALLY. Mr. President, this amendment is drafted along the same lines as a similar provision contained in the War Finance Corporation act which we passed immediately after the World War. Senators will remember that the War Finance Corporation was organized primarily for the purpose of furnishing credit to exporters who desired to sell their products in Europe. Senators will remember that that particular activity of the War Finance Corporation was eminently successful and that the corporation finally liquidated its affairs without showing any loss whatsoever. It was even claimed that it made a profit for the Government.

This provision does not limit the loans to the Farm Board; it does not limit the loans to anybody. It provides that the Reconstruction Finance Corporation may loan money to any individual, corporation, group of persons, or others for the purpose of financing the exporting of wheat, cotton, or other agricultural products into foreign lands.

I am somewhat amazed at Senators who are opposing this sort of a proposal. Everybody knows that credit has almost vanished in the United States. What is the necessity for the bill at all if there is plenty of credit? Why are we handing out $1,500,000,000 from the Treasury to finance so-called self-liquidating corporations if there is plenty of credit? Why is it that agriculture is the one industry, according to the conclusion of some Senators, that does not need credit to carry on its operations? How are we going to get rid of this tremendous surplus of wheat and cotton? I am talking not only of the wheat and cotton owned by the Farm Board but I am talking about the wheat and cotton and other products that will be produced in this good year of 1932. How are we going to get rid of it unless we sell it in the markets of the world?

How can these operations be financed when there is no credit for any other kind of business transaction unless the Government, through this same agency, the same agency that is going to finance other industries, the same agency that is going to finance bridges across San Francisco Bay and tunnels under the Hudson River, finances them in this same way? How are they going to be financed for exporting abroad when there is no credit abroad? How can a foreign purchaser buy when he has no money? If he is able to buy and then manufacture his goods and sell them in Europe, he can then repay these loans.

This is not an appropriation of $250,000,000. It is simply an authorization to the Reconstruction Finance Corporation. If the Reconstruction Finance Corporation can not make loans with adequate security, they do not have to let the money go. If the Reconstruction Finance Corporation does not find the necessity for furnishing this credit, the money will remain in the Treasury. Senators are willing to trust the Reconstruction Finance Corporation with $3,500,000,000 to hand out to other industries according to their judgment and according to whatever terms they may see fit to adopt, and yet they are not willing to trust the Reconstruction Finance Corporation and their integrity to loan even the insignificant sum of $40,000,000 to agriculture. Senators are not willing to give them the authority to do even that much. They are not willing to trust the board, and yet they are willing to hand out $3,500,000,000 and turn it over to this corporation to dispose of as they may see fit.

I submit to the Senator from South Dakota [Mr. NORBECK] that that is the truth. My amendment provides a limit of credit of $250,000,000. What proportion is that of the $3,500,000,000 which has been given to the Reconstruction Finance Corporation? It is only about one-fourteenth. If they loaned the whole $250,000,000, they would be allocating to agriculture in all its branches only one-fourteenth of the entire amount that is being devoted to industry and self-liquidating corporations.

Mr. President, I submit the amendment as a substitute for the plan carried in the bill. I do not want to have the credit limited to the Farm Board. I want every cotton dealer and every wheat dealer in America, if he can find a foreign market for his products and needs financial assistance to carry out the operation, to have access to the Reconstruction Finance Corporation. I would not limit it to the Farm Board.

But, Senators say, we are not going to help things by peddling out this surplus; we are not going to help agriculture in that way. What is going to be done with this surplus? As long as it is hoarded, as long as the Farm Board keeps it locked up in the warehouse, it is a drug on the market. The surplus is squarely straddle of the market for wheat and cotton and will be a burden on the market as long as it is in existence. We have to get rid of it some way, either by giving it away, feeding it to the hungry, or selling it in the world market. I propose this amendment as a method of dealing with the problem normally, sensibly, on sound security, according to every manner and fashion provided for the handling of other transactions by the Reconstruction Finance Corporation.

Mr. BLACK. Mr. President, I dislike very much to find myself in opposition to the viewpoint expressed by my good friend the Senator from Texas [Mr. CONNALLY]. The amendment which has just been offered shows the extent to which we are going in connection with the Government supplying money for various specially favored businesses.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Texas?

Mr. BLACK. I yield.

Mr. CONNALLY. Did the Senator from Alabama vote to create the Reconstruction Finance Corporation and to provide it with $2,000,000,000?

Mr. BLACK. The Senator from Alabama did not, and he spoke against it as vigorously as he could.

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from South Dakota?

Mr. BLACK. I yield.

Mr. NORBECK. In all good nature, without being critical of my good friend from Alabama, I desire to say that I do not think he should make that statement. It was only yesterday that he talked to me about a very big proposition along this line.

Mr. BLACK. I shall be glad to explain to the Senate what that was.

Mr. NORBECK. The matter to which I refer will come up later, but I do not think the Senator from Alabama is in a different class from the rest of us.

Mr. BLACK. I do not claim to be. I do claim, however, just as I said with reference to the Reconstruction Finance Corporation, the bill when it was before the Senate, that it was nothing more nor less than communism turned upside down. The communist believes in taking money from the few and favored rich in order to distribute it among the many poor. The Reconstruction Finance Corporation act adopted exactly the opposite plan; it proposed to take the

money of the people throughout the country, rich and poor, in order to benefit a few favored taxpayers who could borrow from that corporation. It is but natural that we should advance step by step; and I am frank to state that if this amendment should be adopted, I would favor broad and blanket authority being given to the corporation to lend money to every deserving business in America. Why is it right to select one group engaged in business and industry and lend it money and not at the same time assist every business enterprise in America which is likewise near the shoals of adversity and insolvency? There are in every agricultural section of this Nation merchants upon whom the farmers depend for their yearly supplies who are on the verge of insolvency. Why should we not also take money from the taxpayers and lend it to them? I do not know but that such a plan will later be adopted. I can not tell as we rush on one step after another.

It is a little strange, however, that those who are most responsible for the initial step taken by the Government are those who have made the most complaint about the Government in business and about State socialism. It was members of the group who have stated that certain other people wanted to engraft State socialism on the Government who adopted the plan of digging down into the pockets of the taxpayers to carry on private business that can not stand on its own legs.

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Oklahoma?

Mr. BLACK. I yield.

Mr. GORE. I should like to ask the Senator from Alabama a question. If the Government of the United States is to embark upon the policy of extending credit to one class and another class, to one individual and another individual, does he think there is any proper point where it can stop short of extending universally equal privileges and equal rights to all in this country, whether corporation, firm, or individual? If we are going to draw the line with individuals, what is to be the standard? Has not one citizens as much right to borrow from the Treasury of the United States as has another, if he needs it or if he fancies he needs it?

Mr. BLACK. Mr. President, I agree with the Senator absolutely. As I have said, if we are going to broaden the terms of the law, why not let the Reconstruction Finance Corporation lend to everyone engaged in a business which aids to carry on the commerce of the Nation?

Mr. President, I am very frank to state that, in so far as I am concerned, if I believed that this amendment would be an advantage to agriculture I would vote for it, not because I do not believe it is wrong in principle but because I do not believe it is any more wrong in principle than the original enactment of the Reconstruction Finance Corporation. However, I do not believe that this proposal would be beneficial to agriculture. On the contrary, I do not see how it would benefit agriculture to lend money to those engaged in the business of selling agricultural products in order that they might seek for and try to find markets throughout the world. The markets are there. We have heretofore depended upon the regular business methods to secure those markets. The original amendment which I opposed provided that $40,000,000 should be turned over to the Secretary of Agriculture in an effort to find markets.

In the first place, I do not believe the Secretary of Agriculture would be the proper man to whom to turn over the $40,000,000. I believe such a course would simply give aid and employment to a large number of deserving Republicans throughout the country during an election year. I am very frank to state that I believe it would go farther and farther toward building up a vast political machine such as much of the so-called relief legislation at this term of Congress has made possible.

If we are going to give wheat and cotton to the people of China, why not give it to them directly? Why pay for the privilege? We can give it to them without appropriating $40,000,000 of American money to do so. They are ready to accept it; they will give us worthless bonds. Why turn over to the Secretary of Agriculture or any board $40,000,000 or any other amount for the privilege of giving the money away to nations that can not pay us? If we were to adopt that exact policy in the business life of our Nation, it would bring about insolvency to every merchant in the country.

Any merchant in an agricultural community can sell his goods to the people in that section if he will first let them have the money with which to buy; there is not any doubt about that; and this provision proposes to turn over to the Secretary of Agriculture $40,000,000 to be used evidently in advancing money to people across the water who have no money with which to buy our products.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Texas?

Mr. BLACK. I yield.

Mr. CONNALLY. How does the Senator distinguish between the line of argument he is now employing and his eloquence here the other day in asking the Government to loan money to farmers in his State and my State and other States? What is the difference?

Mr. BLACK. I should be very glad to say to the Senator exactly what I stated a few minutes ago. In the first place, if the Government is going into the business of advancing money and helping the people of this country, I prefer the old Jeffersonian principle of starting at the bottom instead of lending it with the idea that big business will let it trickle down to those below. That is exactly the line of distinction. If we are going to advance money as we have done, if we are going to appropriate $2,000,000,000 to lend to those who control the financial affairs of the Nation on the theory that it may trickle down and a few crumbs may fall from the table of the specially privileged, then I say go farther, vote the money directly to the man who is down below and trust, if possible, that perhaps a little of it will ascend to those who are in the higher brackets. That is exactly the line of reasoning. This amendment proposes to lend money to every cotton broker, every wheat salesman in America, and to every grain exchange, if they want to buy, and every other business enterprise in the country.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield further to the Senator from Texas?

Mr. BLACK. I yield.

Mr. CONNALLY. Does the Senator think he is quite fair in making that statement?

Mr. BLACK. That is as I understand it.

Mr. CONNALLY. No; the Senator can not understand it in that way, if he will read the amendment, for it says that the Reconstruction Finance Corporation shall have authority to do that.

Mr. BLACK. That is correct.

Mr. CONNALLY. It shall have the authority to make loans that are sound.

Mr. BLACK. That is correct.

Mr. CONNALLY. The Senator says that every cotton and wheat merchant in the country could borrow money under this provision.

Mr. BLACK. If I left the impression that the mere application for the loan would be sufficient to secure it then, of course, I correct it, because the application must be passed upon by the board; there is no question about that.

Mr. CONNALLY. Certainly, and the board is not supposed to make a loan unless it is a good loan and the money is going to be paid back.

Mr. BLACK. My experience has been that when we start out in the business of subsidies the money does not come back. I am reasonably familiar with the subsidies supplied to the shipping interests of the Nation. Throughout the history of such transactions I recall that in each instance the final and net result has been that the Government lost money, and that will always happen. If the Government supplies money to conduct business enterprises, it means, sooner or later, that the Government loses the money, because if a business enterprise can not carry itself on its own plan, and with its own initiative, sooner or later the business enterprise will fall by the wayside. It is the same oppo-

sition that I have exactly to the ship subsidy. I have voted consistently against subsidies to the shipping interests, and I have done so because history shows that, with all the evils of Government operation of shipping, there is less danger to the public by reason of the Government itself operating shipping than there is in turning Government money over to private business operating shipping, with all the fraud and corruption that eventually result from it.

It will be recalled that it was impossible even to secure an amendment to the Reconstruction Finance act limiting loans unless the company that applied for the loan would limit its agents and officials to a reasonable salary. That is one of the troubles of providing Government money with which to operate private business.

In so far as I am concerned, I do not know but that, on a thorough investigation by a committee, it might be shown that the Government could obtain an advantage from some appropriation providing for the financing of the crops of the Nation in foreign countries, but there has been no such investigation. We propose here at the outset to provide $40,000,000 without an investigation—for what purpose? It is shrouded somewhat in mystery; one Senator said it was proposed for one purpose and two Senators said it was proposed for another purpose. There has been no hearing; there has been no printed report brought here to show the necessity for such an amendment; but at the very time we are proposing $40,000,000 without a hearing, there has been under discussion for weeks and for months a proposal affecting the salaries of Government employees, which will only bring about a reduction of $80,000,000. We propose to provide an appropriation of $40,000,000 without batting an eye or having a hearing, when we are claiming that we are here in the interest of Government economy. We have spent weeks and months trying to whittle down salaries in the effort to save $80,000,000, and then we propose to appropriate $40,000,000 without a hearing. That is the chief objection which I have to this proposal at this time.

There was no hearing before the committee. The administration wanted it and the administration tried to get it through the House. The House leaders objected to it; it has been tried in connection with about seven different bills, and the House leaders would not accept it, and then, without a single hearing or a single word, it was written in the bill, and we are proposing to appropriate $40,000,000 without the slightest proof from any source that a single farmer in America will receive a dollar's advantage. That is the opposition I have to the amendment.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Texas?

Mr. BLACK. I yield.

Mr. CONNALLY. If a single farmer could get money under it, would the Senator favor it?

Mr. BLACK. No. If a single farmer got $10 that it took $40,000,000 to give to him, I would not. I want to find out first how much benefit will come to any farmer from the $40,000,000.

I think I know where a great deal of it would go; in fact, I have no doubt about it. It proposes to set up a large agency under the Secretary of Agriculture. I know the Secretary of Agriculture; I know his partisanship; I know the methods of appointment adopted by the Secretary of Agriculture and the Agricultural Department. It would mean the appropriation of millions of dollars to employ deserving Republicans to travel all over the world seeking markets at a time when markets can not be obtained. It would mean setting up a huge political personnel in this country in addition to those which have already been created. I have no doubt about that, because when we turn over $40,000,000 to the Secretary of Agriculture, knowing the Secretary of Agriculture and the methods he uses with reference to the selection of agents, I know where those agents would come from; and, in the main, I know the political tenets to which they would promise allegiance. I have had some experience in that; and whenever we turn over $40,000,000 at this time, just before an election, without a hearing, without a plan, without there having been a single witness before a committee to show that the farmers get the advantage of it, I think I know where the chief advantage will go.

Mr. GORE. Mr. President——

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Alabama yield to the Senator from Oklahoma?

Mr. BLACK. I yield to the Senator.

Mr. GORE. I should like to call the Senator's attention to the fact that House Joint Resolution 394, introduced by Congressman STRONG of Kansas, and written, as he said, by the Secretary of Agriculture, contains a provision that the Secretary of Agriculture can make these foreign sales of cotton and wheat through an export agency. That is the phrase used. That is the power granted—a plenary grant of power. There is no limitation, no further definition, no further direction; but he may effect these sales of cotton and wheat through an export agency plus this further authorization:

Or any other agency that he may see fit.

Mr. BLACK. I thank the Senator, because I have no sort of doubt about the power that the Secretary of Agriculture will have. I know that the committees in the House, controlled by the Democrats, have declined to report out this particular measure. They have opposed it, not only because of the fact that it is not a just bill, but because of the fact, perhaps, that they do not want any such agency given to the Secretary of Agriculture.

The Senator from South Dakota [Mr. NORBECK] asked me a few moments ago about a bill in which I was interested. I shall be glad to explain to him what that bill is. In so far as I am interested in that bill, it contains a provision requiring the Secretary of Agriculture to construe a loan for the benefit of farmers exactly as the Senator said he should have construed it in the beginning. That was the sole interest I had in it. That bill was passed. It provided for $50,000,000 of loans to the farmers. The Secretary of Agriculture came along and construed it in a way that gave the loans to as few farmers as possible and prevented as many as possible from having them.

When I took up the matter before the committee the committee unanimously agreed, as I recall—at least, the statement was so made on the floor by the Senator from Virginia [Mr. GLASS]—that the Secretary of Agriculture had construed the law contrary to the intent of the Congress in passing it, and they reported out that bill. When it came out the Senator from Virginia [Mr. GLASS] made the statement that it was reported by the committee and that the committee did it with the belief that the construction of the Secretary of Agriculture was contrary to the plain and manifest intent of Congress. That was the bill which I offered and to which I called the Senator's attention on yesterday.

An amendment was placed on that bill by the House with reference to certain loans to the farmers who engaged in raising livestock, in which the Senator from South Dakota is far more interested, of course, than the people in the section of the country in which I live. I had nothing to do with that amendment. I am personally of the opinion that his construction of that was also wrong and contrary to the plain and manifest purpose of the act. I believe that when he held that a man who was engaged in raising livestock on the farm was not a farmer he went contrary to every accepted principle of construction which could be adopted. That is the bill to which the Senator referred in his remarks to me.

Mr. NORBECK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from South Dakota?

Mr. BLACK. I yield to the Senator.

Mr. NORBECK. Does the Senator favor the bill with the amendment now?

Mr. BLACK. Will I favor it?

Mr. NORBECK. Yes.

Mr. BLACK. Why, certainly.

Mr. NORBECK. All right. Let me call attention to two things, and then let the Senator go ahead and explain them.

Mr. BLACK. I shall be glad to do so.

Mr. NORBECK. First, the bill provides for the expenditure of about $140,000,000 by the Reconstruction Finance Corporation to be loaned to farmers. That is, one farmer out of 25 is to be favored with a loan, because that is all that can be taken care of. Who will the 1 out of 25 be?

Mr. BLACK. I shall be glad to answer the Senator's question.

In the first place, the Senator assumes that this bill appropriates $140,000,000, which is not correct. The bill does not appropriate a dollar.

Mr. NORBECK. Oh, well, that is not a fair statement. The money is appropriated. It is the unexpended balance of $200,000,000, of course. It does not appropriate a dollar of new money.

Mr. BLACK. The bill does not appropriate a single dollar; but the bill provides, as I stated before, and as the Senator agreed with me, that the Secretary of Agriculture had construed the earlier act improperly, and it simply requires him to accept the construction which the committee unanimously agreed he should have accepted in the beginning.

Mr. NORBECK. There are two parts to this bill. The first part the Senator has explained entirely fairly; but it was changed in the House, and the Senator says he is for it in its present form. I am speaking of what is before the Senate to be voted on that the Senator says he favors. Talk to us about state socialism! The Senator can match any one of us.

Mr. BLACK. The Senator may be correct. I have found that frequently we can place our own interpretations on any statement that is made. The Senator from South Dakota has a very agile and active mind, and I congratulate him on it.

However, the fact remains, as I stated in the beginning, that I believe the $40,000,000 appropriation will be injurious to the American farmer and not helpful. I am a little surprised that it should have been brought out of a committee without any hearings. Especially am I surprised in view of the fact that every possible pressure has been brought on the House, and they have declined to make a report on that measure. For months attempts have been made to get it out. Its advocates have placed it in bill after bill, and the House has declined to report it to that body. There is absolutely no connection whatever between the measure to which the Senator has referred and the measure appropriating $40,000,000 to be turned over to the Secretary of Agriculture for the purpose of attempting to sell our crops abroad.

In the first place, I am very frank to state to the Senator that under no circumstances and under no conditions would I vote $40,000,000 to the Secretary of Agriculture to use at his discretion in attempting to aid the American farmer. My experience with him has been such that I do not believe his heart beats in sympathy with the plain, average, everyday American farmer.

Mr. NORBECK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama further yield to the Senator from South Dakota?

Mr. BLACK. I do.

Mr. NORBECK. I am not going to get into any argument with my good friend from Alabama about who is the greater friend of the farmer—the Secretary of Agriculture or Eugene Meyer, the governor of the Federal Reserve Board.

Mr. BLACK. The Senator may have a very perplexing problem suggested to his mind, and it is one which I would not attempt to solve.

Mr. NORBECK. But the Senator has made his choice. He says which one of the two he favors.

Mr. BLACK. I have made no choice—oh, no!

Mr. NORBECK. The Senator said he favors the bill making those livestock loans to the farmers through the Reconstruction Finance Corporation.

Mr. BLACK. If the Senator can get anything out of that, I do not care to discuss it any further. That law was passed. It was passed over my protest. I spoke against it and I voted against it. It has become the law. Since it has become the law, I desire to see that, so far as possible, the Secretary of Agriculture shall be forced to accept the plain intent and purpose of the only provision in that bill which was intended to aid agriculture. He did not do it. He construed it in every way so as to limit the ability of the farmers to borrow.

I saw at one time a mimeographed statement—I believe there were six pages of single-spaced mimeograph statement—with reference to the rules that the farmer had to accept before he could get a loan. Every conceivable plan was devised to curtail the privileges under that bill. The amendment which I offered simply offered a suggestion that the Secretary of Agriculture should construe it exactly as it was intended that it should be construed.

While the question was up, the Senator from Washington [Mr. JONES] offered an amendment which he stated—and which I agreed—further guaranteed that the purpose of Congress in passing the act should be carried out, and his amendment to my amendment was adopted; but it did no more than simply require the Secretary of Agriculture to construe the act as it was intended that it should be construed.

But, Mr. President, I do not care to delay the Senate further. I have answered a great many questions. I simply want to state that I oppose this appropriation of $40,000,000 for the purpose of turning over to the Secretary of Agriculture at this time the right to finance American crops abroad.

If we want to give these crops to the people abroad after we have given to our own people everything that they can use, there might be some excuse for that. A few weeks ago, however, I stood and watched a line as they marched into a store where sacks of flour were put on the backs of various hungry citizens. I saw that in numerous places in my State. I saw men gather who three years ago were in good financial condition, the best farmers in their section of Alabama. I watched them as they marched up to the counter and went away with a sack of flour on their shoulders. I know that there has not been too much flour provided for that section of this country. I know from my own observation that that which we have given heretofore must be increased hereafter.

There are, as stated by the Senator from Georgia, many hungry mouths all over this Nation that should be fed. Why should we appropriate $40,000,000 out of the Treasury for the purpose of finding somebody in a foreign country to give our wheat to, at a time when the farmers, at a time when the people who work and toil, clerks, mechanics, even the lawyers and the doctors in some places over this Nation, are on the verge of hunger to-day?

I can not support a measure which would not only provide for a gift to nations abroad, but would pay $40,000,000 for the privilege of giving it away. If it is to be given, that is altogether a different proposition; but why should we pay money to give it away and hire special Republican favorites to show us how to give it away, when all we have to do is to go into any city or any county in this Nation to-day and find people who are ready to march up to the counter to get a sack of flour to feed the hungry children waiting in their homes?

I can not support that amendment.

Mr. CONNALLY. Mr. President, I have been somewhat astounded at the attitude of the senior Senator from Alabama [Mr. BLACK]. He denounces an amendment which I have offered to provide for loaning money to aid in the sale of the farmers' products on sound security, to be approved by a business agency, the Reconstruction Finance Corporation, and he denounces that as being state socialism.

Mr. BLACK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Alabama?

Mr. CONNALLY. I do.

Mr. BLACK. The Senator will recall that what I stated was, and I repeated it to-day, that when the Reconstruction Finance Corporation bill came before the Senate I stated

that it was state socialism, communism turned upside down. I did not make that statement with reference to the Senator's amendment. I made the statement with reference to the original Reconstruction Finance Corporation bill. I said it then. I repeat it now.

Mr. CONNALLY. I accept the Senator's statement; but does he think that the amendment of the Senator from Texas is state socialism?

Mr. BLACK. I shall be glad to state to the Senator, as I said then, that after that measure was passed, in so far as I was concerned, I would be in favor of broadening it in any way, even though I was opposed to the original principle, if I thought the benefit would go to the plain, average, everyday man, because we had embarked upon the policy.

Mr. CONNALLY. I accept the Senator's statement again. The Senator knows, if he knows anything about what is going to happen, that we have already embarked upon the policy of having the Reconstruction Finance Corporation. The Senator also knows that this bill in some form is going to pass. The Senator, in conformity with the view he took when the Reconstruction Finance Corporation act was passed, opposed the whole measure, yet if it was going to be a policy he would then favor broadening its authority and broadening its activity to include agriculture, why does he now bring all of the ordnance of his forensic ability and his legislative capacity to bear upon the one amendment that has for its purpose doing something for the American farmer?

Mr. BLACK. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BLACK. I will be glad to state to the Senator, because, as I said, I do not agree with the Senator that this amendment which was placed in the bill will assist the farmer. There is a difference, not in the objective but a difference in belief, as to whether or not the particular proposal will give any benefit to the farmer.

Mr. CONNALLY. I accept the Senator's statement again. The Senator does not think that improving a market in which the farmer has to sell will help the farmer. The Senator evidently believes that the way to help the farmer is to encourage him to go on producing, and yet instead of having a market for his product to impound it and pile it up, with the hope that some day in the far-off future somebody may give him a better price.

My meager knowledge of economics teaches me that when there is a demand on the stock market for an article it goes up. My meager experience teaches me that in a case where a merchant is overstocked he gets rid of his stock, even though he may take a temporary loss, because he knows that only by getting rid of the old, shelf-worn goods can a new market be stimulated for the goods coming from the factory. I am looking to the crop of 1932 and to the crop of 1933. I want the American farmer to live past the present primaries and past the coming election in order that he may have permanent prosperity.

Oh, but the Senator says, this will not do the farmer any good. He does not favor the reconstruction finance system, because it is State socialism, and yet the Senator introduced Senate bill 4780, making effective all during this year more than a hundred million dollars in the hands of the Secretary of Agriculture for loaning to individual farmers.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. CONNALLY. Just a second.

Mr. BLACK. The Senator is mistaken about that. I know he does not want to make a statement that is not correct.

Mr. CONNALLY. Is not that the effect of the House amendment?

Mr. BLACK. The House amendment? I am not familiar with the House amendment.

Mr. CONNALLY. The House amendment is pending here, and I understood the Senator was going to call up the bill and have the amendment concurred in.

Mr. BLACK. If the Senate desires to concur in it.

Mr. CONNALLY. Is the Senator in favor of it?

Mr. BLACK. I am interested in the House amendment, but the amendment which I offered—I know the Senator wants to be fair——

Mr. CONNALLY. I want to be fair, and I have the Senator's amendment before me now.

Mr. BLACK. If the Senator will look, he will see that it does not add a dollar to the appropriation. It is nothing in the world except a provision requiring the Secretary of Agriculture to construe that measure as the Senate committee said he should have construed it in the beginning.

Mr. CONNALLY. I agree with the Senator that the Senator's amendment does not add a dollar to the appropriation; the appropriation has already been made, and the Secretary of Agriculture has over a hundred million dollars; but the Secretary of Agriculture has quit loaning the money, because he construed the act to mean that he had no power to lend any more, and the Senator's amendment provides that he shall go on lending it, that he shall continue to lend it, when he had already shut off lending. Yet the Senator now says that his amendment did not have the effect of increasing the appropriation. Technically, no; but the effect of the amendment of the Senator from Alabama was to make the Secretary of Agriculture lend money to individual farmers after he had construed the law to curtail his power and had stopped lending. Am I not correct?

Mr. BLACK. The Senator is correct to this extent, that the law had been enacted, and I voted against the bill, but the law had given him the right to make loans to individual farmers. The Secretary of Agriculture construed it in the way he usually does, so as to make loans to as few as possible.

Mr. CONNALLY. Has not the Senator confidence in the Secretary of Agriculture to make these loans?

Mr. BLACK. I will state this to the Senator, that personally I would far prefer to have the authority vested in some other body, rather than the Secretary of Agriculture.

Mr. CONNALLY. As I understand the Senator now, he says that he voted against the original bill. He therefore is against the policy; but since it had been undertaken, he favored, then, carrying it on. Very well. Under that act as passed the Secretary of Agriculture says, "I have no further power to make loans to individual farmers," and the Senator from Alabama, his soul wracked with opposition to the principle, absolutely opposed to the whole principle of the reconstruction bill, yet is the one who introduces a bill to open up the Secretary's hands, to make him do what he says he has not the power to do, and in order to do it, he has to introduce a special act, and I hold the measure in my hand.

As I understand the Senator from Alabama, he is in favor of the Government lending to individual farmers, but he is not in favor of lending to the merchant who buys the farmer's products in order to enable the merchant to sell those goods, and thereby create a market for the farmer. I believe that if it is sound to lend to the individual farmer, it is sound to lend to anyone else dealing in his commodities, in order to carry out a marketing program, in order to sustain agriculture.

What good does it do to lend to an individual farmer, to enable him to make a crop, and then, when he gets the crop, he can not sell it—there is no place to carry it? It is an economic fallacy, it is an economic crime, to encourage a farmer to raise a crop, and then deny him a market in which he can sell his crop. But the Senator from Alabama believes in that policy. "Come on, farmers, to the Treasury, all of you, individually, come up and help yourselves, but the moment you get the money we will not allow the manufacturer or the exporter of your goods a dollar in order to sell your goods in foreign markets."

The Senator has said that he does not trust the Secretary of Agriculture because he has no sympathy with the farmer, so the Senator from Alabama says. He does not believe that the heart of the Secretary of Agriculture beats in unison with the great farming interests of our Nation.

Mr. President, I hold in my hand here a measure introduced by the Senator from Alabama, Senate Joint Resolution 131, to provide a system in the rehabilitation of cer-

tain storm-stricken areas in the United States and in relief of unemployment in such areas.

Whereas the States of Alabama, Georgia, South Carolina, and Kentucky are suffering from the effects of recent storms—

And so on, and so on. Then the Senator from Alabama provides what? Who is going to make these loans? The Reconstruction Finance Corporation? No. The Secretary of the Treasury?

Mr. BLACK. Mr. President, will the Senator yield?

Mr. CONNALLY. In just a moment.

Mr. BLACK. I would like to ask the Senator whether he has the first bill I offered, when I placed the matter in the hands of the Reconstruction Finance Corporation, and when the committee insisted that I should change it and put it into the hands of the Secretary of Agriculture?

Mr. CONNALLY. I do not know about that. I sent out to the document room and asked them to send me all bills for loans to farmers, knowing that there would be a good many of them. I do not know yet what the others provide.

I am referring now to Senate Joint Resolution 131. Did he put the authority in the hands of the Farm Board? Oh, no; you can not trust the Farm Board. Did he put it in the hands of the Treasury, which handles the business of the Nation? No; you can not trust the Treasury. Did he put it in the Reconstruction Finance Corporation, which has handled all of this reconstruction work? No; you can not trust those people. But the Secretary of Agriculture is the one who should make the loans under this bill.

That the Secretary of Agriculture—

the enemy of the farmer, the Secretary of Agriculture, whose heart is stone when the farmers are mentioned; the Secretary of Agriculture is the one who is to handle the loans provided to the drought-stricken, storm-suffering people in Alabama. The Senator's own constituency is to be delivered over to this heartless, this mercenary bureaucrat, the Secretary of Agriculture.

Remember, we are against State socialism. Remember, we will fight it. Remember, we are going to stand like a brick wall against State socialism. Let us see what this bill provides:

That the Secretary of Agriculture is authorized and directed—

my amendment simply authorizes. The Reconstruction Finance Corporation is simply authorized, under my amendment, when it finds a sound loan, when it finds that it can not be financed here at home, when it finds that the market would be improved by exporting a commodity abroad, when the Reconstruction Finance Corporation, as business men, think it is a sound transaction, my bill says they "may." The Senator's bill says that the Secretary of Agriculture is "authorized and directed." He has to do it—

immediately to assist in the rehabilitation of the storm-stricken areas in such States.

What States? Alabama, Georgia, South Carolina, and Kentucky. It is unsound to have a national policy which reaches all of the people of the United States, but it is statesmanlike to have one that fits only four States in the Union. It is State socialism if it embraces all of the people, but it is sound doctrine when it touches the citizenship of only four States.

Let us see what else.

For such purposes the Secretary of Agriculture shall have power to make loans to persons in the storm-stricken areas in such States.

Listen to this. I want the attention of the Senator from South Dakota. He may remain seated if he likes, but I want him to listen.

Mr. NORBECK. I will get closer, so that I can hear the Senator better.

Mr. CONNALLY. I want the Senator's attention. What, under this bill, does the Senator from Alabama provide?

For such purposes the Secretary of Agriculture shall have power to make loans to persons in the storm-stricken areas in such States upon such terms and conditions as he shall by regulation prescribe—

There is no requirement there as to whether there shall be any security or not. There may be further on. I shall not foreclose that. It is just as the Secretary of Agriculture may by regulation prescribe. Think about the farmer in need being turned over to the Secretary of Agriculture, without any guidance by the Government. Let the Secretary of Agriculture absolutely sacrifice him, this cruel monster who does not have any sympathy for the American farmer—

including an agreement by the borrowers to use the loans for the purposes specified by him.

He would give the Secretary of Agriculture, this bureaucrat, the power to say to the farmer, "You may have a little money, but I will make you use it as I shall prescribe," not as a free American citizen getting a loan, to do with it as he may, but getting it as a cringing, cowering, humiliated supplicant.

"Give me; oh, give me Government funds, and then tell me how I may use them, tell me that only in this particular way I may employ them."

The bill provides further:

Except that no such loan shall be made for a period of more than 10 years.

Lend him money on moonshine, but he may not lend it for longer than 10 years. My amendment provides that these loans shall be made upon adequate security, and for not more than three years, to sound business concerns. The amendment of the Senator from Alabama provides that they may be made to anybody, with nothing except a promise of future residence in the realm over yonder beyond the silvery clouds, just so you do not make him a loan for more than 10 years. That is not socialism; that is sublime statecraft.

Except that no loan shall be made for a period of more than 10 years or in an amount in excess of $5,000 to any one individual.

Five thousand dollars for what? It is to sufferers from the storm. They need only temporary relief, temporary help.

He wants to give the individuals not more than $5,000 each. That is lots of food for one man to eat until the storm has passed by. That is lots of clothing for one man to use until the storm cloud goes by.

The rate of interest shall be beginning with the fourth year—he gives him three years free interest—the rate of interest upon each such loan beginning with the fourth year—I suppose that is what it means, but if I am in error I ask the Senator from Alabama to correct me. It reads:

The rate of interest upon each such loan beginning with the fourth year shall be 5 per cent per annum, but the Secretary of Agriculture in his discretion may defer the payment of interest upon any such loan for such period of time as he shall deem necessary.

If the old boy with $5,000 in his jeans, with no security for it, and 3 years free interest and with 10 years' time to pay it, has no interest at the end of 10 years, this terrible monster, the Secretary of Agriculture, may waive the interest.

Mr. President, I take off my hat to pay my profound tribute to this constructive piece of agricultural statesmanship in the form of Senate Joint Resolution 131 introduced by the Senator from Alabama.

All such loans shall be made by the Secretary of Agriculture or through such agencies as he shall designate.

Yes; let the Secretary of Agriculture appoint anybody he wants to. The Senator does not trust the Secretary of Agriculture, but if he can not trust him in any other respect, how will he trust him to appoint agents to carry out the plan? Why, Mr. President, it is provided also that all money received during two years shall become a revolving fund. The Senator is looking for another storm at the end of two years. He wants a revolving fund provided from these loans so that the Department of Agriculture, through the Weather Bureau, can hang out a signal, and every time they have a storm or a thunderhead gathering in Alabama he can telephone down to them and tell them to start the loan fund revolving again which has been accumulating under Senate Joint Resolution 131.

Mr. President, I submit that the amendment which I have offered is not State socialism. The Senator from Alabama says he does not favor the whole policy, but now that we have the policy he is in favor of helping to carry out its activities. If that be true, how can he object to my provision for making loans to dealers in commodities? I do not mean loans on mere moonshine. I mean loans on actual cotton and actual wheat and actual security, so that when a merchant sells his commodity abroad and gets payment for it he can repay the Reconstruction Finance Corporation, not in 10 years but in not to exceed 3 years.

When we are appropriating $3,500,000,000 to finance industry and to finance commerce, to build bridges and tunnels, and to set up such self-liquidating corporations, I submit that $250,000,000 as a limit is not too much to designate for the assistance and the relief of that one great industry upon whose prosperity depends all the others that we are now seeking to aid by artificial stimulation. I submit that the Reconstruction Finance Corporation need not loan all of the $250,000,000. I submit that the Government ought to vest that corporation with such authority so that in case there is a demand for this sort of credit by men with security, considering the markets abroad and the necessity to remove the surplus from our own markets, they can make the loans. I submit that no real friend of the farmer can consistently vote against a policy like that while at the same time advocating such a policy as is enunciated in Senate Joint Resolution 131.

Mr. BLACK. Mr. President, I do not want the Senate to forget the issue which is before it. I have been very much interested in the impassioned defense of the Secretary of Agriculture made by the Senator from Texas [Mr. CONNALLY].

Mr. CONNALLY. The Senator made the defense in his joint resolution.

Mr. BLACK. I am delighted that the Senator from Texas made that defense. I tried to explain to the Senator, but it seems it made no difference to him, that I offered the joint resolution providing for the administration of the fund by the Reconstruction Finance Corporation. The measure went to the committee. The committee declined to accept it. I insisted that I did not want it administered by the Secretary of Agriculture. However, upon the insistence of the committee, I amended the language of the joint resolution and offered it in the form from which the Senator from Texas has read. However, of course, it has no materiality to the question which is here involved. It was a very interesting discussion that was made by my friend from Texas, but it has no relevancy to the question before us.

As a matter of fact I was wondering what similarity the Senator from Texas could find in the lending of money to a farmer down in Alabama whose home had been blown away, who had lost the savings of a lifetime, and the lending of money to Clayton & Co., of Texas, for the purpose of engaging in a huge cotton business. It may be there is a similarity. I do not know about that, but I do know that under the joint resolution which I offered it was limited in the making of loans to the individual farmers who had lost their homes and who had seen taken away from them the last vestige of the last plank which they had spent their years in providing to cover their families. Compare that to the loaning of $250,000,000 to every cotton broker, to every large cotton salesman in the United States. It would embrace loans, if the Reconstruction Finance Corporation wanted to make them, to every large cotton broker all the way from Texas to New York. I insist that there is no similarity whatsoever. They are as distinct as the North and South Poles. The joint resolution which I offered was offered in line with the theory which the Government adopted years ago of aiding those in distress brought about through a sudden emergency. It relates to individual farmers.

I went through that section two weeks ago. I went through a little village where every home in it for a space of hundreds of feet had been blown away and not a plank had been left. No, Mr. President, I have no apology to make for having introduced the joint resolution. It was in line with measures which have been offered heretofore. There is no similarity whatever, nor can any be found in voting for that measure and voting for a proposal which would take $250,000,000 of the taxpayers' money, not to rebuild a home which has been destroyed, not to rebuild a barn which has been blown away, but to carry on the business of a cotton broker. I have always thought the cotton brokers should be allowed to carry on their business as other good Americans do, just like any other American business men. If they had competition, it would be all right. If they did not have it, it would be all right. But I am opposed at this juncture to opening up this fund to this particular class of individual business men unless we broaden it so as to include all of the business men who are in distress. If we want the Government to go into the banking business and lend to every distressed business in America, that will be perfectly satisfactory to me.

I want the Senate to understand the issue. It has nothing to do with the joint resolution from which the Senator from Texas read at such great length. I have nothing else to say about that. The amendment which I have offered is to strike from the bill an appropriation of $40,000,000 to be turned over to the Secretary of Agriculture to be used in his discretion in financing crops abroad. I am opposed to that policy. The Senator from Texas has offered a substitute, as I understand it, for an authorization for $250,000,000 to be loaned by the Reconstruction Finance Corporation to various business enterprises. I am frank to state that if it were $40,000,000, and the other were $40,000,000, I would vote for his proposal rather than vote for turning over $40,000,000 to the Secretary of Agriculture for the purposes set out in the bill; but I am opposed to both proposals.

Mr. CONNALLY. Mr. President, I do not care to answer the Senator from Alabama except as to one aspect of his statement. I understand certain of his remarks rather to insinuate or imply that the Senator from Texas had been actuated in this matter with respect to aiding some particular cotton firm or exporter.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Alabama?

Mr. CONNALLY. In just a moment.

Mr. BLACK. I merely wish to say——

Mr. CONNALLY. I refuse to yield now until I shall have concluded.

The PRESIDING OFFICER. The Senator from Texas declines to yield.

Mr. CONNALLY. I want to say that if the Senator from Alabama intended to make or now makes any sort of insinuation of that kind, he speaks that which is not true and which is unworthy of any Senator.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Alabama?

Mr. CONNALLY. I yield.

Mr. BLACK. I was trying to get the Senator to yield when he started to make his statement.

Mr. CONNALLY. I have yielded to the Senator several times. I was not conscious that he wanted me to yield again.

Mr. BLACK. I was trying to get the Senator to yield at the point where he made his statement to which I am about to refer. I made no such intimation. I made no such insinuation.

Mr. CONNALLY. What did the Senator insinuate?

Mr. BLACK. I would not have thought of making such an insinuation. I would not have believed it if anybody else had made it.

Mr. CONNALLY. What insinuation did the Senator make?

Mr. BLACK. I do not think under any consideration the Senator from Texas would be prompted by any motive of benefiting an individual in his State or a business in his State. I have the highest regard for the Senator's integrity and for his ability as a Senator. I always have had and I have now. If there was anything that I said that by any stretch of the imagination under any circumstances or conditions could lead any human being to believe that

I intended to leave such an impression or make such an insinuation, I want at this time to state that it was not intended, that I did not intend it, and that if anyone had said it about the Senator I myself would have resented it.

Mr. CONNALLY. What insinuation did the Senator make?

Mr. BLACK. None whatever. The Senator is entirely mistaken. If I had made it I would repeat it, but I did not make it. I did not intend to make any kind of an insinuation, and if anyone else had made an insinuation about the Senator from Texas I would have resented it myself.

Mr. CONNALLY. I shall be glad if the Official Reporter will preserve the remarks as made.

I do not know the attitude of any single exporter or cotton dealer in my State with respect to the amendment which I have offered. I do not know their attitude. My only motive is in trying to stimulate the cotton and wheat and agricultural markets abroad. Whether or not the Senator from Alabama, in his zeal and vigor in debate, made any such insinuation as that, I desire to express my utter disregard of it. I accept what the Senator said.

The PRESIDING OFFICER. The question is on the substitute proposed by the Senator from Texas [Mr. CONNALLY].

On a division, the substitute was rejected.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Alabama [Mr. BLACK] to the amendment reported by the committee.

Mr. NORBECK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Johnson	Robinson, Ark.
Austin	Costigan	Jones	Robinson, Ind.
Bailey	Couzens	Kean	Schall
Bankhead	Dale	Kendrick	Sheppard
Barbour	Davis	King	Shortridge
Barkley	Dickinson	La Follette	Smoot
Bingham	Fess	Logan	Steiwer
Black	Fletcher	McGill	Stephens
Blaine	Frazier	McKellar	Thomas, Idaho
Borah	George	McNary	Thomas, Okla.
Bratton	Glenn	Metcalf	Townsend
Brookhart	Goldsborough	Moses	Trammell
Bulkley	Gore	Neely	Tydings
Bulow	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Caraway	Hatfield	Oddie	Walsh, Mass.
Carey	Hayden	Patterson	Walsh, Mont.
Cohen	Hebert	Pittman	Watson
Connally	Howell	Reed	White

The PRESIDING OFFICER. Eighty Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Alabama [Mr. BLACK] to the amendment reported by the committee.

Mr. McNARY. Mr. President, let us have the yeas and nays.

Mr. NORBECK. I ask for the yeas and nays.

Mr. BORAH. Mr. President, I want to inquire as to the parliamentary situation. The amendment, as I understand, offered by the Senator from Alabama is to strike out subdivision (b) on page 4?

The PRESIDING OFFICER. The amendment is to strike out subdivision (b) of page 101 extending over to page 102.

Mr. BORAH. I have the reprint of the bill.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Alabama to the amendment reported by the committee, on which the yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). I have a pair with the Senator from New Hampshire [Mr. KEYES]. In his absence, not knowing how he would vote, I withhold my vote.

Mr. COHEN (when his name was called). I am paired with the Senator from Minnesota [Mr. SHIPSTEAD]. I find I can transfer that pair to the Senator from Illinois [Mr. LEWIS], which I do, and will vote. I vote "yea."

Mr. HASTINGS (when his name was called). I have a pair with the junior Senator from Tennessee [Mr. HULL] and therefore withhold my vote. If permitted to vote, I should vote "nay."

Mr. HATFIELD (when his name was called). I have a general pair with the Senator from North Carolina [Mr. MORRISON]. He being absent, I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I am unable to secure a transfer, and therefore must withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WATSON (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH], who is absent from the city. I am not able to secure a transfer, and therefore withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote, I withhold my vote.

Mr. GLENN. I have a pair with the junior Senator from Louisiana [Mr. LONG], who is absent from the city, and therefore withhold my vote. If at liberty to vote, I should vote "yea."

Mr. THOMAS of Idaho (after having voted in the negative). I inquire if the junior Senator from Montana [Mr. WHEELER] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. THOMAS of Idaho. I have a general pair with the Senator from Montana and therefore withdraw my vote.

Mr. FESS. I desire to announce the general pair of the Senator from Colorado [Mr. WATERMAN] with the Senator from Washington [Mr. DILL].

The result was announced—yeas 33, nays 39, as follows:

YEAS—33

Ashurst	Costigan	McGill	Thomas, Okla.
Bankhead	Fletcher	McKellar	Trammell
Black	George	Metcalf	Tydings
Blaine	Gore	Moses	Wagner
Borah	Harrison	Norris	Walsh, Mass.
Bulkley	Kendrick	Pittman	Walsh, Mont.
Byrnes	King	Robinson, Ark.	
Caraway	La Follette	Smoot	
Cohen	Logan	Stephens	

NAYS—39

Austin	Couzens	Howell	Robinson, Ind.
Bailey	Dale	Johnson	Schall
Barbour	Davis	Kean	Sheppard
Barkley	Dickinson	McNary	Shortridge
Brookhart	Fess	Neely	Steiwer
Bulow	Frazier	Norbeck	Townsend
Capper	Goldsborough	Nye	Vandenberg
Carey	Hale	Oddie	Walcott
Connally	Hayden	Patterson	White
Copeland	Hebert	Reed	

NOT VOTING—24

Bingham	Glass	Jones	Smith
Bratton	Glenn	Keyes	Swanson
Broussard	Hastings	Lewis	Thomas, Idaho
Coolidge	Hatfield	Long	Waterman
Cutting	Hawes	Morrison	Watson
Dill	Hull	Shipstead	Wheeler

So Mr. BLACK's amendment to the amendment of the committee was rejected.

Mr. TYDINGS. Mr. President, I ask at this time that the amendment which I offered yesterday, in the nature of a substitute for the bill, be brought before the Senate.

The VICE PRESIDENT. There is a pending amendment, and a substitute is not in order until amendments to perfect it have been disposed of.

Mr. TYDINGS. Then I offer the proposition which the clerk holds in his hand as an amendment, to strike out the first section of the substitute and insert in lieu thereof the amendment which I have offered.

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Oklahoma?

Mr. TYDINGS. I yield to the Senator from Oklahoma for a question.

Mr. GORE. I desire to make a motion to reconsider a vote that was taken this morning in my absence. I do not

know that the parliamentary situation would require it to be considered now, before the amendment tendered by the Senator from Maryland is submitted, or not.

The VICE PRESIDENT. It is not necessary to consider it at this time. The motion to reconsider will be considered as having been entered.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me to have some matter inserted in the RECORD?

Mr. TYDINGS. I yield.

Mr. ROBINSON of Indiana. Mr. President, I have received this morning a telegram from Fort Wayne, Ind., reading as follows:

FORT WAYNE, IND., *June 21, 1932.*

Hon. ARTHUR R. ROBINSON,
United States Senate, Washington, D. C.:

Fort Wayne and Allen County have carried the local unemployment burden thus far, but funds are about exhausted. We need $2,000,000 Federal aid to care for the 9,000 out of work for a 12 months' program.

ARTHUR HALL.
G. IRVING LATZ.
OSCAR FOELLINGER.
E. A. BARNES.
G. V. FULLER,
Executive Secretary Fort Wayne Community Chest.

This is a mere indication of the distress and the need for aid that exists in that Indiana city.

Mr. COUZENS. Mr. President——

Mr. TYDINGS. I yield to the Senator from Michigan.

Mr. COUZENS. Yesterday, when the Senator from Maryland had placed in the bill an amendment providing for preference for World War veterans with dependents, I suggested doing away with labor-saving machinery as much as possible, and confining the work to hand labor. The amendment I desire to propose will not interfere with the Senator's amendment but will be a perfecting amendment in case his amendment is adopted. I wonder if he will yield to me to permit me to submit that amendment at this time.

Mr. TYDINGS. I shall be glad to yield to the Senator from Michigan, as I am in sympathy with his amendment; but of course I am doing it with the understanding that it will not lead to much debate.

Mr. COUZENS. I do not think it will.

Mr. TYDINGS. Will the Senator agree to withdraw his amendment for the time being in the event that it does lead to much debate?

Mr. COUZENS. Certainly.

Mr. TYDINGS. Then I withdraw my amendment temporarily.

The VICE PRESIDENT. The Senator from Maryland withdraws his amendment for the time being. The Senator from Michigan is recognized.

Mr. COUZENS. Mr. President, I desire to draw the Senate's attention to section 6, on page 111, where provision is made, in substance, for the 5-day week and the 6-hour day—in other words, the 30-hour week. I propose to add, at the end of the word "week," on line 23, the following:

Provided further, That so far as practicable, hand labor shall be employed.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. NORRIS. Mr. President——

Mr. TYDINGS. I yield.

Mr. NORRIS. I want to ask the Senator if he will yield while I offer a perfecting amendment on page 102, following the language that the amendment we voted on a few moments ago sought to strike out and failed. I will withdraw it if it leads to any debate.

Mr. TYDINGS. Under those circumstances, I yield.

Mr. NORRIS. Mr. President, on page 102, after line 7, I offer the following amendment:

The Secretary of Agriculture is directed to report to Congress in detail his action under this subsection.

That is merely asking for a report from the Secretary of Agriculture of his action under the provision by which he is given $40,000,000 to use for the purposes named.

Mr. McNARY. Mr. President, the Senator from South Dakota [Mr. NORBECK] has made a strong defense of this whole item. He is absent from the Chamber at this time; and I suggest to the Senator from Nebraska that he withhold his proposal until the return of the Senator from South Dakota.

Mr. NORRIS. I have no objection to that, except it seemed to me to be very appropriate, while that matter is fresh in the minds of Senators, to make this small addition to it.

Mr. McNARY. I should have no objection, and I do not think the Senator from South Dakota would; but I think it would be well to withhold the amendment until he comes in.

Mr. NORRIS. Would the Senator object to acting on the amendment with the understanding that if the Senator from South Dakota objects to it, and wants it reconsidered, I will consent to its reconsideration? I realize that I can offer it at any time; but my reason for offering it now is that we have just voted on striking out that language.

Mr. WAGNER. Mr. President, may I inquire whether it would not be more desirable to put in a time when this report is to be made to the Senate?

Mr. NORRIS. I do not know how long it is going to take the Secretary of Agriculture to get rid of that $40,000,000, so I could not put in the time. If there is any objection to my offering the amendment at this time, however, I will withhold it.

Mr. McNARY. There are some possibilities over reconsideration. The bill will be here for several hours, and I suggest to the Senator that he withhold the amendment.

Mr. NORRIS. All right; I will withdraw the amendment for the present.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Iowa?

Mr. TYDINGS. I yield to the Senator.

Mr. BROOKHART. I desire to offer——

Mr. TYDINGS. May I say to the Senator that I do not yield for the purpose of offering an amendment. I have an amendment of my own pending.

Mr. BROOKHART. I do not think there will be any objection to this amendment. If there is, I shall withdraw it.

Mr. TYDINGS. I have been glad to yield to three or four Senators with short amendments; but I really think I have been as courteous as could be expected, and more so. I value my own amendment somewhat, and I must insist that it be considered next.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senator from Maryland.

Mr. KING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. I do not want to interfere at all with my friend; but if the amendment just offered were to be adopted it would not preclude consideration of amendments tendered to section 1, would it?

The VICE PRESIDENT. If the amendment is agreed to, it will, because it strikes out section 1.

Mr. KING. Then I should like to perfect section 1 before that is done.

The VICE PRESIDENT. The Senator has a right to do that, if his amendment perfects section 1.

Mr. KING. I dislike to interfere with my friend's amendment, but I want to perfect this section.

Mr. TYDINGS. I have to leave to-morrow afternoon, and I am very anxious to get a vote on my own amendment to-day. May I say to the Senator that if I lose the floor at this time I rather think it will be difficult for me to get it again; so I ask that he withhold his amendment until mine is voted up or down.

The VICE PRESIDENT. The Senator would not lose the right to offer his amendment. It would still be pending;

but as it strikes out section 1 and substitutes certain matter, the Senator from Utah has a right to perfect the section before the vote is taken upon the amendment of the Senator from Maryland. Therefore, the amendment of the Senator from Utah is in order if he desires to offer it at this time.

Mr. KING. I will trust to the debate and whatever fate attends the amendment.

The VICE PRESIDENT. The question is on the amendment of the Senator from Maryland; and the Senator from Maryland is recognized.

Mr. TYDINGS. Mr. President, unless Members of the Senate want the amendment read, or unless they want more discussion upon it, I am disposed to let it come to a vote without further debate. In the few minutes that I shall occupy the time of the Senate, unless I am interrogated, I shall try very briefly to state what the amendment is.

First of all, it provides for a bond issue of $1,500,000,000. Of that sum, $1,000,000,000, in accordance with the Federal highway act, is to be used to build roads, bridges, and tunnels in the States. There is $300,000,000 for rivers and harbors and flood-control projects. That makes $1,300,000,000. About $175,000,000 additional is appropriated for a very selected list of buildings, already approved by the Congress, which are needed, and which I believe upon examination will be held to be economically sound.

I offered this amendment because I was opposed to making loans to States, counties, and municipalities if a sounder program, so to speak, could be promulgated. I thought that the making of loans to municipalities and counties and States was not a sound policy if it could be avoided in this time of extraordinary stress.

The amendment I have proposed provides for nothing more than a continuation of normal Government activity. It provides that we shall do the things which we would do anyhow in the next 10 or 15 years. We will appropriate the money anyhow in the next 15 years to do the very things which my amendment proposes. It would keep the Federal Government out of all this banking business, and, as I have sat here from day to day listening to the discussion of a so-called unemployment relief bill, all I have heard discussed is a banking measure, to lend money to every Tom, Dick, and Harry in the United States.

When the Federal Treasury becomes the financing agency for all kinds of enterprises, then the day of the balanced Budget and of the integrity of the American dollar is gone. We are entering upon a very dangerous domain when we make the Federal Treasury the first national bank of all the business agencies in the United States, including the States and counties and cities.

I furthermore believe that a billion dollar road program has two distinctive appeals. First of all, it would result in work in every part of the United States. Every city, every county, would get its proportionate share. Unemployment, while more aggravated in a particular spot than elsewhere, is general, nevertheless, all over the United States. There is not a county in the country that has not suffered from the effects of the depression, and as relief is divided into two categories, namely, direct relief, by employing the now unemployed, and, secondly, giving them purchasing power, so that industry may employ more people to produce the things which the unemployed will buy, why not spread that help over the entire country?

In addition to that, Mr. President, it would result in the employment of more people, in my judgment, than any other scheme which has been offered here. This business of the Government lending to the A B Bridge Co. or the C D Tunnel Co. ought to be avoided if possible. We have no business taking the money of the taxpayers of this country and parceling it out to business concerns which may want financial assistance. That is not a function of the Government.

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. BROOKHART. I would like to ask the Senator, not having had time to examine the bill, what he would strike out of the bill?

Mr. TYDINGS. Eventually, if my amendment is adopted, it will strike out everything after the first section.

Mr. BROOKHART. Leaving only the road-building program?

Mr. TYDINGS. No. As I stated in the beginning of my remarks, I offer a billion five hundred million dollars worth of work, a billion for roads, three hundred million for rivers and harbors and flood control, and a little less than two hundred million for a selected group of public enterprises, among which is $20,000,000 for veterans' hospitals and some customs houses.

Mr. BROOKHART. If the Senator offered that as an addition to what is in the bill, I would be glad to vote for it, but I do not feel like voting to strike all of the other things out of the bill.

Mr. TYDINGS. I want to strike them all out and keep the Federal Government within its proper function, which is to do the Government business, to exercise its governmental function, and not go out into the field of lending everybody money.

Mr. President, I doubt very much whether this amendment will be adopted. I am satisfied, from what I have heard, that instead of an employment bill, we are going to have a banking bill. There is no provision for any employment, except indirectly, in this bill, when we eliminate the public-works provisions from the measure.

All it does is to designate the Federal Reconstruction Finance Corporation and authorize it to parcel out the taxpayers' money to every concern which is building public or semipublic improvements.

An amendment was made here the other day to lend money to building associations. No doubt many of them need it, but I simply cite that to show that we are making a banking bill out of this relief bill, and we are making a banking bill rather than an employment bill out of it with the money of the taxpayers of the United States.

Let me illustrate the danger of the self-liquidating projects. The mayor of, say, South Bend, Ind., wants a bridge, or a tunnel, in connection with a highway leading into that city. A contractor goes to him and says, "You can go down to Washington and borrow $2,000,000 to build this bridge." The mayor comes here to the Reconstruction Finance Corporation, the city council, of course, having given him the proper authorization, and gets the taxpayers' money. He takes it back to South Bend, Ind., and with it the contractor builds the bridge. I ask anybody, as a matter of common logic, if in the last analysis the Federal Government has financially aided in building the bridge in South Bend, Ind.?

Mr. PITTMAN. The pending measure is intended as an emergency measure.

Mr. TYDINGS. Yes. But I am afraid the result will be a condition as in the illustration I gave of South Bend, Ind.

Mr. PITTMAN. I wish to say to the Senator that if the Reconstruction Finance Corporation did give to the mayor of a city $1,000,000, or $2,000,000, under this measure, for the purpose of new construction work which did not depend on taxes but would come back from revenue provided for use on that proposition, and it employed men and labor and fed hundreds of families, the fallacious argument made by the Senator would not cause me to vote against it.

Mr. TYDINGS. The Senator started out by saying that my conclusions were inaccurate. I then set up an illustration to prove my conclusions; and the Senator switched his observation by saying that my illustration was accurate; and inasmuch as my illustration proved my conclusion, I not only have my own statement now but the testimony of my interrogator that he was wrong in the premises.

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. BROOKHART. There is some question on this side as to whether the original sections 2 and 3 of the Senator's amendment have been eliminated.

Mr. TYDINGS. Yes; I took out sections 2 and 3, which provided for financing the projects by a tax on beer. There is no beer, not even water, in this proposition.

Mr. BORAH. Mr. President, is the Senator going to take that part of the amendment to Chicago when he goes to-morrow? [Laughter.]

Mr. TYDINGS. That would be a small part of the amendment I am going to take to Chicago to-morrow.

Mr. President, there are many things for which I have voted during this session which under normal times no one could have induced me to support. I am not saying that all of the things for which I have voted have been sound. I am not saying that I have not voted for some things when really every inclination I had was to vote in the negative. I tried to accord to the President all of the nonpartisan support I could get out of a fairly partisan individual. I voted for some things that I really have had a hard time to support and particularly since we had seen some of those things in operation. But because that has been done in the best of faith is no reason why we should forever continue the course down a pathway which, if we pursue it long enough, in my humble judgment, will wreck the Treasury of this Nation.

Who knows how long this depression is going to last? Is it going to be with us for one year only? Where will we be next summer when we begin to appropriate for the following winter? Suppose the depression lasts two or three years more? Where under God's heaven is the money coming from to finance these undertakings, particularly when we have gone out of the sphere of proper governmental function and indirectly are financing construction companies of the United States with the taxpayers' money? That is the reason why I offered my amendment, perhaps in a futile but well-meant effort to keep the Government in its proper governmental sphere, to keep it from going into fields which under normal conditions no one would dream of having it enter.

We have got to make the decision now whether it is better to appropriate money in line with our Constitution, in line with our traditions, in line with precedents, in line with what we have heretofore considered sound appropriations, or whether we are to continue the policy of throwing open the Federal Treasury as the first national bank of America for every man who has a project, perhaps worthy, and who desires that the Federal Government shall give him the money with which to operate it.

I do not challenge the good faith of anyone who votes on either side of this question. I know men who are going to support the self-liquidating proposition in just as much good faith as I believe I have in opposing it. I know they have reached their conclusions after looking over the situation in the country and trying to reconcile conflicting views. But I submit that we had better pass the road construction bill, which will redound to the wealth of the country, promote the comfort of its people, supply work to every community, and really have something in the end to show for it than to pass the Federal income around to every concern which wants to be financed.

What is the difference in the city of Baltimore coming over here and borrowing $2,000,000 and then giving me a contract to build a tunnel or a bridge, and I wind up with the $2,000,000 of the Federal taxpayers' money? Baltimore city would turn it over to me as the contractor. In the end we are simply using the Federal funds to finance private undertakings. I believe that if we adopt the amendment of the committee and it is signed by the President, the day will come when there will be many who supported it who will regret it. I believe there will be some factors in connection with it which will not make pleasant reading in the newspapers. There will be many of the so-called self-liquidating projects which will not self-liquidate at all. They will be utter failures, and almost all or a large part of the money at least in many cases will be lost.

Mr. President, I doubt very much if there is sufficient support here for my proposition to carry it. It is offered in good faith. I hope the Senate will adopt it.

Mr. President, I suggest the absence of a quorum, so that we may have a vote upon my amendment.

The PRESIDING OFFICER (Mr. COUZENS in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Johnson	Reed
Austin	Costigan	Jones	Robinson, Ark.
Bankhead	Couzens	Kean	Sheppard
Barbour	Dale	Kendrick	Smoot
Barkley	Davis	King	Stephens
Bingham	Dickinson	La Follette	Thomas, Idaho
Blaine	Fess	McGill	Thomas, Okla.
Borah	Frazier	McKellar	Townsend
Bratton	George	McNary	Trammell
Brookhart	Glenn	Metcalf	Tydings
Bulkley	Goldsborough	Moses	Vandenberg
Bulow	Hale	Neely	Wagner
Byrnes	Harrison	Norbeck	Walcott
Capper	Hastings	Norris	Walsh, Mont.
Caraway	Hatfield	Nye	Watson
Carey	Hayden	Oddie	White
Cohen	Hebert	Patterson	
Connally	Howell	Pittman	

The PRESIDING OFFICER. Seventy Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Maryland to the committee amendment. The Chair suggests that the amendment ought to be read. It does not appear in the RECORD, and there are no printed copies of it available.

Mr. GEORGE. Let the amendment be reported. It has not been printed and is not in the RECORD, as the Chair has suggested. It ought to be read.

The PRESIDING OFFICER. The clerk will read the amendment for the information of the Senate.

The legislative clerk read the amendment, as follows:

Strike out section 1 of the substitute reported by the committee and insert in lieu thereof the following:

"That there is hereby created a special fund in the Treasury to be known as the emergency construction fund and to be administered by the Secretary of the Treasury as hereinafter provided. For the purpose of providing funds to carry out the provisions of this act the Secretary of the Treasury is authorized and directed to borrow on the credit of the United States a sum not to exceed $1,500,000,000 and to issue bonds therefor to be known as emergency construction bonds in such form as he may prescribe. Such bonds shall be in denominations of not less than $50, shall mature in not less than 10 years from the date of their issue as hereinafter provided, and shall bear interest, payable semiannually, at such rate as may be fixed by the Secretary of the Treasury, but not to exceed 4¼ per cent per annum. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

"(b) Such bonds shall be offered at not less than par as a popular loan under such regulations to be prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commission shall be allowed or paid in connection with the sale or other disposition of any such bonds. All amounts derived from the sale of such bonds shall be paid into the emergency construction fund.

"(c) In issuing the said bonds for said loan the Secretary of the Treasury shall issue certificates, according to what is known as the serial annuity plan, and each series as issued shall be lettered beginning with the letter "A," and so on down the alphabet until the entire amount of $1,500,000,000 shall have been issued, so that the entire principal shall be redeemable as follows:

"Series A, $150,000,000, 1 year from date of issue; Series B, $150,000,000, 2 years from date of issue; Series C, $150,000,000, 3 years from date of issue; Series D, $150,000,000, 4 years from date of issue; Series E, $150,000,000, 5 years from date of issue; Series F, $150,000,000, 6 years from date of issue; Series G, $150,000,000, 7 years from date of issue; Series H, $150,000,000, 8 years from date of issue; Series I, $150,000,000, 9 years from date of issue; and Series J, $150,000,000, 10 years from date of issue.

"(d) As soon after the passage of this act as may be practicable the Secretary of the Treasury shall cause said bonds to be prepared and shall advertise them for sale in such manner as he may prescribe: *Provided, however,* That in the event all of said bonds are not sold promptly upon said offering by the Secretary of the Treasury he shall again offer the bonds remaining unsold at the next earliest practicable date and make such adjustment with the purchasers of said bonds as to interest as the difference between the date of said bonds and the time of purchase shall make necessary.

"(e) Said bond issue shall bear a date to be fixed by the Secretary of the Treasury and not longer than 60 days after the passage of this act.

"SEC. 2. (a) The emergency construction fund shall be used for the purpose of providing for the emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931. The following amounts are hereby appropriated from such fund: To the Treasury Department, $33,949,950; to the Veterans' Administration, $20,232,000; to the Inland Waterways Corporation, $815,000; to the Office of Public Buildings and Public Parks, $1,250,000; to the State Department, $1,453,520; to the Navy Department, $25,109,000; to the municipal government of the District of Columbia, $3,535,400; for the construction of roads, bridges, and tunnels, $1,000,000,000; for rivers and harbors improvements and flood-control projects to be expended under the direction of the Chief of Engineers, United States Army, $300,000,000; for reforestation, $10,000,000; and for planting of trees along improved highways, $5,000,000. All amounts available for highways, bridges, and tunnels shall be apportioned by the Secretary of Agriculture among the several States in the manner provided by section 21 of the Federal highway act, as amended, and shall be available for expenditure on highway projects approved by the Secretary of Agriculture in the same manner, so far as practicable, as other funds appropriated for carrying out the provisions of such act, except that no part of such amounts apportioned to any State need be matched by the State.

"(b) The amounts so appropriated shall, so far as practicable, be expended on authorized construction projects covered by the report of the Federal Employment Stabilization Board transmitted to the Senate January 25, 1932, pursuant to Senate Resolution No. 127, Seventy-second Congress, first session, agreed to January 7, 1932, and shall be made available at such times and in such amounts as may be necessary to complete such projects at the earliest practicable date. In the event that an appropriation has heretofore been made for any such project the amount thereof shall be covered into the Treasury as miscellaneous receipts. All amounts appropriated for reforestation and for planting trees along improved highways shall be expended under the supervision of the chief of the forestry service.

"SEC. 3. In the employment of labor in connection with any project provided for in this act, preference shall be given to ex-service men with dependents.

"SEC. 4. This act may be cited as the 'Emergency construction act of 1932.'"

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland. [Putting the question.]

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. The amendment is lost.

Mr. TYDINGS. Mr. President, I was on my feet before the Chair really announced the vote, and I wanted to ask for the yeas and nays. I now ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been demanded. Is there a second? [A pause.] The yeas and nays are not ordered.

Mr. TYDINGS. I ask for a verification by a standing vote of the announcement of the Chair that the yeas and nays were not ordered.

The PRESIDING OFFICER. Those seconding the demand for the yeas and nays will rise. [A pause.] There is not a sufficient number to second the demand; and the amendment is rejected.

LEGISLATIVE APPROPRIATIONS—CONFERENCE REPORT

Mr. JONES. Mr. President, I think I should present a conference report and ask for its present consideration in order to expedite business that really has to be transacted. So I present a conference report and move its present consideration.

Mr. KING. What is the conference report?

Mr. JONES. It is the conference report on the economy bill.

Mr. WALSH of Montana. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WALSH of Montana. If the motion of the Senator from Washington shall prevail, will it displace the unfinished business?

The PRESIDING OFFICER. It will not, because the report for which the Senator from Washington asks consideration is a privileged matter. The report will be read.

The legislative clerk proceeded to read the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate (Nos. 46–168, both inclusive) to the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes.

Mr. ROBINSON of Arkansas. I ask for a suspension of the reading of the report.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBINSON of Arkansas. Mr. President, I desire the attention of the Senator from Washington [Mr. JONES]. The indications are that the amendments to the text of the bill now under consideration, with the exception of the one proposed by the Senator from New Hampshire [Mr. MOSES] and another amendment in the nature of a substitute, have about been disposed of. I believe that if the Senate might be permitted to proceed with the bill now under consideration we could reach a conclusion of that measure before the end of this day. I am told that there will be some discussion of the conference report presented by the Senator from Washington. There is no disposition here, of course, to defer that unduly or to fail to take proper action on it.

I wonder if the Senator from Washington would not permit us to proceed for a time with the pending bill? He has been very generous, and we appreciate his action in that particular.

Mr. JONES. I am anxious to have the conference report disposed of to-day.

Mr. ROBINSON of Arkansas. Of course I can only give the Senator from Washington the assurance that I have just stated. There is no agreement to vote on the pending measure and none is possible until some other amendments shall have been disposed of. But the bill under consideration, the so-called unemployment relief bill, itself, must also go to conference and some time will be required to work out the details, probably a considerable time.

Mr. KING. Mr. President, will the Senator from Arkansas yield to me?

Mr. ROBINSON of Arkansas. Yes.

Mr. KING. I want to mention to the Senator from Arkansas, and also to the Senator from Washington, so that there may be no misapprehension, that I have several motions I desire to make relative to the pending measure. One is to reconsider the vote by which the amendment offered by the Senator from Pennsylvania [Mr. REED] was agreed to; another to strike out subdivision 2 of section 1, the provision for private corporations receiving aid; and if that should not be agreed to, I shall propose another amendment limiting the amount which may be loaned to any one project to $25,000,000. I thought it was only fair to all concerned that I should indicate that those motions were pending and would be offered.

Mr. JONES. Mr. President, of course, I do not know what discussion there may be of the conference report for which I have moved consideration; whether it will take any considerable time or not; but I thought probably we could soon dispose of it. If it should take some little time, why then I think it is rather important that we should proceed with it and get it disposed of, because a number of appropriation bills, as I stated this morning, have to be passed and be in operation before the 1st of July. Some of them ought to be in effect previous to that time, so that matters can be properly carried on. I want to dispose of the conference report to-day. If by withholding it a couple of hours, it can still be concluded to-day and allow the consideration of the pending measure to proceed, I am perfectly willing to do that.

Mr. ROBINSON of Arkansas. I suggest that the Senator from Washington take that course for the present, and then if he feels constrained later to proceed with the conference report, he will, of course, be at liberty to do so.

Mr. McKELLAR. Mr. President, may I ask the Senator from Washington if he could not arrange to take the conference report up to-morrow? I have something I wish to say, but I am not prepared this afternoon, and I should like to have the consideration of the report deferred until to-morrow morning. If the Senator can arrange to do that, I will greatly appreciate it.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. The Senator from Washington has the floor.

Mr. JONES. Mr. President, I want to accommodate all Senators so far as I can, but I am also anxious to have the public business transacted. I know there is no disposition unnecessarily to delay the consideration of the conference report, and, if it will help matters to proceed with the pending bill to-day, I am perfectly willing that that should be done; but I wish to give notice that on the opening of the session to-morrow I will ask that the Senate proceed with the consideration of the conference report. For the present, therefore, I withdraw the conference report and my motion, but I give notice that on the convening of the Senate to-morrow I shall make a motion to proceed with the consideration of the conference report.

Mr. MOSES. That being the case, I will now offer the amendment of which I spoke this morning.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER. The Senator from New Hampshire has the floor. Does he yield to the Senator from California?

Mr. MOSES. I yield.

Mr. JOHNSON. I wish simply to request that the report submitted by the Senator may be printed in the interim so that we may have it before us to-morrow morning.

Mr. JONES. It is printed in the RECORD in the proceedings of the House and the Senator can also secure a printed copy of it.

Mr. JOHNSON. Very well.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Utah?

Mr. MOSES. I yield.

Mr. SMOOT. I desire to give notice that following action on the conference report on the legislative appropriation bill involving the economy program, I intend to ask that the Senate proceed with the consideration of the independent offices appropriation bill. I do not think that it will take very long to consider that bill.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program, and providing a method of financing such program.

Mr. REED. Mr. President, will the Senator from New Hampshire yield to me?

Mr. MOSES. I yield.

Mr. REED. The Senator from Utah [Mr. KING] has stated that he expects to make a motion to reconsider the vote by which the amendment was added at the end of the bill dealing with certain Army construction. I hope the Senator will do me the kindness of making that motion at some time when I am on the floor, because it will be my duty to make the point of order against the motion that it is too late.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Montana?

Mr. MOSES. I yield.

Mr. WALSH of Montana. I desire to address myself to the matter just adverted to by the Senator from Pennsylvania.

I was not present when the amendment was offered or adopted and I had no opportunity whatever to know anything about it until the reprint of the committee amendment with the amendments heretofore adopted to it was laid on our desks this morning. I assumed that it was an amendment providing simply an appropriation for the construction of Army buildings according to the housing program, and I should have no particular objection to that; indeed, in the drafting of the bill consideration was given to the question as to whether an appropriation should not be included in the bill for some such purpose.

But, Mr. President, now that I have an opportunity to read the amendment, I find that it not only makes an appropriation of $15,000,000 for housing work and similar construction but undertakes to specify the particular housing construction that shall be undertaken under this provision, without any information, so far as I know, on the part of the Senate concerning by whom the selection was made or about the necessity for the particular buildings included in the item.

With respect, for instance, to the general building construction provisions of the bill there is an appropriation of $100,000,000 for the construction of buildings pursuant to the survey heretofore made and according to the selection and choice made by the Secretary of the Treasury and the Postmaster General. There is no attempt to specify where the construction shall take place or what buildings shall be constructed except as thus indicated.

Considerable criticism has been directed against the House bill by reason of the fact that it undertakes to specify the particular works for the construction of which the bill provides. It has been referred to opprobriously by reason of that feature of the bill, and it occurred to me that much the same manner of criticism might be directed at this particular feature of the amendment offered by the Senator from Pennsylvania.

This amendment, for instance, provides for the construction of a quartermaster maintenance building at Albrook Field, Canal Zone, for buildings at Barksdale Field, La., for buildings at Fort Bennings, Ga., for buildings at Fort Douglas, Utah, for construction at Edgewood Arsenal, Md.——

Mr. MOSES. Mr. President, I do not wish to imperil my possession of the floor. However, if this colloquy is not going to run much longer, I shall yield.

Mr. WALSH of Montana. It would look at least as though it would be open to the criticism that these items are incorporated for the purpose of getting support for the amendment.

Mr. REED. No, Mr. President. Will the Senator from New Hampshire yield to me to reply? If so, I will be very brief.

Mr. MOSES. I yield.

Mr. REED. The matter of Army housing has always been handled in this way; that is to say, the Congress has specified where each improvement shall be made and how much shall be expended upon it. The amendment is substantially the same as the provision which was embodied in the original Garner bill, and the list was taken from an Army housing bill worked out after careful study by the House Military Affairs Committee, some member of which visited every single post mentioned in the list, with the exception of one.

Mr. WALSH of Montana. Let me ask the Senator a question. It is now suggested to me that the amendment of the Senator from Pennsylvania was directed to the House text.

Mr. REED. No, Mr. President.

Mr. ASHURST. Mr. President——

The PRESIDING OFFICER. The Senator from New Hampshire has the floor. Does he yield; and if so, to whom?

Mr. MOSES. I have been yielding to the Senator from Pennsylvania and to the Senator from Montana, but as I said, Mr. President, I do not wish to imperil my possession of the floor.

Mr. ASHURST. Mr. President, I have no antagonism to the amendment——

The PRESIDING OFFICER. Does the Senator from New Hampshire yield; and if so, to whom?

Mr. MOSES. I yield now to the Senator from Arizona.

Mr. ASHURST. I thank the Senator. I was here when this amendment was adopted and I believe the chairman of the committee, the Senator from New York, understood—and that the Senate understood—that the amendment proposed by the Senator from Pennsylvania was to complete the House text of the so-called Garner bill. I know that the Senator from Pennsylvania believed that he was offering an amendment to the so-called Wagner bill; but I recall with vivid distinctness that it was the impression on this side—certainly it was my impression—that the amendment presented by the Senator was to the House text, so that, if and when the House text became a law, the Senator's amendment would be incorporated in it. I had an amendment of almost identical character which was

intended to be offered as an amendment to the House text, so that when it became a law, if ever, my amendment would be in it.

Mr. REED. Mr. President, it is already in the House text.

Mr. MOSES. Inasmuch as this subject is not before the Senate, and will not be until the motion to reconsider is actually made——

Mr. ASHURST. Mr. President, just a moment; a parliamentary inquiry. I understood that this was simply restoring the House text. I have no objection to the amendment; but I know that the able Senator from Pennsylvania would not want to achieve any victory where there was a misunderstanding.

The PRESIDING OFFICER. The Chair is reminded of the fact that this is an amendment to the so-called Wagner bill, on page 114.

Mr. ASHURST. Yes; I am aware of that. I am aware that the RECORD states that; but the Chair is not aware—and I am not aware—that the Senate understood that that was the situation. The Senate believed that we were restoring the House text and not amending the Wagner bill. I state that on my authority.

The PRESIDING OFFICER. The Senator from New Hampshire will lose the floor if he does not proceed.

Mr. MOSES. Mr. President, as I said, this matter is not before the Senate, and will not be until the motion to reconsider is actually made. Therefore I will resume the floor, and move to amend by striking out, beginning on page 103, at line 20, down to the end of line 16 on page 112.

Mr. President, this amendment goes to the heart of the difference of opinion regarding the policy to be pursued in legislation of this character. One school of opinion in the Senate maintains strongly that large sums of money should be raised through bond issues for the purpose of public works, to the end of mitigating unemployment. The other school of opinion—and I adhere to the second school—believes from observation and experience that the moneys already spent for public works under similar circumstances have not produced that mitigation of unemployment which the authors of the legislative projects had in mind.

We discover, from observation in many sections of the country, that when large sums of money are provided for public works, and notably for Federal buildings, the contractors for those projects prove to be, in almost every instance—certainly in a very large percentage of instances—specialized contractors who are familiar with every detail of Federal specifications for buildings, who know how to take advantage of every incident connected with securing a contract, who bring their own organizations to the site of the operation, and who provide little or no local employment.

This very morning in one of the Washington papers was to be found a violent complaint about the situation which has been created in this city in the expenditure of the many millions of dollars which we have authorized for public buildings here, on the ground that practically all of the contracts were awarded to these highly specialized contractors, and that substantially no employment was provided for people in the community.

In other words, Mr. President, those of us who hold opinions similar to mine regarding legislation of this character are of the opinion that the expectations of benefits to be reached under a bill such as this, which is entitled "A bill * * * to create employment by authorizing and expediting a public-works program," are bound to prove futile.

In addition to that, we have spent hours in discussing the form in which we should give aid to self-liquidating projects. The projects contained in the portion of the bill which I am moving to strike out are not only not self-liquidating but they are projects which will set up a perpetual burden upon the Treasury through maintenance, repairs, custodial services, and so forth.

It is believed, if one may read the terms of the bill optimistically, that that portion of the money which is purposed to be used for highway construction will some time come back into the Treasury through deductions to be made from annual grants to the States under legislation already existing. I believe that equally will prove futile, Mr. President, and that no one of the benefits advanced as flowing from this section of the bill can be realized in anything like the measure that the authors of the bill and the committee have in mind.

As I have watched the progress of the bill in the Senate, I have become convinced that the form of the bill is substantially determined upon, and I believe that the fate of the bill is substantially determined upon. Holding those opinions in that special regard, I have no desire to prolong the debate upon my amendment. As a matter of fact, I am under some form of gentlemen's agreement with the Senator from Arkansas that I would, so far as I am concerned, in debating this amendment, confine myself within the limit of time which he this morning suggested. I am doing that, and I am quite content that the amendment shall be submitted to the Senate and voted upon, because this amendment, once disposed of, whether by rejection or agreement, fixes the policy which the Senate believes should inhere in this measure. That, after all, is really the crucial question before the Senate as we consider this proposition.

Mr. BARBOUR. Mr. President, I am in complete agreement and full accord with all that the Senator from New Hampshire has said in respect to that provision of the Wagner bill which provides $500,000,000 to be derived from the proceeds of an extraordinary bond issue, of which approximately $300,000,000 would be used in addition to expenditures already appropriated for public works, and the remaining $200,000,000 would represent the capitalization of approximately a like amount of public-works items to be included in the ordinary Budget for the fiscal year 1933.

We all, of course, know all too well of the struggle through which we have so recently passed to make all possible economies in governmental expenditures, and, when that had been done, to provide sufficient new revenues in the form of increased taxation to balance the Budget. We must all realize, too, what it would mean to float, or try to float, such a bond issue at this particular time, under conditions as they prevail at present.

The device of creating a special fund or extraordinary bond issue does not alter the fact that the expenditures for public works would be increased by $300,000,000 for the fiscal year 1933. Neither, in my opinion, is anything actually gained by the capitalizing of current public-works expenditures, the inclusion of which in the regular Budget must automatically increase the deficit by just that amount.

The Senator from New Hampshire has described so clearly and forcefully the dangerous features of a program of this nature that there is nothing I feel I can add to what he has said, other than to stress the fact that in my opinion any money so expended, particularly for public buildings, actually employs less labor per dollar spent than money spent in other fields of activity, notably in respect to the self-liquidating projects feature of the Wagner bill, of which I have been in favor, as you all know, from the very beginning.

I am therefore forced to vote with the Senator from New Hampshire in favor of striking out this particular feature of the Wagner bill, and I hope his amendment will prevail.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. NORRIS. Mr. President, I desire to offer an amendment which takes precedence over the amendment offered by the Senator from New Hampshire.

Mr. ROBINSON of Arkansas. Very well.

Mr. NORRIS. On page 102 of the bill, at the end of line 7—amending language that this amendment would strike out—I move to insert the following:

> The Secretary of Agriculture is directed to report to Congress in detail his action under this subsection.

The Senate will remember that earlier in the day a motion was made to strike out, on page 101, commencing with line 18, all down to and including line 7 on page 102.

Mr. ROBINSON of Arkansas. Mr. President, may I interrupt the Senator?

Mr. NORRIS. Yes.

Mr. ROBINSON of Arkansas. I do not think any objection can be offered to the amendment which he proposes.

Mr. NORRIS. I offered it once before, and it was objected to.

The PRESIDING OFFICER. May the Chair point out to the Senator that there is an amendment pending.

Mr. NORRIS. The amendment pending, as I understand, is the amendment of the Senator from New Hampshire [Mr. MOSES].

The PRESIDING OFFICER. But it begins at page 103, section 4.

Mr. NORRIS. I have here the printed amendment of the Senator from New Hampshire.

Mr. ROBINSON of Arkansas. May I say to the Senator from Nebraska that different copies are being used. The amendment of the Senator from New Hampshire has no relationship whatever to advances through the Secretary of Agriculture to promote foreign exports. The amendment of the Senator from New Hampshire relates solely to the provision in the bill creating a fund for public works.

Mr. NORRIS. Yes; I understand that, but let me read from it:

On page 102, line 4, beginning with the word "any," strike out down to and including line 5, page 103, and in lieu thereof insert the following.

That is striking out language in the bill that I am seeking to amend.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator will yield, he is erroneously stating the amendment of the Senator from New Hampshire. The amendment of the Senator from New Hampshire, as I understand it, is, commencing on page 103 at line 20, or section 4, to strike out all down to the end of the bill.

The PRESIDING OFFICER. May the Chair point out to the Senator from Nebraska that that is not the amendment.

Mr. Norris. Then I am reading the wrong amendment.

The PRESIDING OFFICER. Yes; the Senator from New Hampshire did not offer the printed amendment which he had on the desk.

Mr. NORRIS. The printed copy that I have of the amendment, then, is not the one that is pending.

The PRESIDING OFFICER. No.

Mr. NORRIS. Then I concede the position taken by the Chair.

Mr. ROBINSON of Arkansas. Mr. President, the amendment of the Senator from New Hampshire is to strike out all language in the bill, commencing with section 4, down to the end of the bill.

Mr. MOSES. Oh, no, Mr. President; not down to the end of the bill, because the Senate this morning passed on the question of the commission in another amendment.

My amendment begins on line 20, page 103; and I move to strike out from that point down to the end of line 16, on page 112—I am now speaking of the official bill—because the Senator will recall that this morning we dealt with the matter of the commission.

Mr. ROBINSON of Arkansas. Yes; and, while it is not important to discuss it, the amendment was correctly stated when I said "down to the end of the bill," because the commission provision has already gone out.

Mr. MOSES. Yes; that is right.

Mr. ROBINSON of Arkansas. The Senator from New Hampshire set an example which I am going to follow. He limited his remarks, and directed them to the issue immediately under consideration. The provision which he seeks to strike out authorizes $500,000,000 through a bond issue for certain public works. In that $500,000,000 is comprehended a sum aggregating about $132,500,000 for public roads, trails, and so forth. That is, I believe, literally the House bill which passed some months ago, and which has been considered from time to time by the Senate.

If the amendment of the Senator from New Hampshire should prevail, the advance for highway purposes will be eliminated. It is respectfully suggested that this road fund is of such a nature that it will reach other than the great industrial centers, that it will provide a measure of employment in many rural communities where conditions are quite as bad as are to be found anywhere else.

It is almost an identical provision with that which was passed by the Senate a year ago at the instance and request of the administration. True, the amount appropriated then was somewhat less than the amount carried in this bill. It would be unfortunate, if this measure is to be regarded as a comprehensive scheme for partially relieving unemployment, to strike out the amount carried for the construction of public highways.

The Senator from New Hampshire has referred to the dangers that the bill would undergo if this provision which he is seeking to strike out should be retained. I wish to emphasize the fact that it would be exceedingly difficult to pass the measure either through this body or the body at the other end of the Capitol with the sum for public roads stricken out. I do not say that by way of threat, but merely in reply to the declaration of the Senator from New Hampshire that the retention of this provision would endanger the bill.

It is inconceivable to me that the President would veto a bill which incorporates an item almost identical with one which he prompted the Congress to pass for a similar purpose a year ago, when conditions relating to unemployment were less oppressive than they are now. If that is the significance of the declaration of the Senator from New Hampshire, I take it that he has been replied to.

Moreover, this measure, in the part proposed to be stricken out, actually takes out of the current appropriation bills approximately $200,000,000. Adding that to the $135,000,000 carried for highways, we have $335,000,000 of the fund which it is contemplated shall be created, obtained by a bond issue.

Of the remainder, there is $100,000,000 which may be used in the construction of Federal buildings already authorized, not appropriated for, and which will replace post offices and other buildings now rented at high cost to the Government. The selections are to be made, within the limitation just stated, by the Secretary of the Treasury. That accounts for the sum of $432,500,000 of the total of $500,000,000 bond issue. This leaves a comparatively small remainder allotted to certain specific purposes which I shall not take time to discuss.

I conceive that the real objection to this provision is found in the fact that it is not comprehensive enough, but the committee which drafted this bill did so at great pains. They made a very careful study of the subject. They invoked and secured the assistance of numerous specialists and experts in the employ of the Government. There is not an item in this $500,000,000 provision that has not been carefully worked out, that *is* not necessary for the conduct of the affairs of the Government, that is not, in a fair and sound sense, a measure of economy on the part of the administration of the Government.

For these reasons I am unable to give support to the proposal of the Senator from New Hampshire. The subject is one which might be elaborated at great length, but I am going to conclude my remarks with the suggestion that this is a very modest program, it is well thought out, it is in the interest of the Government, and it does tend to afford relief from the constantly increasing unemployment of which we speak so much, and which we do so little to alleviate.

Mr. WAGNER. Mr. President, I shall follow the example of the Senator from Arkansas and express, as briefly as possible, the few thoughts that should be added to what has already been said.

The Senator from New Hampshire [Mr. MOSES] correctly states that this amendment of his will bring forth the two schools of philosophy which are in contention in this body. One school takes the position that we should follow, as the Government has followed in other depressions, the laissez faire policy of waiting for some miracle to bring about a recovery of business and the absorption of the unemployed, and that we should accept with it all the misery, the tragedy, and the loss involved in the destruction of the most cherished of our national assets, the future of our children.

There are others of us here who for some time have been contending that in this crisis, when private industry is paralyzed, when private business is practically at a standstill, when the volume of construction is shrinking, when the prices of commodities are going down, when bread lines are lengthening, and when new unemployed are being added day by day to the 10,000,000 men out of employment now, the Federal Government should take some steps to better conditions. What has Congress done directly along the line of what the Government ought to do, to put those men back to work, and restore their purchasing power? The pending bill, Mr. President, is the first genuine effort to accomplish that purpose.

An objection was urged yesterday by the Senator from Pennsylvania, that perchance this bill might not result in an equitable distribution of the benefits all over the country. I deny that, but in any event it is to me incomprehensible that such an argument should be urged as a reason for adopting the laissez faire doctrine of doing nothing.

It seems strange to me that during the consideration of the reconstruction finance proposal no such suggestion was advanced against the enactment of that legislation. We did not at that time hear asserted the argument that legislation ought not to be passed to arrest the further progress of the depression, and to improve our credit facilities because a bank in some particular section of the country alone would be benefited, or that perhaps only a railroad in Pennsylvania or New York or some other State would be benefited, by the borrowing privilege granted under the act. We were not told that because the benefits might not be distributed uniformly we ought not to enact the legislation at all. If that objection had been urged, the answer would have been made directly that when we benefited any one section of the country, we served the general welfare of the whole country.

The Reconstruction Finance Corporation act has been passed. The Glass-Steagall Act is on the statute books. All of these things we have done. I admit they have been of some benefit. I suppose they prevented the closing of some banks. Perhaps they assisted, for the time being, in preventing our slide down the toboggan of depression. But they have not brought about any recovery in our business conditions. To-day we still face the tragic reality of 10,000,000 or more men out of employment, with several million families now relying entirely upon charity.

By way of interpolation let me suggest that to-day the head of the Salvation Army in New York was in my office, and he told me that 8,000 men were being housed and fed by that organization in the city of New York, men who had come there for aid from different sections of the country. Many of them are professional men and business men, all of them penniless, without anything to eat or a place to sleep, except such as is provided by the Salvation Army. The significant thing he said to me was this. He said, "Senator, these men are all good, patriotic Americans. They have not suggested a word of protest against the Government. They are suffering under this shadow of charitable aid, and all they say is, 'We want an opportunity to work.'"

Private industry, under existing circumstances, is unable to take up the slack. It is unable to provide employment. Shall we, the Government, not use whatever instruments are in our hands to absorb part of this unemployment, to begin the stimulation of business and set in motion the return toward better times? When we once start it, I am sure that as time goes on prices of commodities will increase, and that more than any other change will make possible the resumption of private business activity. Thus far we have been smug, we have been complacent, we have been waiting for some one else to do the job or for some one to perform a miracle and thus bring us back to normalcy; but it can not be done that way.

The program of reconstruction which has been proposed in the pending bill is a very modest one, as the Senator from Arkansas [Mr. ROBINSON] has stated. There is a third school of thought here, and I sympathize with its purposes, composed of those Senators who feel that the program ought to be enlarged, particularly the Federal public-works program which the amendment of the Senator from New Hampshire would strike from the bill. They feel that the bill does not launch a sufficiently large number of public works to give work to a substantial number of the unemployed. I am sure that efforts will be made by them to enlarge that program. The objective of this group I can understand; but I am unable to appreciate the philosophy of those who want to strike out even this modest aid for the employment of our citizens.

In adopting the program of public works we are following a law which is upon the statute books, a declaration which the Congress made over a year ago in a bill which it will be recalled I had the honor to introduce and in the signing of which, after it was passed, the President expressed great gratification. It provides that the Government should prepare our public-works program for a period of six years in advance so that if an industrial slack should come upon us we would be in a position to accelerate public construction and take up the slack in private industry. We are to-day simply following the declaration of Congress, and the declaration indeed of the President, because in signing the employment stabilization act he called the attention of the country to the fact that the proposal was not entirely new and that he himself, in 1921, had advocated the formulation and enactment of similar legislation.

Mr. President, under the program, as the Senator from Arkansas has said, and may I reiterate it for the sake of emphasis, we take only such projects as have been authorized and approved by Congress and the President, such as have been planned, and upon which we are ready to proceed. It is conservatively estimated that upon the Federal public-works program alone, which the Senator from New Hampshire is attempting to strike from the bill, over 500,000 men can receive employment.

I can not believe in this crisis, when the whole country is looking tearfully to us, still pessimistic, but looking for a ray of hope from the Capitol, praying for aid in the reestablishment of confidence and the recovery of business, that we will say "no"; that we will not even use the instrumentalities within our control to help the workingmen of the country redeem their self-respect by employment and to restore purchasing power to the American people. That road of inaction does not lead to better times.

Mr. President, I hope the amendment will be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. MOSES] to the amendment of the committee.

Mr. MOSES. I demand the yeas and nays.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Kendrick	Schall
Austin	Couzens	King	Sheppard
Bailey	Dale	La Follette	Shipstead
Bankhead	Davis	Lewis	Shortridge
Barbour	Dickinson	Logan	Smoot
Barkley	Fess	McGill	Steiwer
Bingham	Fletcher	McKellar	Stephens
Black	Frazier	McNary	Thomas, Idaho
Blaine	George	Metcalf	Thomas, Okla.
Borah	Goldsborough	Moses	Townsend
Bratton	Gore	Neely	Trammell
Brookhart	Hale	Norbeck	Tydings
Bulkley	Hastings	Norris	Vandenberg
Bulow	Hatfield	Nye	Wagner
Byrnes	Hayden	Oddie	Walcott
Capper	Hebert	Patterson	Walsh, Mass.
Caraway	Howell	Pittman	Walsh, Mont.
Carey	Johnson	Reed	Watson
Coolidge	Jones	Robinson, Ark.	White
Copeland	Kean	Robinson, Ind.	

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present. The yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote, and being unable to obtain a transfer, I am compelled to withhold my vote. If permitted to vote, I should vote "yea."

Mr. BRATTON (when his name was called). I have a pair with the junior Senator from New Hampshire [Mr. KEYES], which I transfer to the junior Senator from Georgia [Mr. COHEN], and vote "nay."

Mr. LA FOLLETTE (when Mr. CUTTING's name was called). I desire to announce that if the junior Senator from New Mexico [Mr. CUTTING] were present he would vote "nay."

Mr. HASTINGS (when his name was called). I have a pair with the junior Senator from Tennessee [Mr. HULL]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. In his absence I withhold my vote. If permitted to vote, I would vote "nay."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. However, I understand that if present he would vote as I intend to vote, and therefore I feel at liberty to vote. I vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. I am advised that if he were present he would vote as I am about to vote, so I feel at liberty to vote. I vote "nay."

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. SMITH], who is necessarily absent from the city. I am unable to secure a transfer, and therefore withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. FESS. I desire to announce the general pair of the Senator from Colorado [Mr. WATERMAN] with the Senator from Washington [Mr. DILL].

Mr. SHEPPARD. I wish to announce the necessary absence of the Senator from Missouri [Mr. HAWES] and the Senator from Louisiana [Mr. BROUSSARD] on the business of the Senate.

Mr. GLENN. I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is absent from the city. I therefore withhold my vote.

Mr. WALSH of Montana. My colleague the junior Senator from Montana [Mr. WHEELER] is necessarily absent. He is paired. If present, he would vote "nay."

Mr. GEORGE. My colleague the junior Senator from Georgia [Mr. COHEN] is necessarily absent. If present and not paired, he would vote "nay."

The result was announced—yeas 19, nays 57, as follows:

YEAS—19

Austin	Fess	Kean	Townsend
Barbour	Goldsborough	Logan	Vandenberg
Capper	Gore	Metcalf	Walcott
Dale	Hale	Moses	White
Dickinson	Hebert	Reed	

NAYS—57

Ashurst	Coolidge	Lewis	Shipstead
Bailey	Copeland	McGill	Shortridge
Bankhead	Costigan	McKellar	Smoot
Barkley	Couzens	McNary	Steiwer
Black	Davis	Neely	Stephens
Blaine	Fletcher	Norbeck	Thomas, Idaho
Borah	Frazier	Norris	Thomas, Okla.
Bratton	George	Nye	Trammell
Brookhart	Hayden	Oddie	Tydings
Bulkley	Howell	Patterson	Wagner
Bulow	Johnson	Pittman	Walsh, Mass.
Byrnes	Jones	Robinson, Ark.	Walsh, Mont.
Caraway	Kendrick	Robinson, Ind.	
Carey	King	Schall	
Connally	La Follette	Sheppard	

NOT VOTING—20

Bingham	Glass	Hawes	Smith
Broussard	Glenn	Hull	Swanson
Cohen	Harrison	Keyes	Waterman
Cutting	Hastings	Long	Watson
Dill	Hatfield	Morrison	Wheeler

So the amendment proposed by Mr. MOSES to the amendment of the committee was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed the bill (S. 4425) relating to the immigration and naturalization of certain natives of the Virgin Islands, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed without amendment the following bills of the Senate:

S. 2983. An act for the relief of homesteaders on the Diminished Colville Indian Reservation, Wash.;

S. 3864. An act authorizing expenditures from Colorado River tribal funds for reimbursable loans;

S. 4367. An act to enable the collection of import duties on foreign-made goods entering the Virgin Islands through parcel-post mail;

S. 4511. An act to amend sections 328 and 329 of the United States Criminal Code of 1910 and sections 548 and 549 of the United States Code of 1926;

S. 4614. An act to amend section 14 of an act entitled "An act to adjust water-right charges, to grant certain other relief on the Federal irrigation projects, and for other purposes," approved May 25, 1926 (44 Stat. 636), as amended (46 Stat. 249); and

S. 4778. An act to extend the time for the construction of a bridge across the east branch of the Niagara River at or near the city of Tonawanda, N. Y.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 1225. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Campus Martius Memorial Museum, of the city of Marietta, Ohio, the silver service presented to the United States for the gunboat *Marietta;*

H. R. 9590. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929;

H. R. 11390. An act to detach Hardeman County from the Fort Worth division of the nothern judicial district of the State of Texas and attach the same to the Wichita Falls division of said district;

H. R. 12078. An act to extend the times for commencing and completing the construction of a bridge across the east branch of the Niagara River at or near the city of Niagara Falls, N. Y.; and

H. R. 12329. An act to establish the boundary lines of the Chippewa Indian Territory in the State of Minnesota.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 8173. An act to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination; and

H. R. 10825. An act to authorize the transfer of certain lands in Fayette County, Ky., to the Commonwealth of Kentucky.

CHARLESTOWN SAND & STONE CO.

Mr. GOLDSBOROUGH. Mr. President, I ask unanimous consent for the present consideration of Senate bill 564, being Calendar No. 889. There are unusual reasons which make necessary the prompt passage of the bill, and therefore I make the request.

Mr. KING. Let the bill be reported.

The PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 564) for the relief of the Charlestown Sand & Stone Co., of Elkton, Md.

Mr. ROBINSON of Arkansas. Mr. President, I inquire if this is an emergency measure? I must object to the consideration of bills of this character under present conditions. I do not think we can suspend the consideration of a bill of general importance, one that is itself imperiled or embar-

rassed by appropriation bills and conference reports that are behind it. I shall object.

Mr. GOLDSBOROUGH. Mr. President, will the Senator withhold his objection for a moment?

Mr. ROBINSON of Arkansas. No. I feel compelled to object. At a time when the Senate is not considering a bill of general importance, I would not object to the consideration of the bill.

The PRESIDENT pro tempore. Objection is made.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred or ordered to be placed on the calendar as indicated below:

H. R. 1225. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Campus Martius Memorial Museum, of the city of Marietta, Ohio, the silver service presented to the United States for the gunboat *Marietta;* to the Committee on Naval Affairs.

H. R. 9590. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929; to the Committee on Agriculture and Forestry.

H. R. 11390. An act to detach Hardeman County from the Fort Worth division of the northern judicial district of the State of Texas and attach the same to the Wichita Falls division of said district; to the Committee on the Judiciary.

H. R. 12078. An act to extend the times for commencing and completing the construction of a bridge across the east branch of the Niagara River at or near the city of Niagara Falls, N. Y.; to the calendar.

H. R. 12329. An act to establish the boundary lines of the Chippewa Indian Territory in the State of Minnesota; to the Committee on Indian Affairs.

AMELIA EARHART PUTNAM

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the joint resolution (S. J. Res. 165) authorizing the President of the United States to present the distinguished-flying cross to Amelia Earhart Putnam, which were, on page 1, line 4, to strike out "flying cross" and insert "service medal," and to amend the title so as to read: "Joint resolution authorizing the President of the United States to present the distinguished-service medal to Amelia Earhart Putnam."

Mr. WALCOTT. Mr. President, the Senate unanimously approved this joint resolution to award the distinguished-flying cross to Amelia Earhart Putnam. It went over to the House; and after quite an exhaustive report made by the Assistant Secretary of War, Mr. Davison, it was concluded that it would be wiser to make this the distinguished-service medal rather than the distinguished-flying cross, because the War Department wanted to reserve the distinguished-flying cross entirely for feats of aviation within the Army and within the Navy. Therefore the House amended the joint resolution by changing the two words "flying cross" to "service medal," and also amended the title.

I therefore move that the House amendments be accepted and the joint resolution approved.

The motion was agreed to.

IMMIGRATION AND NATURALIZATION OF VIRGIN ISLANDS NATIVES

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 4425) relating to the immigration and naturalization of certain natives of the Virgin Islands, which was, on page 3, line 6, to strike out "Porto Rico" and insert "Puerto Rico."

Mr. REED. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2983. An act for the relief of homesteaders on the Diminished Colville Indian Reservation, Wash.;

S. 3864. An act authorizing expenditures from Colorado River tribal funds for reimbursable loans;

S. 4367. An act to enable the collection of import duties on foreign-made goods entering the Virgin Islands through parcel-post mail;

S. 4511. An act to amend sections 328 and 329 of the United States Criminal Code of 1910 and sections 548 and 549 of the United States Code of 1926;

S. 4614. An act to amend section 14 of an act entitled "An act to adjust water-right charges, to grant certain other relief on the Federal irrigation projects, and for other purposes," approved May 25, 1926 (44 Stat. 636), as amended (46 Stat. 249); and

S. 4778. An act to extend the time for the construction of a bridge across the east branch of the Niagara River at or near the city of Tonawanda, N. Y.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program, and providing a method of financing such program.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

Mr. COPELAND. Mr. President, will the Senator from Wisconsin yield?

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. LA FOLLETTE. I yield.

Mr. COPELAND. May I ask the Senator to allow me to offer an amendment, which will not take over five minutes? I make the request because I must go back to a meeting of a conference committee.

Mr. LA FOLLETTE. Mr. President, I presume that technically under the rule I would have to permit the Senator to offer his amendment, but I have been waiting for two days with the expectation that amendments to the text would be completed. However, if the Senator wishes to amend the text, his amendment is probably in order, because I propose to strike out down to section 5, which authorizes the issuance of bonds. Therefore, if the amendment of the Senator from New York proposes to amend the text which I desire to strike out, his amendment is probably in order.

The PRESIDENT pro tempore. The Chair understands the Senator from Wisconsin temporarily to lay aside his amendment in order that the Senator from New York may present an amendment.

Mr. LA FOLLETTE. Mr. President, my understanding of the parliamentary situation is that technically any Senator who desires to offer an amendment to the portion of the text which I propose to strike out is in order without any consent. However, I very much regret that I have not been able to secure the attention of the Senate earlier in the day, because the amendment I have presented is of very great importance from my point of view, and I shall have to discuss it at some length.

The PRESIDENT pro tempore. The Chair will state to the Senator from Wisconsin that if he wishes to withhold the amendment temporarily, in order to permit the Senator from New York to present an amendment, the Chair will undertake to protect the Senator from Wisconsin in his rights.

Mr. LA FOLLETTE. I appreciate the Chair's kindness in the matter. There have been amendments offered here all day long for the last two or three days. I had hoped to get my amendment up at some earlier hour in one of the sessions of the Senate, and, unless the Senator from New York insists on his rights, I should prefer to proceed.

Mr. COPELAND. Mr. President, I quite understand the position of the Senator and I will try to find an occasion later to present my amendment.

The PRESIDENT pro tempore. The Senator from Wisconsin offers an amendment, which will be stated.

Mr. TRAMMELL. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. TRAMMELL. I desire to offer an amendment to the amendment proposed by the Senate committee. As I understand the rules, it is in order to perfect the text either of the House bill or the portion recommended by the committee to be inserted.

Mr. LA FOLLETTE. Mr. President, may I point out to the Senator from Florida that the amendment which I propose leaves all after section 5, beginning on page 109, and going on to the end of the bill. Therefore, unless the Senator's amendment is an amendment to the text which I propose to strike out, my belief is that his amendment is not in order at this time.

Mr. TRAMMELL. Mr. President, my amendment is in the nature of a new paragraph or section. The Senator from Wisconsin having been recognized, I realize he has a right to propose his amendment, and I will await the disposition of his amendment before proposing the one which I have to offer.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Wisconsin will be stated.

The CHIEF CLERK. On page 100 it is proposed to strike out lines 14 through 25; on page 101, strike out lines 1 through 17; on page 102, strike out all after line 7; strike out all of pages 103, 104, 105, 106, 107, 108; on page 109, strike out lines 1 through 5; and in lieu thereof insert——

Mr. NORRIS. Mr. President, there is still a question as to what is sought to be stricken out. I want to inquire, does the amendment propose to strike out on page 101 after line 17?

Mr. LA FOLLETTE. No, Mr. President.

The PRESIDENT pro tempore. It proposes to strike out from line 14, on page 100, down to and including line 17, on page 101.

Mr. NORRIS. It does not strike out subsection (b)?

Mr. LA FOLLETTE. No; I will say to the Senator from Nebraska that will remain in the bill if my amendment shall prevail.

The Chief Clerk resumed and concluded the reading of the amendment proposed by Mr. LA FOLLETTE, which is as follows:

On page 100, strike out lines 14 through 25; on page 101, strike out lines 1 through 17; on page 102, strike out all after line 7; strike out all of pages 103, 104, 105, 106, 107, 108; on page 109, strike out lines 1 through 5; and in lieu thereof insert the following:

"That it is hereby declared to be the policy of the Congress to provide for the more effective conduct and administration of Federal public-works activities; that, during the period of emergency hereby recognized to exist, public-works expenditures should be largely expanded in order to stimulate production and business activity and to alleviate unemployment; and that in pursuance of this policy it is the desire of Congress that the expenditure of the emergency funds made available by this act shall be governed, in the discretion of the administrator of public works, provided for in section 2, by the following considerations:

"(1) Facility with which projects may be gotten under way at the earliest possible date.

"(2) Amount of labor that will be employed, directly or indirectly.

"(3) Number and diversity of the industries which will be affected, directly or indirectly, by said projects.

"(4) Value of the projects to the economic and social welfare of the country.

"(5) Economical administration of the work.

"ADMINISTRATION OF PUBLIC WORKS

"SEC. 2. (a) There is hereby established at the seat of government an administration of public works, under the direction of the administrator of public works. The administrator of public works shall be appointed by the President, by and with the advice and consent of the Senate. He shall receive a salary at the rate of $15,000 per annum, and his term and tenure of office shall be like that of the heads of the executive departments.

"(b) The administrator—

"(1) Shall maintain the principal office of the Administration of Public Works in the District of Columbia, and such other offices in the United States as in his judgment are necessary.

"(2) Shall cause a seal of office to be made for the Administration of Public Works, of such device as the President shall approve, and judicial notice shall be taken thereof.

"(3) Shall make such rules and regulations as may be necessary to carry out the provisions of this act.

"(4) Shall make annually, at the close of each fiscal year, a report in writing to Congress, giving an account of all moneys received and disbursed by him and the Administration of Public Works, describing the work done by the Administration of Public Works, and making such recommendations as he shall deem necessary. He shall also make from time to time such special investigations and reports as may be required of him by the President or either House of Congress, or as he himself may deem necessary and urgent.

"(5) May appoint and fix the compensation of such assistant administrators and technical and scientific experts, and, subject to the provisions of the civil service laws, may appoint, and, in accordance with the classification act of 1923, as amended, fix the compensation of such other officers and employees as are necessary to execute the functions vested by this act in the administrator or the Administration of Public Works.

"(6) May make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books, periodicals, and books of reference, and for printing and binding) as are necessary to execute the functions vested in the administrator or in the Administration of Public Works. Such expenditures shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the administrator.

"EMERGENCY CONSTRUCTION PROGRAM

"SEC. 3. To meet the emergency hereby recognized to exist, there is hereby authorized to be appropriated the sum of $5,500,000,000, to be immediately available for expenditure by the administrator of public works in the manner hereinafter provided.

"SEC. 4. In carrying out the emergency construction program, the administrator—

"(1) May appoint advisory boards and committees to advise and confer with him. No salary shall be paid to board or committee members, but when attending meetings or engaged in other activities at the request of the administrator they shall be allowed necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government.

"(2) May hold hearings and require, by subpœna, the attendance and testimony of witnesses and the production of books, papers, and documents and may administer oaths. In case of disobedience to any subpœna the administrator may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents.

"(3) Shall submit monthly to the President and to the Senate and House of Representatives (or the Secretary of the Senate or the Clerk of the House of Representatives, if those bodies are not in session) a full and detailed report of the emergency activities and expenditures of the Administration of Public Works, together with a statement showing the condition of the funds administered by him. Such reports shall, when submitted, be printed as public documents.

"SEC. 5. The administrator is authorized to deduct from any appropriation made pursuant to the authorization contained in this act so much thereof as he deems necessary for the expenses of the Administration of Public Works in carrying out the emergency provisions of this act. The remainder of any such appropriations shall be available for expenditure for the purpose hereinafter set forth, upon allocation by the administrator in accordance with and in furtherance of the policy set forth in section 1 of this act, so far as the administrator deems feasible.

"SEC. 6. In addition to the regular appropriations for the public works hereinafter specified the administrator may expend for such public works a total of not to exceed $650,000,000 of the amount authorized in section 3 as follows:

"(1) For the preservation and maintenance of existing river and harbor works and for the prosecution of such projects heretofore and hereafter authorized as may be most desirable in the interest of commerce and navigation, and for the prosecution of flood-control projects heretofore or hereafter authorized, not to exceed $200,000,000;

"(2) For carrying into effect the provisions of the public buildings act, approved May 25, 1926, as now or hereafter amended and supplemented, in respect of public buildings within and without the District of Columbia, not to exceed $275,000,000;

"(3) For the construction and reconstruction of forest roads and trails, not to exceed $50,000,000;

"(4) For the prosecution of irrigation, drainage, and reclamation projects heretofore or hereafter approved in accordance with law, not to exceed $25,000,000;

"(5) For repair and remodeling of existing buildings and structures, and for miscellaneous Federal public works, in the discretion of the President, not to exceed $100,000,000.

"SEC. 7. In addition to the regular appropriations for Federal-aid highways, the administrator may allocate an additional $1,000,000,000 of the amount authorized in section 3 for the construction and reconstruction of highways in the manner hereinafter provided, which shall be available for expenditure upon highway projects approved by the administrator, as follows:

"(a) Not to exceed $500,000,000 of such amount shall from time to time be apportioned by the administrator among the several States in the manner provided by section 21 of the Federal highway act, as amended and supplemented, and shall be available for expenditure in the same manner, so far as practicable, as other funds appropriated for carrying out the provisions of the Federal highway act, with the following exceptions:

"(1) The limitation of payments permitted by said act shall be increased to $50,000 per mile, exclusive of the cost of bridges of more than 20 feet clear span;

"(2) Any amounts apportioned to any State not claimed by such State shall be available for payment to States who are able to proceed with construction over and above their apportionment;

"(3) Such funds may be used as a temporary advance to meet the requirements of such act as to State funds, to be reimbursed to the Federal Government over a period of five years, commencing with the fiscal year beginning next after the termination of the emergency, by making deductions from regular apportionments made from future authorizations for carrying out the provisions of such act.

"(b) Not to exceed $150,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of highway bridge construction, without regard to the provisions of the Federal highway act limiting the expenditures of Federal funds to bridges outside certain municipalities.

"(c) Not to exceed $250,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of elimination of railroad grade crossings.

"(d) Not to exceed $100,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of elimination of highway grade crossings and construction of by-pass roads.

"SEC. 8. (a) The administrator may allocate not to exceed $3,750,000,000 of the amount authorized in section 3 for the purpose of making loans to States and their civil subdivisions for (1) construction of Federal-aid highways; (2) construction of other State, county, and municipal highways, streets, and pavements; (3) construction of bridges; (4) construction of water supply and sewerage works; (5) construction of flying fields, exclusive of purchase of lands; (6) establishing of parks and playgrounds, exclusive of purchase of lands; (7) construction of public buildings; (8) elimination of grade crossings; (9) reforestation and fire prevention, exclusive of purchase of lands; and (10) other construction of a public or semipublic character.

"(b) Loans made under the provisions of this section shall be for periods of not more than 10 years, at a rate of interest three-fourths of 1 per cent above the average rate at the time of making the loan for the bonds issued theretofore under the provisions of this act, but in no event to exceed 5 per cent. No loans shall be made under the provisions of this section except upon the approval of the finance board created by section 10.

"SEC. 9. The administrator may allocate not to exceed $100,000,000 of the amount authorized in section 3 for the purpose of making loans to limited dividend corporations created solely for the erection of housing, on projects for housing families of low-income levels, such projects to have the approval of the administrator with respect to (1) the financial structure and the limitation of the dividends of the corporation, and/or (2) the limitation of the rentals to be charged, and/or (3) the location and plan of the project with respect to city plans, slum clearance, and the rehabilitation of blighted areas in cities, and/or (4) the replacement of housing now unfit for healthful habitation, and/or (5) the guaranties under State or municipal laws and administration of adequate control, and/or (6) the senior or other financing of the project, and (7) such other considerations and safeguards as the administrator shall deem necessary or expedient. Such loans shall be made upon the same terms and conditions as loans made under section 8, except that such loans may be for periods of not more than 30 years, and may be amortized serially within such limitation of time.

"SEC. 10. There is hereby created an Emergency Finance Board, to be composed of three members, appointed by the President, by and with the advice and consent of the Senate. One of the members of the board shall be experienced in State and municipal finance, one shall be experienced in housing construction, and one shall be experienced in banking and finance generally. All applications for loans under sections 8 and 9 shall, subsequent to their approval by the administrator, be referred to the board for its approval. In acting upon such applications for loans the board shall take into consideration (1) the financial condition of the borrower and (2) the ability of the borrower to obtain funds at reasonable rates from other sources. No salary shall be paid to board members, but they shall be paid from funds available for the administration of this act a per diem compensation not to exceed $20 for time devoted to the business of the board, and necessary traveling and subsistence expenses or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government. The members of the board shall serve during the continuation of the emergency.

"SEC. 11. Appropriations authorized by section 3 shall remain available until expended or until the index of industrial production, as now computed, of the Federal Reserve Board reaches index No. 95. Thereafter the administrator shall make no new commitments, and shall have the emergency powers conferred upon him by this act only so far as may be necessary to complete contracts already under way and liquidate the emergency affairs of the Administration of Public Works."

One page 109, line 13, strike out "$500,000,000," and in lieu thereof insert "$5,500,000,000."

Mr. LA FOLLETTE. Mr. President, there are two divergent schools of thought in a depression. One group adheres to the theory of deflation—it favors letting the depression run its course. The other school of thought subscribes to the theory that action by the Government, and by those in positions of economic power, should be undertaken to check the process of deflation and to endeavor to stimulate recovery.

Ever since this depression began, the Government—and when I use that term I refer not only to the President and the executive branch, but as well to the legislative branch—has followed the policy of deflation.

During the depression I have endeavored, as a Member of this body, to force upon the attention of the Senate the cataclysmic character of the economic phenomenon we have been witnessing. I have urged upon the Senate its responsibility to inaugurate a policy to meet the devastating effects of this deflation.

My efforts have been unavailing. Naturally, on this side of the aisle the majority of the Senators have followed the policy, or the lack of policy, of the Chief Executive. Strangely enough, those on the other side of the aisle—who, under our 2-party system of government, have a responsibility of functioning as the opposition—have during this, the most serious economic crisis in all our history, abandoned that function, and have been following the course marked out by the President.

Convinced as I am that we have yet to see the most serious phases of this deflation, I think the time has come to review the attitude taken during this crisis by the Chief Executive and subscribed to by Republicans and Democrats in the Congress. I select for review the record which he has made, not from any desire to raise partisan or political questions in this debate, but because he has been the leader of a virtual coalition in the Congress of both Republicans and Democrats. As we stand to-day facing the most serious phase of this terrible depression I venture to make that review, because upon it I wish to predicate an appeal to Members upon both sides of this Chamber to rise above party considerations and to embrace a program which I believe has within it hope of checking the downward spiral of this deflation, and of alleviating the suffering and the human misery which exist in this land of plenty to-day, to a degree beyond the ability of words to describe.

When the President of the United States was inaugurated on the 4th day of March, 1929, he came into office on the eve of a catastrophic economic breakdown. He entered upon that office with a reputation carefully cultivated during his eight years as Secretary of Commerce and strengthened in the public mind by the speeches which he made during the campaign preceding his election, which, had it been justified, promised intelligent and courageous handling of precisely the type of problems which have confronted him during this most serious situation.

It was the popular belief in this country that Herbert Hoover was an able business man with great executive ability, that he had an intimate acquaintance with and a thorough grasp of economic problems, both domestic and world-wide, and that, in addition, he was guided by a warm and sincere humanitarianism, as exemplified in his administration of relief during the war.

He made a significant declaration in his inaugural address that—

> The larger purpose of our economic thought should be to establish more firmly stability and security of business and employment.

It was not, however, translated into action during the seven months of apparent complacency in the face of visible economic signs that we were already entering upon the first phases of this economic disaster. Apparently the President believed that the fictitious prosperity which found its expression less in an improvement of the real economic position of the masses of American citizens than in booming stock prices and in extravagant profits, skimmed off by the few at the top of our economic ladder, could go on forever. He seemed entirely content with the diversion of large portions of the national income away from investment in measures to promote the general welfare and into investments in artificially inflated stock values, into economically unwarranted buildings and industries, and into foreign securities. He made no effort to check the growing concentration of

economic power which was increasingly subordinating the national economic welfare to the growth of the profits and the possessions of a class of financiers and speculators. He showed no interest in proposals to increase the purchasing power of the people generally in proportion to the increase in the Nation's producing power, or in proposals to safeguard the masses of the people against the dangers of an economic storm.

In so far as he intervened at all, it was through his insistence that there must be no governmental intervention, the laissez faire policy which he eulogized when he insisted in his inaugural address that "progress" would be attained by "cooperation." The lip service which he gave to the "regulation of private enterprise" and to "the rigid enforcement" of the laws applying to business, quickly showed itself vacillating, and yielded readily to the demands of interested groups provided they were fortified with sufficient economic power.

The President's immediate efforts were directed toward what he described as the "dominant issue" of law enforcement, toward the enactment of his own plan of agricultural relief, which has proved to be such a tragic disappointment to the farmers of the country, and as a means of benefiting certain industries which he admitted were suffering from "economic changes," toward the "readjustment of some of the tariff schedules."

Supplementing the warnings of those economists and observers who had been denounced as calamity howlers, the Bureau of Agricultural Economics had in February predicted a decline in business in the second half of the year. The need of giving early and serious consideration to the problem of economic instability had been given legislative recognition on the day preceding President Hoover's inauguration in a report submitted by the senior Senator from Michigan [Mr. COUZENS] in response to a resolution which I had introduced on May 3, 1928. In June the President, however, rejected a suggestion that he call a national conference to consider ways of preventing the growth of unemployment, made by the president of the Iowa State Federation of Labor in an open communication to the Chief Executive, with the vague assurance that it was "hoped that we will be able to take it up when some of the momentarily pressing problems of the administration are out of the way."

Three months later these "momentarily pressing problems" faded into insignificance when in October prices of stocks on the New York Stock Exchange collapsed, financial demoralization threatened, and the gradual decline in industrial activity, which had already been under way for some time, suddenly became accelerated.

The President was oblivious to the underlying facts of the situation. On October 25, 1929, he announced to the press:

> The fundamental business of the country—that is, production and distribution of commodities—is on a sound and prosperous basis.

After an economic review, which demonstrated gross misinterpretation of the factors which he cited, he insisted that everything indicated fundamentally "a healthy condition." The next few weeks, however, demonstrated that he had been wrong when he referred to certain adverse signs as "of secondary character."

He began, therefore, in November to take counsel with prominent business leaders. The course of action upon which he determined thereafter made use of three of the policies with which for three years he continued futilely to attempt to stem the tide of depression: First, he adopted the tactics of minimizing the importance of the depression and the consequent distress which it created among the masses of the people in order to inculcate a false optimism in the minds of the public; second, he relied upon "psychological" measures to pep up the business and financial community and the more critical portion of the public; third, he employed the use of a multitude of conferences and committees to promote his "psychological" measures and to obtain "cooperation" as an alternative to positive governmental action.

In the succeeding months and years this course of action was supplemented by his resolute opposition to virtually every form of governmental action, except for schemes—including "psychological" drives as well as excursions into State capitalism—to create more and more credit and to somehow pump it into industry, based upon the illusion that recovery could be obtained through an abundance of credit without regard to the available amount of purchasing power.

Finally, Mr. President, during this period his activities have been characterized by frantic and often panicky efforts to enforce "unity of action," along the lines upon which he insisted, to censor the press, and thereby to found public opinion upon misinformation, and to shift the burden of responsibility for this major economic disaster upon some one else, sometimes upon "bear raiders" on the New York Stock Exchange, upon "noncooperating" portions of the business community, and more often and with greater intensity during recent months he has directed the scorn of the country upon the Congress, endeavoring to create in the public mind the belief that is sufficient power were given to him he would through means which he never quite defined restore prosperity.

When his domestic policies failed to produce results he soon came to attribute his failure, in so far as it could not be attributed to the stock exchange, to the business community or to Congress, to economic developments outside of the United States.

Throughout all of the shifts and turns in policy which followed the first failure of his efforts to minimize the situation and to offset it by "psychological" measures, there has been an obvious unwillingness to attack those in possession of wealth and of economic power and an acquiescence in attempts to throw the entire burden of deflation or liquidation upon the masses of the people, including the middle class.

The Chief Executive's own "psychology" must doubtless be held partly responsible for the ludicrously tragic story of his administration. He obviously lacked knowledge and understanding of economic forces, but he refused to give serious attention to proposals which he disliked, to statements of fact which contradicted his own views, and to counsels which ran contrary to his prejudices. His insistence for months upon speaking of a "recession" and not a "depression" was one of the least of the instances of this. When his policies were questioned, he regarded his critics as personal enemies.

He listened seriously only to sycophantic advisers who tried to read his mind. As a result he failed to break through his doctrinaire economic philosophy into the world of reality. He found it difficult to go boldly to the country or to consult frankly with men who came to him as equals. His conferences were always held secretly, and he attempted to limit public knowledge to whatever interpretation he chose to give to the press. His slowness in grasping or in admitting realities made him slow in altering policies until, pushed by the logic of events, he invariably launched his half measures 6 or 12 months too late. For comprehensive measures he had no taste, both because of the courage which they demanded and because of the sacrifices—whether temporary or permanent—which they would have imposed upon the financial and promoters' class with which he had associated throughout his life.

In announcing on November 15, 1929, the first of his many "programs of action," the President deprecated the prevailing pessimism which had followed the undue optimism of the stock-market boom, but said: "My own experience has been, however, that words are not of any great importance in times of economic disturbance. It is action that counts." He accordingly put forward a program involving:

1. Credit stability and assurance of an ample supply of capital, through the Federal reserve system.

2. Demonstration of the confidence of the administration by undertaking tax reduction.

3. A forward movement through:

(a) Revival of construction, which he assumed would follow now that funds would flow into construction and no longer into the stock market.

(b) The stimulation of exports and of other legitimate business expansion.

(c) Use of the agricultural marketing act, in furtherance of (b).

The first part of this program failed—though the President has seemingly never discovered this—because credit itself is dependent upon business activity which none of the President's programs succeeded in stimulating, and because the owners of capital proved unwilling to invest as long as the prospect for profits was slight.

Mr. President, one of the foremost economists in this country, a conservative for whom I have great respect, has described credit as "suspicion asleep." Once awakened, credit is as futile as any device that could be imagined in a critical period of this kind.

Construction failed to respond because of factors more basic than a lack of funds, and the stimulation of exports was defeated, partly by the widespread depression and partly by the retaliation, itself intensifying the world depression, provoked by the Hawley-Smoot tariff revision which the President refused to assist in limiting, and which ultimately he approved, despite the protests of 1,000 of the leading economists of the country and some of the Nation's foremost leaders.

The administration's $160,000,000 tax reduction, benefiting principally the large income taxpayers and the larger corporations, was enacted in December, 1929, following the stock-market crash. Progressive Senators on both sides of the aisle who objected that the Treasury might be in need of funds for relief purposes, in view of the fact that we were entering upon one of the worst depressions in our history, were almost overwhelmingly defeated by the first of a long succession of conservative Republican-Democratic coalitions, whose leaders insisted that the depression was "psychological" in character and would be largely mitigated by the stimulus of a 1-year reduction in taxes for the benefit of large income taxpayers and the large profitable corporations.

The President continued to minimize the seriousness of the depression and reiterated his faith in "psychological" devices. The President on November 17, 1929, launched his third line of attack on the situation, saying that he sought "to dispel foolish pessimism and to assure the orderly march of business and employment over the winter," when he announced that a series of conferences with sundry groups of business, financial, and labor leaders had been arranged. The conferences were accompanied from day to day by statements that confidence was being reestablished, that business would be carried on as usual, that wages would be maintained on the one hand and strikes avoided on the other, and intimating that "any possible dislocation of employment" would be guarded against.

Mr. President, in June, 1929, industrial production was at the index of 127, freight-car loadings at 108, value of building contracts at 126, factory employment at 102.7, and factory pay rolls at 109.7. In December, when with the help of the party of the opposition, the Democrats, the President passed the first of his "psychological" remedies for this depression, the $160,000,000 tax refund measure to which I have just alluded, industrial production had fallen to 100, a drop of 21 per cent from the peak of 1929, freight-car loadings had fallen to 102, a loss of 6 per cent; value of building contracts had fallen 19 per cent to 102, factory employment was at 96.9, a loss of 6 per cent, and factory pay rolls had fallen to 99.1, or a loss of 10 per cent. Apparently the Chief Executive and his supporters, both Democrats and Republicans, in this Chamber were unaware of these economic data showing the cataclysmic character of the depression; and as I proceed with my review of the record made by this bipartisan control of Government since 1929, I shall advert to this continued and marked decline of those economic indices to indicate how blind were these men to the facts which were available for all to read.

The President's annual message to Congress on December 3, 1929, stated that the "systematic, voluntary measures of cooperation" which he had instituted, providing for business as usual, the maintenance of wages, and the expansion of private, Federal, State, and local construction, had brought about a—

> Remarkable and satisfactory response. * * * I am convinced that through these measures we have reestablished confidence. Wages should remain stable. A very large degree of industrial unemployment and suffering which would otherwise have occurred has been prevented.

Had not the hesitation of business men, caused by "unwarranted pessimism and fear," been offset—

> This hesitation unchecked could in itself intensify into a depression with widespread unemployment and suffering.

Having thus already prevented the depression, the President of the United States naturally asked little from Congress in the way of remedial legislation. He requested specifically nothing dealing with the situation except his "psychological" tax reduction and a slight increase in public works, nor were there put forward by those in the party of opposition any legislative proposals which either recognized the seriousness of the depression upon which we were entering or proposed any governmental action to meet the situation.

In accordance with recommendations made at the November conferences which the President had called, the Chamber of Commerce of the United States on December 5, 1929, held a "National Business Survey Conference," at which President Hoover admitted the existence of "some unemployment" but asserted that the most serious danger was "undue pessimism, fear, uncertainty, and hesitation in business," for which the cure was "action"—that is, more abundant capital, assurances of wage maintenance, and voluntary efforts on the part of industry and State and local governments to increase construction.

The national business survey conference was intended according to its sponsors "to put into practical effect the ideas initiated by President Hoover." Chairman Julius H. Barnes described it as an important experiment in organized business activity. Business men representing the major trades and industries presented detailed reports of "conditions and prospective activities." The impression went forth that business activity would be sustained and perhaps even expanded. The official report issued at the close of the conference said:

> Further information will probably be solicited from time to time as may be required, with the object of building up an adequate picture of the business structure, of determining the weakness that may exist in the national economy, and of disclosing possible steps to eradicate them, to the end that the entire national business fabric may be maintained in a normal state of adjustment and equilibrium essential to the orderly advancement of the national welfare.

The only tangible aftermath of the President's first "committee and conference" attack on the depression was a vaguely defined organization which, under the direction of Chairman Barnes and in the name of the National Business Survey Conference, for a while issued frequent and highly optimistic messages of cheer, then gradually dwindled into silence, and expired in May, 1931. The failure to go through with the business plans and expenditures forecast in December was demonstrated by the business indices of succeeding months. It was evident, as President Farrell, of the United States Steel Corporation, remarked at the economic council hearings last October, that "the wish was father to the thought."

Examined in retrospect, the only certain accomplishments of the first attack upon the depression were the enactment of the tax reduction, which undoubtedly left in the pockets of the wealthy substantial sums otherwise available for governmental action, and a very moderate increase—amounting to $55,000,000 a year for roads, $15,000,000 a year for public buildings, and a smaller increase in rivers and harbors construction—applying in part to the fiscal year 1930 and in full to the fiscal year 1931, in Federal public works construction.

The course of Federal public works, excluding vessel and aircraft construction, through June 30, 1930, was:

1928	$201,180,000
1929	261,695,000
1930	297,303,000

The legislation enacted during the winter of 1929–30 became fully effective in the fiscal year 1931, when it was further supplemented by the emergency public works bill enacted at the short session of the Seventy-first Congress. Even with all of this, however, Federal construction in the fiscal year 1931 totaled only $460,641,000. This was an increase of some $160,000,000, entirely insufficient to offset the decline in State and local construction and woefully inadequate compared with the decline in construction generally.

The efforts to stimulate State and local construction, including a public appeal to the State governors on November 23, 1929, was frustrated by the growing financial predicaments of these governments, with the result that combined Federal, State, and local public-works expenditures first failed to grow materially and then declined, as follows:

1927 total public construction	$3,706,000,000
1928 total public construction	3,631,000,000
1929 total public construction	3,555,000,000
1930 total public construction	3,632,000,000
1931 (estimated)	3,000,000,000

Judging by the trend in the first few months of 1932, it is probable that public construction will not reach $1,500,000,000 this year.

Meanwhile, total public and private construction fell year by year, from $10,091,000,000 in 1928, to $9,018,000,000 in 1929, to $6,946,000,000 in 1930, to $4,800,000,000 in 1931, with the present likelihood that the 1932 total will not be over $2,500,000,000 or $2,750,000,000, a decline of anywhere from $7,000,000,000 to $8,000,000,000 since the peak of 1928.

Beyond the tax reduction put through by the bipartisan coalition under the leadership of the President in the session 1929–30, there is a debatable question whether the assurances given at the White House conferences in November did or did not result in maintaining wage levels beyond the time at which they otherwise would have been cut. Wage reductions began soon after the outset of the depression, but undeniably for months few of the larger industrial concerns made serious reductions, for which I give their management and their control due credit.

Whatever the credit due to the President may be—and I do not wish to deny him any credit which is justly his—the wage-maintenance policy, based upon voluntary assurances and upon official declaration, unsupported by any show or threat of action, was effective, taking the most optimistic view, for but 18 months, and collapsed, under increasing economic pressure, in the early autumn of 1931.

Evidences of tangible action to counteract the depression are, except for the issuance of statements and of appeals for "cooperation," entirely lacking in the administration's record and in the Record of Congress for the next six or eight months. Chairman Barnes, Secretary Lamont, and other officials, carried on an almost continual chant of hope and of pledges that the depression was about to end. On March 5, 1930, the President rejected a new proposal for a national unemployment conference, with the declaration that "everything possible is being done to remedy conditions." At this time, Mr. President, industrial production was at 104, a gain of 4 points since December, 1929, but a loss of 18 per cent since June, 1929; freight-car loadings had fallen to 96, a decline of 6 since December, 1929, and a total decline since the peak of 1929 of 11 per cent; the value of building contracts was at 102, a decline of 19 per cent since the 1929 peak; factory employment was at 92.9, and factory pay rolls had reached 98.2. The then Secretary of Labor, now the junior Senator from Pennsylvania [Mr. DAVIS], in a statement indorsed by the White House, said at the same time that unemployment did not exceed 3,000,000 persons, many of whom would be "normally" unemployed.

There were, however, Members of Congress who regarded the situation less lightly. Criticism grew and early in March, the Senator from New York [Mr. WAGNER], the Senator from Michigan [Mr. COUZENS], the Senator from Montana [Mr. WHEELER], myself, and others, joined in attacking the inadequacies and the misrepresentations of the administration's position.

The President made reply on March 7, 1930, in a statement to the press in which he said:

> All the evidences indicate that the worst effects of the crisis upon employment will have been passed within the next 60 days, with the amelioration of seasonal unemployment, the gaining strength of other forces, and continued cooperation of the many agencies actively cooperating with the Government to restore business and to relieve distress.

Almost exactly 60 days later, speaking before the annual meeting of the United States Chamber of Commerce, the President claimed that, through the cooperation of business men, the press, financiers, public officials, and others, the program which he had set forth late in November had "succeeded to a remarkable degree." The dangers of loss of confidence, of monetary panic, and credit stringency, he said—

> are behind us. There has been no significant bank or industrial failure.

Now mark this—

> That danger, too, is safely behind us.

Apparently blissfully ignorant that the census of unemployment taken on April 1 was to show an unemployment of at least 3,400,000 persons, the President, in accordance with the policy of distorting factual information upon which his administration was already well launched in its efforts to minimize the depression, said that a "telegraphic census" of governors and mayors had brought "with one exception the unanimous response of continuously decreasing unemployment each month."

Mr. KING. Mr. President——

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LA FOLLETTE. I yield.

Mr. KING. Mr. President, we are listening to one of the most important and able speeches that it has been my pleasure to hear in the Senate. I think, in view of the important facts being presented we should have a larger attendance——

Mr. LA FOLLETTE. Mr. President, I thank the Senator, but I do not yield for that purpose.

The PRESIDING OFFICER. The Senator from Wisconsin declines to yield.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. LA FOLLETTE. I yield.

Mr. LEWIS. Since the accommodating Senator from Wisconsin has yielded to an interruption, may I take it upon myself to ask from what source does the Senator gather the particular figures which have been interesting me very much, showing the gradual increase of unemployment and the gradual gradations of public works?

Mr. LA FOLLETTE. They have been taken in part from the official reports of the Federal Reserve Board and partly from indices published by the Department of Commerce, printed by the executive branch of the Government over which the President presides.

Mr. LEWIS. I appreciate the courtesy of the Senator.

Mr. LA FOLLETTE. They are published, I may say to the Senator, in bulletins which are issued and distributed, and I assume the President had access to them.

Looking to the future, the President intimated vaguely that "when the situation clears a little" he might undertake the organization of a representative body to study the history of the predepression and depression periods, "with a view to broad determination of what can be done to achieve greater stability for the future, both in prevention and in remedy." At the same time he insisted that whatever action might be determined upon must be in the "field of cooperative action outside of government" and that "progress must come from individual initiative, and in time of stress

it must be mobilized through cooperative action." Later months were to bring to the President the conviction that these principles should be violated sufficiently to permit action by the Government to the extent of providing additional credit to banks, railroads, and industrial corporations. His interest in the broader problem of stability, however, remained undefined, postponed to some remote future day.

The President's seeming confidence that the problem was taking care of itself and that positive governmental intervention was unneeded remained unshaken on June 4, 1930, when he rebuked, according to Amos Pinchot, a delegation which had come to urge upon the President a tremendous public-works program. That was two years ago. Unemployment was being exaggerated; the tide had turned; we would drift peacefully, if slowly, back to good times. I quote from Mr. Pinchot:

> With calm confidence he spoke of the results that were being gained through the conference he had called of great business leaders and of their fine response to his appeal not to curtail the volume of their activities. He showed us, in authoritative style, that every agency of both the Federal and State Governments was working at top capacity to relieve the situation. "Gentlemen," he said, "you have come six weeks too late."

At that time, Mr. President, industrial production had fallen to 100, a loss of 21 per cent since the preceding June; freight-car loadings had dropped to 93, a loss of 14 per cent since the preceding June; the value of building contracts had fallen to 99, a loss of 21 per cent since the preceding June; factory employment had dropped to 89.7, a loss of 12 per cent in a year; factory pay rolls had gone to 90.7, a decline of 17 per cent in that year. Yet the President of the United States assured the distinguished delegation that waited upon him to urge the inauguration of a gigantic public-works program to check the progress of the depression that they had come six weeks too late.

Mr. President, the long session of the Seventy-first Congress ended on July 3, 1930, barren of legislation affecting the fundamental economic situation, except for the dislocation of international trade brought about directly and indirectly by the Hawley-Smoot Tariff Act. Even mild public-works planning and employment exchange bills of the Senator from New York [Mr. WAGNER] in harmony with recommendations made many times by the President himself during the years preceding found no administration support, and although they were passed by the Senate through the persistent efforts of the Senator from New York, they received no attention in the House of Representatives, which was controlled and dominated at that time by the administration. All efforts to promote a more adequate expansion of public works were blocked by presidential appeals for economy, buttressed by distorted calculations of prospective appropriations.

The quiescent policy of the administration was broken somewhat by the increasing severity of the drought which prevailed during the summer of 1930. On August 5 the President recognized the possibility of "real suffering" and said:

> No stone will be left unturned by the Federal Government in giving assistance to local authorities.

Official surveys and conferences multiplied rapidly; railroads were induced to shoulder part of the cost of relief by making emergency reductions in rates on the movement of livestock and of feeds. The Red Cross was stimulated into action; the Department of Agriculture revised its radio program by including special talks on drought conditions, and the President announced that, due to "the thought that I can probably be of some service," he had canceled his proposed western trip.

A conference with the governors of the drought States brought on August 14, 1930, an elaboration of the President's drought-relief program. Relief was to come from State and local resources, with a presidential committee to "coordinate" the State and county committees, supplemented by $5,000,000 from the Red Cross, speeding up of Federal-aid highway allotments, and a continuance of the railroads' rate reduction. Appeals for emergency credits were turned aside with vague assurances that, in so far as sound security could be given, credit would be supplied by existing Federal agricultural credit institutions.

As the autumn of 1930 came on, it became increasingly evident that existing policies were not meeting the necessities of the situation. The drought areas protested that the President's program had not and could not prevent intense suffering and economic maladjustment. It was generally recognized, except in administration circles, that the economic situation was in its broader aspects growing progressively worse. Although completely accurate data were unobtainable, it was obvious that unemployment was increasing and that distress was being relieved inadequately. Stock and bond prices collapsed anew in the fall of 1930, leading to administration charges that persons hostile to the administration were manipulating the market on the eve of the elections which in November were to result in a severe defeat for the Republican Party.

Presidential recognition of the existence of a serious unemployment problem finally came on October 17, 1930, when the President still insisted that his program of 10 months before had "contributed greatly to reduce unemployment," but admitted that he now contemplated a further organization along three lines:

> First, cooperation with the governors and employment organizations of the States and local communities; second, development of methods with the national industries; and, third, direct Federal employment in public works, etc. * * * As a nation we must prevent hunger and cold to those of our people who are in honest difficulties.

A renewed suggestion that a conference of industrial and labor leaders, similar to the Harding conference in 1921, be called was rejected a few days later with the explanation that the President had "covered that ground" in his November, 1929, conferences.

Col. Arthur Woods was appointed to direct an organization to act as a Federal clearing house to "coordinate" State and local activities it was announced by the President on October 21, 1930. A White House statement said that "no attempt was being made to minimize the problem, for it is being recognized as a real one," but expressed faith that there would be no large degree of "actual individual suffering," and estimated the number of the unemployed at 3,500,000. Up to this point Cabinet officials had been in the habit of estimating it at 2,500,000.

On October 22, Colonel Woods took up his work with the statement that—

> we are going at the problem with all the information and with all the vigor that we can command * * *. It is a race with human misery. I think we will win by furnishing jobs and through social relief measures * * *. It is largely a local problem.

In answer to demands for a special session of Congress, the President asserted on October 24, 1930:

> No special session is necessary to deal with employment. The sense of voluntary organization and community service in the American people has not vanished. The spirit of voluntary service has been strong enough to cope with the problem for the past year, and it will, I am confident, continue in full measure of the need.
>
> Colonel Woods is receiving most gratifying evidence of this from the governors, mayors, industrial leaders, and welfare organizations throughout the country.

About this time another one of the periodic campaigns of optimism was launched through the press. Headlines said that "immediate gains are expected in labor situation" and that "State governors report progress in aiding jobless." The administration continued to give out rosy statements of its public-works activities, including one which gave the palpably distorted impression that $1,000,000,000 worth of Federal public works were in progress, or soon would be. The President issued appeals for support of the local drives of community chests, and of the National Red Cross membership drive. "The Red Cross is our national insurance against the suffering of disaster in any part of our country."

Colonel Woods on November 6 said that "an early improvement in the situation may be expected," and on November 7 said that "the States have the employment matter well in hand, although some are farther ahead in the work than others." On November 17 Colonel Woods announced that

the first phase of the work of the President's emergency committee for employment, including "formation of a central organization and the arousing of the country to the need of general effort to combat unemployment," had been completed. He was not yet ready to announce what the next phase would be.

The President was meanwhile setting the stage for another ineffectual session of Congress. Seven conservative Democratic leaders tendered an offer of "cooperation," readily accepted by the administration, so that by November 13 the President felt assured, and was quoted as saying, that—

The fear and apprehension which have been expressed over reports that delay or filibuster would be resorted to to force an extra session of Congress have, therefore, no foundation.

The ultimate results of the creation of the President's Emergency Committee for Employment were predicted with fair accuracy by The Nation on November 12 when it said, editorially:

It becomes clear that what Mr. Woods has accomplished thus far is to call attention to what has been done or what is supposed to be about to be done. His action has precisely the value that inheres in such publicity. This statement involves no reflection on Mr. Woods, for no improvised organization except a charitable one can do anything of immediate importance in a time like this. * * * Plants are opening and closing all the time as economic necessity dictates. Public works are being undertaken as appropriations become available. Private and public charity go on their old way, with somewhat increased funds, and the suffering and demoralization of unemployment are somehow endured. None of this does or can Mr. Woods fundamentally change.

Fundamental changes were evidently far from the President's mind. The emergency committee for employment on November 22, according to Prof. J. C. Lawrence, a member of the committee, submitted to the President "a report on emergency measures which might be taken to combat unemployment," and said that a report dealing with long-time considerations was in preparation. None of this ever came to the official attention of Congress; and on December 16, 1930, the President answered a formal request of the Senate by asserting that, except for notes and verbal suggestions for use in the annual message to Congress, the emergency committee "has made no report on unemployment."

By this time industrial production had dropped to 82, a loss of 18 per cent since June, 1930, and a drop of 36 per cent since the peak of 1929. Freight-car loadings had fallen to 84, a loss of 22 per cent since June, 1929. The value of building contracts had shrunk to 73, a loss of 42 per cent since June, 1929. Factory employment was at 80.1, a drop of 22 per cent since June, 1929, and factory pay rolls were at 73.7, a loss of 33 per cent since June, 1929.

The congressional session of 1930–31 began with a background of intensified unemployment and distress which could not be hidden by optimistic camouflage and vague promises. Demands for direct relief measures and for an effective public-works program were being made in this Chamber and throughout the country. Every reliable indicator of business conditions showed a movement constantly downward. November, December, and January were marked by an unprecedented number of bank suspensions. The curtailment of industrial production was too obvious to be denied.

The President's annual message on December 2, 1930, shifted all responsibility for prolongation of the depression to the drought and to foreign developments:

In the larger view the major forces of the depression now lie outside of the United States, and our recuperation has been retarded by the unwarranted degree of fear and apprehension created by these outside forces.

This was the line of defense which Republican stump speakers had employed just before the November, 1930, by-election.

The program which the President had outlined a year before was credited with having mitigated the otherwise probable course of the depression:

The result of magnificent cooperation throughout the country has been that actual suffering has been kept to a minimum during the past 12 months, and our unemployment has been far less in proportion than in other large industrial countries.

The President held out hope that, because of the extent to which the United States is self-sustaining, we would "overcome world influences." He insisted:

Economic depression can not be cured by legislative action or executive pronouncement.

I may say, in passing, that he has tried the latter.

Economic wounds must be healed by action of the cells of the economic body—the producers and consumers themselves.

This again, he assured us in his message, would take place through "cooperative action" based upon individual "faith and courage," abstinence from hoarding, neighborly responsibility, industrial responsibility for employees, and upon community and State responsibility encouraged by the National Government. The new relief organization had already received "a most gratifying degree of response."

On the extent of unemployment, the President returned to the contention that, aside from a "normal" unemployment of 1,000,000, only 2,500,000 had been unemployed in the spring, with "some decrease in employment since that time." The number in distress were estimated at from 10 to 20 per cent of those unemployed.

On all other important economic questions the President was vague, or silent. After the depression, he said, it would be necessary to consider what action could be taken "to remove possible governmental influences which make for instability and to better organize the mitigation of the effect of depression," but he thought it "as yet too soon to constructively formulate such measures."

Information demonstrating that the President had continued to minimize the extent of unemployment and distress was presented to the Senate in December and January. I first presented telegrams from central labor bodies which the president of the American Federation of Labor had secured. Later on, I presented to the Senate the results of a questionnaire which I had sent out to the mayors of cities, asking for information concerning the extent of unemployment. Regardless of this information, the bipartisan coalition in the Senate, however, which had been foreshadowed in November, cooperated effectively with the President and with administration leaders in the House to block all real relief legislation.

In response to a resolution which I introduced, administration officials were questioned before the Senate Appropriations Committee early in January, but the committee drew forth little of the basic information concerning the situation. Colonel Woods admitted that his organization did not know the extent of unemployment, but added the comforting observation:

We hope distress is going to be avoided; we hope every community is so organized as to be able to take care of any cases of distress in its neighborhood. I have confidence that that is the situation.

The issue of unemployment relief and the demand for governmental action took legislative form on the floor of the Senate for the first time in connection with the bill for loans for seed and other materials for crop production in the drought area, sponsored by the administration. It will be remembered that the Senate attempted to attach an additional $15,000,000 for loans for the purchase of food. This was rejected by the House; and the Senate receded, only to substitute an amendment to the Interior Department bill making available $25,000,000 to be expended by the Red Cross for relief of destitution in the cities and on the farms.

The administration brought its full influence to bear to defeat this amendment. The Red Cross was induced to assert that it would refuse to administer the fund if it were given. Leaders on the other side of the aisle who had originally sponsored the amendment were persuaded to reverse themselves.

At the time that compromise was under consideration, Mr. President, I had this to say:

I realize that there is no possibility of defeating this conference report. I realize that the votes have been gathered in to pass it; but I want to point out that the Senate of the United States and the Congress and the Executive are utterly failing to meet their responsibilities in this situation. The facts have been presented. The necessity of this assistance is manifest; and yet we are asked

to accept this surrender of the position taken by the Senate by an overwhelming majority.

In 1930 the people of this country went to the polls. It is my conviction that one of the reasons for the overwhelming defeat of the administration and its policies in that contest was the fact that the President of the United States had failed to realize the magnitude of this economic disaster, and had indicated a determination not to afford any assistance to its innocent victims. The Democratic Party, being the party of opposition, was the party to which the people turned in the 1930 election. They gave that party a mandate to fight for the interests of the great mass of the workers and the farmers in this country. Even before the convening of Congress the leadership of the Democratic Party repudiated its mandate and declared for cooperation with the present administration.

Continuing to quote from my remarks made on February 10, 1931, I read:

I feel a good deal like one of the privates in the rear ranks of the army of the King of France, of whom it was said, according to the nursery rhyme that you remember:

"The King of France went up the hill,
With twenty thousand men;
The King of France came down the hill,
And ne'er went up again."

This is a humiliating surrender on the part of the Senate of a great principle, namely, the principle that the justification for government is that it will in emergencies protect its citizenship. We are permitting the precedent to be established that the millions of working men and women in this country and the farmers who are the victims of this drought shall be required to bear the burden, the economic depression, and the drought.

In view of the traditional history of this country to which I have adverted here this afternoon, I say that the Senate should not compromise upon that principle. It should adhere to the policy which the Government has always maintained of affording relief to citizens who are in distress and unable to meet their own problems.

Mr. President, this issue was one of the underlying issues in the campaign of 1930. It will be a dominant issue in the campaign of 1932. Parties and leaders failing to meet their responsibilities and to carry out this traditional policy of the American Government in extending relief to innocent victims of disaster, whether created by nature or by man, will be repudiated.

The Senate, however, did surrender its position. Under the leadership of leaders on both sides of the aisle, they humiliatingly surrendered to the dictates of the administration, and the relief which would have been afforded under the amendment was not available to meet human misery.

Efforts to obtain action upon a more adequate appropriation of $100,000,000 to supplement local relief activities were likewise blocked by leaders of the coalition. The only tangible consequence of the fight for relief was the undertaking by the Red Cross of a drive for a supplemental $10,000,000 indorsed by the President for relief purposes. In spite of administration support this drive succeeded only after two months of campaigning.

Efforts to induce the acceptance of an adequate public-works program were similarly unsuccessful. Instead the pittance of $116,000,000 to temporarily enlarge Federal construction was voted.

In the absence of administration leadership I demanded that—

Some attempt should be made on the part of Congress to afford the means for the mobilization of the intelligence of industry and finance in order that it may be brought to bear upon the problem of solving the question of distribution, as it has been brought to bear during the last 10 years upon the problem of increasing the productivity of our present organization.

I predicted that unless we did that "economic conditions may be infinitely worse 12 months from now than to-day."

This was a point of view with which the President of the United States and the leaders on both sides of this aisle had no sympathy. On February 3, 1931, during the controversy over the relief amendment to the Interior Department bill, the President had said:

The whole business situation would be greatly strengthened by the prompt completion of the necessary legislation at this session of Congress, and thereby the unemployment problem would be lessened.

He asserted that the American people were doing their job, and that they—

Should be given a chance to show whether they wish to preserve the principles of individual and local responsibility and mutual self-help before they embark on what I believe is a disastrous system. I feel sure they will succeed if given the opportunity.

Party leaders in Congress on both sides agreed with the President, and the session ended without relief legislation, without a public-works program, without measures looking to fundamental economic readjustment. For nine months the President was rid of Congress.

Unfortunately—and I point out, Mr. President, that there is likewise now a campaign going on for the adjournment of Congress—it became apparent that "the whole business situation" had not been strengthened, that unemployment had not been lessened, and that local relief activities could not meet the problem of dealing with the spread of distress.

In March, 1931, when Congress adjourned, industrial production had fallen to 87, a drop of 31 per cent since the peak of June, 1929, but a gain of 6 per cent during the time Congress was in session. Freight-car loadings had reached 80, a drop of 5 per cent during the session of Congress, a drop of 26 per cent since June, 1929. The value of building contracts was at 77, a gain of 5 per cent, but a loss of 39 per cent since June, 1929. Factory employment was at 77.9, factory pay rolls were at 74.9.

Mr. President, it has been claimed by some that we tried the theory of expanding public works during the session of the 1930–31 Congress. But it was evident then as it is now that the legislation enacted at that session had no effect during the year 1931, because there was a decline of $632,000,000 in the volume of public construction, from $3,632,000,000 in 1930, to $3,000,000,000 in 1931, attended at the same time by a 50 per cent decrease in private construction, so that the total volume of construction fell from $6,942,000,000 in 1930 to $4,800,000,000 in 1931.

The close of the session in March, 1931, was followed by the pocket veto of the employment exchange bill introduced by the junior Senator from New York [Mr. WAGNER].

Early in April the President suddenly discovered that, after all, wage cuts were in progress. He was represented on April 1 as being "indignant" over the existence of a movement on the part of "the bankers" to drive down wage costs. On April 2, however, it was explained that he had been misinterpreted in the reports which had on the day before ascribed apprehension to him, and that, in fact, the leading industries had succeeded in keeping up existing wage scales. When on the following day the administration's attention was called to Bureau of Labor Statistics figures showing a considerable number of wage cuts, Secretary Doak insisted these applied only to minor establishments and that—

In general I believe manufacturers and business men are keeping the agreement made with the President during the conferences held here following the stock-market crash in 1929.

On April 6 Colonel Woods reported that the majority of the information received by his organization indicated continued need "for relief and made work by municipalities."

At the end of the month it was announced, on April 27, that Colonel Woods was leaving immediately for a vacation, and that seven members of the President's committee would retire from active connection with it. While E. A. Filene commented at the annual meeting of the chamber of commerce that "Colonel Woods is a man of action, who refuses to follow a road which leads windingly or not at all to the goal," it was explained on behalf of the administration that Woods had by no means left because of any misunderstanding with the President and that he had not actually severed connection with the committee.

Again, Mr. President, optimistic statements, forecasting early recovery, or suggesting great public-works activity to offset unemployment, came from the White House or from Cabinet officials and administration spokesmen at short intervals during the ensuing months.

A typical example was Secretary Doak's address in New York on May 4, 1931. Asserting that official data showed improvement in employment, the Secretary said:

No one can tell how long this depression will last, but I am confident that the bottom has been reached and an upward movement already has been started. * * * Courage, patience, and confidence in our ability will solve the economic and any other problem to confront us.

On behalf of the administration they continued to express doubt that wage cutting on anything approaching a substantial scale would occur, although several weeks before the President had intimated the existence of a wage-cutting drive, and William Green about the middle of May had taken the wage-cut problem sufficiently seriously to issue a warning that general wage reductions would produce widespread strikes. Secretary Doak on May 18 maintained that generally large industries had not diminished wages, and that he was "unprepared to say that there has been any concerted movement for wage cuts."

Mr. Fred C. Croxton, who had become acting chairman of the President's emergency employment committee, following Colonel Woods's resignation, stated on May 18:

Wages will be maintained. Labor and capital will work that out. I do not think the statement of President Green that wage reductions are imminent and will be followed by widespread labor disturbances is prophetic.

Following the submission to the President of the various memorials asking for a special session of Congress, and a statement by myself on May 21, citing a survey of current unemployment conditions and economic trends in support of a demand for an extra session, President Hoover on May 22 issued a formal announcement saying:

I do not propose to call an extra session of Congress. I know of nothing that would so disturb the healing processes now undoubtedly going on in the economic situation. We can not legislate ourselves out of a world economic depression; we can and will work ourselves out. A poll of the Members of Congress would show that a large majority agree with me in opposing an extra session.

I have no doubt that the latter part of that statement is true, because in view of the coalition which has existed during this depression between the Democrats and the Republicans, it is quite likely that a majority of both Houses of Congress, had they been polled, would have been found to be opposed to an extra session. Certainly every effort was made on both sides of the aisle by the leaders to hasten through all the legislation, so that a sine die adjournment on the 4th of March would not be followed by an extra session of Congress.

In the statement which I issued urging an extra session of Congress I said that—

The number of unemployed to be cared for in the next winter bids fair to remain close to the 6,000,000 found by the Census Bureau in its survey last January, and the unemployed, together with millions of others who had been working but a few days each week, will be facing dire conditions unless the Federal Government, through a vastly expanded public-works program or through aid to State and municipal governments, undertakes to ease the situation.

On May 22 I issued a statement in which I said that "under constructive leadership" an extra session could—

First. Provide immediate assistance to cities, counties, and States in relieving distress.

Second. Adopt a great public-works program "to provide a substantial amount of employment and to contribute toward the maintenance of wage standards."

Third. Enact agricultural relief legislation.

Fourth. Stimulate export trade by reducing tariffs.

Fifth. Increase income and estate taxes to meet the deficit, provide for a construction fund, and for relief of distress.

Sixth. Create a national economic council.

I said also that—

We have waited 20 months for some unforeseen miracle to bring the country out of disaster. The policy of drifting has failed. The time has come for action on all fronts to arrest the continual slide toward further depression and to bring about recovery on a sound basis.

A further White House announcement on May 26, 1931, said that—

Economic conditions were considered at length to-day by President Hoover and his Cabinet, and they found many factors they considered favorable.

At the same time the country was informed that installation of an air-cooling and heating system in the White House had been postponed as a result of the Government's campaign for economies. The nature of the "favorable factors" found by the Cabinet was not disclosed.

The cheery optimism which emanated from the White House contrasted sharply with a warning on June 8, by Acting Chairman Croxton, of the President's committee, that—

There must be no let-up in efforts of State, local, and private relief agencies to assist the needy. While demands during the summer will no doubt be lessened because of crop activities, it is almost certain that there will be several million unemployed to be taken care of at the advent of winter.

By this time, Mr. President, industrial production had fallen in June, 1931, some 35 per cent from the peak of 1929. It was at index 83. Freight-car loadings were at index 77, having fallen 4 per cent since the adjournment of Congress on the 4th of March and 29 per cent since June, 1929. The value of building products stood at 63, a loss of 18 per cent since the adjournment of Congress on the 4th of March, a loss of 50 per cent since 1929. Factory employment was at 76, a loss of 26 per cent since June, 1929, and factory pay rolls were at 67.6, a loss of 38 per cent since June, 1929.

On June 15, 1931, the President of the United States delivered an address before the Indiana Republican Editorial Association. In the course of that address he attributed the prolongation of the depression to factors outside the United States; attacked the "minorities" who "would make political capital out of the depression through magnifying our unemployment and losses," and bear raiders; found that "the underlying forces of recovery are asserting themselves," and said that the very existence of fear resulted in "piling up savings in our savings banks until to-day they are the largest in our history," and predicted that "surplus money does not remain idle for long."

He also spoke of the Government's policy of "organizing cooperation in the constructive forces of the community and stimulating every element of initiative and self-reliance in the country," through the financial policies of the Federal reserve system, the Treasury, the Farm Loan Board, the Farm Board, and banks generally, through exhortations to maintain wages and salaries and to preserve the standard of living, and "organized cooperation with industry systematically to distribute the available work so as to give income to as many families as possible"; maintenance of construction work; drought relief; the agricultural marketing act; the tariff, thereby saving farmers and workers from low-wage foreign competition; governmental economy; restriction of immigration; maintenance of "systematic voluntary organization in the community in aid of employment and care for distressed," and in a score of other directions in which cooperation is organized and stimulation given. "We propose to go forward with these major activities and policies. We will not be diverted from them." Thereby "we will prevent any unnecessary distress in the United States, and by the activities and courage of the American people we will recover from the depression."

In that address he warned against—

Detouring capital away from industry and commerce * * * either by taxes or loans on the assumption that the Government can create more employment by use of these funds than can industry and commerce itself.

He continued:

While I am a strong advocate of expansion of useful public works in hard times, and we have trebled our Federal expenditures in aid to unemployment, yet there are limitations.

He said that industry and commerce must not be robbed "of its capital," that long engineering and legal interludes are involved; and "above all, schemes of public works which have no reproductive value would result in sheer waste."

There followed the 1-year moratorium of all payments on intergovernmental debts, reparations, and relief debts, which was announced on June 20, 1931, with the statement that it had already been approved by a long list of Members of

Congress and by General Dawes and Owen D. Young, and that—

The purpose of this action is to give the forthcoming year to the economic recovery of the world and to help free the recuperative forces already in motion in the United States from retarding influences abroad.

The President stated that the weight of the intergovernmental debts, the fall in the prices of foreign commodities, lack of confidence in economic and political stability abroad, and the consequent gold movement into the United States—

And the other difficulties abroad diminished buying power for our exports and in a measure are the cause of our continued unemployment and continued lower prices to our farmers.

He continued by asserting that the reparation problem as such was one with which the United States has no relation and that he did not approve "in any remote sense of the cancellation of the debts to us."

Three days later, on June 23, it was said on behalf of the administration, by Commerce, Treasury, Agriculture, and Federal Reserve officials, that "economic gains of a more definite character are being registered with each week throughout the world." The statement continued:

Although officials of the Federal Government do not minimize the distress caused by the 2-year depression and their reports from business and finance show continuing low levels in many lines, their expressed opinions directed attention to healthier conditions disclosed in the reports, together with a widely spread attitude of looking into the future rather than of discussing the wounds left by the economic decline.

Domestic improvement was represented as greater than abroad; but throughout the world, it was declared, the results of preparation for a business revival have begun to show.

These conditions, having had their beginning, are expected now to move forward more rapidly under the impetus of the President's proposal for a year moratorium on international debts and reparations.

The President failed, however, to follow the moratorium with any constructive leadership looking to a solution of the debts, reparations, and armaments problem.

The optimism concerning the outlook for relief of the unemployed was badly shaken by the publication on July 21, 1931, of a report based upon a survey of 184 cities submitted to the President's Emergency Committee on Employment, and at its request, by Allen T. Burns. It said in part:

Reports from the 184 cities surveyed provide unquestionable confirmation of the prediction made to us in the beginning by Acting Chairman Croxton that, whatever change may come in business conditions, welfare and relief needs will be more acute next winter than last. * * * In many cities we find the number of dependent families doubled over last year's estimates. * * * It means that thousands of families, even where the breadwinner may have returned to work, have reached the end of their resources. It is evident that we must prepare now for a major task in social statesmanship.

The second conclusion to which the survey leads us is that private philanthropy can not possibly raise all the funds needed. * * * The larger percentage of the direct relief burden must be met through municipal and county appropriations. * * * In many places, notably Cleveland, Philadelphia, and New York, all funds raised for emergency relief from private sources have been exhausted.

On July 29, 1931, the President summoned Judge Payne, chairman of the Red Cross, to the White House. The White House was reticent concerning the conference, but Judge Payne said that he had been called to discuss "the best way to bring about cooperation among all unemployment agencies." He said that the President had begun a "thorough and comprehensive study" of the unemployment situation with a view toward bringing about such cooperation. He said:

"There is nothing extraordinary about unemployment conditions at this time. I think the situation is quite as well as last winter, excluding of course the drought. There is no drought now except in Montana and the Dakotas. It is a local problem. There is no possible reason why the Federal Government should be called upon. This country can deal with the unemployment situation without any difficulty if it is kept where it belongs—at home." Payne maintained that the Red Cross "has its own job to perform."

On the same day President William Green, of the American Federation of Labor, predicted that 7,000,000 industrial workers would be unemployed by winter and urged national action, including a shortening of working hours.

On the 31st of July it was announced that the President was "continuing his studies of the unemployment problem."

A Universal Service dispatch said that—

Mr. Doak provided the President with a wealth of statistical information to-day, including a general estimate of the number of unemployed, and the prospects of employment for the winter.

In contrast with the American Federation of Labor estimate of 7,000,000, "Secretary Doak's estimate, it is understood, is well below this figure."

On August 1, 1931, it was announced that the President had secured the services of Henry J. Allen, former Senator from Kansas, to go to England and Germany to make a study of the "dole," ostensibly for a group of newspapers, but actually as counter propaganda against probable efforts to force acceptance of some form of Federal unemployment relief.

On August 7, 1931, the President once more issued a long formal statement presenting his point of view on the unemployment problem.

For three weeks, he said, he had been studying, with members of the administration, the unemployment problem, and—

While improvement in the situation in many directions seems promising, the problem, whatever it may be, will be met. With the organized cooperation of local and State and Federal authorities, and the large number of relief and charitable organizations, the problem was successfully handled last winter. We shall adopt organization methods in such manner as may be necessary for the coming winter.

Studies of the probable volume of the load of distress were under way, he stated.

The second requirement, he said, was that of appraising existing organizations, and—

the organization needed to cooperate with these agencies. I have been in communication with several governors and with other public authorities. Already many States and municipalities have begun to lay the foundation for action necessary to meet their problems.

He had also been conferring with business, financial, and labor leaders, and with leaders of relief and business organizations throughout the country. He said:

We have now under way a reexamination to determine the actual number to be employed through the steadily increasing volume of Federal public works. We are canvassing State and municipal and industrial construction to ascertain what may be expected in that direction.

The completion of these conferences and inquiries will require another month. By that time all the facts should be clear, both as to the load to be met, the progress and strength of organization in different regions and the character and method of national organization necessary to coordinate and support them.

The President added orally that he would not estimate the present or future number of unemployment, adding that estimates of unemployment, which run as high as 7,000,000 for next January, were not only bewildering but misleading. * * * He said that a figure given out last January purporting to show that 6,000,000 were out of work, had upon reexamination proven to have many defects. He added that there was no method of accurately determining the exact number out of work. The only solid basis for meeting the unemployment situation, the President said, is to find the number needing relief last winter, and the increase or decrease of that number in various localities as the result of unemployment trends since that time.

The New York Times special dispatch on the White House statement added:

While he did not say so, it is known that the President and his advisers are anxious to have a plan ready before December with which to forestall the possible enactment of "dole" legislation by the next Congress. He has been told by observers that unless a workable project is in progress by the time Congress meets, a flood of "socialistic" proposals is probable.

The Senator from Ohio [Mr. FESS], after a conference with the President, said on August 10, according to the New York Times, "that every possible effort will be made" to avoid the "dole."

The Senator, who had luncheon with Mr. Hoover, said the President was seeking diligently to find a plan adequate to deal with

the unemployment situation without committing the Government to the "dole" idea.

The Federal Government, Mr. FESS said—

The Times story continued—

Will not permit starvation in next winter's expected unemployment crisis. It was realized, he added, that private charity and local government funds to relieve distress, in some localities, will not be able to meet the total requirements without Federal aid.

The President's third great committee-appointing drive to deal with the depression was launched formally on August 19, 1931. The President announced that he had appointed Walter S. Gifford, president of American Telegraph & Telephone Co., president of the Charity Organization Society, and former director of the National Council of Defense—

to set up and direct such organization as may be desirable, with headquarters at Washington, to cooperate with the public authorities and to mobilize the national, State, and local agencies of every kind which will have charge of the activities arising out of unemployment in various parts of the Nation this winter.

A survey to determine need during the next winter was under way. The work "directed so splendidly by Col. Arthur Woods during the past year" would be continued under Croxton's direction as part of the new organization. "I am appointing a nation-wide advisory committee to assist Mr. Gifford," the President said.

The task of proper assistance to the deserving is one which will again appeal to the generosity and humility of our whole people. It is a task which our Nation will perform, for in no people is there developed a higher sense of local responsibility and of responsibility of every man to his neighbor.

In his formal letter to Gifford, the President said that "irrespective of the improvement in employment" many localities would have a heavy relief load. "The whole force of the administration is at your disposal. Based upon my experience of some years in such problems, I am sure we shall compass this task."

The White House, on August 20, made public the names of 61 prospective appointees to the advisory committee to assist Gifford, and on August 21 the President announced that he had received "a splendid response"—52 acceptances. Messages from officials and organizations were coming in in large number and showed "a large amount of preparation for the coming winter." He spoke highly of the results obtained "by the multitude of committees and public authorities last winter. Whether they will have a heavier load to carry next winter is as yet unknown," he said, but he was confident they would meet the needs.

On the same day, August 21, the President made reference to a report of Surg. Gen. Hugh S. Cumming, of the United States Public Health Service. Citing public health "as an index of the ability of the public to weather the emergency," the President said that a report from Cumming on "the condition of public health the past winter" showed that "the general mortality and infant mortality and sickness was less than in either 1928 or 1929 when there was full employment. It is a most creditable showing which the country made last winter, and the various organizations deserve credit for it," the President said according to the United States Daily story.

The President furthermore claimed on August 21 that direct and indirect employment on Federal construction and maintenance work had grown from 180,000 at the beginning of the depression to 760,000 on August 1.

There followed, Mr. President, the organization of the new committee, the President's organization for unemployment relief, of which Mr. Gifford was the head, to deal with the problem of unemployment.

Senators are no doubt familiar with the testimony of Mr. Gifford taken by the Committee on Manufactures in connection with hearings on the Costigan-La Follette direct relief bill. It was developed there—and I shall not take the time of the Senate to go into the details of the organization—that the only purpose served by the committee was as a coordinating agency in an effort to aid the drives of local community chests in their campaigns to raise private contributions to meet the problem of unemployment relief.

However, Mr. President, as is well known, despite the heroic efforts on the part of that committee and of local organizations, the funds raised for unemployment relief during the past winter were woefully inadequate. The testimony presented during the discussion upon the relief bill last January showed conclusively that appalling conditions existed, not only in the metropolitan centers of the country but in the smaller communities, in the coal areas, and in many of the rural communities.

It was along in the fall that the administration for the first time suggested any legislative action on the part of the Federal Government to meet the crisis. It was then that the President initiated the organization of the National Credit Corporation to absorb the frozen assets of some of the banks.

He called a conference at the White House of leaders, both Democrats and Republicans, to secure their approval of a legislative program to be presented at the session of Congress which met in December last. When Congress met industrial production was at 74, a drop of 41 per cent since June, 1929; freight-car loadings were at 69, a loss of 36 per cent since 1929; the value of building contracts was as 38, a loss of 70 per cent since 1929; factory employment was at 69.4, a loss of 32 per cent; factory pay rolls were at 55.8, or a loss of 49 per cent, since June, 1929.

And what were the devices, Mr. President, upon which the leaders of both parties agreed? They were devices to tinker with the credit mechanism, seeking by expansion of credit to remedy this cataclysmic economic depression, utterly failing to recognize that the statistical indices were falling continuously all during this period not because of any lack of credit, but because of the diminishing purchasing power of the people on the farms and in the cities.

I described the Reconstruction Finance Corporation act as a measure to afford hospitalization to the casualties of this depression. While I am frank to admit that the loaning of credit by the Government of the United States in the last analysis to banks, railroads, and insurance companies may have postponed the receiverships of railroads, may have assisted insurance companies, and has effectively up until this time further stemmed the tide of bank failures, in and of itself all of the money loaned by the Reconstruction Finance Corporation has hardly produced a single order for an additional ton of steel or an additional carload of bricks, nor has it produced orders for agricultural products or for consumer's goods.

Mr. President, unless we face the fact that the major cause of this depression is loss of purchasing power on the part of the farmers, the wage earners, and others in this country; unless we attempt adequately to recreate purchasing power, all efforts to check the further continuation of the depression will fail, as they have failed in the past.

The theory of expanding public works in times of depression to provide employment, to recreate purchasing power, and to stimulate a partial industrial recovery, has been advocated by economists for a great number of years. Any person who has made a study of this theory must recognize that the size of the program, and the timing of its employment, are the vital essentials to its success. If we expand public works, as we did to the extent of $116,000,000 in the session of 1930–31, we make no impression upon a depression of this magnitude and character. All we provide is a certain amount of employment for a small percentage of those who may be out of work; but the forces which are undermining the essential values upon which this entire structure rests go forward. It is only by launching a tremendous public-works program that we can hope to provide enough employment, to recreate a sufficient amount of purchasing power, and to exert a direct and indirect stimulus of sufficient potency upon industry, to check the downward trend, and to turn the spiral in the upward direction.

Mr. President, public construction in 1923 amounted to $2,100,000,000.

In 1924 it was $2,700,000,000.

In 1925, $2,800,000,000.

In 1926, $3,000,000,000.
In 1927, $3,700,000,000.
In 1928, $3,600,000,000.
In 1929, $3,500,000,000.
In 1930, $3,600,000,000.
In 1931, $3,000,000,000.

The best estimates which I have been able to obtain indicate that public construction in 1932 will amount to about one-half of what it was in 1931. Therefore, the program provided in the bill sponsored by the Senator from New York [Mr. WAGNER]—assuming that it all is gotten under way in 1932—will just about make up the decline in public construction this year over last year.

In so far as the projects contained in this bill provide employment, it will, of course, be of assistance to the men who are fortunate enough to be employed, either directly or indirectly; but to contend that the expenditure of the sum of money provided for in the pending measure would act as a stimulus toward economic recovery is to deny the facts which confront us.

It is perfectly obvious that if we are successfully to check the downward course of this depression we must adopt a program which will be sufficient, in its distribution of purchasing power and in its direct and indirect effect upon industry, to change materially the existing trend. Otherwise, we obviously face more serious disaster than has yet overtaken us.

I wish to call attention to the testimony of Prof. Willard L. Thorp, of Amherst College, in appearing before a subcommittee of the Committee on Education and Labor. He testified:

The Federal Government has accepted the responsibility for returning confidence to our financial structure. A vigorous public-works policy would further assist in recovery by injecting life into the producing mechanism. Once recovery has begun we can count upon the cumulative forces of increasing employment and advancing prices to carry us out of the depression.

Again, he said:

Assuming that such a program as I have outlined is desirable, the next problem is that of the best time to initiate it. It might be argued that we should wait until the next period of prosperity and then postpone building, catching up to the usual program when the next period of depression appears. There are at least three reasons why it would be better to initiate the program in a period of depression. The first reason is that many of the projects in public construction which enter into our usual expenditure of perhaps $3,000,000,000 per year can not be postponed. They represent items of necessity which must be done. From the point of view of public service it is much more feasible to advance construction rather than to delay it. The second reason for initiating such a program in time of depression is that it is then more acceptable both in the political mind and in the public mind. A policy of controlled public works was sponsored by many organizations and individuals at the time of the 1921 depression, but the ensuing period of prosperity did not prove to be a promising time for establishing it. The third reason lies in the present economic situation. I have not stressed in this statement the responsibility of Government agencies to give every possible assistance to the forces which are making for economic recovery. There can be no doubt but that a vigorous program of public works at this time would mean much more than immediate unemployment relief and the avoidance of the great social waste from idleness. Such a program would unquestionably inject into the present condition of stagnation the vitality necessary to begin real economic recovery.

I also wish to quote from the testimony before the same committee of Mr. John P. Hogan, a member of a large engineering firm of New York City. He said:

There has now arisen a crisis in municipal affairs, financial affairs, and State financial affairs which is resulting in continual abandonment of normal programs.

This thing is going on from day to day. Already 35 per cent, at least, of the remainder has been abandoned, and it looks now as if the total abandonment this year, at the present rate of acceleration, would be from 50 to 60 per cent of the remaining program.

Among other things he mentioned was the fact that New York City, the day before he testified, suspended $225,000,000 of public works.

He continued:

There are two reasons for that. One is either because they are forced to suspend through pressure from the banks or because the interest rate is so high at present that they can not go ahead with these projects and projects which would be self-supporting at any normal rate of interest cease to be self-supporting at 6 per cent, which is what the municipalities are generally being asked to pay now.

Further on he said:

Of the municipal and State work, which normally would be about two and one-half billions, and I think half of it, as 35 per cent has already gone by the boards.

Senator LA FOLLETTE. Then, that would have the effect of reducing employment to what extent, in your opinion?

Mr. HOGAN. At least 1,000,000 people for the construction season, counting not only those employed on the work but the industries involved.

Senator LA FOLLETTE. In other words, you think that in 1932, in the construction season, that there will be 1,000,000 less men employed than in 1931?

Mr. HOGAN. If the present tendency increases and something is not done to check the drop off in municipal work, municipal and State, municipal, State, and county.

* * * * * * *

Senator LA FOLLETTE. If the Federal Government should make money or credit available to the municipalities, how much construction do you think could be undertaken during the coming year?

Mr. HOGAN. I think the normal program could be kept up. Of course, the facilities of the municipalities and the States for doing work are greater than that, but I would think that now, if proper credit facilities were extended, that the normal municipal and State program could be maintained this year.

General Marshall, who was in charge of all Army cantonment construction during the war, stated:

Under these conditions it would appear probable that the construction industry for 1932 will be around $4,000,000,000, or less than 50 per cent of its probable normal. Expressed in other words, that means the percentage of reduction in construction from 1931 to 1932 will be the greatest yet had. The profound effect this might have upon the whole industrial fabric must be seriously contemplated.

Public works in the postwar period has mounted from 25 per cent to 33⅓ per cent of the construction industry. Through an increase of some 20 per cent to 25 per cent above that normal during 1931, the construction industry that year was maintained at about 75 per cent of normal. A drop off of public works to 50 per cent of normal during 1932 will almost certainly drop the entire construction industry to about 40 per cent of its normal. A ghastly statement in view of the unemployment situation.

So many detailed lists of public works have been prepared and so many suggestions made as to work to be included therein, I believe there is sufficient information already printed in the Government records to compile a volume well in excess of $5,000,000,000.

Again he said:

The construction industry is the one industry that the Government plays a large part in. The Government is permitting the industry to become the most depressed of all industries through not doing what it is urging other industries to do.

* * * * * * *

Senator LA FOLLETTE. General, in looking over the various types of public works which are outlined in the bill, and in view of your large experience, what is your judgment concerning the feasibility of getting those types of public works under way within a reasonably short period of time, provided the money is available and the emergency authority is given?

Mr. MARSHALL. There is no question but that it can be done. I have not the faintest question about that phase of the situation, not the faintest.

Mr. President, what is the situation that confronts us in the country to-day? Not only do we know, from a study of the statistical indices and from other information available, that there has been a continual and drastic decline in business throughout the country, but also we have ample testimony, taken by the committees of Congress and presented on this floor, to show the devastating effects of the decline in business upon the millions of people who have been thrown out of work and who have had their purchasing power destroyed. Admitting that there are not wholly reliable and adequate statistics concerning the number of unemployed at this time, I wish to refer to the testimony given by Mr. McGrady recently before a subcommittee of the Committee on Manufactures. He said:

Now, what is the situation? In the last two weeks there have been 287,000 men and women thrown out on the streets without jobs. At this very hour to-day, from the most conservative figures, there are 10,867,000 people walking the streets. When we first came to the various committees to plead for help and for work and for bread, when we first appeared in favor of the La Follette-Costigan bill, there were approximately 6,200,000 without jobs and a conservative national leadership adopting a

policy of "do nothing now; let us wait," and while they have been waiting the figures have gone up almost to 11,000,000 without any jobs at all.

In the New York Times for June 20, 1932, there appeared this dispatch:

Unemployment among all classes of workers in the United States now ranges between 9,000,000 and 11,000,000, according to the most reliable estimates. Official, up-to-date information as to the exact figure is lacking, however.

William Green, president of the American Federation of Labor, announced in his June statement a revised estimate of 10,634,000 as of the end of March, 1932, saying that the federation's figure was conservative.

Based as it is upon Labor Department and Census Bureau statistics, the federation estimate is generally regarded as sound. Many officials prefer, nevertheless, to strike a range, placing 9,000,000 as a minimum, while many others put the figure at 10,000,000 in conversation.

Mr. President, I wish now to come to a discussion of the amendment which I have offered to the pending bill. The amendment provides that consideration in approval of these projects shall be given, first, to the facility with which the projects may be gotten under way at the earliest possible date. Second, to the amount of labor that will be employed, directly or indirectly. Third, the number and diversity of industries which will be affected, directly or indirectly, by the projects. Fourth, the value of the projects to the economic and social welfare of the country. And, fifth, economical administration of the work.

Recognizing that in a program of this magnitude flexibility must be provided, only the maximum limits have been set upon the various categories of projects—Federal, State, county, and municipal—which are authorized, thus enabling the administrator to adjust the program to meet the exigencies of the situation which may arise as it is put into operation.

Accordingly, the amendment provides that the emergency-construction fund shall be divided into four parts. Approximately one-tenth, or not to exceed over $650,000,000, is to be used to expand construction by Federal agencies, including river and harbor and flood control works, public buildings, forest roads and trails, irrigation and reclamation works, and other lesser projects. One billion dollars is set aside for additional grants for Federal cooperation with States on public-works construction. The amendment provides that the existing Federal-aid highway program shall be largely expanded, and that the Federal Government may contribute half of the cost, or $50,000 a mile, up to a maximum of $100,000 per mile.

Secondly, the bill extends, during the present emergency, the principle of Federal aid in three important directions: First, the construction of all highway bridges, the elimination of railroad grade crossings, and the elimination of important highway grade crossings.

The greatest part of the emergency fund, up to $3,750,000,000, is made available for loans to State and local governments. They have in the past carried on 90 per cent of public construction in the United States, and their public works contain the greatest promise of expansion.

Ninety per cent of public construction in 1928 would be $3,240,000,000 of public works which at that time were carried on by the local, State, and county governments. I have provided for $3,750,000,000, because here is the greatest opportunity to expand a gigantic construction program, and to spread the work into the communities where unemployment is reaping its ravages.

Mr. President, the burdens which local governments are already carrying not only make it difficult for them to enlarge their existing programs but have already resulted in a drastic curtailment in those programs, to which I adverted in my remarks.

It is not difficult to understand why the programs of the municipalities have been curtailed. I wish to refer to a resolution adopted by the Investment Bankers' Association of America on January 30, 1932.

I shall not read the whereases, but the resolution itself provides:

Resolved, That the board of governors of the Investment Bankers' Association of America is opposed to the extension of public improvements which would institute an increase in the bonded indebtedness of States and municipalities under present conditions, and that public officials be urged to adopt programs of strictest economy, adjusting expenditures to actual income, and restricting the issuance of bonded indebtedness to the end that taxation may be reduced and credit maintained.

The purposes for which the money which the amendment proposes to make available may be used include construction of Federal-aid highways, construction of other State, county, and municipal highways, streets and pavements, construction of bridges, water supply and sewerage works, building of flying fields exclusive of the purchase of land, establishment of parks and playgrounds exclusive of land purchases, construction of schools and other public buildings, elimination of grade crossings, and the building of fire-prevention lanes and other forestry construction work.

The fourth part of the fund provided in the amendment is to be used to initiate types of construction which it is hoped will be taken up by private enterprises and continued beyond the period of the emergency. An amount of not more than $100,000,000 is therefore set aside for loans on somewhat longer terms to limited dividend corporations organized for the purpose of constructing housing for the low-income groups and for the elimination of congested and slum areas. Full control beyond approval of specified emergency projects and proposals is vested in the administrator of public works under the amendment, subject to the requirement that loans to States and local governments and limited dividend corporations must also be approved by the emergency finance board, which is to fix the amount according to approved financial and banking principles. The board is to take into consideration the financial condition of the borrower, the ability of the borrower to obtain funds at reasonable rates from other sources.

To prevent the continuance of expenditures and the making of loans beyond the duration of the emergency, the bill provides for the termination of the emergency construction and of the sale of bonds as soon as industrial production, as measured by the index computed by the Federal Reserve Board, reaches five points below the average of 1923 to 1925.

In other words, this proposal outlines an objective to be achieved. It is not for the purpose solely of providing work to those who are jobless. It seeks to achieve an objective, a partial economic recovery, by launching a sufficiently large program and by carrying it forward until that objective is obtained. This is a program of $5,500,000,000 which will be put into operation as rapidly as possible, and which will be continued until industrial production as computed by the Federal Reserve Board reaches the figure of 95, which is 5 points below the average of 1923 to 1925. Once that is achieved, the amendment directs the administrator of public works to sell no further bonds and to enter into no further new contracts for construction.

Mr. President, every student of the theory of expansion of public works as a means of stimulating recovery in times of depression is agreed that the size of the program and its timing are essential to the successful employment of that theory. If we stop short of an adequate program then the money which we have expended will be lost in the continued decline of essential values and in the mounting of unemployment. Of course so far as the lesser program provides work for those who are unemployed it will be beneficial to those individuals, but I warn the Senate and the country that an inadequate program will only result in throwing good money after bad in so far as checking the downward economic trends is concerned. An inadequate program such as is provided in the Wagner bill will prove a tragic and a dismal failure.

Mr. President, we are facing a grave national emergency, graver than in all the history of the Republic, and I do not except the World War. Have Senators ever paused to consider what the economic and social consequences may be in losing the battle against depression? I say to you, Mr. President, that a program should be inaugurated at this time sufficient to achieve the objective of partial recovery. A lesser program is to abandon the country to the conse-

quences of a continuation of the depression. I say to you, sirs, that if that takes place, graver results will come than though we had lost the World War.

At least 10,000,000 men and women are out of work. At least another 10,000,000 are working on part time. While we have had a short breathing space in bank failures, the continued decline of essential values will inevitably inaugurate another epidemic of financial failures unless the Congress acts in the emergency and adopts an adequate program.

Mr. President, the solvency of the surviving banking institutions, insurance companies, and savings banks, as well as industrial corporations, hangs in the balance. Drastic measures are necessary to prevent national paralysis and economic chaos. I am weighing my words, Mr. President, when I make such statements. I make them only because I feel it is my responsibility to speak my convictions after studying this problem for more than two and one-half years. Upon my responsibility as a Senator I warn my colleagues that those who vote against this amendment must assume full responsibility for the disaster that will follow the failure to undertake a bold program to save the situation.

Mr. President, the measures thus far adopted are merely devices to absorb the frozen assets of banks, railroads, and insurance companies, and to tinker with and liberalize the credit structure. Apparently the administration and the leaders in Congress on both sides of the aisle who have followed the administration could not see that the absorption of frozen assets of insurance companies, banks, and railroads produced by a decline in essential values could not permanently save those institutions or stimulate economic recovery because if those essential values continued to decline, as they have done ever since the Reconstruction Finance Corporation act and the Glass-Steagall Act were passed, they continued to freeze additional assets.

There is no hope that any of the measures thus far adopted will cause a rise of commodity and security prices. The public-works expansion proposed in the amendment embodies the only emergency program which holds out any hope of a rise in commodity prices. While I am ready and willing to admit that estimates, under either of the programs which are presented to the Senate, as to the number of persons who will receive employment, are mere estimates, the best calculations which I have been able to secure indicate that a $5,500,000,000 program would provide jobs directly to 1,500,000 persons and would give employment indirectly to an additional 3,000,000 persons.

Mr. President, I ask Senators to visualize what a well-balanced public-works program as embodied in the amendment would do in so far as its direct stimulus upon production is concerned. It will stimulate production all along the line. Basic industries, hardest hit in this situation, will directly and immediately feel its stimulus. Iron, steel, cement, brick, lumber, and the quarry industries—in other words, the industries that produce the building materials—will immediately feel the repercussion of such a program. Commodity prices will be stimulated from two directions. They will respond directly to the immediate demand for finished and semifinished products. The flotation of the bond issue, if properly handled, will contribute still further to offset the disastrous processes of deflation which we have been experiencing. It will have the same effect as the flotation of bonds during the war had upon commodity prices. It will inevitably cause them to rise.

Once commodity prices start upward the attitude of every consumer in the United States will be changed because it is a fact that people do not buy in a falling or declining commodity market. They buy only when commodity prices are stable or rising. It is true not only of the individual consumer but it is true of the merchant, it is true of the wholesaler, it is true of the manufacturer. Shipment of the finished and raw materials which such a program will provide will increase the earnings of the railroads.

Mr. President, we may loan all the money to the railroads which they can absorb and we will not provide an additional ton of traffic for them to haul. Adopt the program of this amendment and we will bring about the shipment of goods over the railroads to such an extent that they will be in a position to pay some of the loans which we have made to them instead of asking for more.

Mr. President, the wage salary loss in this depression is estimated to be in excess of $20,000,000,000. Six million farmers dependent upon agriculture have had their purchasing power either completely wiped out or greatly reduced. The gross income of the farmers has fallen from $11,000,000,000 in 1929 to $6,000,000,000 in 1931. In order to make strides toward economic recovery we must restore the purchasing power to the consumers on the farms and in the cities. If we are to attempt to revive industry and agriculture, the only way by which buying and production can be stimulated sufficiently is through the expenditure of huge sums by governmental authority—city, county, and State—for public construction. The workers employed, directly and indirectly, as a result of such a public-works program will be once more able to buy shoes and clothing, food, and other consumers' goods which now they are unable to buy or have bought only in limited quantities. Restored purchasing power will enable consumers once more to purchase not only the necessities but also some of the things which we have come to call luxuries.

A bond issue of the size proposed by the amendment will restore to circulation and to use a large part of the funds now lying idle because of the reluctance of those who have savings and capital to invest in the present market. In loaning money to the Federal Government large and small investors are not faced with the difficulty of forecasting the hazards to which private enterprises are subjected. They are certain that the bonds which they buy will be repaid, and the circulation through the channels of consumption and production of the money expended directly will multiply several times the effect of the expenditures proposed under the terms of the amendment.

Mr. President, I wish I had the time to refer to a study entitled "The Stabilization of Employment in Philadelphia," made under the direction of William N. Loucks, research associate of the industrial research department and assistant professor of economics at the University of Pennsylvania. I wish to direct attention to the chapter entitled "The Wage Payments to Philadelphia Laborers Resulting from Expenditures for Construction Work in Philadelphia." This very exhaustive and comprehensive study, Mr. President, was made of the public-works program of the city of Philadelphia. It was found that approximately 50 per cent of the money expended for public works in Philadelphia remained within the legal limits of that city; and, if the State of Pennsylvania were taken as the boundary, even a much greater percentage out of every dollar expended for public works in that city remained in the State of Pennsylvania.

According to this study the dollar spent for public construction is multiplied four times over in the process of going through the circuit from the city government to the contractor, to the wage earner, then to the merchant, then back to the producer of the consumer's goods, where the dollar is again split between wages and capital, and again is divided, and thus multiplies itself four times over as the expenditures go forward.

I ask unanimous consent, Mr. President, to insert at this point in my remarks a table entitled "Table 32," to be found on page 178 of this study, which shows a "Classified summary of the expenditures resulting from an original expenditure of $1,000,000 on construction work in the city of Philadelphia."

The VICE PRESIDENT. Without objection, it is so ordered.

The table referred to is as follows:

TABLE 32.—*Classified summary of the expenditures resulting from an original expenditure of $1,000,000 on construction work in Philadelphia*[1]

Turnover	Expenditures in Philadelphia				Total expenditures								
					Produced in Philadelphia		Produced outside Philadelphia						
	Wages	Profit	Materials (produced in Philadelphia)	Total	Consumers' goods	Materials	Consumers' goods	Materials	Total	In Philadelphia	Outside Philadelphia	Total	Wage payment in Philadelphia (per cent)
First	$350,000	$150,000	$125,000	$625,000	$250,000	$125,000	$250,000	$375,000	$1,000,000	$375,000	$625,000	$1,000,000	71.1
Second	93,750	93,750	46,875	234,375	93,750	46,875	93,750	140,625	375,000	140,625	234,375	375,000	19.1
Third	35,155	35,155	17,581	87,891	35,155	17,581	35,155	52,731	140,622	52,736	87,886	140,622	7.1
Fourth	13,181	13,181	6,589	32,951	13,181	6,589	13,181	19,776	52,727	19,772	32,954	52,726	2.7
Total	492,086	292,086	196,045	980,217	392,086	196,045	392,086	588,132	1,568,349	588,133	980,215	1,586,348	100.0
Per cent	50.2	29.8	20.0	100.0	25.0	12.5	25.0	37.5	100.0	37.5	52.5	100.0	

[1] Minor discrepancies between various items in the table are due to the fact that portions of a dollar were disregarded in the calculations. For some of the calculations the limits of the turnover periods had to be shifted slightly from their original places as represented by the broken lines in Chart V.

Mr. LA FOLLETTE. Mr. President, it has been contended by the opponents of this program that bonds could not be sold, or if they were sold they would result in depressing the bond market, causing losses to existing owners of Government bonds. I wish to direct attention to the fact that on March 10 the Treasury offered $900,000,000 of Treasury certificates. The New York Times contained a dispatch of March 10, from which I quote:

Marking the heaviest oversubscription to a Government issue of securities in many months, the subscriptions to the $900,000,000 offering of Treasury certificates to go on the market March 15 amounted to $3,402,725,500, Secretary Mills announced to-night.

On June 10 the following dispatch appeared in the New York Times:

Treasury security issues of the offerings to be dated June 15 were heavily oversubscribed, Secretary Mills announced to-day.

For the $350,000,000 offering of 1½ per cent 1-year certificates the subscription was $1,653,799,000. For the $400,000,000 offering of 3 per cent 3-year notes the subscription was $1,143,548,400.

Mr. President, during the World War we sold $25,000,000,000 worth of bonds to the American people, and for what purpose? For the purpose of destroying human life; and yet it is contended that this Government can not to-day sell to the American people over a period of time five and one-half billion dollars worth of bonds for the purpose of construction and for the preservation of human life and American Government. In view of the oversubscription of the Treasury certificates, some of them running for a 3-year period, can it be contended that if a comprehensive, organized campaign were undertaken in this country similar to the ones which were conducted during the World War to sell Liberty bonds, the American people would not invest in those bonds? Mr. President, I have not lost so much faith in the American people and in their willingness to contribute to the Government provided the Government will launch a program which holds out hope of recovery from the situation which confronts us.

Mr. President, 31 leading economists in this country outlined a program not dissimilar to the one found incorporated in this amendment. I have, however, not provided for the $1,400,000,000 of Federal construction which they recommend, because it is my belief that in our past experience the Federal programs are slow in getting under way. They suggested $4,000,000,000 for State, county, and municipal works. I have provided a top limit of $3,750,000,000. As I pointed out a moment ago, 90 per cent of the public construction in the United States has over the last 10 years been carried on by city, county, and State governments; 90 per cent of public construction in 1928 amounted to $3,240,000,000. Mr. President, there can be no question that if this program were adopted by the Senate and the funds proposed to be provided were made available at reasonable rates of interest to cities, counties, and States, more than $3,000,000,000 of the amount provided in my amendment to be loaned to the cities and counties and States for their public-works programs would be absorbed in a very short period of time. It is well known that every State and every city and county of any importance in this country has projected its improvements into the future; it has more of its programs in the blueprint stage than has the Federal Government, and therefore more than $3,000,000,000 of this program could be launched in a short time.

The other day, in discussing his bill, the Senator from New York [Mr. WAGNER] said that he knew of only two projects in the State of New York that could qualify under the bill which he is sponsoring. I ask what hope there can be for the unemployed in the city of New York under the Senator's proposal, as found in this bill, with only two projects eligible for inauguration, when, as a matter of fact, within a few months that city has abandoned $225,000,000 worth of its normal public-works activities because the banks refused to extend it credit, and demanded the curtailment of its public-works activities?

The same situation prevails in every city in America. The same situation prevails in practically every county and in every State in this country.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. THOMAS of Oklahoma. Will the Senator at this point very briefly summarize his argument to date by stating the exact amount of money that his amendment contemplates being spent, and then, secondly, very briefly, just how the unemployed are to be placed at work?

Mr. LA FOLLETTE. Mr. President, I have gone all over that once. I shall be glad to do it again. The Senator can readily ascertain how the program is divided if he will take the amendment, turn to page 4 and read the emergency-construction program. He will see that the largest part of the money provided for by the program—$3,750,000,000—is to be loaned to cities, counties, and States to carry on their public-works projects which they normally would be building now, but which they can not launch because of their inability to secure funds at reasonable rates.

One billion dollars would be available for Federal and State-aid projects. The Senator will find that on page 7, section 7. It is my judgment that the projects which would be launched first and most readily are the projects contained in section 7, which provides a billion dollars for Federal-aid highways, not to exceed $500,000,000 of which shall be apportioned under the highway act of 1921. I have raised the limitation to $50,000 a mile to provide for work within the metropolitan areas of cities; also $150,000,000 to meet 50 per cent of the cost to the State and their civil subdivisions of highway bridge construction without regard to the provisions of the Federal highway act.

Next, $250,000,000 is made available for meeting 50 per cent of the cost to the several States and their civil subdivisions of the elimination of railroad grade crossings. I think there is no doubt that every dollar of that could be spent. Practically all of these railroad grade crossings in

every State in the Union have already had their plans and specifications drawn. May I also say to the Senator that that type of work produces a large percentage of hand labor, because the grading and the other things which are usually done by machinery on regular highway work can not be done by machinery on these overhead viaducts.

Also, not to exceed $100,000,000 is made available for meeting 50 per cent of the cost to the several States and their civil subdivisions of the elimination of highway grade crossings and the construction of by-pass roads. Many of these States with congested traffic conditions, through their highway departments, have already projected the elimination of some of these very dangerous highway crossings.

The plans are drawn, the specifications are ready, and if these funds were made available at reasonable rates of interest the dirt could begin to fly on those jobs within three months. As a matter of fact General Marshall, who had charge of a large percentage of the construction during the war, stated that in his judgment the dirt could be made to fly on the bulk of the projects provided for in my amendment within six months, a larger percentage within a year, and all of it within 18 months.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further at this point?

Mr. LA FOLLETTE. I yield.

Mr. THOMAS of Oklahoma. The Senator will remember that when the original bill was before the Senate some time ago I voted for the so-called Costigan-La Follette bill.

Mr. LA FOLLETTE. I remember that; yes, sir.

Mr. THOMAS of Oklahoma. At that time I introduced a bill extending the amount of work to be provided under that feature of the bill. The one objection I have to the so-called Wagner amendment or Wagner bill is that it will not do for my State anything that is very much worth while. I have considered the bill rather thoroughly, and the best I can figure is approximately five or five and a half millions that might go to Oklahoma if this bill should become a law. Of course that is fine so far as it goes; but a good part of that would be for material, and very little would be for labor.

For that reason, while of course I shall support the Wagner bill, yet I shall be very glad to give my support to the amendment offered by the Senator from Wisconsin.

Now the second provision: Will the Senator explain very briefly just how he proposes to raise the money with which to finance the works just outlined?

Mr. LA FOLLETTE. Mr. President, I am proposing to strike out the $500,000,000 public-works provision in this bill, and to substitute a provision for five and a half billion dollars' worth of bonds.

Mr. THOMAS of Oklahoma. Does the Senator mean that those bonds are to be issued by the Treasury and sold to the bond-buying public?

Mr. LA FOLLETTE. It is contemplated that they would be sold by a nation-wide drive, just as Liberty bonds were sold during the war. I have not changed the committee amendment in that respect, because it is practically the identical language of the amendment which I had in my original bill, and I think both were taken from the Liberty loan acts. It provides for their sale in small denominations to the general public through a campaign; and I was just stating when the Senator interrupted me that in view of the oversubscription of these Treasury notes, and in view of the fact that we were able to sell $25,000,000,000 of bonds during the war, I have never been convinced that these bonds could not be sold if they were sold by the same methods that were employed during the war; namely, a nation-wide campaign to sell them on the borrow-and-buy plan.

There is alleged to be upward of a billion dollars in hoarding; and the sale of these bonds certainly would have a beneficial effect in bringing that portion of the circulating medium out of hiding and putting it to work.

Mr. President, in conclusion I wish to direct attention to the appalling situation which confronts this country so far as the people who are in the front-line trenches of this depression are concerned. I, therefore, wish to refer briefly to some of the testimony on this subject given at a hearing before a subcommittee of the Committee on Manufactures on June 20, last Monday.

There appeared Dr. Sidney E. Goldstein, of New York City. I quote briefly from his testimony:

At the present time the reports that are coming to us all present a picture very much darker than anything that we have witnessed during the last 10 or 15 or 20 years in the United States. Now, this picture is now so dark that we feel that the time has come, Mr. Senator, not to plead any longer for the consideration of the bills, but to demand action on the part of the administration and the Congress. The situation is so grave that we are compelled to call your attention to two things: First of all to make provision for the relief of those who to-day are utterly without resources in the larger cities of the country and in the rural districts.

Those of us who are near to the working classes and to the unemployed, know that to-day in some cities it is even impossible for men and women who are out of work in desperate need to find the office to which to apply for assistance.

In New York City I regret to tell you that the offices of the Home and Work Relief Bureau established by the city of New York are closed, and have been closed since early in April. There is no place to which the unemployed can even apply for aid at the present time.

In New York City the conditions are growing worse and worse. Men and women and families are moving into basement tenements that were declared uninhabitable and condemned fully 25 years ago.

In view of the situation we are compelled to ask Congress to delay no longer in the passage of the bills that will meet the needs of the unemployed in an adequate and statesmanlike manner.

We are compelled to ask you to do two things. First of all, to provide relief—relief such as is called for in the bills that are now before the Senate and before the House.

Further on he said:

We dare to say this to you, that Congress must not adjourn until the problem of the unemployed has been met, until some arrangement has been made to provide people who are starving with food that they must have in order to be saved, and Congress must not adjourn until some provision has been made to launch the great construction program that we have again and again pressed upon Congress and that some Members of the Senate and some Members of the House, we are happy to say, have consistently also approved and urged upon their colleagues.

Further, he said:

If a great epidemic were to sweep this country, involving between 20,000,000 and 30,000,000 men and women, Congress would not hesitate to appropriate the necessary amount of money. If a flood were to overwhelm a large part of our population, Congress would not delay. If war were to break out and devastate our land, Congress would not temporize.

The crisis and catastrophe that are come upon us are just as great as an epidemic, are just as great as a war, are just as great as a flood. More people are suffering to-day than were suffering during the period of the war, and we ask Congress, both the Senate and the House, and the administration as well, to think now of the men and women who must be saved and not of other problems that to us are secondary in the life of the Nation.

I wish to read also a statement of Dr. James Myers, secretary of the Federal Council of the Churches of Christ in America:

Mr. Chairman, it is my conviction that our very form of government is facing a supreme test at this moment, not only as to its ability as a democratic form of government to act quickly and wisely enough to balance the Budget but also as to its ability and its determination to care for the millions of unemployed people who should be its chief concern.

I do not consider this a partisan issue, and it seems to me that if Congress adjourns without dealing with it adequately both parties will be morally culpable.

I should like to say that in regard to Federal aid it seems to me Federal aid, both for unemployed relief and public works, is absolutely essential and ethically justified because as you will hear more, and you have heard a great many times, there are a great many communities which are unable financially to take care of the situation. Places where whole industries have broken down, such as the bituminous-coal industry, rural sections, places where banks have failed and where tax limits have been reached, and so on.

I have visited in the course of the year a great many of these and I am very apprehensive of what is going to happen if something adequate is not done; and, secondly, the Federal Government alone has got sufficient taxing power and sufficient credit resources to handle the widespread calamity which is national, as this one is.

* * * * * * *

In regard to a large and adequate public-works program, I do not need to recount again that leading economists and engineers and students of government are in favor of this method, as perhaps the most constructive method of all.

I might say that the churches for three years have been pointing out the advisability of this kind of a program and hoping for action.

I should like to read a short statement, which it seems to me was particularly significant, because it was gotten out last January following a great conference held the year before by three great national religious bodies. This statement was gotten out by the Federal Council of Churches, joined with the department of social action of the National Catholic Welfare Conference and the social justice commission of the Central Conference of American Rabbis. It reads as follows:

"We believe that immediate and adequate appropriations should be made available by national, as well as local governments, for such needed and useful public works as road construction, development of parks, elimination of grade crossings, flood-control projects, reforestation, and the clearing of slum areas in our cities. If such a governmental program be undertaken now, we will face the months that lie ahead with prospects of work for a large number of the unemployed and consequently increased purchasing power which will stimulate all business. The economic wisdom of this proposal has been attested by leading economists."

* * * * * * *

Further, he said:

The church forces, as I take it, do not presume to lay down detailed methods and techniques to be followed in these matters. These things must be worked out by statesmen and economists and engineers, but I do feel that it is distinctly within the sphere of religious forces to point out the grave conditions that obtain and what they mean in terms of human life, and to point out also, Mr. Chairman, the moral responsibility of the Nation, and I may say a major responsibility, to care for its own. Only so, Mr. Chairman, does it seem to me that this very form of government under which we live and which we are proud of, only as it meets this moral responsibility as a nation to care for its own, only so shall we demonstrate to our own citizens and to the world that we are really a government of the people, by the people, and for the people.

Dr. Edward L. Israel, chairman of the committee on social justice of the Central Conference of American Rabbis, had this to say, among other things:

Now, you may ask why the concern of religious organizations in this solely economic problem. The reason for that has been given to you in the closing words of my colleague, Mr. Myers, but I may add that we have discovered, if we did not know it before, we have discovered in this economic crisis in which we now exist that there is an indissoluble connection between a health of body and a health of soul, and that if we are going to allow the economic sources of the land to degenerate, to become the prey of injustice, to become the prey of starvation, then all of the cultural and all of the spiritual efforts that we make to stabilize our civilization amount to nothing and can be swept away in a moment. It is in the interest of the preservation of the spiritual values in American life, of which we talk so fluently and for which we do so little, as well as in the name of justice for the suffering masses, the millions of our land that we of the religious bodies are here before you, and, after all, we recognize the fact that this crisis is not what we might call an act of God.

We have the instrumentalities of plenty. We have the resources. We have the ability. We have the energy. We have the man power whereby a strong and sound and decent economic life could exist in this country.

We live in the present crisis because of the incapabilities or the unwillingness of human beings to administer the universe in an intelligent, decent, and just manner, and so it becomes the responsibility of man and man has chosen government as a means whereby he can administer the social forces of life. And so, very logically, we come to you, the representatives of our Government, in order that justice and decency may be achieved in our present situation.

* * * * * * *

It becomes a national crisis. It becomes a matter for Federal aid.

* * * * * * *

A Justice of the United States Supreme Court said recently that we face an emergency even greater than any emergency caused by war, and we have to think of it in that term. We have to think of it not in terms of the bond market or the obligations to certain financial interests. We do not consider those responsibilities when the life of our Nation is at stake and we pour millions upon millions and more millions of dollars into the preservation of our national assets and what we regard at the moment to be the safety of the citizens of our land. From the lips of a United States Supreme Justice we hear that we face just such an emergency at the present moment, and it is a challenge to some of the physical resources of the country to meet that emergency for the benefit of our country and for its stability.

* * * * * * *

Let me say, too, whatever may be the objections of business organizations, that business is paralyzed. I have spoken to leaders of business in the course of my work and all that they do is come with a plea, "What can I do?"

* * * * * * *

It is more than an economic situation, gentlemen, it is the greatest challenge to the governmental life that we have ever known. It is the real question whether such a government has that power that no other government has ever had before in its existence.

Mr. McGrady, speaking for the American Federation of Labor, said:

Mr. Chairman and members of the committee, I have no desire to be repetitious this morning. We have marched up this hill patiently for months pleading and begging the Congress of the United States and the leaders of the administration to do something to meet this great national crisis, and up to the present moment they have done very little or nothing. The pleadings of the people have been in vain.

The first gentleman who spoke to-day said that the Congress ought to do something to save the hungry. I want to assure you gentlemen that if the Congress of the United States and this administration does not do something to meet this situation adequately, next winter it will not be a cry to save the hungry but it will be a cry to save the Government.

Conservative leadership may be all right when the old ship of state is sailing along smooth waters, but conservative leadership was never any good in time of war and we are in a state of war against hunger and against poverty, and conservative leadership is not needed. We want bold, courageous, and intelligent leadership in this country and perhaps we will have that eventually unless this situation is going to be met.

Mr. President, I have quoted from statements because I wanted to impress upon this RECORD the gravity of the crisis which confronts this country. I could cite no more startling indication of the critical character of the emergency than the testimony which I have quoted from these conservative leaders of religious opinion, and this conservative representative of the American Federation of Labor.

Mr. President, here is the issue Senators must face on this amendment. Will they adopt a program of sufficient size to meet this emergency, or will they compromise, and reduce it to the point where it can accomplish nothing toward stimulating economic recovery? The Wagner bill is only a few steps in advance of a made-work relief program.

Mr. President, a further decline will produce a cataclysmic phase in this depression which will threaten the very foundations of Government itself. I have appealed all during the crisis for action on the part of the Government to save the millions of human beings who are being ground to bits in this process. My pleas for the most part have fallen on deaf ears; but that, sir, is no responsibility of mine. I have discharged to the full my responsibility in the situation.

I ventured at the outset of my discussion to review the record of this administration and of the bipartisan coalition in Congress which had followed it, because upon that record of dismal and tragic failure, which amounts to dereliction in duty, I wish to appeal to this body to now assert its leadership and to assume its responsibility by adopting a program commensurate with the magnitude and the gravity of this crisis.

Congress is about to adjourn, Mr. President. This is the last chance for Congress to act before next December. I appeal to members in this body to act now and to adopt a program adequate to meet this emergency lest, when we reconvene next December, it will be too late to act.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Wisconsin yield to the Senator from Colorado?

Mr. COSTIGAN. May I ask the Senator from Wisconsin a question?

Mr. LA FOLLETTE. I yield.

Mr. COSTIGAN. To my regret, I have not heard all, though I have heard much, of the remarkably impressive address of the Senator from Wisconsin. May I ask if I am correct in assuming that the program of public construction advocated by the Senator is in part calculated to take up the slack of present unemployment, stimulate confidence, and start in motion the idle wheels of industry?

Mr. LA FOLLETTE. Mr. President, it is not calculated to provide direct or indirect employment for 10,000,000 who are now out of work, but it is calculated to provide a sufficient amount of employment, direct and indirect, and, through the distribution of purchasing power, to secure a revival of business generally which will provide employment for all who are out of work.

Mr. COSTIGAN. In other words, the Senator from Wisconsin hopes to initiate a movement which will help to bring about a restoration of more normal and prosperous industrial conditions?

Mr. LA FOLLETTE. What I said in the course of my discussion of the amendment is that it sets an objective. It proposes that the program shall be continued until the index of industrial production reaches 95, which is 5 points below the average of 1923 to 1925. There is no use trying to prime this economic pump with a medicine dropper. We will only lose the water we pour down the pump. If we are to make the pump function again we must prime it with a large enough supply so the plunger once more will begin to work.

Mr. COSTIGAN. I do not know whether the Senator from Wisconsin has used or commented on certain statistics before me. The Census of Manufactures for 1929, a summary of which was published in Washington December 31, 1930, indicated that when the census was taken in 1929 there were, not including salaried employees, 8,742,761 factory workers employed in the United States; that the value, added by manufacture through their work in 1929, aggregated $31,687,061,130, and that the wages of those workers amounted to $11,421,631,054.

These statistics give some impression of the magnitude of the present unemployment problem over which the Senator from Wisconsin is justly concerned, and which he is wisely endeavoring to correct. The figures quoted point to gains in one year in national wealth, in addition to wages, through the labor of our factory workers in 1929 of more than $20,000,000,000. With unemployment at this hour exceeding the number of factory workers employed in 1929, some picture is given of the loss in wages, production, and markets for farm products, and general business. The figures emphasize that no public-works program, which gives promise of relief, is expensive when compared with the mounting cost of our continuing unemployment.

Mr. LA FOLLETTE. I thank the Senator very much for his illuminating suggestion.

Mr. President, I ask to have inserted in the RECORD at this point the table showing industrial production, freight-car loadings, and so forth, for various years, to which I have referred in the course of my remarks, and also an article from the United States Daily, entitled "Group of Mayors Asks Congress to Vote Aid to Cities."

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

[Minus (−) denotes decrease; plus (+) denotes increase]

	Industrial production	Freight-car loadings	Value of building contracts	Factory employment	Factory pay rolls (unadjusted)
June, 1929 (peak of activity)	127	108	126	102.7	109.7
September, 1929	122 −4% −4%	106 −2% −2%	110−13%−13%	102.4	111.9 +2%
December, 1929	100−18% −21%	102 −4% −6%	102 −7%−19%	96.9 −6%	99.1−10%
March, 1930	104 +4% −18%	96 −6%−11%	102 −19%	92.9	98.2
June, 1930	100 −3½%−21%	93 −3%−14%	99 −3%−21%	89.7−12%	90.7−17%
September, 1930	91 −9% −29%	87 −6%−19%	81−18%−36%	83.4	83.0
December, 1930	82−10% −36%	84 −3%−22%	73−10%−42%	80.1−22%	73.7−33%
March, 1931	87 +6% −31%	80 −5%−26%	77 +5%−39%	77.9	74.9
June, 1931	83 −5% −35%	77 −4%−29%	63−18%−50%	76.0−26%	67.6−38%
September, 1931	76 −8% −40%	69−10%−36%	59 −6%−53%	72.8	61.8
December, 1931	74 −3% −41%	69 −36%	38−35%−70%	69.4−32%	55.8−49%
March, 1932	67 −9% −48%	61−11%−43%	26−32%−79%	66.4	52.3
April, 1932	64 −4% −49½+%	59 −3%−45%	26 −79%	64.3−37%	48.7−56%

The newspaper article ordered to be printed in the RECORD is as follows:

GROUP OF MAYORS ASKS CONGRESS TO VOTE AID TO CITIES—FIVE BILLION EMERGENCY LOAN TO BE MADE AVAILABLE IMMEDIATELY IS PROPOSED TO PROVIDE EMPLOYMENT—REQUESTS FIVE HUNDRED MILLION TO FINANCE LOCALITIES—URGES RECONSTRUCTION CORPORATION BE AUTHORIZED TO REFUND MUNICIPAL BONDS AND SEEKS THREE HUNDRED MILLION DIRECT AID

Declaring Congress must not adjourn without adequate legislation to aid municipalities in meeting unemployment and other problems, a delegation of mayors and other heads of seven cities, at a meeting at the Capital June 7 asked Congress to provide a $5,000,000,000 prosperity loan, immediately available, to put millions of men at work.

They conferred first with Speaker GARNER (Democrat), of Uvalde, Tex., and with him sat Representative RAINEY (Democrat), of Carrollton, Ill., the majority leader; and Representative SNELL (Republican), of Potsdam, N. Y., the minority leader. Later they presented their memorial to the Senate Committee on Banking and Currency.

REPRESENT 31 CITIES AND TOWNS

The nonpartisan delegation, authorized to present the memorial by a conference of representatives of 31 cities at Detroit, Mich., on June 1, comprised the following: Mayor James M. Curley, of Boston, Mass.; Mayor Frank Murphy, of Detroit, Mich.; Mayor Ray T. Miller, of Cleveland, Ohio; Mayor Daniel W. Hoan, of Milwaukee, Wis.; Mayor William A. Anderson, of Minneapolis, Minn.; A. Miles Pratt, director of finance, New Orleans, La.; and George Welsh, city manager, Grand Rapids, Mich.

They asked that Congress give consideration to immediate relief for the cities and towns of the United States. They also announced that their program, embodied in a memorial presented to Congress, will also be presented at the White House to President Hoover June 8.

The program, summarized, favors $5,000,000,000 for construction work as an emergency employment relief measure and an additional expenditure of $500,000,000 to be used for the refunding of maturing obligations of the cities, counties, and towns, with a further provision for $300,000,000 for direct aid to the cities, towns, and counties.

The memorial presented to the House leadership for the attention of Congress and to be presented to President Hoover follows in full text:

"I. Preamble: The world and the Nation are at war. The enemy is hunger. We have it on reliable authority that the extent of unemployment in the United States now equals that of all Europe combined—which means all the rest of the industrial world. This has precipitated an emergency unprecedented in modern times. Such a situation calls for the prompt, vigorous, and intelligent measures which war always makes imperative.

"We do not in any sense retreat from the position, fundamental in our democratic system, that in normal times municipal governments must maintain themselves, perform their proper functions, and solve the social and economic problems incident to such normal activity.

"But these are not normal times. It is a crisis, imminent and terrifying. The long period during which unemployment has continued and increased has created conditions of suffering and need nothing less than appalling.

SITUATION IN CITIES REVIEWED

"The cities of the Nation, large and small, have met these conditions with resourcefulness and courage. But all their resources of money and credit are nearing exhaustion. Relief must be found or nation-wide insolvency will result. Tax delinquencies have increased to an alarming extent under the burden of debts incurred as a result of the vast expansion of prosperous years. The interest and sinking charges on these obligations represent a wholly disproportionate burden at the present time due to the greatly increased purchasing power of the dollar.

"Even those municipalities which have instituted the most rigid economies in operation are now in a precarious situation. Not only welfare relief but essential governmental services are now threatened and the very foundations of our social order are imperiled. In the face of this threat against human welfare and human life itself measures must be employed as drastic as those of military authority in times of actual physical warfare.

PROBLEM DECLARED NATIONAL

"The problem is now a national one. The Federal Government is the only agency that represents all the people and is able to deal adequately with the emergency. It has the unlimited credit of the Nation, and by intelligent planning it can provide for the human welfare and security of its citizens.

"The measures we are advocating are entirely consistent with a sound fiscal policy and need not in any way disturb our national credit or stability. Hence the Federal Government is the one remaining source to which we can turn in this emergency, and we

do so with confidence that wise and adequate assistance will not be denied.

"II. Recommendations: We, therefore, mayors, city managers, and representatives of 31 leading cities of the United States, called into conference at Detroit, Mich., June 1, 1932, after careful consideration of the facts set forth in this preamble, submit the following as a remedy in whole or in part for the critical conditions described:

URGE FIVE BILLION LOAN

"1. We recommend that a $5,000,000,000 prosperity loan be made available immediately for national projects to effectuate the employment of millions of men in this manner to provide work for our jobless, redistribute purchasing power, and thereby stimulate industry. We recommend that this be done by Congress declaring war not figuratively but literally against unemployment and depression; and that to this end a work army be mobilized, as armies were mobilized in 1917–18, for work on national projects throughout the United States.

TAX RELIEF PROPOSAL

"2. We recommend the immediate enactment of such relief legislation as may be necessary to conserve the welfare of the American people during the present industrial depression.

"3. We recommend an amendment to the congressional act incorporating the Reconstruction Finance Corporation, or such other legislation as may be finally determined as advisable, to permit such corporation to invest its assets in notes, debentures, bonds, or other faith and credit obligations of cities for public welfare, to provide money for delinquent tax obligations and the refunding of bonds and obligations to release funds necessary to maintain the adequate and proper operation of municipal government.

"4. We recommend that copies of these resolutions be presented to the President and the Congress of the United States and be made available to the press of the Nation."

DECLARED LEFT TO CITIES

Mayor Murphy, as a spokesman, told the Speaker and the other two leaders that the sentiment of the country is back of the memorial, that the conference that put it forward embraced representatives of 31 representative cities.

He said the economic breakdown in the United States left the problem of unemployment up to the cities and towns and it is the great masses of the people in the cities that are affected by the present crisis. The cities, he said, have done everything within their power to help themselves and, in many cases, have exhausted their resources without cooperation of the Federal Government.

"We are not asking indiscriminate aid, but we are asking the direct cooperation of the Federal Government to relieve the distress where the resources of the cities are exhausted," Mr. Murphy said, "and to make the resources of the Reconstruction Finance Corporation available to municipalities wherever neccessary."

URGES CONGRESS TO ACT

He asserted that the municipality, the oldest corporate entity in the country, affords a sound security. He said that when the situation became acute two years ago, Congress should not have adjourned without relief legislation, and having adjourned it should have been called together in special session. The cities ask, he said, that Congress shall not adjourn without doing something to help the cities meet unemployment, tax delinquency, and refunding needs.

"We believe that 8,000,000 unemployed in the Nation must not be allowed to physically and spiritually deteriorate while waiting for solution of the country's problems," he said.

He told of enormous debt problems of the cities, contracted during the period of expansion and now a tremendous load on the cities; of tax delinquencies that began increasing in the cities two years ago and now reaching enormous figures with every prospect of continuing the coming year; of the transition problem in unemployment; the trek to the cities that began long ago; and of the legal limitations which handicap the cities under State laws and their own charters; and of the wider scope of relief opportunity on the part of the Federal Government.

He pointed out the nonpartisan character of the program presented. "The cities are here represented regionally and by every political faith," he said.

Describing the economic situation as "critical and terrifying," the needs of the cities as "appalling," the credit resources of many cities as well-nigh exhausted and tax delinquencies growing, he formally presented the cities' memorial. He said that in many cities the banks could not help the municipalities, and in some cases are not disposed to anyway, and so the cities have been "caught in a trap" in the matter of refunding and other problems. He said the problems are "tragic."

Speaker GARNER, referring to the delegation's $5,000,000,000 proposal, asked how that much money could be used. He mentioned the Garner-Rainey bill's relief plan involving $1,000,000,000 for construction, and said the executive branch of the Government had indicated it could not use economically more than $500,000,000 of that sum during the coming year.

RECONSTRUCTION LOANS URGED

Mr. Murphy said the Speaker's proposal relates to Federal projects and the amount the cities asked could be used by the municipalities. The Speaker agreed that he had referred to Federal projects and said the Reconstruction Finance Corporation loan facilities should be expanded so that corporation can loan to any legal entity on adequate security.

He said that if the Reconstruction Finance Corporation can loan to the Pennsylvania Railroad or any other corporation to meet fixed charges, there is no reason why it should not loan to municipalities. He said he expects the Reconstruction Finance Corporation will be enabled to make loans to cities under a sound policy as to security.

FEDERAL AID DECLARED NEEDED

Mayor Curley said he wished Members of both Houses of Congress could make a trip through the United States and become familiar with the conditions. He said he is not asking financial aid for Boston, which city is in rather a fortunate condition, nor for New York, which, while it has a real problem, is in better condition than many of the cities.

In many cities, particularly away from the Atlantic coast and especially in the West, he said, there is real need for Federal cooperation. He said it is within the power of the Federal Government properly to expend not merely the $5,000,000,000 proposed but many times that amount if necessary.

He cited large and unquestioned expenditures in Holland. He told of improvement projects of considerable magnitude in Germany carried on with American money, and said Italy had been transformed in the past 10 years with American money. He said $2,000,000,000 alone could be expended properly on the Mississippi River and its tributaries in flood-control construction work immediately, with permanent results in decreased erosions, acceleration of stream flow, and development of communications and power and trade, with quicker return of prosperity all through the Mississippi Basin.

WARNS OF COMING WINTER

He denied that only $400,000,000 could be expended irrespective of amounts authorized. He said every steam railroad should be electrified and many other industrial projects could be carried out. He said he was fearful about conditions next winter in many of the cities away from the Atlantic seaboard.

"This is not the first year of the depression," he pointed out. "We are entering upon the fourth year, and I am fearful of the coming winter with 10,000,000 unemployed and millions of others with wages reduced and otherwise affected." Advocating the $300,000,000 for direct Federal aid for the distressed, he said: "We did not hesitate to feed the Belgians and the Russians." He said there never was a more serious problem in the country, but the country is able to meet it.

CONDITIONS IN WEST CITED

Speaker GARNER said Congress has found it necessary to take the lead in a relief program, and he agreed legislation should be enacted to meet the situation.

Mr. Curley criticized banks for refusing to loan money to municipalities, although they had not failed to make loans abroad. He said industrial cities in the West, with revenues depleted, with banks refusing to make advances to the municipalities, have only the Federal Government to turn to. He said the mere announcement the Federal Government proposes to grant the relief asked for would convince every private employer that the tide has turned.

One mayor asked if there is any doubt that 1,000,000 or 2,000,000 men could be put at work at once if there are funds available. The Speaker said he thought it is quite true they could be. He said, however, he could not say just what Congress will do. He said the Garner-Rainey relief bill would put $100,000,000 immediately in the hands of the President to use in any way that seemed necessary, but the President has said he does not want that fund.

WELFARE WORK CITED

Mayor Murphy said what they are concerned with is relief to save the people, and he did not care whether it is called a dole or not. He also pointed out that it has taken a quarter of a century for cities to build up standards of welfare work, such as child welfare institutions and institutions for indigent mothers, and so on, and now that whole welfare fabric is being ripped to pieces in this economic readjustment.

DIRECT RELIEF FUND SOUGHT BY MAYORS—DELEGATION ASKS PRESIDENT TO FAVOR FIVE BILLION LOAN TO PROVIDE WORK

President Hoover's support for legislation by Congress for direct unemployment relief funds for municipalities was urged June 8 by a delegation of mayors and other city representatives headed by Mayor Frank Murphy, of Detroit, Mich., who conferred with him at the White House.

Specifically, the delegates asked President Hoover to favor a $5,000,000,000 prosperity loan to be made immediately available by Congress to provide work for idle men in the cities and municipalities as called for in a resolution which they presented to Congress on June 7. (The resolution was printed in full text in the issue of June 8.)

Mayor Murphy laid the resolution before President Hoover and then outlined the case of the municipalities' unemployment relief problems to him.

FEDERAL AID SOUGHT

"The Federal Government," said Mayor Murphy, after conferring with the President, "ought to play a part in a cooperative plan for direct relief to aid distress and eliminate the lack of uniformity in relief. We appealed to the President for a $5,000,000,000 bond issue. It would be some time before this could go into effect, but it would take up the idle men. Meantime, we need direct relief.

The prolonged idleness of men has created a new social problem which makes direct relief to the States absolutely necessary."

Mayor Murphy stated orally that President Hoover discussed the resolution with them "very frankly." He expressed sympathy with the problem of the States, the mayor added.

"President Hoover," he said, "is in favor of his own program of relief as being the most practical one."

ADEQUATE FUNDS URGED

The President's announced program calls for authorization to the Reconstruction Finance Corporation to loan $300,000,000 to relieve distress, in addition to other provisions.

"That program," said Mayor Murphy, "is inadequate to meet the situation. It ought to be proportioned to the States that need it. It seems superficial to just set up $300,000,000 to go around the country."

Mayor Murphy said that their next move to secure relief would be to confer with Senators and Representatives and probably to memorialize Congress on the subject.

In addition to Mayor Murphy, the delegation embraced Mayor James M. Curley, of Boston, Mass.; Mayor Ray T. Miller, of Cleveland, Ohio; Mayor Daniel W. Hoan, of Milwaukee, Wis.; Mayor William A. Anderson, of Minneapolis, Minn.; A. Miles Pratt, director of finance of New Orleans, La.; and George Welsh, city manager of Grand Rapids, Mich.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin to the amendment of the committee.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Kean	Robinson, Ind.
Austin	Costigan	Kendrick	Schall
Bailey	Davis	King	Sheppard
Bankhead	Dickinson	La Follette	Shortridge
Barbour	Fess	Lewis	Steiwer
Barkley	Frazier	Logan	Stephens
Black	George	McGill	Thomas, Okla.
Blaine	Glenn	McKellar	Townsend
Borah	Goldsborough	McNary	Trammell
Bratton	Gore	Metcalf	Tydings
Brookhart	Hale	Moses	Vandenberg
Broussard	Harrison	Neely	Wagner
Bulkley	Hastings	Norbeck	Walcott
Bulow	Hatfield	Norris	Walsh, Mass.
Byrnes	Hawes	Nye	Walsh, Mont.
Capper	Hayden	Oddie	Watson
Caraway	Hebert	Patterson	White
Carey	Howell	Pittman	
Connally	Johnson	Reed	
Coolidge	Jones	Robinson, Ark.	

The PRESIDING OFFICER. Seventy-seven Senators have answered to their names. A quorum is present.

AMELIA EARHART PUTNAM

Mr. REED. Mr. President, the Senate to-day unwittingly did a very great disservice to a very gallant lady. We agreed to the House amendments to the joint resolution (S. J. Res. 165) authorizing the President of the United States to present the distinguished-flying cross to Amelia Earhart Putnam. The House amended the joint resolution to give her the distinguished-service medal. The amendment of the House was, on page 1, line 4, to strike out "flying cross" and insert "service medal," and to amend the title so as to read: "Joint resolution authorizing the President of the United States to present the distinguished-service medal to Amelia Earhart Putnam."

The House made the amendments on the theory that giving her the distinguished-service medal was recommended by the War Department. It was purely an error on the part of the House in misinterpreting the letter from the War Department, and it was purely an error on the part of the Senator from Connecticut [Mr. WALCOTT] and of the Senate in acquiescing in the House amendments.

The facts are that Colonel Lindbergh was given the distinguished-flying cross for his exploit, that the Germans who first flew westward across the Atlantic were given the distinguished-flying cross, that the Frenchmen and Italians who made those gallant flights across the South Atlantic were given the distinguished-flying cross, and nobody meant to discriminate against Mrs. Putnam in that way. She clearly is entitled by her gallantry to the same treatment that was accorded the others.

In the request I am about to make I have the acquiescence of the Senator from Connecticut [Mr. WALCOTT], who introduced the joint resolution. I ask unanimous consent that the vote by which the House amendments were agreed to may be reconsidered.

The PRESIDING OFFICER. Is there objection?

Mr. ROBINSON of Arkansas. Mr. President, may I inquire if the joint resolution is in the possession of the Senate?

The PRESIDING OFFICER. It is. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

Mr. REED. I now move that the Senate disagree to the amendments of the House, ask a conference with the House, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. REED, Mr. WALCOTT, and Mr. FLETCHER conferees on the part of the Senate.

FURLOUGH OF GOVERNMENT EMPLOYEES

Mr. COOLIDGE. Mr. President, I send to the desk and ask unanimous consent to have read two telegrams which came to me to-day from Boston and Lawrence, Mass., with reference to furloughs and possible dismissals of customs employees, and a proposed abolishment of the Lawrence port.

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). Without objection, the telegrams will be read.

The Chief Clerk read as follows:

BOSTON, MASS., *June 22, 1932.*

Hon. MARCUS COOLIDGE,
United States Senate:

Informed customs appropriation cut severely, which means furlough additional to one month in economy bill, with possible dismissals. Customs employees protest this added hardship and urge you to oppose same.

C. FRED LAMB,
President Boston Branch National Customs Service Association.
JOSEPH J. CURRAN,
First National Vice President.

LAWRENCE, MASS., *June 22, 1932.*

Senator MARCUS A. COOLIDGE,
United States Senate:

April 27 we wrote you regarding Lawrence customs port of entry that duty receipts Lawrence exceeded by over $100,000 combined receipts all other Massachusetts ports except Boston. Note to-day's Boston paper proposed abolishment Lawrence port. We urge your immediate cooperation to keep Lawrence port maintained. Local woolen mills ordinarily employing 25,000 affected. Closing Lawrence port will increase Government expenses several thousand dollars. Trucking and handling now being done by local factory employees at no expense to Government. Government expense increased through necessary additional employment of laborers Boston. Lawrence port absolutely essential to local industries. Abolishment local port means greatly added expense and loss of time to local importers.

LAWRENCE CHAMBER OF COMMERCE.

ADJUSTED-COMPENSATION CERTIFICATES

Mr. THOMAS of Oklahoma. Mr. President, before this session closes I feel it my duty to call the attention of the Senate and the country to the parliamentary record made during and just after the vote was had on the so-called bonus bill. This record is found on pages 13274 and 13276 of the RECORD of June 17.

Shortly before the vote was taken, at the close of my address I said:

Mr. President, I shall vote for this bill. At the same time I will keep a close tabulation of the votes and before the result is announced, if my forecast is correct that the bill is to be defeated, I will change my vote from "yea" to "nay." I shall do it for but one purpose, and that is in order that I may enter a motion to reconsider the vote by which the bill fails of passage. Immediately after the vote is announced I will enter a motion to reconsider the bill, in the hope that we may yet secure enough votes to pass the measure.

After the roll was called, and before the result was announced, I addressed the Chair and said:

Mr. THOMAS of Oklahoma (after having voted in the affirmative). Mr. President, I desire to take no chance, and I change my vote from "yea" to "nay," with the idea of entering a motion to reconsider if the opportunity shall present.

The result was announced—yeas 18, nays 62.

Immediately after the vote was announced I addressed the Chair, and the RECORD shows the following:

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. THOMAS of Oklahoma. I rise to enter a motion to reconsider the vote by which the bonus bill just failed of passage.

The VICE PRESIDENT. That motion will be entered.

Immediately thereafter the RECORD shows the following:

Mr. THOMAS of Oklahoma. I enter the motion, which means that I give notice that at some future date the motion will be called up.

The VICE PRESIDENT. The Senator from Oklahoma has a right to enter the motion; but the motion can not be proceeded with, because there is already a motion pending.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. THOMAS of Oklahoma. Is the notice just given of entrance of a motion at this time acknowledged by the Chair?

The VICE PRESIDENT. Certainly.

With the motion for reconsideration entered, to be called up for consideration at some future date; with such motion entered, received, and acknowledged by the Chair; with the Senator from Arkansas [Mr. ROBINSON] having and holding the floor; having made his motion to "proceed to the consideration of H. R. 12445, being the bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation," and so forth; with my motion entered and with the Senator from Arkansas [Mr. ROBINSON] having a motion pending, the Senator from Pennsylvania [Mr. REED] moved immediate reconsideration of the vote by which the bonus bill was defeated. At this point the RECORD shows the following:

Mr. REED. I move to reconsider the vote by which the bonus bill was just defeated.

Mr. THOMAS of Oklahoma. Mr. President, a point of order.

The VICE PRESIDENT. What is the point of order?

Mr. THOMAS of Oklahoma. The point of order is that I myself have given notice that at some future time I would move to reconsider the vote; and that that notice having been received, a motion to reconsider at this time is out of order.

The VICE PRESIDENT. The giving of a notice is not a motion; and under the rule the motion can be made at any time within two days. The Chair holds that the motion of the Senator from Pennsylvania is in order.

So eager were the leaders of the majority to end all misery and definitely kill the bill that in quick succession two motions were made to lay the Reed motion on the table—the first motion by the Senator from Utah [Mr. SMOOT], and, immediately following, an identical motion by the Senator from New Hampshire [Mr. MOSES]. The chair entertained the motion to table made by the Senator from New Hampshire [Mr. MOSES]. The RECORD is as follows:

Mr. MOSES. * * * I move to lay the motion to reconsider on the table.

Following the motion to table, the RECORD shows:

The VICE PRESIDENT. The question is on the motion of the Senator from New Hampshire [Mr. MOSES] to lay the motion of the Senator from Pennsylvania [Mr. REED] on the table.

The result was announced—yeas 44, nays 26.

So the motion to reconsider was laid on the table.

And the bonus bill was dead.

Mr. President and Senators, the Chief Executive vetoed this bill in advance of its passage; then, with a vote of 62 to 18 against the veterans, the administration forces, flushed with victory and mad with power, proceeded to give the hopes of the heroes of other days the coup de grâce.

At the very moment when the Senator from Utah [Mr. SMOOT] was forcing the Senator from Alabama [Mr. BANKHEAD] from the floor; at the same identical time when the Senator from Pennsylvania [Mr. REED], the Senator from Utah [Mr. SMOOT], and the Senator from New Hampshire [Mr. MOSES] were breaking established rules as old as the Senate itself, and during those self-same moments when the Presiding Officer was making new precedents with his unfamiliar rulings, just outside the Senate Chamber and massed across the Capitol Plaza some 20,000 ragged and hungry veterans—some with congressional medals of honor, some with distinguished-service crosses, and many with foreign decorations, but all with heavy hearts and uncovered heads—were singing:

My country, 'tis of thee,
Sweet land of liberty.

History will contrast, appraise, and affix the relative merits of the respective acts of the Senate and the veterans on that historic night.

BRANCH BANKING AND UNIT BANKING

Mr. NORBECK. Mr. President, I ask unanimous consent to have printed in the RECORD an article by C. B. Axford, editor of the American Banker, on the subject of branch banking and unit banking, which article was published in the issue of May 9.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRANCH BANKING NOT AS SAFE AS UNIT BANKING—BRITISH AND UNITED STATES LOSSES COMPARED—A VOTE FOR GLASS BILL STATE-WIDE BRANCHES IS DEATH WARRANT FOR LOCAL BANKS—WHY SUBSTITUTE DISCREDITED FOREIGN SYSTEM FOR 100 PER CENT SAFETY GIVEN BY 20,000 AMERICAN BANKS?

Is unit banking to be doomed?

It is if the Glass bill passes with its present provision giving national banks branches everywhere in every State. Yet the change to branch banking would give the country a poorer system of banking, a dubious survival of the new-era dreams of 1929.

Once officially fostered, branch banking will slowly but inevitably destroy unit banking and the harm can never be undone.

In this belief the editor of the American Banker is carrying a personal campaign from a sick bed to every Member of Congress to have the branch-banking provisions amended out of the Glass Banking Act of 1932.

The first letter to this purpose is printed below. Other telling arguments will follow.

MAY 7, 1932.

HONORED SIR: Within a few weeks, now, as a member of the most representative governing body on earth, you will have the opportunity of signing the death warrant of your home-town banks.

You may not clearly realize it. But if you vote for the Glass Banking Act of 1932, with its degenerative branch-banking provisions, your local banks are doomed.

Are you for or against such a prospect?

You will be told the half truth that branch banking is necessary to make our banking system safer. The dubious examples of Great Britain and Canada, where "there have been no bank failures," will be pointed to as convincing "evidence" that branch banking is safer than unit banking. Heaven help these United States if your good sense does not cause you to smile a little.

We thought new-era economics fell ill in 1929, died in 1930, and were buried forever in 1931.

But enough, unfortunately, still lives of the errors of 1929 to tempt you with the half-truth arguments that branch banking is better for your people.

Half truths indeed!

For will these branch-bank survivors of the era of error tell you the other half of the story of branch banking, the discredited half?

No banks have failed in Great Britain and Canada? What is the crash of the British gold standard but the greatest bank failure of history, in which the unwieldiness of the branch-banking system was a major cause?

BRITISH AND AMERICAN BANK LOSSES COMPARED

No losses in bank failures in Great Britain? What else is the fact that the pound sterling dropped in purchasing power from $4.85 to $3.25 in gold, silver, or wheat, or other commodities almost immediately?

Owners of British bank deposits worth nearly $12,500,000,000 found nearly a third, i. e. $4,000,000,000—we estimate, wiped out over night. With all our losses in this country's bank suspensions, no such figure as this will ever be reached. Of our $56,000,000,000 in deposits, only some $5,000,000,000 has been tied up for liquidation in bank failures and less than a third of this will be seen to be lost when the liquidation of our suspended banks is completed.

A little more than a billion lost to Americans in unit banking or about 4 per cent, while Britishers have lost $4,000,000,000 or about 30 per cent. And the end of the British currency depreciation is not yet.

Meanwhile, millions of Americans in the vast majority of our banks have 100 per cent of their money on deposit, safe, available—theirs when they need it most, and it is worth more to them than ever before in buying power, a genuine reward for their thrift.

Branch banking was inevitably a factor in the breaking of the Bank of England. Mismanagement of British public finances was paralleled by a banking system in which deflation could not be localized as it has been in the United States. The pyramid of centralized banking and finance could only be readjusted by the disaster of currency revaluation.

Why substitute any step toward this discreditable system for the safety of which 20,000 unit banks have given 120,000,000 Americans?

This is the dark side of the "no bank failure in England or Canada" argument.

FRENCH-GERMAN BREAKDOWNS OF BRANCH BANKING

Similar disasters have overtaken the French and German branch-banking systems. Branch banks with more than 200 branches have closed in France, quite exploding the idea over there that branch banking is failure-proof, while other branch systems have had to be helped by the French Government. In Germany the centralized branch-banking system has broken down entirely and

is now almost wholly subsidized by the German Government. (See current April edition of the National Sphere, Washington, D. C., under Failure of Branch Banking in Germany.)

BRANCH BANKING MEANS CENTRALIZATION AND INCREASE OF WALL STREET DOMINANCE

However, the dismal example of the failure of branch banking in the British Empire, France, and Germany is only one of the full truths which should make you hesitate a long time before you attempt to justify the octopus idea to your constituents.

What is to be the effect upon your communities when a lending policy rationed from Wall Street dictates the uses to which the funds saved by your people shall be put?

Make no mistake. This is what the advocates of branch banking were aiming toward in 1926 when they "strengthened" the banking system with the branch-banking privilege for the first time. It is what they are aiming at now.

Do you want your communities starved for credit? Oh, we know that your British and Canadian branch bankers deny that their systems work that way. But they do not tell you that in a section of Alberta the dairymen are using creamery checks for money and that in many parts of Canada, where there is still hope for local expansion, a substantial body of public opinion thinks highly of the unit banking system of the United States.

COUNTRY-BANK MANAGEMENT COMPARES FAVORABLY WITH FINANCIAL CENTERS

After our experiences of 1929–1931 we should have no illusions about city-bank management being safer per se than small-town banking. The hundreds of millions of dollars—the figure for charge-offs for 19 large banks in the last 12 months is $207,310,634—lost by New York City banks alone should serve as evidence that city-bank management has much to learn. Only the fortuitous accident of huge stock-market profits through sale of their shares at boom prices gave these city banks capital resources to stand the losses that they have announced to their shareholders. And hundreds of unfortunate country banks will testify that they lost most heavily, where they could least afford it, in bonds recommended for their vital secondary reserve accounts by their big-city correspondents.

The 18,000 or 19,000 small-town banks of this country which have managed their affairs so well as to ride the storms of the times unshaken are open challenges to the superiority of city-bank management.

Many of the smaller banks that failed are ghastly victims of the investment advices and called loans given them by city banks.

Yet all but a few of these 18,000 or 19,000 good small-town banks are doomed as surely as the branch-banking illusion gains ground.

Inevitably, any further extension of branch banking means an irretrievable step toward putting the key banking resources of your community more at the disposal of the big financial centers and the stock markets. There is no alternative.

How easy and inevitable you will make the administration of your State's banking from Wall Street if you vote to permit national banks to have branches everywhere in every State!

Do you, Mr. Member of Congress, want this?

Your vote on the Glass bill, as long as it contains the present branch-banking provisions, will be the only answer your constituents need.

In the solid faith of 96 years of service to the banking profession that independent banking is better banking.

Faithfully yours,

C. B. AXFORD, *Editor.*

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, the pending question being on the amendment proposed by Mr. LA FOLLETTE to the amendment reported by the committee.

The PRESIDING OFFICER (Mr. FESS in the chair). The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment of the committee.

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BROOKHART. Mr. President, in the beginning of the history of the Republican Party it was organized against the institution of slavery. It was organized in the interest of the lowliest of our American people. It was organized upon the same principles of equal rights to all and special privileges to none that had been promulgated by the greatest Democrat of all times, Thomas Jefferson. But, Mr. President, in these days the Republican Party has drifted away from those humane moorings and we find it meeting under the direction of a convention which was controlled in every detail by the great financial interests of the country. Even one citizen who tried to speak on the other side of these questions was excluded from the platform and taken away. I think no convention has ever met in this country so absolutely dominated by the sinister financial influences of the country as was the Republican convention which recently assembled in Chicago.

Mr. President, among the common people of the country who have supported the Republican Party, Republican tickets, and Republican policies have been the farmers of the United States, except possibly the farmers of the Southern States, who at one time followed the institution of slavery. In the recent convention, the crowd of Wall Street politicians, headed and dominated by Ogden Mills, entirely disregarded the rights of the farmers of the United States. That convention ran away from the Republican platform of four years ago. I think that is probably true of many other questions, but certainly it is true of the agricultural question. Agriculture was kicked out of the back door and told to go hence for its relief and for its rights. Mr. President, I find this remarkable statement in the Republican platform adopted at Chicago:

> The people themselves, by their own courage, their own patient and resolute effort in the readjustments of their own affairs, can and will work out the cure. It is our task as a party, by leadership and a wise determination of policy, to assist that recovery.

For the first time in the history of the great Republican Party it does not assert its confidence in its ability to handle the situation and restore prosperity. For the first time in its history it throws up the sponge and says:

> The people themselves, by their own patient and resolute effort in the readjustments of their own affairs, can and will work out the cure.

So the people themselves must find the cure, if there be one, for this depression.

It is my purpose to-night to discuss the agricultural plank in the platform and to make plain to the Senate and to the country that, so far as agriculture is concerned, the convention said to them, "You must work out your own salvation; there is no help to come to agriculture from the Republican Party."

Mr. President, that brings up the question of finding the proper place of agriculture in reference to the existing depression. What is its part and what has caused agriculture to become depressed, and what has caused the other industries of the country to fall into depression?

Mr. President, as a usual thing we read that this depression was caused by the World War. That is a convenient statement to make when one is seeking an alibi for the things the big financial crowd in this country have done to produce this depression. I have said and I say again that the World War did not cause this depression. Again, I want to submit a few facts in support of that conclusion.

At the beginning of the war we were a debtor nation; we owed other peoples five or six billions of dollars. In a little while, out of war profits, we paid all those debts. Finally, after realizing other enormous war profits, we ourselves entered the war. Our Government then taxed war profits and was able to lend some $11,000,000,000 to foreign peoples and to foreign countries out of taxes levied on war profits. Then private parties, private institutions, collected enormous war profits, greater than those collected by the Government. They also were able to lend enormous sums to foreign peoples and foreign countries and to invest other enormous sums in foreign countries. The chairman of the Committee on Finance, the senior Senator from Utah [Mr. SMOOT], informed me that the total of those loans and investments is something like $45,000,000,000.

Mr. President, I am willing to concede that these vast loans and vast investments abroad, in countries that probably can not or will not repay them, are a part of the cause of this depression, but in 1922 our national wealth was $320,000,000,000. Those loans, while they are vast in amount, would not of themselves have caused the depression in the United States.

Those loans and investments represented financial operations apart from the war, and were not necessarily made

because of the war. They were made because of the financial policy of the ruling financial forces of our country. Therefore, in so far as they helped to cause the depression, its cause was financial and not due to the war itself.

However, Mr. President, there were other causes particularly that produced the agricultural depression; the making of these loans had nothing whatever to do with the beginning of the agricultural depression. We have got to look entirely for local causes in our country, and those causes, as I have said, were due to laws, mainly those enacted by the Congress of the United States and to some extent those enacted by certain States. Briefly to-night, as a prelude to the expression of my idea and of my efforts to picture the situation, I will mention those laws.

The transportation act of 1920 was the first. That act caused an increase in railroad rates upon farm products of about 60 per cent over the pre-war level. That put a burden, of course, upon agriculture, and was the cause of the beginning of the agricultural depression.

Then the next set of laws that oppressed agriculture were the banking laws, both State and National, which in their operation gave interest rates to gamblers in Wall Street as low as 1 per cent or 2 per cent or 3 per cent, while agriculture was charged from 6 to 12 per cent in the various States of the Union. This banking system by its operation discriminated so heavily against agriculture in the matter of excess interest charges that it contributed somewhat to the agricultural depression. But the greatest of the causes of agricultural depression from the operation of the banking system was the deflation policy of the Federal Reserve Board in 1920.

I have so many times given the details that I will not repeat them to-night, but I will restate the result of that deflation policy as stated by the Manufacturers Record, whose estimate is not far different from that of the Agricultural Department itself. The policy which was then pursued deflated agriculture in 1920 and 1921 in the sum of $32,000,000, about $18,000,000 being upon land values and the other $14,000,000 on the two crops of 1920 and 1921; and, Mr. President, agriculture went down in depression as a result of that blow. The total value of agricultural property at that time was about $79,000,000,000, and $32,000,000,000 of it was stricken down all at once. There never was such a panic in farm prices in all the history of agriculture as we had late in 1920 and throughout 1921; and agriculture has stayed down in depression ever since; there has been no substantial revival.

Those engaged in agriculture constitute a third of the buying power of the people of this country; and a third of the buying power of the whole country can not be stricken down for a long period of years, continuing as in this case since 1920, without bringing on a general depression. This striking down of agriculture then, added to the vast loans which have since become uncollectible, even the interest not being paid on most of them, finally brought the rest of the country to depression.

However, before that happened, in 1922 there was a general revival of other business, but not of agriculture. Other business went into an enormous inflation, it being in 1929 the greatest in the history of the world. Then, on the 24th of October of that year the bubble burst, the great stock-watering scheme of the big corporations whose stock is listed on the stock exchange in New York collapsed; and, so interrelated are all the industries of the country, that the bursting of that inflation injured every other business, and agriculture, already down, was injured certainly more than any other business in the country.

I have here a chart showing the declines of movements among wholesale prices during the current recession since 1929. On this chart, all other than farm products and foods declined from an assumed basis of 100 down to about 75; but agriculture, farm products as a whole, declined to about 47. So the panic of 1929 had a greater effect upon agriculture than upon any other line of business; and that was another discrimination against agriculture. I have not mentioned the discrimination in the deflation of 1920 and 1921. The Manufacturers Record said that agriculture was deflated $32,000,000,000, and other business about $18,000,000,000 more, making a total of fifty billions.

Mr. President, at that time agriculture was about one-fourth of American business—it is now about one-seventh, since the deflation—and other business was about three-fourths. So, under the estimate of the Manufacturers Record, the deflation of other business, eighteen billions on three-fourths, as against thirty-two billions on one-fourth, being agriculture, that means, if you figure it out, that agriculture was deflated about six times as much in proportion as the other business of the country.

But, Mr. President, other business was not evenly deflated, because, as I have shown so often, the big business of the country was informed as to the coming of this deflation policy and went out and gathered up the surplus credit of the country and protected itself largely against the deflation; so that most of that $18,000,000,000 of business deflation fell upon the little business of the country rather than the big business of the country.

So think of that discrimination against agriculture in 1920 and then think of these figures, this chart that I have just given you, showing a further heavy discrimination as against agriculture when the panic of 1929 occurred.

I think the tariff laws have contributed to the agricultural depression in a general way, because under the tariff law the protected industry fixes the price of its product at its factory without foreign competition. Agriculture, however, is on a different basis. We shall soon see, in reviewing the Republican platform, that agricultural tariff rates are not effective because of the agricultural surplus that is sold in foreign markets and is not financed so that it can be removed and separated and segregated from the domestic market.

Every other business, when it has an exportable surplus, is financed. Every other business will separate that surplus out, and will not offer it for sale even in the domestic market at all. It will ship it abroad to the best world market it can find, and get the best price it can, usually lower than the price charged the people at home for the same product. But agriculture, not being financed, is not able to separate its surplus from the domestic market. Therefore, it is forced to sell it in the domestic market, and thereby it floods the domestic market by the amount of that surplus; and it is that flood that breaks down the tariff protection.

So the farmer is forced to buy in the high level of the protected American market the manufactured products that he needs, and then is forced to sell his own products on the low level of the world at the price fixed by the sale of his little surplus. That surplus is only about 10 per cent, on an average. It is about 50 per cent of cotton, about 20 per cent of wheat, less than 1 per cent of corn, less than 1 per cent of oats, and only 7 or 8 per cent of livestock products. These little percentages, Mr. President, are fixing the farmer's whole price, and they are sold in the free-trade market of the world. That adds to the agricultural depression. It adds heavily.

Then the patent laws and the corporation laws, which I will not discuss in detail, contribute their share to holding agriculture in economic slavery.

Mr. President, there is one other idea in reference to this depression that is new.

We have had eight major depressions in the last 50 years. I had the chart of that on the wall of the Senate Chamber not long ago. It was prepared by Colonel Ayres, of the Cleveland Trust Co., the most famous and efficient statistician of our time. In all of those depressions up to 1920, in all six that preceded 1920, agriculture came out first and best; and why was that?

Most of the agricultural lands had been obtained by the farmers of the western country, where most of it is located, at $1.25 an acre. Railroads got vast tracts, 158,000,000 acres—four and a half States as big as my State of Iowa, for that matter—for nothing, and then they sold it for from five to ten dollars an acre to the farmers of the country.

From these low prices land advanced steadily year after year. This advancing value of land kept the buying power of agriculture intact. When a panic came along agriculture could still buy. Agriculture had credit. Its credit was not destroyed. Agriculture, being in that condition, revived first and gradually pulled other business out of these depressions.

Prior to 1920 land values advanced more rapidly than in any like period, and then halted when the deflation of 1920 was put on; and since that date land values have been declining, and are still declining to-day.

During the past year the decline of land values has been greater than in any year of this agricultural depression—because I draw a distinction between the beginning of the agricultural depression and the general depression in the country. These things have broken down the buying power of agriculture, and have almost entirely destroyed its credit; and agriculture, therefore, is not helping to extricate us from this depression. So we go down deeper and deeper.

When Colonel Ayres was on the witness stand before the Banking and Currency Committee, I pointed out this situation to him from his own chart. Through that chart he had drawn a line representing the normal level of business. When business was in boom, the tracing line rose above this center line of normal level, and when business was in depression the tracing line fell below this normal level. I asked Colonel Ayres to tell what portion of that 50 years we had been on his normal line, the normal level of business. He seemed to be stumped by that question and hesitated in his answer. Then I answered it for him, and I said I had measured along that line myself, trying to figure out what portion of this 50 years was normal, and I had not been able to find 30 minutes in the whole 50 years. He said that was about right; that we had either been climbing up into inflation all the time or dropping down into depression. I then asked him if we had yet reached the bottom of the present depression, which he described as the greatest of all, and he said we were not yet at the bottom. I asked him how long it would take to get out of this after we had reached bottom, and he said, following the history of all depressions, it would certainly take longer to get out than it did to get in.

So, Mr. President, that is the sentence of big business that enacted this railroad law, that put $7,000,000,000 of water into railroad values as a basis of levying rates, raised farmers' rates by 60 per cent, enacted and controlled the Federal reserve administration, deflated the farmers of this country in the sum of $32,000,000,000, controlled this tariff system, controlled the patent system, and controlled the corporation laws of the country, which has brought about these various discriminations, and plunged agriculture down into the present condition, and thereby pulled other business down into this depression. When agriculture went down, and was no longer able to buy, that stopped many of the wheels of industry. That discharged men by the thousands and finally by the millions. As these men were discharged, that reduced and destroyed their buying power, and that stopped other orders into other industries and caused other unemployment, until now nine or ten million or perhaps more are unemployed and many more are working on part time. That is what has happened in this great country, which had an income for furnishing just the necessities of life without a business boom last year of over $60,000,000,000, while in 1930 it was about $71,000,000,000, and in the boom year of 1929 it was about $90,000,000,000.

Mr. President, that indicates that our economic system has broken down—broken down in the hands of the very powers that control and direct it. It is the great financial forces of this country that managed and produced all of these results. The first bad management was those vast loans abroad; and then the other bad management was the giving of these special privileges to various industries in our country.

I must complete this picture by repeating the fact of our national production in the United States.

All our labor, all our capital, all increase in property value and everything else, when we take the long series of years and rub out these ups and downs of business and get an average along that normal level line, amounts to a wealth increase of a little less than 4 per cent a year. That is all there is in this American pool of production, and that is all there ever has been. You can go clear back to the Declaration of Independence and begin at that date, and our wealth, including the value of all new territory, all new cities, all new improvements, everything, has increased at the rate of a little less than 4 per cent a year; and I suspect that if we should bring it up to date, on present depreciated values, it would drop considerably below 4 per cent. From 1912 to 1928 it was at the rate of about 4¼ per cent. I am sure if we bring it up to date, it will fall still below the general 4 per cent average which the country has had throughout its history.

Mr. President, if 4 per cent is all there is in this American pool production and if we turn the railroads loose to fight for 5¼ per cent upon their block of capital and that capital inflated by some $7,000,000,000 of water, making their return, as commanded by the law, more than 9 per cent upon their bonded value, and if we turn other corporations loose to fight for 10 per cent, 40 per cent, 100 per cent, sometimes even a thousand per cent, when there is only 4 per cent for distribution among them, and if we give it all to capital, we make our normal state one of economic welfare

Under that condition, of course, a few of the big combinations win and many smaller ones go down to defeat and disaster. The result of all that has been that, according to Senator Pepper, former distinguished Member of the Senate, 92 per cent of American business ultimately fails, and that is in ordinary times, that is average times, and I think before we get out of this depression that percentage will be considerably increased. Other experts have estimated it higher than Senator Pepper did.

Mr. President, there is something wrong about the economic system that results in a thing like that. There is something different now in this present depression from the other depressions, because of the different situation in relation to agriculture toward this depression. Big businesses, fighting and winning these big profits, some of them, have caused this depression, and sentenced us to go down deeper into the depression and to stay longer before we come back to what we call prosperity.

Under that situation I think everything that has been said by the Senator from Wisconsin in support of his amendment, about the adequacy of any measures which will really bring relief and lift us out of this depression, is certainly well supported and well founded.

I find only this defect in the proposition as presented by the Senator from Wisconsin. He has not given that special attention to agriculture which it deserves. Everything he has said for labor and for unemployment is supported entirely and throughout, but agriculture was the first down in this depression. Agriculture is the basic industry of this country, and has been throughout the history of the country, and as long as one-third of the American people are dependent directly upon it, and perhaps 45 per cent of them depend indirectly for their living and property return on it, agriculture must remain the basic industry of this country. There can be no prosperity without a proper consideration of the rights of agriculture.

Therefore, I think that I am going to suggest an amendment to the amendment of the Senator from Wisconsin, if it be adopted, that at least $1,000,000,000 be set aside to handle the agricultural surplus; and as I go along, I think I will be able to show that that will be sufficient for that purpose, and that that will at once restore agricultural prices and restore agricultural buying power and agricultural credit, and furnish the first solid foundation for a return to prosperity. If those things result, they will give a considerable number of unemployed labor, and then the funds suggested by the Senator from Wisconsin, if they are used as he suggests, will, I think, employ the rest of the unemployed labor in this country; and until that is done there will be no return of prosperity, and even the calculation of Colonel Ayres will fail unless this relief is given to agriculture, and we will not recover even as speedily as he

expects, because of the different situation of agriculture in this depression compared to the other depressions that have gone before it.

Mr. President, there is one other thing necessary, I think, to cure this depression. We have $203,000,000,000 of debts, public and private, in the United States, about $40,000,000,000 public debts, and the other $163,000,000,000 private debts of various kinds, $203,000,000,000 of debts in all. Probably our entire wealth value in the country is not much over $300,000,000,000 at this time. It was $360,000,000,000 in 1928, and I have an idea the depreciation is probably more even than $60,000,000,000.

That means that two-thirds of the national wealth of this country is covered by the debts. I want to ask how those debts can be met under the present gold standard of money value, under the present level of commodity prices, as shown by my chart here. It can not be done and expect the big special-privilege corporations, which are able by their special economic power and by the special favor of laws to protect their profits, not to discharge their men, and we will have a general state of bankruptcy on the present dollar level. It takes about two and a half times as much of agricultural products to pay the debt which the farmers contracted two or three years ago and it takes about twice as much of any other product in the United States to pay such debts.

Therefore, Mr. President, the money standard is out of joint with the price levels of the country, and in order to complete recovery and make it sound with reference to this depression the money standard must be stabilized, as is usually said, or revived, so that the debtor can pay his debts in the same level of prices in which they were contracted, and the dollar which will not do that is not an honest dollar.

Mr. President, it is not my purpose to discuss the money question in detail. It is my purpose to present this general picture of the situation, of the importance of agriculture in it, and then to see what has been promised by the Republican party to give to agriculture the support necessary to end this depression.

I go to the platform, published in the New York Times, and I do not doubt its correctness. The plank is as follows:

> Farm distress in America has its root in the enormous expansion of agricultural production during the war, the deflation of 1919–20, and the dislocation of markets after the war.

Mr. President, I want to take up that statement and show how completely incompetent or ignorant the writers of this platform were. There was, in the first place, no enormous expansion of agricultural production during the war. There was some expansion, but it was not enormous. It was scarcely more than the increase of population.

Next it refers to the deflation of 1919. There was no deflation in 1919. In 1919 there was continued inflation, and in most of 1920 there was continued inflation. The deflation started only late in 1920. The Federal Reserve Board deflation meeting was held on May 18, 1920, but a part of its proceedings were sealed up in secrecy and passed over to the fall of the year, until October.

I desire to present some of the facts to show what this agricultural increase in production was. I think it is important that we have a picture in the RECORD, so that we can reason correctly upon this proposition. Most of the conclusions I find are wild and far afield from the actual facts themselves.

First, I will take wheat. In 1913 the total wheat production in the United States was 763,000,000 bushels. I leave off the odd thousands. In 1914 the total wheat production—and this all occurred before the war began—was 891,000,000 bushels. That is almost 900,000,000 bushels. During the war it increased, in 1915 to 1,025,000,000 bushels. Then it dropped back in 1916 to 636,000,000 bushels, considerably lower than it was before the war began, and in 1917 it was still 636,000,000 bushels. In 1918 it rose to 921,000,000 bushels.

Nobody can say, as the Republican platform said, that that was an enormous expansion of wheat production. On the whole, it was a slight decline, when we figure the two smaller years.

Mr. President, next we will take corn. I am quoting this from the Agricultural Yearbook of 1932. In 1912 the production of corn was 3,124,000,000 bushels. I want that figure in to show that the production of corn was greater in 1912, before the war began, than in any year since. In 1913 it was 2,446,000,000, and in 1914 it was 2,672,000,000.

During the war it rose, in 1915 to 2,994,000,000, still below 1912; in 1916 it was 2,566,000,000, below 1914; in 1917 it was 3,065,000,000, still below 1912; and in 1918 it was 2,502,000,000.

Therefore, Mr. President, the production of the greatest of the agricultural crops, corn, did not, as this Republican platform says, enormously expand. In fact, averaging the whole thing during the war, it declined. Then in 1930 it was reduced down to $2,060,000,000 and in 1931 it increased to $2,556,000,000.

I believe I did not give the wheat figures for 1930 and 1931. To complete the figures I want to give those. Wheat production in 1930 was 858,000,000 bushels and in 1931 it was 892,000,000 bushels.

Mr. President, next I will take cotton. In 1913 the total cotton production was 14,156,000 bales. In 1914 it was 16,135,000 bales. During the war period, in 1915, it was only 11,000,000 bales; in 1917, 11,000,000 bales; and in 1918, only 12,000,000 bales. So instead of cotton enormously increasing during the war it considerably declined in production. To complete that picture, in 1930 the production of cotton was 13,932,000 bales and in 1931 it increased to 16,918,000 bales.

Mr. President, bear in mind that these increases, where they show in any agricultural production, are far less than the increase in population of the United States. There has been at no time, not even during the war, an increase in agricultural production that would keep pace or any more than keep pace with the increase in population of the country.

Now let us take cattle. In 1913 there were 55,833,000 head of cattle on all the farms and in 1914 there were 58,737,000. During the war they increased, in 1915 to 62,000,000, in 1916 to 66,000,000, in 1917 to 69,000,000, and in 1918 to 71,000,000. There was a substantial increase in the number of cattle but not much more there than the increase in population might warrant. In 1930 they dropped back to 59,730,000 and in 1931 to 60,915,000.

Mr. President, I want to emphasize at every step the fallacy of this claim of enormous expansion in agricultural production in the United States either during the war or since the war.

Next, we will take hogs. In 1913 the total number of hogs on the farms was 54,000,000; in 1914, 51,000,000; in 1915, during the war, it increased to 57,000,000; in 1916 to 59,000,000; in 1917 dropped back to 56,000,000; and in 1918 increased to 61,000,000. In 1930 they dropped back to 55,301,000, and in 1931 to 54,374,000, almost back to the 1913 basis.

Mr. President, I have reviewed the principal staple farm products of the country. There are many minor products, of course, but the figures do not run much different from the big staple products. I shall not burden the RECORD by putting in all the details, but these are all of very great importance.

Let us now again read the Republican platform:

> Farm distress in America has its root in enormous expansion of agricultural production during the war, the deflation of 1919–20, and the dislocation of markets after the war.

The first trouble with the makers of the Republican platform is that they had some Wall Streeter making the platform who knew nothing about the agricultural problem. I think I know that his name was Ogden Mills. When he came before the Committee on Banking and Currency, he gave them a picture very much like this platform. I told him then that he ought to go to night school and learn something about the agricultural problem.

Then the platform continues:

There followed, under Republican administration, a long record of legislation in aid of the cooperative organization of farmers and in providing farm credit.

Let me see what that was. The War Finance Corporation was the first institution that appeared for relief of agriculture in our legislation. That corporation was organized and had plenty of money and plenty of resources to have really relieved the agricultural depression. Two billion dollars was provided, but Mr. Eugene Meyer was put in charge of the administration of that institution for the relief of agriculture. He had had 20 years' experience as a gambler on the New York Stock Exchange and that qualified him well for the public service. While he had $2,000,000,000 at his disposal, the most he ever used or ever put out to relieve the $32,000,000,000 depression that hit agriculture in 1920 and 1921 was $187,000,000.

Instead of relieving agriculture he adopted a restrictive policy which actually injured agriculture. He picked out in the West a few of the big ranches and big leaders out there and made loans to them. He bragged that he made some $25,000,000 of loans in my State of Iowa. Of course, $25,000,000 sounds big, but in that State even with starvation prices we produced $600,000,000 each year in agricultural products of all kinds. So it was only a drop in the bucket to meet the situation, and then with his $25,000,000 he skimmed off all of their best securities in the State, and as the loans came due the banks were required to pay them and started us on the road to failure, which followed with so many of our banks.

That was the first of financial aids that came along for the benefit of agriculture. Then the Federal land bank was established. I am quite sure that the general purpose in establishing the Federal land bank was good. The intention was really to help agriculture, but his success in managing the War Finance Corporation qualified the same Eugene Meyer to be placed at the head of the Federal land banks of the United States.

The result has been, although the farmers need some $9,000,000,000 of loans and more than half of this ought to be furnished by the Federal land bank and joint-stock land bank combined, yet only about $1,700,000,000 has been furnished. The same policy of restriction was pursued in that case as in the other. If I had the time and were disposed to do so, I could give details over and over of how they prevented the functioning of the Federal land banks.

For instance, one loan association out in my State that had a record of 11 years on the honor roll, never missing a payment of interest on any loan for one day, let alone having a default or a foreclosure, made 26 applications for new loans. This magnificent body of farmers were jointly liable on all of the loans. Out of the 26 applications they secured only 1 loan. How was that prevented? If a farmer wanted $12,000, word came back that they could only loan him $10,500. The appraisement showed that this value would not warrant the full $12,000. If he wanted $12,000, he could not get along with $10,500; and that sent him to the mortgage company, where he had to pay a higher rate of interest and take a shorter-term loan. The loan associations were angry at the appraisers and figured the appraisers had not given them a square deal. Finally some one sent them out a list of the appraisements, and it showed that every appraisement was all right and that every one of the loans had been cut down in the office over in Omaha. The same Eugene Meyer policy that he has been following in the Reconstruction Finance Corporation in the matter of loans to the banks of the country was applied there. We can see his earmarks everywhere he appears in the control of financial institutions.

What came next in this economic legislative program for the benefit of the farmer? There was the intermediate credit bank. That is a farmer's reserve bank for shorter loans. That in the hands of Eugene Meyer, with $660,000,000 available, never got above $200,000,000 in functioning or in use in the country, in this country which at starvation prices produces $12,000,000,000 of agricultural products.

The platform continues:

The position of agriculture was gradually improved.

I think if we could find any improvement it would take a tolerably high-powered microscope to measure it.

In 1928 the Republican Party pledged further measures in aid of agriculture, principally tariff protection for agricultural products and the creation of a Federal Farm Board "clothed with the necessary power to promote the establishment of a farm-marketing system of farmer-owned and controlled stabilization corporations."

Almost the first official act of President Hoover was the calling of the special session of Congress to redeem these party pledges. They have been redeemed.

I want to contradict that last statement entirely. Not one of those pledges has been redeemed in any substantial part. Instead of redeeming the pledges, they have hit agriculture and driven it deeper and deeper into depression every year as the years roll by.

The platform continues:

The 1930 tariff act increased the rates on agricultural products by 30 per cent, upon industrial products only 12 per cent. That act equalized, so far as legislation can do so, the protection afforded the farmer with the protection afforded industry and presented a vast flood of cheap wool, grain, livestock, dairy, and other products from entering the American market.

Mr. President, an honest platform could not have stopped with any such statement as that. If they had wanted the platform honestly to let the farmers know what the tariff had done for them, it would have said, "Yes; we increased your rates, but not one of those increases is effective on any of your exportable surplus. Not one of them has protected the price of the big staple farm products."

Let us take wheat. They mention grain as being protected by these rates. Here was the situation as to grain in 1929. Wheat that year sold 15 to 20 cents a bushel higher at Winnipeg than it did at Minneapolis. I know a man at Humboldt, Iowa, cashier of the national bank there, who has a farm at Portal, N. Dak. Portal is on the Canadian line. In 1928 when he harvested his wheat crop he hauled it across the street and sold it in North Portal, which is in Canada. At that time he paid 12 cents a bushel tariff duty, but since then Canada has raised her tariff rate to 42 cents in order to be neighborly and to match our rate. He also paid a dollar a load entrance fee; and after paying that and paying the tariff duty he had left 9 cents per bushel more than he was offered for the same wheat on the same day on his own side of the street. That is what happened to the wheat crop in 1929.

Then some time in 1930 the Farm Board began its operations. They make the claim, Mr. President, that they raised the price of wheat in the United States about 15 cents a bushel above the world price level. Perhaps that is true as the world price level stands, but the Farm Board had another policy that perhaps did the world price more damage than it did the domestic price good. It bought up a considerable surplus, bought it just like a gambler; it did not buy it to hold it for a cost-of-production price or anything of that kind, nor at a cost-of-production price; but it went into the board of trade and bought wheat as any other speculator or gambler would buy it, and then held that surplus constantly as a menace over the world market.

The bidder in the world market did not know but that on the next day that wheat would be dumped into the world market, and every time he undertook a purchase he pointed his finger at the American surplus and beat the world market down. So, Mr. President, it is probable, I think, though there can be no exact determination of that question, that this policy of the Farm Board first reduced the world market as much as or more than it increased the domestic market. Therefore, altogether, the operation of the tariff law and of the Farm Board has been to the detriment of agriculture and not to its advantage.

Then, again, the recent Republican platform says:

By the agricultural marketing act the Federal Farm Board was created and armed with broad powers and ample funds.

"Ample funds!" Mr. President, if the preamble in that act only used the words and the terms that have been

quoted in this platform, the funds might have been more nearly ample, but the platform makers have deleted reference to the most important item in the whole farm marketing act—the exportable surplus. The surplus is not mentioned; it is deleted and cut out here in some three different places. So it is apparent that the Republican platform has abandoned the main purpose of the farm marketing act which was to control the exportable surplus.

The sum of $500,000,000 was given the Farm Board. The exportable surplus, one of the things mentioned three different times in the preamble of the act, amounts to about eighteen hundred or two thousand million dollars in the form in which it is exported. It will probably amount to about twelve hundred million dollars as it leaves the farm; and, Mr. President, $500,000,000 is not an "ample fund" to handle an exportable surplus such as that. Perhaps we shall hear more of that proposition as we go along.

Now, here is a part of the preamble quoted by this magical platform:

To promote the effective merchandising of agricultural commodities in interstate and foreign commerce, so that—

Then comes a deletion—

agriculture will be placed on the basis of economic equality with other industries.

And then comes another deletion—

by encouraging the organization of producers into effective association for their own control, * * * and by promoting the establishment of a farm-marketing system of producer-owned and producer-controlled cooperative associations.

Mr. President, I have here a copy of the farm marketing act, and in its preamble the surplus is mentioned three times. I quote from the preamble of the act:

(4) By aiding in preventing and controlling surpluses in any agricultural commodity, through orderly production and distribution, so as to maintain advantageous domestic markets and prevent such surpluses from causing undue and excessive fluctuations or depressions in prices for the commodity.

Then—

(b) There shall be considered as a surplus for the purposes of this act any seasonal or year's total surplus, produced in the United States and either local or national in extent, that is in excess of the requirements for the orderly distribution of the agricultural commodity or is in excess of the domestic requirements for such commodity.

Mr. President, the one great purpose of the marketing act was the control of the exportable surplus. Yet in the Republican platform reference to the exportable surplus was entirely deleted. There can be no relief for agriculture unless the exportable surplus is controlled.

How can it be controlled? The platform of 1928 said that there should be set up a proper organization with authority and funds to control the surplus. Who is it who taught us how to handle the surplus? Well, Mr. President, we learned about it from Herbert Hoover. In 1917 he first told us how to handle the exportable surplus and how to do it successfully.

On the 17th day of July, 1917, he wrote a letter to President Wilson in which he said:

JULY 10, 1917.

DEAR MR. PRESIDENT: In response to your request I send you herewith the following notes compiled by myself and my associates upon the present situation with regard to wheat.

1. The 1917 harvest promises to yield 678,000,000 bushels. The normal internal consumption and seed requirement (assuming a carry-over of same volume in 1918 as in 1917), amounts to about 600,000,000 bushels; thus leaving a theoretical export balance of 78,000,000 bushels. The conservation measures are already having a marked effect and it is not too much to hope that the national saving may be 80,000,000 to 100,000,000 bushels, and therefore the export balance increased to, say 158,000,000 to 180,000,000 bushels.

2. The experience this year in the rampant speculation, extortionate profits, and the prospect of even narrower supplies than 1917 harvest and carry-over, must cause the deepest anxiety. No better proof of the hardship worked upon our people during the past year needs be deducted than the recitation of the fact that the producer received an average of $1.51 per bushel for the 1916 wheat harvest, yet wheat has been as high as $3.25 at Chicago and the price of flour has been from time to time based upon this speculative price of wheat, so that through one evil cause or another, the consumer has suffered from 50 to 100 per cent, and the producer gained nothing.

After much study and investigation, it is evident that this unbearable increase in margin between producer and consumer is due not only to rank speculation, but more largely than this to the wide margin of profit naturally demanded by every link in the chain to insure them from the great hazards of trade in the widely fluctuating and dangerous price situation during the year when all normal stabilization has been lost through the interruption of world trade and war. All these factors render it vitally necessary to initiate systematic measures which will absolutely eliminate all possibility of speculation, cure extortionate profits, effect proper distribution and restriction on exports to a point within our own protection. These measures can not be accomplished by punitive prosecution of evildoers, but only by proper and anticipatory organization and regulation all along the distribution chain.

3. During recent months the allied governments have consolidated their buying into one hand in order that they might relieve the burden of speculation from their own consumers, and the export price, if not controlled, is subject to the will of the allied buyer, and in a great measure the American producer is left to his judgment and without voice. Furthermore, in normal circumstances United States and Canadian wheat is moved to Europe largely in the fall months, such shipments averaging about 40,000,000 bushels per month and relieving a corresponding flow from the farms into the interior terminals. This year, owing to the shortage of shipping, the allied supplies must proceed over a large period of the year and will not during the fall months apparently average over 20,000,000 to 25,000,000 bushels per month. We must therefore, expect a glut in our interior terminals during a considerable period. The financial resources of the grain trade are probably insufficient to carry this extra load without the help of speculators, and, moreover, the consolidation of practically all foreign buying in the hands of the allied buyer has further tended to diminish the capital resources available by placing a number of firms out of business and limits the financial capital available in export trade. The net result of this situation is that unless some strong and efficient Government action is immediately settled and brought into play the American producer will face a slump in wheat. In any event, the price of export wheat will be dictated by a single agency. The American consumer will be faced with a large part of the essential breadstuff having passed into the hands of speculators, for some one must buy and hold not only the normal flow from the farmer but this probable glut.

4. With great reduction in the consumption of wheat bread now fortunately in progress, the employment of our mills must be greatly diminished, and with the reduction of domestic-flour production our daily feed from wheat residues will be greatly curtailed. Therefore we must induce foreign buyers to accept flour instead of wheat.

5. In order to do justice to the producers, who have shown great patriotism in a special effort to increase production in 1917 and to further stimulate the efforts of 1918, it is absolutely vital that we shall protect the farmer from slump in price this year due to glut as above or from the uncontrolled decisions of any one buyer. I am informed that most of the allied countries have fixed the price of wheat to the farmer at $1.80 per bushel, and many of them believe that as Allies it is our duty to furnish wheat at a price which, delivered to them, will not exceed their domestic price—in other words, about $1.50 per bushel Chicago. Neither the responsible officials nor I hold this view, because I consider the stimulation to production, if no other reason, is in the long run in the interest of the Allies. There is, however, a limit to price which so trespasses upon the rights of the consumer as to defeat its own object through strikes, raises in wages, and social disturbances in the country. It is with the view to finding a solution to those problems, filled with the greatest dangers to both our producers and consumers, that legislation has been proposed and pressed for speedy enactment.

I should like to see some legislation proposed and speedily enacted now like this was in 1917.

6. The proposed Food Administration has conferred with many hundred patriotic men engaged in production and distribution and has investigated the condition of the consumers in many centers as well. Many plans have been tentatively put forward and abandoned and others have been developed, but in any case none has nor can be settled until legislation has been completed. Three facts stand out plainly enough from our investigations: First, that in this situation the farmer will need protection as to the price of wheat; second, that large masses of people in the consuming centers are being actually undernourished to-day due to the exorbitant cost of living, and these conditions, unless some remedy be found, are likely to repeat themselves in even more vicious forms at this time next year; and third, the speculator, legitimate or vicious, has taken a large part of the money now being paid by the consumer.

Mr. President, that describes the exact situation at the present time; and the present time is a good deal worse than that time was—much worse for agriculture—and the emergency so far as agriculture is concerned is much deeper.

Now, Mr. President, I will read only one more sentence, and then ask that the rest of this letter be inserted in the RECORD:

Or the Government must buy the surplus wheat at some reasonable minimum price, allowing the normal domestic trade of the country to proceed with proper safeguards against speculation.

It was in that way, Mr. President, away back in 1917, that Mr. Hoover laid down for us the proper method of handling an exportable surplus in the interest of the farmers of the United States and for the protection of the consumers in the United States as well.

I ask to have the remainder of this letter inserted in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

7. It seems to be overlooked in some quarters that the marketing of this year's wheat is surrounded with circumstances new to history and that the old distributing safeguards are torn away by isolation from the reciprocal markets abroad and the extinction of a free export market and free export transportation. The harvest has begun to move, and from these very causes the price of wheat has begun to drop, and if the farmer is to sell his wheat, either the speculator must return to the market to buy and carry not only the normal flow from the farmer in excess of domestic and foreign requirements but also the glut due to the restriction upon the outlet to the latter, and he must charge his toll to the producer and the consumer, and this latter upon a more extensive scale than last year, as his risks will be greater and the practical export buyer must fix his own price for export wheat from the sole outlook of his own clients, and in execution of his duty he will in all normal circumstances follow the market down by buying only his time-to-time requirements, as he can not be expected to carry the load of our domestic accumulation. Or the governments must buy the surplus wheat at some reasonable minimum price, allowing the normal domestic trade of the country to proceed with proper safeguards against speculation. Nor would the services of the speculator be necessary, for the Government should be able to stabilize the price of wheat without his assistance and can control the price of export wheat.

I remain, your obedient servant,

HERBERT HOOVER.

His Excellency the PRESIDENT OF THE UNITED STATES.
Washington, D. C.

Mr. BROOKHART. Following this letter the law was passed on the 10th of August, 1917. Then a board was appointed to fix the price of wheat; and I ask that the report of that board be inserted in the RECORD.

The VICE PRESIDENT. Without objection, that order will be made.

The matter referred to is as follows:

STATEMENT OF FARM REPRESENTATIVES WHO WERE MEMBERS OF THE PRESIDENT'S FAIR PRICE COMMISSION FOR WHEAT, 1917 CROP

(a) The allied committee which purchased wheat for all the Allies was practically the only export buyer of wheat, and through this buying power over the surplus exercised an important influence on the price of American wheat.

(b) The minutes of the committee's deliberations, August 17–30, 1917, a certified copy of which was delivered to each member before the final adjournment, evidence the care taken by the committee to prevent outside interference. After many formal and informal ballots it was voted unanimously to recommend to the President that the price for No. 1 northern spring wheat be fixed at $2.20. Only members of the committee were admitted after balloting began; all were present except Mr. Rhett, and none left the room until a statement addressed to the President had been prepared and approved by the committee. The conclusions of the committee were not made known to Mr. Hoover until after this statement had been approved.

(c) In reaching its conclusions the committee kept constantly in mind the three following factors, as stated in its report to the President: The fact that the United States was at war, the need of encouraging the producer, and the necessity of preventing speculation and profiteering.

(d) In accepting the recommendations of the fair-price committee the President issued a statement August 30, 1917, in the course of which he said: "The price now recommended by that committee, $2.20 per bushel at Chicago for the basic grade, will be rigidly adhered to by the Food Administration. Mr. Hoover, at his expressed wish, has taken no part in the deliberations of the committee on whose recommendation I determined the Government's fair price, nor has he in any way intimated an opinion regarding that price."

CHARLES BARRETT.
L. J. TABER.
E. D. FUNK.
W. J. SHORTHILL.

Mr. BROOKHART. Then, Mr. President, the board fixed this price at $2.20 a bushel, or 70 cents higher than the foreign bid; the Wheat Corporation immediately bid that price, and the price went to that level.

Mr. President, some farmers have erroneously, I am sure, charged the Wheat Corporation and Mr. Hoover with beating down the price of wheat instead of raising it up. I want to review that portion of the quotation of wheat prices, to show just exactly what did happen.

Beginning in July, when Mr. Hoover wrote this letter, the price of wheat was $2.66 a bushel. In August it averaged down to $2.47 a bushel. Because at that time those prices were at that figure, many of the farmers of the country believed that when the Wheat Corporation fixed the price of $2.20 they were cutting down the price of wheat, because they did not know of this $1.50 bid that had been arranged by the foreign countries—England, France, and Italy—and they were all the bidders we had.

On August 17, 1917, cash wheat was $2.40 a bushel; but on the same date September futures were only $2 a bushel. So already the future market was responding to this $1.50 bid, and wheat was rapidly dropping down to that level. On the 30th of August, however, the price was fixed at $2.20 a bushel, and December futures immediately rose to $2.17. I am quoting Minneapolis prices, which would be 3 cents less than the Chicago price. That meant that the prices were rising 17 cents a bushel above the September futures price that had been established before that time. So that this action, instead of reducing the price of wheat, did protect it against the foreign bid that was coming along surely to depress the price to $1.50 a bushel.

The Wheat Corporation had $150,000,000 to buy that wheat. It had authority to borrow more if it needed it, and it needed $385,000,000 more. It borrowed that much, and with $150,000,000 bought and held $535,000,000 worth of wheat. Then 1918 came along and the slogan went out, "Bread will win the war." The President called upon the farmers to raise more wheat, and issued a proclamation promising them the same price for the 1919 wheat crop that they had received for the 1918 crop. The 1918 crop had gone to $2.26. Six cents a bushel went on in an increase of railroad rates; and that was put on for the railroads and not for the farmers.

Under that stimulation the farmers sowed 18,000,000 acres more wheat; and then the armistice was signed on the 11th of November, and the war was over, and then we might not need this big surplus of wheat. This created a new situation; and the best of all the lessons in the control of surpluses has come out of this situation.

Mr. Julius H. Barnes was assisted in the management of the Wheat Corporation at that time; and on February 5, 1919, Mr. Barnes made a statement before the House Agricultural Committee, then considering legislation necessary to make the 1919 wheat price guaranty effective.

I now ask to have inserted in the RECORD the balance of Mr. Barnes's statement, found on page 152 of this book entitled, "The Grain Trade During the World War," by Frank M. Surface, economist for the United States Grain Corporation; also his statement in the first two paragraphs of page 153.

The VICE PRESIDENT. Without objection, that order will be made.

The matter referred to is as follows:

On February 5, 1919, Mr. Barnes made a statement before the House Agricultural Committee, then considering the legislation necessary to make the 1919 wheat price guaranty effective. Mr. Barnes stated that the men then in charge of the Grain Corporation and serving as volunteers wished to retire at the end of the 1918–19 crop year, but they felt that they should put the benefit of their experience at the service of the committee. Mr. Barnes also disclaimed any desire on the part of either Mr. Hoover or the Grain Corporation officials to urge any particular form of legislation, but from their two years of service in this field they did feel that certain general powers must be delegated to the President if the guaranty was to be administered successfully. He recommended that the following provisions should be made in the legislation:

(a) An appropriation of at least $1,000,000,000 so that there might be complete confidence in the ability of the Government to carry through its undertaking.

(b) Authority to borrow, if necessary, in the regular commercial manner, pledging the credit and property of the agency.

(c) Authority to buy and sell wheat and other cereals and their products and other foodstuffs at home or abroad, for cash or for credit.

(d) Import and export embargo power.

(e) Authority to build storage facilities or contract construction with private enterprise together with authority to requisition storage and prescribe terms of payment.

(f) Authority to license dealers, millers, and elevators.

(g) Authority to control exchange trading.

(h) Authority to transport at home or abroad and carry on business anywhere in the world, and to form or use any corporations or agencies necessary.

(i) Preferential rail service on American railroads and steamships and authority to control the transport flow of all cereals or products into any markets or seaports.

In support of the necessity for these provisions, Mr. Barnes discussed in some detail the difficulties which might be encountered in handling an exceptionally large crop as was then promised in the face of the changed world conditions. However, to this statement he added:

"Much of the current discussion apparently assumes that there is no question but that the 1919 crop will greatly exceed the requirements of the world for ready consumption, and one must necessarily recognize that that is actually the present prospect, but prospects sometimes deteriorate before their actual fulfillment, and no policy should be based irretrievably on prospects only.

"I am forced to the conclusion that the only wise legislation possible at present is such extensive preparation that it will meet any possible crop development or combination of influences creating the most unfavorable conditions."

Mr. BROOKHART. Under this request, Mr. Barnes, chairman of the executive committee of the United States Chamber of Commerce, the super-government of the United States, prosperity adviser of the President of the United States, comes in and asks for a thousand million dollars for wheat alone; and yet this Republican platform says that the Farm Board was given ample funds for this agricultural problem, which included cotton and wheat and corn and oats and livestock and rice and several other agricultural products. But Mr. Barnes and Mr. Hoover asked for a thousand million dollars for wheat alone, and they got it; and fearing that even that would not be enough to handle the big prospective surplus that was then coming on, with 18,000,000 acres of extra sowing, they asked authority to borrow more money if they needed it, and got that authority, and they got these other authorizations.

Export and import embargo power; authority to buy foodstuffs for cash or for credit; to buy them anywhere in the world; authority to license dealers, millers, and elevators; to control exchange trading; to establish agencies anywhere in the world. They also got authority to condemn the terminal elevators, so that they might hold this surplus wheat as long as they chose, in order to give the farmers their cost-of-production price for these products.

In those days President Hoover and his assistant, Mr. Barnes, were talking like the Senator from Wisconsin [Mr. LA FOLLETTE] talked about the relief of the unemployed here to-day. Why have they gone clear away from that proposition? Why have they abandoned their position, and why did they write a platform like this in the Republican National Convention? Why are not that letter and the principles announced in that letter of Mr. Hoover, which was printed in the Republican campaign textbook of four years ago, inserted in the Republican platform, instead of this inadequate platitude that means nothing and can do nothing for the relief of agriculture?

Now, Mr. President, we will see what else is in this magical, ragical, tragical, agricultural platform.

The Federal Farm Board, created by the agricultural marketing act, has been compelled to conduct its operations during a period in which all commodity prices, industrial as well as agricultural, have fallen to disastrous levels. A period of decreasing demand and of national calamities, such as drought and flood, has intensified the problem of agriculture.

Mr. President, the students of agriculture from Wall Street who wrote this platform did not know enough to know that drought would reduce agricultural production, and that outside of the drought section it would help agriculture throughout the rest of the country, would reduce the supply instead of increasing it; so they write that inconsistency right here in the platform itself!

Then they say it was "during a period in which all commodity prices, industrial as well as agricultural, have fallen to disastrous levels."

Why do they not say that agricultural prices fell about twice as much, and since 1929 at that, as did the prices of the other products in the United States, according to the chart figures which I gave a while ago?

This platform is unfair all the way through. It fails to state the facts. It fails to state the real truth about the agricultural condition anywhere.

Says this platform:

Nevertheless, after only a little more than two years' efforts, the Federal Farm Board has many achievements of merit to its credit.

I remember some of those achievements. It got a man named Milnor at the head of two wheat corporations. It established two. One of those is called the stabilizing and the other the marketing corporation. The biggest achievement, in reference to wheat, was to employ Milnor at $50,000 a year. That is the most important thing in his employment. He testified himself that he operated in this way: He would go into the board of trade selling wheat in his marketing corporation, then on the same day go into the same board of trade buying wheat in his stabilizing corporation, perhaps the next day he was doing the opposite, a scheme of wash sales just as reprehensible as the wash sales of the stock exchange we have been investigating recently. That is one of the achievements of the Farm Board. Mr. Milnor was not the only high-salaried man. There were some at forty and thirty-five thousand in various positions, something in the way of big salaries for cooperation unknown throughout the world, and the cooperatives of many of the countries are a great deal larger than this.

Another achievement of the Farm Board was to get a man named Creekmore to handle cotton at $75,000 a year, and he had some 300,000 members in his cooperative association and he himself testified that their income would average less than $300 a year.

Let us see what other achievements the Farm Board has.

It has increased the membership of the cooperative farm marketing association to coordinate efforts of the local associations.

What good does that do if it constantly beats down the prices of farm products? That is not the kind of cooperation farmers are looking for.

By cooperation with other Federal agencies it has made available to farm marketing associations a large value of credit, which in the emergency would not otherwise have been available.

Mr. President, it is not more credit the farmers want; they want prices so they can pay the money they now owe.

Larger quantities of farm products have been handled cooperatively than ever before in the history of the cooperative movement.

What advantage is it to handle them cooperatively if the price goes down all the time? Unless this cooperative handling is going to increase the price it is a failure, and it will be a failure as long as the surplus is not properly handled. The surplus is the thing that depresses the price, and any cooperative organization with a surplus still left unhandled will result all the time in failure of this same kind.

Grain crops have been sold by the farmer through his association directly upon the world markets.

But they have been sold just the same as any other products, and they were not held back as they were by Hoover and Barnes in 1917, 1918, and 1919. They were sold in a way to depress the world market, dumped, as it were, into the world market, and I have no doubt they did depress the world market as much as or more than the Farm Board ever benefited the domestic market.

Due to the 1930 tariff act and the agricultural marketing act it can truthfully be stated that the prices received by the American farmer for his wheat, corn, rye, barley, oats, flaxseed, cattle, butter, and many other products, cruelly low though they are, are higher than the prices received by the farmers of any competing nation for the same products.

Mr. President, I do not know exactly what they mean by competing nations, but I did look up something about some farm prices in some other nations, and I got the quotations from France and from Germany. In Minneapolis No. 1 northern wheat was quoted on May 6, 1932, at 68.9 cents. In Paris it was quoted at $1.80 and in Berlin at $1.78. I got

this other quotation, of hogs, in Berlin, quoted at $7.80 and in Chicago at $4.02.

So the writers of this Republican platform again seem to be out to deceive the farmers and the country rather than to tell the truth about this agricultural situation.

The Republican Party has also aided the American farmer by relief of the sufferers in the drought-stricken areas, through loans for rehabilitation and through road building to provide employment, by the development of the inland waterways system, by the perishable product act, by the strengthening of the extension system, and by the appropriation of $125,000,000 to recapitalize the Federal land banks and enable them to extend time to worthy borrowers.

As I remember it, Mr. President, not one of those was a partisan measure. Every one of them passed by nonpartisan votes, and, as I remember, the flood-control measure was sponsored mainly by Senator Ransdell, of Louisiana, a Democrat.

This plank of the platform concludes:

The Republican Party pledges itself to the principle of assistance to cooperative marketing associations, owned and controlled by the farmers themselves, through the provisions of the agricultural marketing act, which will be promptly amended or modified, as experience shows to be necessary, to accomplish the objects set forth in the preamble of that act.

Mr. President, I have finished the reading of the most remarkable platform ever written in the history of the country under conditions like these. The one big problem of agriculture, the one thing that would take agriculture out of depression and then follow by taking other business out of depression because of agricultural prosperity, is not mentioned in the Republican platform, and that is the control of the agricultural surplus. In no place is there one word about it, and three times they deleted quotations from the marketing act in order to avoid mention of the control of the surplus.

Mr. President, all of the great farm organizations of the country have singled out the control of the surplus at a cost-of-production price as the principal item in agricultural relief, and this convention, called Republican, but which ought to be relabeled "Wall Street," has ignored the demands of the great farm organizations and the farmers throughout the country and has adopted a platform which means nothing and which can give nothing in the way of agricultural relief.

So, Mr. President, by this platform agriculture, along with the rest of the country, is sentenced to go down deeper into depression and to stay longer before it can return to prosperity.

The VICE PRESIDENT. The question is on the amendment offered by the senior Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment of the committee. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. CUTTING's name was called). I desire to announce the unavoidable absence of the junior Senator from New Mexico [Mr. CUTTING]. He is paired with the junior Senator from Oklahoma [Mr. GORE]. If the junior Senator from New Mexico were present, he would vote "yea," and I am informed that if the junior Senator from Oklahoma were present he would vote "nay."

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is absent from the city. I therefore withhold my vote.

Mr. HASTINGS (when his name was called). I have a pair with the junior Senator from Tennessee [Mr. HULL]. I understand that if he were present he would vote as I intend to vote, and I therefore vote. I vote "nay."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I transfer that pair to the senior Senator from Michigan [Mr. COUZENS] and vote "nay."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I understand, however, that if present that Senator would vote as I expect to vote, and I therefore vote. I vote "nay."

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I am advised that if present he would vote as I am about to vote. I therefore vote. I vote "nay."

Mr. NYE (when his name was called). On this question I have a pair with the senior Senator from Florida [Mr. FLETCHER], who desires that I announce that were he present he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. WATSON (when his name was called). I transfer my pair with the senior Senator from South Carolina [Mr. SMITH] to the senior Senator from Vermont [Mr. DALE] and vote "nay."

The roll call was concluded.

Mr. SHEPPARD. I wish to announce the necessary absence of the following-named Senators: Mr. GLASS, Mr. DILL, Mr. COHEN, Mr. THOMAS of Oklahoma, Mr. MORRISON, Mr. SMITH, Mr. WHEELER, and Mr. LONG. I am not advised how these Senators would vote, if present.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Colorado [Mr. WATERMAN] with the Senator from Washington [Mr. DILL];

The Senator from Connecticut [Mr. BINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER]; and

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Georgia [Mr. COHEN].

I also wish to announce that Mr. DALE, Mr. THOMAS of Idaho, Mr. BINGHAM, and Mr. WATERMAN would vote "nay" if present. They are necessarily absent.

Mr. McNARY. I desire to announce that the senior Senator from Michigan [Mr. COUZENS] is necessarily absent. If he were present, he would vote "nay."

Mr. BRATTON. I have a pair with the junior Senator from New Hampshire [Mr. KEYES], which I transfer to the senior Senator from Missouri [Mr. HAWES] and vote "nay."

Mr. McKELLAR (after having voted in the negative). Has the junior Senator from Delaware [Mr. TOWNSEND] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. McKELLAR. I have a pair with the junior Senator from Delaware, but I understand that if he were present he would vote as I have voted, so I allow my vote to stand.

The result was announced—yeas 12, nays 56, as follows:

YEAS—12

Blaine	Costigan	George	Norbeck
Brookhart	Davis	La Follette	Norris
Caraway	Frazier	Neely	Schall

NAYS—56

Ashurst	Connally	Kendrick	Robinson, Ind.
Austin	Coolidge	King	Sheppard
Bailey	Copeland	Lewis	Shortridge
Bankhead	Dickinson	Logan	Steiwer
Barbour	Fess	McGill	Stephens
Barkley	Goldsborough	McKellar	Trammell
Black	Hale	McNary	Tydings
Borah	Hastings	Metcalf	Vandenberg
Bratton	Hatfield	Moses	Wagner
Broussard	Hayden	Oddie	Walcott
Bulkley	Hebert	Patterson	Walsh, Mass.
Bulow	Howell	Pittman	Walsh, Mont.
Byrnes	Jones	Reed	Watson
Carey	Kean	Robinson, Ark.	White

NOT VOTING—28

Bingham	Fletcher	Johnson	Smoot
Capper	Glass	Keyes	Swanson
Cohen	Glenn	Long	Thomas, Idaho
Couzens	Gore	Morrison	Thomas, Okla.
Cutting	Harrison	Nye	Townsend
Dale	Hawes	Shipstead	Waterman
Dill	Hull	Smith	Wheeler

So the amendment proposed by Mr. LA FOLLETTE to the amendment of the committee was rejected.

Mr. TRAMMELL. Mr. President, I desire to offer the amendment which I send to the desk.

The VICE PRESIDENT. The clerk will report the amendment.

The CHIEF CLERK. On page 114, line 6, after the word "appropriated," add the following:

That Title V of the World War adjusted compensation act, as amended, is amended by adding at the end thereof, the following:

"SEC. 509. The amount of the face value of the adjusted-service certificates heretofore issued is hereby fixed as the value of such certificates as of July 1, 1932, and interest at the rate of 2 per cent per annum shall be allowed on said certificates from July 1, 1932. The rate of interest on the loans heretofore made on such certificates shall from the date of such loans be reduced to a rate of 2 per cent per annum and adjusted accordingly.

"That the Administrator of Veterans' Affairs, upon the application of a veteran holding a certificate (with or without the consent of the beneficiary thereof), is authorized and directed to make a payment or payments of a total of as much as 75 per cent of the face value of his certificate, from which shall be deducted all loans or charges against such certificate. A veteran may make application for the cash payment herein authorized any time prior to July 1, 1934. In case physical or mental incapacity or the death of the veteran prevents the making or filing of a personal application, then it may be made by the beneficiary or the representative of the veteran, or the executor or administrator of his estate and in such manner as may be by regulations prescribed. In case of the death of the veteran, after an application has been made, but prior to the payment being made to him, the payment shall then be made to the beneficiary or his estate, whichever may be entitled to the same.

"SEC. 510. The Administrator of Veterans' Affairs, in the exercise of his powers to make regulations for payment under section 509 shall, to the fullest extent practicable, provide a method by which veterans may present their applications and receive payment in close proximity to the places of their residence."

SEC. 2. The payments authorized on adjusted-service certificates under sections 509 and 510 of the World War adjusted compensation act shall be paid in Treasury notes.

The Secretary of the Treasury is hereby authorized and directed to issue United States notes to the extent required to make the payments herein authorized. Such notes shall be legal tender for public and private debts and printed in the same size, of the same denominations, and of the same form as Treasury notes, omitting the reference to any Federal reserve bank.

He shall place such notes in the Federal reserve banks, subject to the order of the Administrator of Veterans' Affairs, to be used for the purposes of this act.

He shall issue a like amount of United States bonds bearing 3 per cent interest, payable semiannually, with coupons attached, and such bonds shall be due and payable in 20 years from the date of issue, subject to the right of redemption after 10 years.

These bonds shall be deposited in the Federal reserve banks, as the agents of the United States, in approximate proportion to their current assets at the date of the passage of this act.

In the event that the purchasing power of the dollar in the wholesale commodity markets, as ascertained by the United States Department of Labor, shall at any time fall as much as 2 per cent below the average value of the year 1926, the Federal Reserve Board, by resolution in writing, may direct the sale to the public of such portions of said bonds as may from time to time be necessary to restore the purchasing power of the dollar to the normal standard of 1926.

Such currency received for such bonds shall be exchanged for the notes hereby authorized to be issued, and they shall be returned to the Secretary of the Treasury for cancellation.

Mr. TRAMMELL obtained the floor.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Illinois?

Mr. TRAMMELL. The Senator from Illinois desires to offer an amendment, but it would not be in order, as I understand it, at this time.

The VICE PRESIDENT. Not when the amendment of the Senator from Florida is pending. The question is on the amendment offered by the Senator from Florida to the amendment of the committee. The Senator from Florida is recognized.

Mr. TRAMMELL. Mr. President, I desire to make a brief explanation of the amendment which I have proposed. In offering the amendment I am actuated by the fact that I feel that in providing relief for the purpose of trying to assist in alleviating distress and unemployment throughout the country, such aid as may be afforded to our ex-service men will be as far-reaching and as universal in its distribution and as broad in the relief it affords as any action which may be taken on the part of Congress in the matter of trying to contribute some assistance toward dispelling the depression which prevails throughout the country.

The amendment provides that an ex-service man who has obtained a loan of 50 per cent on his certificate may receive an additional amount of 25 per cent, not as a loan but a payment, making a total of 75 per cent of the face value of the certificate. On the other hand, the veteran who has not obtained any loan whatever on his certificate under the provisions of the law which permitted him to do so in the past may obtain a payment of 75 per cent of the face value of the certificate. I have prepared the amendment in this way so that those who have not heretofore obtained loans would have the privilege of securing as payment the same percentage of the face value of their certificates as those who have exercised the privilege given them under existing law passed some time ago to obtain loans of 50 per cent.

The amendment provides that the face value of the certificate shall be fixed as the value on July 1, 1932, and therefore suspends the law under which the certificates were issued providing for the certificate to reach its ultimate complete face value only in 1945. This makes the value of the certificate, now and hereafter, the full face value. But for this proposal the face value would not be reached until 1945.

I take this position regarding the face value of the certificate because I feel that the basis upon which Congress enacted the adjusted compensation law some years ago was that a soldier was to receive as compensation $1 per day for services in the United States in addition to his regular pay and $1.25 per day for the time he spent in overseas service. In that law it was provided that we—the Government—should take until 1945 to pay him the full face value of his certificate. Many of us felt at the time of the enactment of the law on this subject that the veterans should be allowed a cash-adjusted compensation. I think it is a great pity that that was not done when we dealt with the subject in 1924, because at that time the Nation was amply able financially to make proper adjustment in the nature of cash compensation. I was among those who favored the cash-adjustment policy when we were dealing with the subject in 1924, and I had previously introduced at least one or two bills so providing. However, that is water that has passed the mill and we are now confronted with the situation as we find it under existing law. I think that in justice and right and in appreciation of the great and patriotic services these men have rendered to the country, we may well provide that the face value of the certificates shall be as of July 1, 1932, instead of waiting until 1945.

The amendment provides that the payment shall be made upon the basis I have outlined. It provides that certain amounts of the adjusted-compensation certificates which are not absorbed under this payment and the loans previously permitted shall draw 2 per cent interest hereafter.

That I feel is a just provision, and I have proposed it in the hope that it might encourage those who have heretofore allowed their money to remain in the fund would continue to allow it to remain there. Another provision is that the rate of interest on loans heretofore made shall be reduced from 4 per cent to 2 per cent from the date the veteran obtained the loan up to the present time.

These are the main features of the amendment which I have proposed for settling the present face value as the value of the adjusted-compensation certificates and for making cash payments thereon. I know that in dealing with a relief plan a great many have felt that most of the relief should be given to financial institutions and public corporations. I disagree with such policy. There has not been very much proposed to assist even the governmental agencies of the States or of the municipalities, but the whole relief plan heretofore has seemed to center around the idea of having the funds go to the financial institutions of the country and to large corporations like the railroads. That plan up to the present date has practically failed except in that it has probably prevented a danger that was impending some months ago, which, of course, I think, has justified the legislation. If by enacting relief plans we have prevented a great disaster in the nature of many failures of our financial institutions, then we were justified in the legislation we have heretofore enacted which is now operating through the Reconstruction Finance Corporation. I hear a good many people criticizing, and it is becoming quite popular to criticize almost any action of Congress. I hear them criticizing the Reconstruction Finance Corporation and its operations.

Some say that Congress gave all the money to the banks. I have never held any brief for the bankers, but I believe in being fair with the banks; and, while I have supported legislation which has been of some assistance to them, I have not been thinking particularly about the banks or their officials. I have been thinking about the depositors in the banks, the people of the country who do business with the banks. I know of nothing that is more disastrous to a community than to have a bank failure or a number of bank failures or to have a great number of them throughout a State or a particular locality within a State. I do not mean disastrous particularly to the heads of the banks, but disastrous to the every-day citizen, to the small business concerns, to the thousands, who when bank failures become widespread, as they did a while back in this country, and to the millions of depositors, many of whom had all their accumulation of funds swept away within a night by bank failures.

So I have felt that Congress has been justified in the enactment of laws and provisions which would try to steady our financial institutions. The vision, however, should have been broader. Sometimes, in thinking of the situation, I fear that those in power have not had an extended and wide view of conditions in the country and great need for relief. We find one group that thinks only about assistance for their group only.

So when I hear people say that if Congress would finish its work, adjourn, and go home, the condition of the country would be better, I sometimes think that those who are so generous in heralding such admonition as that are those who think they have obtained all they wish from Congress and they want Congress to adjourn so that others seeking relief may not have any aid extended to them. We have heard sentiments of that kind expressed to-day. "Let Congress hasten along, expedite matters—pass a lot of half-baked legislation—and adjourn, and the country will then take care of itself." That is what we heard a little over a year ago.

I remember all the newspapers of the country a year and a half ago saying, "Well, if Congress will only adjourn, the stock market will revive, business will improve, and soon we shall have a prosperous era throughout the country, everybody will be happy and contented." Well, under a constitutional limitation which provided that the session should end at a certain time Congress was adjourned, but nobody has heard anything much except depression and distress and catastrophe after catastrophe in the industrial life of the Nation and in the everyday life of the people ever since the Congress adjourned March a year ago, and we know now that it was all a rainbow hope.

I believe that we should remain in session until we may outline a comprehensive plan to take care of the entire situation, the very best plan that can be devised by those in position of authority and responsibility whose duty it is to lend their best efforts to America in this day of her travail.

I read in the Washington Herald to-day a very interesting article in regard to how Canada had handled relief during the depression. For a year and a half or two years in this country the only pretense or gesture toward trying to bring about relief was in the way of appointing commissions or boards or saying, forsooth, after a while we shall endeavor to discover some method of bringing relief. How different was the situation in Canada! In 1930 the Premier of that country, through a special committee of Parliament, undertook to formulate plans for meeting the situation and the disaster in its very inception. As I read that article to-day I thought what a tragedy could have been prevented in our own country had as much vision and as much foresight and as much devotion for the public weal been manifested as has been by the people of the little nation of 10,000,000 to the north, who, as a result of the action of their Government, have not had such a terrible time as we have experienced.

I think that one great trouble with us is that everybody wants everything done in just his way, and that almost all of us have a contracted vision; it is not as broad as it should be. I feel that a majority of Congress, at least, and the administration have had very contracted and restricted ideas as to how relief should be extended, and there has been no effort made to bring about relief for all our people. I believe if we would make an adjustment with the ex-service men in this country and provide a fund of a billion and two hundred million or a billion and three hundred million dollars to go directly into their hands, to be expended in their respective localities, which are as wide as the Nation, that such action could not fail to be of substantial assistance not only to the veteran but as well in helping to support our business institutions and in helping to relieve unemployment and distress.

I do not think that is any matter of favoritism to make the cash payment to the veterans. I hear some talk about favoritism; it is said, "Why deal with this one class of people?" I have not yet seen a piece of legislation suggested in this body or in the other House of Congress or by the White House that was not to a more restricted group than legislation which would assist over 4,000,000 of our ex-service men and their families and those dependent upon them and the communities in which they reside.

I think everybody realizes that something has to be done. Considering the legislation that is pending now, Mr. President, how many people do you suppose will receive employment under it? It is a relief measure designed to give employment to those who are now out of work. I have not heard anyone state just how many it will help to obtain work; I dare say that it will be of assistance; necessarily it will assist; but it will not anything like take care of the unemployment situation throughout the country. I am heartily in favor of this legislation to give relief to the unemployed, but it will not reach nearly so many people as we can reach through making a cash adjustment—not the entire payment in cash at present—to the ex-service men of the country. However, I believe in even going to the extent of a full cash payment.

Some may call such a measure class legislation; but if we enact legislation that will not afford employment to more than 1,000,000 people, when there are 10,000,000 people out of employment, is not that class legislation in the direct benefit it provides? It is class legislation in the sense that it only assists a comparatively limited number when there will be millions of people who know that they will get no benefit from it. So, at best, the enactment of the pending bill will not assist as many as would be assisted if we should make an adjusted cash settlement—not paying the entire amount—with the ex-service men of our country.

I read in a newspaper this afternoon a story to the effect that some of the leaders of the so-called bonus army wanted all or none. Well, if there are a few of the leaders who feel that way about it they do not have to take the cash, but can leave it in the Treasury. I have not offered this amendment on account of the presence of the bonus army that is here in Washington. They have every right to petition the Congress. No one has any objection to that whatever, and I feel that they are to be commended for their behavior. So far as I have heard, their behavior, generally speaking, has been very commendable. The few of them whom I know personally are fine men with only the best of purposes. This little group here represents only about one-half of 1 per cent of the ex-service men of this country. I know that the 99½ per cent of the veterans of this country who are back home struggling to make a living and to care for their families are just as patriotic as the one-half of 1 per cent who have come to Washington in an effort to force Congress to take action only as they wish it. Those back home and also 95 per cent of those in Washington will appreciate being permitted to receive as a payment such amount as would be allowed to them under the amendment which I have proposed. I know the ex-service men in my State quite well, and I know that in times of stress such as we have at present they will appreciate receiving up to 75 per cent of the face value of their certificates.

I know that they also appreciate the fact that the Nation is in a distressed condition with a total of 10,000,000 unemployed, and that there are many others for whom there should be some relief. This general unemployment situa-

tion should be cared for; and instead of their saying "We must have 100 per cent, or we will not take anything," as the leaders of the bonus army here are quoted as saying, I dare say that the 99½ per cent of the ex-service men of my State, who are back at home and not here en masse telling Congress in substance that they must do so and so, appreciate the situation.

I have proposed this amendment as a tribute to and a recognition of the service of all patriotic service men to their country, because I think it is just and right, and also for the reason that I know of no way in which we can make a greater contribution toward the relief of suffering, hardship, and unemployment throughout the different localities. This will give us a general expenditure of a large sum of money that will go to the countryside and into every hamlet and village of each of the States throughout the Union.

If we are not going to do this, if we are going to deny this assistance to our ex-service men, what are we going to do? Are we going just to provide funds, as contemplated by this bill, to loan to somebody to go and arrange with some contractor to carry on some private enterprise out of which he will make money? It is true he will give somebody employment, and, of course, the object and purpose of the legislation is to try to stimulate employment, to stimulate building activity.

If we do that, however, are we going to say that the door is closed to this other avenue and this other course which we may pursue toward trying to assist those who are out of employment, many of whom are in destitute circumstances, many of whom have as good security upon which to obtain funds from the Federal Government as the banks and the private corporations and even the municipal corporations to which we propose to loan money under the other provisions of this bill?

The security of these men is their adjusted-service compensation certificates—an honest debt owed to them by the Nation. It is true that it is not due yet under the formal terms of the certificate, but they have that as an asset. They have that as a recognition of their service on the part of the Nation. I propose to give that certificate a cash value. Now, in the hour of their peril, are we to withhold from them any settlement or adjustment? Are we not going to try to assist them as we are trying to relieve distress throughout the country and the Nation?

If we do not make some provision to try to assist these men, we are ignoring the biggest group of the people of America who hold an asset which should be recognized for credit upon which they should obtain some help from the Government at this time.

I very much hope the Senate will see fit to agree to this amendment. The whole bill has to go into conference with the House; and if this amendment should be adopted my confident belief is that it will do more people good, assist more in relieving distress, do more toward eliminating unemployment, and assist a greater number of people than any other provision we have in this measure; and that is the main basis upon which we are enacting relief legislation for the assistance of the people of this country.

I hope that at least a majority of the Senators will agree to the adoption of this amendment. It has gone pretty well over the country, and I think Congress has been more harshly criticized than it should have been, that Congress and the administration have been very unmindful of the necessity of rendering any direct assistance to the people of this country. I think probably that criticism is more or less merited, but the people have been rather severe about it. They have even gone so far as to charge improper motives on the part of those in authority. I do not think any of the Members of Congress entertain improper motives. I do not think any of the officials are actuated by such motives; but it just seems that some people in certain environments are not able to comprehend the entire situation.

They have lived too much in a contracted environment and they want everybody to bow down to what they think should be done, without making some concessions and without trying to bring about a harmonious plan that would be as far-reaching as possible.

That is one of our great troubles. I do not set myself up as a critic, but that is one great trouble. Some one just wants to loan money to corporations and banks and not to loan money to anybody else. Some people think that we can assist the country only by pumping a little more life into the railroads of the country, and they do not care whether we assist anybody else or not. We have reached a condition in this country where such a policy as that does not meet the requirements, the needs of the country. We must have a decidedly broader vision. We must take the position that the business affairs of this country, the life and the activities of the average individual, are all so interwoven and so interdependent one upon another that we can not produce prosperity in the Nation merely by helping a particular class of people. We must try to assist all, and then we will bring about a greater degree of happiness and more of a restoration of normal conditions, which we hope and pray for in this country.

It was said when we enacted the Reconstruction Finance Corporation bill that we were going to have the banking facilities of the country made more available and we were going to loosen up credits, and that would assist the average business man of the country, would assist agriculture and those who should have reasonably liberal banking facilities.

Absolutely nothing has been accomplished along that line. I do not remember the exact figures, but within a week or two I read that instead of an expansion of credit through the financial institutions of our country, since about last January there had been a contraction of credit through the banking institutions of a billion dollars. They said the people have been paying off the banks. Well, of course, we know why the people have been paying them off. Most of them had to do it. That is the reason why they have been paying off the banks. So we have gotten no expansion of credits, we have gotten no expansion of currency through any of the plans that have heretofore been devised. It would be just as well to declare those operations a failure, except in so far as they may have aided in averting the catastrophe, as some claim, which was hanging over the country; that is all.

Take our Farm Board relief legislation. What has that accomplished? I do not know whether it has accomplished anything or not. I do not see how the prices of wheat, cotton, and other agricultural commodities could have gone much, if any, lower without the Farm Board. They are about the lowest in the history of the country. It is possible, of course, that they might have gone still lower.

I can not understand why those in authority are always playing favorites with the financial institutions of the country, to the disregard of the general public welfare. I can not understand that. Take the stock market in New York City. When we first began to talk about the evils of the stock market and short selling and manipulation and pools upon the stock market, Mr. Whitney, the head of the stock exchange, said that it was necessary to have short selling, and that the stock market should be left absolutely alone. The values on the stock market have gone down many millions of dollars. We know of the manipulations and the rascality and the scheming that has been carried on upon the stock market in this country. We know of the rascality and the scheming that has been carried on by the international bankers of this country, to the detriment of the American people. We know all that; yet some seem to think that every time we want to try to bring back a little life-blood and a little assistance to the people of the Nation we have to go through those channels exclusively.

I want to see them do well; but, thinking of the millions and millions of the people of this country who are independent of these institutions, I think we ought to try to reach some of them directly. The old plan does not seem to be a very great success, and I propose here this plan—of course, we have had it before us on another occasion for the full amount—which I believe will reach a very large number of our people and will do a great deal of good and will be an

act of recognition of the valor, the patriotism, and the heroism of these men who defended the Nation in its hour of peril that will receive the commendation and the approval of at least 80 or 90 per cent of the American people.

Of course there are some who will not approve of it—some few who think that they will not be able to get quite so much on account of legislation of this character. They will not approve of it. We can not eliminate this element of selfishness that seems to be rather embedded in probably all of us. We can not eliminate that; but here we are representing all the people. Here we are trying to do the greatest good to the greatest number of our American people; and that should be our governing motive in dealing with this and with all other legislation.

During the fight on the tax bill I would receive a telegram one day from a person urging that a certain tax should not be imposed, that tax affecting that person. The very next day I would receive a telegram from the same person saying he thought a certain other tax ought by all means to be imposed, because that tax did not affect him. I think that is rather the way when we come to the question of relief legislation. One element wants something that they hope will help them, and I do not blame them for that.

Another element prays that some relief may be given that will help them, and so it goes throughout the different elements, and none of them are able to come into a harmonious plan for the purpose of trying to render general assistance to the entire people. I do not mean that we can give everyone a dollar or twenty dollars or a hundred dollars, but relief should be made as general as possible, and under such a plan there would be far more probability of bringing about better conditions in this country than by restricting the relief plans to very limited channels.

I very much hope the Senate will see proper to adopt the amendment.

Mr. NEELY. Mr. President, with much enthusiasm and absolutely no hope, I ask unanimous consent that until the Senate shall have finally disposed of the pending bill no Senator shall speak more than five times or more than five minutes unless he has something to say. [Laughter.]

Mr. TRAMMELL. Mr. President, I suppose the Senator meant his little pleasantry as a thrust at me.

Mr. LEWIS. Mr. President, I do not see how that possibly could be. There was nothing to evidence it.

Mr. TRAMMELL. He sits around and prays for a vote and prays for an opportunity to go to the Democratic convention. I do not know why he is so longing and so worried because he can not go there. As far as I am concerned, I think the interests of the people of America are decidedly of more importance than attending the Democratic convention.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. TRAMMELL] to the amendment of the committee.

Mr. TRAMMELL. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. TRAMMELL. Mr. President, I am unable to understand why Senators do not want a record vote on this subject. I am very much surprised and disappointed. I thought at least 12 or 15 hands would be raised favoring a record vote.

Mr. KING. I think we have already put ourselves on record.

Mr. TRAMMELL. The Senators have not put themselves on record on this proposition.

Mr. KING. We have had a vote on what is really somewhat of a sister to it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was rejected.

Mr. LEWIS. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The clerk will report the amendment.

The CHIEF CLERK. On page 103, between lines 19 and 20, the Senator from Illinois proposes to insert a new section, as follows:

SEC. —. Section 5 of the Reconstruction Finance Corporation act is amended by adding at the end thereof the following new paragraph:

"Within the foregoing limitations of this section, the corporation may make loans to any State for the purpose of making temporary advances to municipalities, counties, or other political subdivisions within such State to pay the amount of the salaries and compensation of their employees payable during the year 1932 or prior years and which remain unpaid on the date this section, as amended, takes effect, if provision has been made in accordance with the law of such State for the payment of such salaries and compensation out of the proceeds of taxes levied for such purposes prior to such date, and if, in the opinion of the board of directors of the corporation, such municipalities, counties, or other political subdivisions are unable to obtain funds upon reasonable terms through banking channels or from the general public and the corporation will be adequately secured."

Mr. LEWIS. Mr. President, I recognize it is the desire of the Senate to vote on the pending measure, and I desire to aid it. I beseech the Senate to allow me a second of its consideration while I explain the purpose of this amendment.

I desire to reveal that it is the object to borrow money in the name of the municipality of Chicago, and that of the board of education, or either, with the object of paying the salaries, for a year past due, of the school-teachers, who are in great want and enduring indescribable distress.

There is some confusion here on the part of many Senators, for whose judgment I have very great respect, who seem to think that the words in the bill "of liquidating character" prevent institutions such as a city or a board of education from borrowing, because neither is a commercial organization.

I desire to present to the Senate the single thought, and with it the single expression, that the object is to cure that, if there be a doubt, in order that the Reconstruction Finance Corporation, if in exercising its discretion it shall conclude that the applicant, to wit, the school board, is entitled to the money to pay the school-teachers who have long waited for their compensation and are now in distress as the result of the loss of it, may do so; and the provision of the amendment is that they may do so whenever in their judgment it is seen that the banks are without funds and the local authority has also been exhausted.

I respectfully ask of the Senate that they consider the amendment, with the object I have presented, to allow the local board and the city to go to the corporation in order that the salaries which up to the present time have not been paid, and which have left the officials to whom they are due in such distress and want, shall be compensated in the form of a loan, in the meantime that loan resting upon security that shall meet the discretion and the approval of the corporation.

I thank the Senate for its consideration.

Mr. GLENN. Mr. President, only on such a motion would I take the time of the Senate at this late hour, when I know how anxious Members are to dispose of the pending measure and recess or adjourn.

Yesterday there came to the Capital City a great and representative delegation of the citizens of the second city in the United States. They came here most reluctantly, and only as a last resort, in a great and extreme crisis in that community. That delegation was headed by the mayor of the city, the Hon. Anton J. Cermak, a Democrat, and with him came Fred W. Sargent, the president of the Chicago & North Western Railroad Co.; Mr. Kelly, the president of one of the great State Street concerns, both of the latter gentlemen directors of the largest bank west of the Allegheny Mountains. With them came the representatives of various municipal corporations included within the county of Cook, and the different corporations forming the municipal corporation of the city of Chicago. There came also the representatives of the school-teachers of Chicago, of the firemen of Chicago, of the policemen of Chicago, and of almost every great interest of that great city, from the

highest interest in the way of capital and aggregated wealth to the interest of the humblest citizen, the man who sweeps the streets of that great commonwealth. All were represented here yesterday in this Capital.

They came here because for the last three years, owing to protracted litigation on the part of thousands of taxpayers in that city, the taxation and collecting authorities of Chicago have been unable, prevented by tax objections, to collect the taxes due the city, now aggregating more than $252,000,000.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield to me?

Mr. GLENN. I yield.

Mr. WALSH of Massachusetts. Has any effort been made to have the State government of Illinois come to the assistance of the city of Chicago?

Mr. GLENN. Oh, yes.

Mr. WALSH of Massachusetts. With what result?

Mr. GLENN. There have been three or four special sessions of the legislature to take care of emergency relief and distress matters. At the last session they voted a note issue of eighteen and a half million dollars, about 95 per cent of which was allocated by the State of Illinois to the county of Cook, in which Chicago is located. They sold in the first great drive about eleven million of those notes. They are 6 per cent notes of the State of Illinois, payable out of an additional gasoline tax of 1 cent a gallon.

Mr. WALSH of Massachusetts. So the city has already received the money raised by notes issued by the State of Illinois in the sum of $9,000,000?

Mr. GLENN. No; there have been sold out of that issue of notes all but about a million dollars.

Mr. WALSH of Massachusetts. How much all together?

Mr. GLENN. Sixteen to seventeen or seventeen and a half million dollars.

Mr. WALSH of Massachusetts. So the city has received seventeen and a half million dollars from the State of Illinois?

Mr. GLENN. I say the city; it went to an unemployment-relief fund known as the governor's unemployment relief fund, for the purpose of affording relief.

Mr. WALSH of Massachusetts. I understand the purpose of this amendment is to pay employees of Cook County. Am I correct?

Mr. GLENN. Yes.

Mr. WALSH of Massachusetts. So the money that has been given to the county by the State of Illinois, or loaned by the State of Illinois, was for general relief, and not to pay salaries?

Mr. GLENN. For general relief; but this is all a part of the general relief program. These school-teachers have not been paid for 14 months. The testimony yesterday was that numbers of them were sleeping in the parks and going in the morning from the public parks of the city of Chicago to teach the children of the city of Chicago.

Mr. BORAH. That is in the city of Chicago?

Mr. GLENN. That is in the city of Chicago.

Mr. WALSH of Massachusetts. Is the credit of the State of Illinois such that it can issue bonds or notes and raise funds?

Mr. GLENN. They have been unable to sell these notes except by a great public-spirited drive of the people of Chicago. They sold $4,000,000 of the notes there in one day, when the relief stations were about to close, and that only because it was represented there that if those relief stations closed not only these school-teachers and these firemen and these policemen would be starving but that 600,000 other people who had been fed daily at those relief stations would be in a starving condition.

Mr. WALSH of Massachusetts. What is the state of the credit of the State of Illinois?

Mr. GLENN. The state of the credit of the State of Illinois is low, and I will tell the Senator why. It is because half of the revenues of the State of Illinois come from the county of Cook. For three years the State of Illinois has not received its taxes from the county of Cook, so it has been deprived of that revenue and has been unable to meet certain bond interest which is due, and those bonds are in default for that reason, and that reason alone.

Mr. WALSH of Massachusetts. Does the amendment propose to pay the unpaid employees of the State of Illinois also?

Mr. GLENN. Oh, no; the amendment proposes that a loan be authorized to any State—and we have in mind, of course, the Illinois situation—for the purpose of the State advancing to its political subdivision money for one purpose, and one purpose only, and that is for the payment of wages due and to become due this year to its employees. We have talked about this being an unemployment-relief plan. There has been much debate here as to what percentage of the funds would go to wages if the funds were advanced for highway purposes or for building-construction purposes. Every single dollar of this money will go for wages.

Mr. WALSH of Massachusetts. What is the bonded indebtedness of the State of Illinois?

Mr. GLENN. I do not know.

Mr. WALSH of Massachusetts. What is the per capita indebtedness of the State of Illinois?

Mr. GLENN. I do not know.

Mr. WALSH of Massachusetts. The Senator does not know?

Mr. GLENN. No; I do not know the exact indebtedness.

Mr. WALSH of Massachusetts. My own State of Massachusetts borrowed on short-term notes within a month large sums of money at the rate of 1.1 per cent. I can not understand why the great State of Illinois is in such a bankrupt condition that its credit is not able to raise sufficient funds to pay the employees of the city of Chicago.

Mr. GLENN. There is $252,000,000 of past-due taxes tied up in lawsuits.

Mr. WALSH of Massachusetts. But if there is no indebtedness they ought to be able to raise the money.

Mr. GLENN. Oh, but there is indebtedness of the State of Illinois. We have had a road-building program to bring prosperity to Illinois. We issued $60,000,000 of hard-road bonds. We followed that up with another issue of $100,000,000 of hard-road bonds. We built a waterway with which Senators here are familiar.

Mr. WALSH of Massachusetts. I think we ought to have some evidence of the per capita indebtedness of the State of Illinois. The per capita indebtedness of the Federal Government is $135. There is scarcely a State in the Union whose per capita indebtedness is over $10. If the per capita indebtedness of Illinois is but a few dollars, it does not seem to me the State can come with good grace and ask credit of the Federal Government.

Mr. GLENN. Perhaps not——

Mr. WALSH of Massachusetts. I want to say, if the Senator will permit me, that I am ready and prepared to go the limit in using the credit of the Federal Government to help any State that is in financial difficulty, but I refuse to have the Federal Government lend its credit to counties, towns, municipalities, or cities. I do not think we have any more right to deal with them than we have to deal with a minor child rather than the parents.

Mr. GLENN. The Senator from Massachusetts does not comprehend the amendment apparently. We do not propose to lend the credit of the Federal Government to municipalities or counties or subdivisions. We lend the money to the State of Illinois, and we will have back of it the credit of the State of Illinois. I assume that if the State of Illinois sees fit to advance money to Chicago, it will only be after a very clear demonstration is made to the general assembly of the State, because down-State Illinois controls the general assembly, and there is usually the most bitter fight over such matters.

Mr. WALSH of Massachusetts. Are the governor and the legislature asking for this credit from the Federal Government?

Mr. GLENN. The governor and the legislature have been in special session repeatedly. They send word here. They had their representatives here yesterday, people who have

been working with this problem all the time. They say it is a matter of last resort. The mayor of Chicago, Mr. Cermak, made the statement yesterday that no one knows how serious the situation is in Chicago. It is said that unless they get relief of this character, and get it soon, the policemen—and there are 500 less of them now than when the mayor came into office, and their wages have been very substantially reduced—can not maintain themselves longer. The school-teachers have been unpaid for 14 months. The firemen are unpaid. The garbage workers struck yesterday because they are unpaid.

Mr. WALSH of Massachusetts. We are fully aware of the very serious condition the Senator describes in the city of Chicago, but I want to know whether the governor is here or is the legislature here petitioning the Federal Government to lend its credit to the State of Illinois to help the city of Chicago?

Mr. GLENN. The governor is not here to-night.

Mr. WALSH of Massachusetts. Was he here yesterday?

Mr. GLENN. No; he was not here yesterday.

Mr. WALSH of Massachusetts. The municipal authorities of Chicago were here?

Mr. GLENN. Yes; the municipal authorities of Chicago were here and all those representatives to whom I have referred, including the chairman of one commission after another appointed by the governor, speaking, I take it, with some assurance from the governor.

I just want to lay the matter before this body and then I shall have done my duty. I thought the facts should be laid before the Senate. These men came down here not wanting to come, but the mayor said that they are having meetings of 5,000 communists there, one after another, day after day, and that unless some relief comes there will be 600,000 families in Chicago unfed. If the firemen continue unpaid, they can not act forever, and pretty soon there will be no firemen in Chicago. Pretty soon there will be no policemen in Chicago to cope with the rising spirit of riot and revolution that is about to come upon us there.

Mr. DICKINSON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Iowa?

Mr. GLENN. I yield.

Mr. DICKINSON. Was there not a proposal of some sort in the legislature at Springfield during the winter intended for relief of this kind? Was there not a State bond issue to help out the very situation the Senator is describing?

Mr. GLENN. That is what I have told about, the note issue of $18,000,000 for relief, which was voted by the legislature and 90 or 95 per cent of it allocated to Chicago, but it will all be gone very soon. That does not pay the school-teachers or the firemen or the policemen.

We are talking here about relief. It seems we are perfectly willing to vote to relieve all sorts of corporations if they will start building tunnels or viaducts or bridges or any other sort of work that will pay a portion of the money in wages, but when the third State of the Union comes and offers to pledge its credit and back of it the credit of the second city of the United States upon a proposition which will be devoted 100 per cent to wages, then objection comes. I do not criticize anyone for objecting, but what is wrong with advancing money for a 100 per cent payment of wages?

Mr. WALSH of Massachusetts. We have recently passed a measure providing $300,000,000.

Mr. GLENN. Yes; but $300,000,000 for what?

Mr. WALSH of Massachusetts. To lend money to the States for the purpose of relieving distress and misery in the States upon the representation of a State that it can not take care of its own distressed condition.

Mr. GLENN. That is not based upon need. It is based upon population. Illinois would be entitled to about $17,000,000 out of that, and our experience is that the needs of the distressed people come 90 per cent from urban areas. But we pay no attention to needs in that bill. Oh, no; a rural State gets the same amount per capita as does an industrial State. The Senator from Massachusetts knows as well as anyone, I think, that this distress is in the cities, primarily in the industrial centers. Eighteen million dollars will not be a drop in the bucket.

Mr. HAWES. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Missouri?

Mr. GLENN. I yield.

Mr. HAWES. As I understand it, the Senator from Massachusetts is concerned with only one subject.

Mr. GLENN. I do not know about that.

Mr. HAWES. That is whether this fund would go to the State or would go to the municipality. As I understand the amendment, the money would go to the governor of the State to be allotted to the city of Chicago, and if he does not choose to allot it to the city of Chicago, then Chicago does not get it; so that, therefore, the governor of the State accepts the money and the responsibility for its distribution. Is that correct?

Mr. GLENN. It goes to the State of Illinois to be allotted to any political subdivision for the sole purpose of paying wages.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Michigan?

Mr. GLENN. I yield.

Mr. VANDENBERG. Will the Senator comment on this phase? How does it happen in the face of a desperate municipal situation of this character that the situation does not sufficiently appeal to those citizens who have not paid their taxes in three years to discontinue at least temporarily their litigation and come to the rescue of their own community?

Mr. GLENN. We have about 200,000 tax objectors. The public-spirited citizens of Chicago have come to the rescue; the great industries, the great concerns, the wealthy people, almost without exception, have paid their taxes; but there has been organized a taxpayers' strike. There are thousands of them. The promise has been held out to those people that they can save half of their taxes and they may save all of their taxes. The proposal has been made to them "Give us one-third and we will take a chance." There has been a decision of the supreme court within the last 30 or 60 days holding against those objectors and holding the assessments valid, and the money is going to begin to come in soon. That was a verbal opinion. At this session of the supreme court, convened in June, a written and final opinion is expected, and then those taxpayers will have to pay their taxes. The $252,000,000, according to the statement of the mayor of Chicago and the city comptroller, will in large proportion soon be available to pay off the Federal Government or to pay off the State of Illinois for any advances made.

Mr. BLAINE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Wisconsin.

Mr. GLENN. I yield.

Mr. BLAINE. I understand that the $252,000,000 of tax delinquency is due to the fact that there are protestants against the validity of the taxes.

Mr. GLENN. So I am advised.

Mr. BLAINE. For how long a term has the litigation which is in progress been before the courts of Illinois?

Mr. GLENN. The unpaid taxes run back for three years.

Mr. BLAINE. Then, is not the Senator indicting the courts of his State? It seems to me three years is a long time in which to get a decision on the validity of a tax assessment.

Mr. GLENN. There was one assessment after another that has been passed upon and that has been involved in the litigation. It is a long, continuous grind of involved and intricate litigation.

Mr. BLAINE. But the first protestants must have gone to court and that must have been in litigation for some three years. It would seem to me that three years is a long time for the courts to take to decide so important a question.

Mr. GLENN. It is a long time.

Mr. BLAINE. It is a long time when we consider that the very sovereignty of the State of Illinois is at stake.

Mr. GLENN. There is not one lawsuit but thousands of them. I am not familiar with the litigation except in a general way.

Mr. BLAINE. I was going to ask why the State of Illinois has not put its house in order long ago——

Mr. GLENN. I wonder myself.

Mr. BLAINE. And provided, as many States have provided, that before there can be any contest over an alleged invalid tax the taxpayer must first pay the tax into the Treasury, wherever that tax may be due, and then proceed to litigate the validity of the tax.

Mr. GLENN. I think it would be a very wise provision. Unfortunately it has not been enacted in our State. But that is not the fault of those teachers, firemen, policemen, and street sweepers. If we are to furnish emergency relief and if it is to be furnished for wages, it must be done here. We will have back of it not some speculative contracts, but we will have back of it the credit of the third State in the Union and of the second city in the Union. If anything is good in this country, if anything is coming out of this great economic upheaval, then the credit of Illinois and Chicago is bound to come; and if it does not, then the whole country is doomed.

Mr. BORAH. Mr. President, that is the very thought that is running through my mind. When the city of Chicago and the great State of Illinois come here for money to pay their teachers, it occurs to me that in all probability the "jig" is up.

Mr. GLENN. It may be. I do not believe it is, however. It is a desperate, unfortunate, and embarrassing situation. I would be derelict in my duty, it seems to me, when the most representative people of Chicago come here and ask me to present the matter to the Senate, if I did not do so. They are all high-class people, and I include all of them, the representatives of labor, the representatives of the school-teachers, of the policemen, the firemen, and all the others. They have come here because of a situation for which they themselves are not responsible.

Mr. BORAH. Mr. President, no newspapers in the United States have been so severe upon Congress for the program which it has undertaken, both with reference to voting relief and with reference to taxes imposed, as have the newspapers of the city of Chicago.

Mr. GLENN. That does not include all the newspapers, and in any event I do not believe we should penalize a suffering school-teacher or a starving child because some Chicago newspaper does not meet our views in the discussion of public problems.

Mr. BORAH. I assume that the Chicago newspapers must be advised as to the situation, and they certainly must speak the voice of the people of that city, to some extent.

Mr. GLENN. I know that a number of the school-teachers were furnished money to come here by two of the great newspapers of Chicago—at least, I was so advised by them; their trip was really financed by two of the great newspapers of Chicago in order that they might present this situation.

The mayor of the city said—and I heard him say it twice yesterday—that riots were almost sure to come, that he feared they would come, unless some means were provided.

I have laid this matter before the Senate. I am not a resident of Chicago, but I know if the Senate wants to relieve distress, if it wants the money which is to be loaned to be used to pay wages, it has an opportunity here to carry out that policy. If the Senate wants the Government to get the money back, it has a certainty of getting it back; and if it is better for the Government of the United States to advance money which will all be devoted to paying wages and which will all be returned rather than to gamble and speculate and theorize about lending money to finance the sale of grain to Europe, to finance so-called self-liquidating projects such as tunnels, viaducts, toll bridges, and similar enterprises. The Senate has a chance to choose between those two theories.

If the amendment shall be adopted and the money shall be advanced, it will all be repaid. The State of Illinois will be able to pay its debts; the city of Chicago will be able to pay its debts.

The present mayor of Chicago has reduced the expenditures of the city to a minimum. A committee of experts made a survey and considered every possible economy which could properly be made, and asked the council and the mayor to put the economies recommended by them into effect. The city council and the mayor not only put them into effect in the last budget, but went beyond the suggested economies, and reduced the amount $3,000,000 more than great business leaders of Chicago, members of that committee, recommended.

Mr. President, let me call attention to another situation which is indicative of the change of heart in Chicago in the administration of its public affairs. Much of the public debt of that great community came from the Sanitary District, which is a separate corporation from the city of Chicago itself. Not long ago there were 4,600 employees of that Sanitary District, but finally the people rebelled at the riotous extravagance of that Sanitary District, which I do not justify but which I condemn, and in this new era different people were voted into power, and now they have reduced the number of employees of that Sanitary District from 4,600 or 4,700 to about 1,000.

Chicago, I believe, has learned her lesson. She has for years looked complacently upon extravagant municipal expenditures, upon the excessive building of highways and parks and playgrounds and all those things; but now pay day has come. It is not the fault of the Federal Government; it is not the fault of the Senate; it is not my fault or the fault of the public officials now in office in the city of Chicago. This crisis was not brought about by the men now in charge.

They come here asking the Congress to help them deal with a crisis of a severity unknown before in all the history of that great city, which in a century has sprung up from a dismal swamp to be one of the great cities of all the world. They only ask this credit for a short time; every dollar will go for wages, and every dollar will be repaid.

Mr. LEWIS obtained the floor.

Mr. NORRIS. Mr. President——

Mr. LEWIS. I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, my inclination at first blush was to vote against this amendment. There are a good many reasons why one would be justified in voting against this. I had not any idea when I heard the amendment talked about days and weeks ago, as I have heard it talked about, that I would ever vote for it; but, Mr. President, I can not turn my eyes away from the picture which we have now before us. It seems to me that we are confronted with a situation which should cause us, regardless of the past, to go to the relief of the city of Chicago.

I have no friendship particularly for the city of Chicago and I have no friendship for the great newspapers of that city, and especially the one that claims to be the greatest newspaper in the world, which has slandered practically every Member of the Senate and has carried the idea in its daily editorials that the Senate of the United States is a tool of Capone and his gang because some of us who are on the Judiciary Committee thought that Judge Wilkerson was not a fit appointee for the Federal bench. Day after day that sheet has hurled epithets and innuendoes against the Senators who were opposed to the confirmation of this man on the ground that we were influenced by the Capone gang. Every sinew in one's body rebels against the indecent, malicious innuendoes which have been hurled against the Judiciary Committee and against the Senate because of the attitude some Senators have taken regarding that nomination. So no appeal coming from such a source as that, although that newspaper claims to be the greatest newspaper in the world, would ever induce me to come to the support of anything or anybody because of its advocacy.

But, Mr. President, we are confronted now with a condition the like of which I think we never before beheld.

In my judgment it has an important bearing upon the national aspect of unemployment. It has an important bearing, I believe, upon the crisis which is confronting us in our efforts to save this country from ruin. If what the Senator from Illinois has pointed out should happen in Chicago—and it seems reasonable to think that unless some relief comes it will happen—it may be the start of something that before it ends will include the entire Government of the United States.

The men and the women to whom relief will go, if relief shall be granted, are not to blame for the situation which exists. The school-teachers of Chicago, who, the Senator says, are sleeping now in the parks of that city because they have no money with which to pay for rooms and board, are not to blame for this distress. The officials are not to blame, it seems to me. But we are confronted with a condition which we must take as it presents itself to us. We can not turn our eyes and our backs upon suffering of that kind, no matter what the cause may be. Regardless of technicalities and regardless of cause, we ought to help the suffering people of Chicago if we have any way on earth of helping them.

> The quality of mercy is not strain'd;
> It droppeth as the gentle dew from heaven
> Upon the place beneath: it is twice bles'd;
> It blesseth him that gives, and him that takes.

It seems to me we are confronted now with a condition where immediate relief is demanded and is necessary, regardless of the cause of that condition.

I presume in due time the tax cases will be decided by the courts; I agree with Senators when they say there is no excuse—and there is none, so far as I am able to see—for the long delay; but the delay has taken place, and the condition is as has been described to us by the Senator from Illinois. No one, as I understand, disputes it. There is not any question about what the conditions are. So, whatever the cause, if we have any way of relieving the deplorable conditions, we ought to relieve them, as a matter of humanity, regardless of the kind of people involved, although undoubtedly most of them who will get this relief are very high-class people.

Regardless of the unenforcement of law in Chicago, and the domination of the city to a great extent by gangsters and outlaws, if there is not any other way for them to secure relief, and we can give it to them, we ought to give it, and it seems to me that there can be no excuse for not doing so. I believe we are justified in laying aside technicalities and everything else which may be in the way and going to the limit of our ability to grant relief.

The people involved are our compatriots; they are the same as the people in other parts of the United States; they are moved by the same impulses; they suffer from the same causes. It seems impossible for them to secure relief in any other way. Firemen and policemen and teachers can not get food because they can not be paid on account of these delays. So, temporarily, they ought to be relieved. I believe it will only be a temporary matter, for I can not imagine that the great State of Illinois and the great city of Chicago are going permanently to remain in this condition. If they are, and if there is no way to relieve the situation, then we might just as well close up shop and realize that it is only a question of a short time until the entire country will collapse.

Mr. President, if we were moved only by selfish reasons; if we were moved only by the idea that we want to save the country from destruction and from catastrophe—and I think we are probably moved by a higher motive than that, although that is a noble and good motive—but if that were the only consideration involved it would pay us, it seems to me, to stretch forth the hand of relief in this case; to do our share, to do all we can to extend credit to the people of Chicago so that they may again be put on their feet and placed in a respectable condition.

Mr. LEWIS. Mr. President, the Senator from Idaho [Mr. BORAH] desires to address the Senate on this situation. As I observe him making memoranda, I would rather yield to the Senator and close the subject with what I shall have to say in a few moments.

Mr. BORAH. I have not anything to say.

Mr. LEWIS. Mr. President, the Senator from Nebraska [Mr. NORRIS] accurately referred to the fact that this particular amendment, its contents and its meaning, had been frequently referred to on the floor of the Senate. In that he was quite correct, as it was myself who was its author. I do not arise to offer an improvement or addition to the complete presentation made by my colleague, Senator GLENN. I come forward to reinforce by personal knowledge the situations as described by others at an early part of the discussion of the first bill looking to general relief. I tendered the amendment which would give the privilege to lend money to municipalities. This was on my expressed theory that they might remedy the conditions of distress with which they were being cursed. I had conferred with the Senators from New York and California in regard to the matter.

They were cooperating with me. There was a very serious question in the minds of many of the eminent Senators and counselors at law, Members of this body, as to whether we could lend to a municipality direct.

I wish to have it understood by Senators, with whom there is always perfect frankness and respect for confidences, that I had a conference with the President of the United States upon the subject. He very freely expressed the fears which had been expressed to him that if the bill provided for the advancing of money to municipalities, it would soon involve loans to so many cities of America that the moneys would be exhausted; and he intimated something along the line to which the eminent Senator from Nebraska has made some allusion, which the inference of the Senator from Idaho correctly drew from one of his observations—that is, to the method of government which had prevailed corruptly in certain of the municipalities—and he justly alluded to the danger of this money being consumed in the hands of those whose conduct was not altogether commendable in municipal office.

It was finally concluded, however, that such dangers could be avoided if the measure could revive the theory of the advance to the governor of the State, after the order of a bill that had been before this honorable body and well considered by all of its Members, and the governor could be given the authority to advance to these different municipalities, leaving in his judgment the discrimination and the security that could reward the claim of the municipality and meet the call of its distress.

But, sirs, when the bill came forward eminent gentlemen in this body, good lawyers and those of philosophic frame of mind in economic government, feared that the expression "self-liquidating" compelled the loan to the municipality, even though, through the governor, to be only such loan to such locality and division as in itself was self-liquidating. It was esteemed that as a board of education was an institution of learning, or that which directed one, it was not in such commercial creation or commerce production as would present a self-liquidating character of commerce or industry. The present amendment being proposed has for its purpose carrying out the idea that was expressed as in the mind of the President and of this honorable body; yet to remove the doubts expressed by some when the expression to which I have referred was felt necessary to be included in the bill this amendment is now tendered to remove the feared obstruction.

Mr. President, I apologize to the Senate; I know the lateness of the hour—it is now past midnight—but there never was a sudden emergency more serious than this which is now being presented for your consideration. My eminent colleague [Mr. GLENN], who, while he says he is not a resident of Chicago, has his law office there, one of the great law firms—thus he is so well acquainted with the conditions that he speaks with the same information as one residing there a lifelong era at the city. I ask you to note this, and, Senators, I beseech your attention to this thought and query.

What do you think has brought the great city of Chicago to the condition that is being confessed here, similar to that which is afflicting other great cities of your Nation?

Will you sit here silent or blind to the fact and deaf to the truth that the affliction upon this community of my home—this Chicago that has so bountifully honored me—has been laid upon it by the Government? Who put these people in millions out of employment at Chicago; who sent them to the number of 600,000 walking up and down the streets, penniless and pitiful, and now in thousands and thousands, to be found where they lie out upon the soggy earth and sleep with the rains pattering upon their bodies, while their children die beside them, starving for bread; the babes upon the sunken bosoms of mothers, the founts of life dried by want and choked to hardness by chill and dampness of the earth and sky—these babies in numbers to be found dead in the morning because of the failure through inability of the community to extend a charity that could have saved them from the misery that they endured and the agonies of death that tortured them? Did Chicago do this? Did her million of toilers cast themselves out of employment? Was the beggary and misery that is inflicted upon them brought about by their own hand?

These teachers who are now sleeping in the parks, with their educational qualifications fitted for higher and nobler things—were they destined to this unhappy state by conduct of their own? Is it not clear to you that this Government, by the processes through which it has conducted the affairs of our countrymen, has reduced these millions to the beggary where they can not pay the rent of the little habitations which they occupy? The landlord, not receiving the rent for his small premise, is unable to pay the tax to the city; the city, having no tax, therefore, from its property, has no money with which it may pay the salaries of those who toil for it, all of whom are now reduced to the necessity of holding out their hands before the world, crying to their Nation, in the person of this great assemblage, for rescue. Here before this deliberative body they stand in beggary and cry out for charity of their countrymen that they may be saved from starvation and death.

Who has done this thing? Who has laid this community so low that it must stand before the world in pity, in the tears of mankind, or in contempt of the haughty, while it endures the humiliation before the earth?

For a long time there was opposition to an appeal to this body because of that cardinal doctrine of government asserted in divisions which we recognize, of the municipality and the State being severed and separate in their functions of government, the Federal Government to conduct its affairs within itself as should State and city. But, Senators, there is a time when all rules have their exceptions.

The three things are to be brought to your attention, of a very serious nature, justifying the adoption of an exception.

First, here at Chicago is this great aggregation of humanity in the very center of your Republic. The people come from both of your coasts. They have come from every nation of the world, and there in Chicago these collect and in varying forms reside. There is spoken at Chicago every tongue known to civilization. A more varied degree and a larger number of confusing dialects are spoken in the city of Chicago, indicative of the nationalities which prevail there, than exist in any other portion of this earth, or ever have existed during the days of history—paralleled only by the days of old Jerusalem. These people, many of them, have never had a habitation. They are compelled, in these hours of misery, to live in the streets, struggle in hunger, suffer in misery, die in poverty, and to be carried through the streets for burial upon caravans of charity, their bodies to be lost in some distant place where none who shall know them by relation can ever drop a tear upon the bier where their beloved dwell in death.

Gentlemen of the Senate, I ask, what or who brought this deplorable depression upon these people?

Did they bring this disaster upon themselves? Why should any Member of this body cry out upon the technical definitions of government, against the Federal Government coming to the aid of that which it itself inflicted upon these desolated people. It is they who agonize, who now cry out, in their moment of misery, "Behold my estate," they cry, "laid upon me in the very house of my guardian!"

If these school-teachers of Chicago can not be paid, what shall follow; shall we refer to them first? The schools must close in August, and no teaching or guidance of the poor little ones. These little ones, in thousands, have been maintained, sir—hear me—by the teachers, who go hungry to give their little portion to the hungry little ones. These teachers who cry out now that they are hungry and sleeping in the parks yet shall be blessed in the memory of the future generations, for they took the little food that they had, sir, and, denied compensation for services, would drag themselves together, wherever they could, and with the crumbs of life, and feed it to the children whose parents oftentimes they never had known and never hoped to see. Here was the sacrifice that the little ones themselves might be preserved, that they might not die of hunger.

Senators, I am speaking to your attention. I beseech you, I am speaking to you in behalf of children who are helpless; those who are fed by the teachers and maintained in their struggles until the teachers themselves, in hunger for having given up what they had to these helpless children, fall themselves in the public places, starving—to be buried in a pauper's grave.

Is there nothing in this that may appeal to the soul of you as separating the distinction of government which was made in the days of your fathers, when they laid the constitutional fundamentals upon the theory of a successful and prosperous nation?

Now, to the other: Senators, let us face it.

If there shall come the time when again we shall have such a march as we had last week in Chicago, when these teachers paraded up and down the streets demanding something that should give them shelter, and having reached a point so low that the very lowest of that which we speak of in society as "the tramp" was not dropped to the depth to which they had been precipitated—sirs, do you not see that this will be increased by those who shall join them in a great rebelling community such as you know Chicago is and composed of the mystic numbers constituting it? I summon you, then, to reflect on the truth that there is not enough money to pay the officers of law that shall be authorized to maintain the peace. Where will you go for refuge? Shall you carry out the threat of marching the Federal Army into the great city of Chicago, and there have the conflict and precipitate upon your America of another Russia, Austria, Spain? Have you reached the point where, indifferent to this, you are content to bring upon your country the peril which, once started, is as the flame where no hand can quench its fire?

When the eminent Senator from Nebraska and my distinguished friend from Idaho [Senator BORAH] turn to the consideration of the greater question, it is, Shall you preserve yourselves? Do you feel that these predicaments of misery, this unhappy state and condition of destruction, can befall these helpless people without their turning their faces to you to say, "You who have done this thing to me, the Government that my fathers established, that my older fathers died for, at the gates of which my children are being strangled to-day, impoverished in poverty, and dying in hunger, we come to you now to pray you give us but a relief of a temporary surcease of our sorrow and for the night end our agonies; you soon will be repaid by our great Chicago."

First, Senators, who is it that has not paid these taxes that now are said to be in default? Let us reply. It is these master gentlemen, these eminent financiers who speak of themselves as a superior body and allude to us as deficient Senators, as lacking in patriotism and the quality of manhood necessary to a proper measure. Who are they? They are the gentlemen who have put their investments in the untaxed securities of our land, and with their vast stocks and bonds have sealed them up in places where the eye of

the tax collector can not see them or the hand of justice lay its touch against them; and with these millions upon millions that they may hold freed and exempted from paying the just dues to the Government they cheat and swindle humanity out of their rights, because there is no way that you have provided in your Federal Government by which they may be reached and brought to the bar of justice or enforce the tax exactments, nor, sirs, forced to contribute the justice in behalf of these who are paying with hunger and death the penalty of the crimes of these masters. These kings of privilege are those who have been permitted to borrow in millions of dollars for their personal uses in their business needs, yet deny to the starving bread to be bought from money lent by the Government for the rescue of the hungry, the starving, the homeless, and the helpless.

Who are the others of whom we speak—and ask rescue? It is those who lose their all in the loss of their little homes. It is here where the tenants live with the landlord; where, if the landlords are to be ejected by being sold out because they can not pay their taxes, the tenants have only the rains of the heavens of God as their shelter. Here they may slumber and sleep, out in the public places where they may go—until the public hearse takes them to the grave. Already the children are on the sidewalks, the little cots on which they sleep have been there for months, rolled against the doorways or ditches of the sobbing highway. They have no covering with which to shield them. Some of them pass for the night and then for the day, and are dead the following to-morrow. Silence alone is their court of mourning, and this a condition brought on by my Government, your Government, the conditions of your Government, applying too universally, and all threaten as we deplore the dread to-morrows. But let us not forget those for whom we have come with the appeal. They have not put the curse and the affliction on those who ask some little relief. They give you notice that the money is being held up by court decision. You ask why is there no decision. Who is it holding up the courts—let us speak truly—it is these masters who can afford to pay eminent counsel, and, through the different mutations of the courts, from the law's delay, which Hamlet well described, hold on for such a length of time that they can kill off, with the long delay, those who are opposing their encroachments. They it is who are throttling up so long in the courts in final conclusion. They pursue the well-known methods, and now, if it be true that such as they are trying to put in high judges who have done this act on the people through the committee presided over by the eminent Senator from Nebraska, he or anyone else would be justified in his condemnation.

But I ask the question and conclude, in your generous attention to me, in what way do any of these things exempt these people who now pray for deliverance from the relief they ask? Why should they be punished in poverty and with a decree of death to their children, because the systems of government have not been qualified to meet and oppose in the emergency that in the hour bears so heavily on their bent and naked backs?

These teachers who have given all they have had to these little ones of whom they know nothing of family or birth yet try to save by feeding them from their own sunken bosoms with the last drain of life—to these there can come the compensation that is theirs in the proclamation of the Holy Master, saying to all, "Inasmuch as ye have done it unto one of the least of these, ye have done it unto Me."

Therefore, Senators, what we speak for this night is that justice, truly that justice described by the great Cardinal Richelieu, who, opposing his oppressive masters, shouted to mankind, "For justice all seasons summer, all places a temple." Sirs, it is here in this temple we turn to you but for that justice that you can distribute to your countrymen as your fellow Americans, that they may turn in gratitude to you and, repaying you fully in compensation for all they have gathered from you, will bless you as those who saved them as Americans. It is these we present to you before all the children of all the earth. This justice which these pray from you is one they will receive in grateful acknowledgment and which, by your generosity, they are saved and in your sense of justice they are guaranteed to remain to preserve your Nation in turn for your preservation and salvation of these deserving and noble sufferers—your fellow Americans!

Mr. WALSH of Massachusetts. Mr. President, I am sure every Senator here sympathizes with the situation described in the city of Chicago. What troubles me about this amendment is the precedent. My own State of Massachusetts has had one city in exactly the same plight as Chicago—the city of Fall River. It became necessary for the State government to take over the financing of that city some three years ago. The affairs of that city—a city of over 100,000 inhabitants—have been conducted by a board of officials named by the governor of the State, and the State has loaned its financial credit to the city, and the city is now, notwithstanding the serious depression, on the way to a sound financial position. Three to five other cities are in exactly the same situation, and there have constantly been rumors that similar action would have to be taken in regard to those cities.

I also have heard, and do continue to hear from time to time, of the steady decline in the receipts of taxes in the industrial communities in my State. Many of the communities have been unable to collect from the assessments of last year more than 60 or 70 per cent of their revenues. If the situation continues, the State will undoubtedly have to assume the financing of the affairs of a number of municipalities.

Mr. President, I inquire who are these officials of the city of Chicago who are unpaid? School-teachers, firemen, and policemen. They are not officials of Chicago; they are officials of the State of Illinois. The State of Illinois delegates to municipalities the power to preserve order, and to name policemen, and the power and authority to educate children and to name school-teachers.

Mr. GLENN. Mr. President, then they are officers of the Federal Government, because the Federal Government has that power over the State.

Mr. WALSH of Massachusetts. No; the Federal Government has no power to regulate education and has no power to regulate order within the States.

Mr. GLENN. It has no power to regulate order?

Mr. WALSH of Massachusetts. It has no power to prevent crimes in the State of Illinois, except crimes coming under the prohibition law. That is the only class of crimes in which the Federal authorities could interfere in the administration of justice in Illinois.

Mr. GLENN. Does the Senator mean to say that the Federal Government has no power to regulate order in this country?

Mr. WALSH of Massachusetts. I say that the responsibility for preserving order is delegated by the State governments to municipalities, and that a police officer is an official of the State.

Mr. GLENN. On that theory a police officer is an official of the Federal Government, because the Federal Government has the necessity of preserving order in this country, and they will be in Chicago, possibly. They have been there before. They were there during the great period when Grover Cleveland was President, during the great distress of that time, and I am afraid, and that is the reason I am here to-night, not because I want to be here in this position, but asking the Senate not to save Chicago or Illinois but to save the United States. There are likely to be Federal troops in there doing the very thing which the Senator from Massachusetts says they have no right to do—preserving order.

Mr. WALSH of Massachusetts. If the police force of the city of Chicago goes on strike, it is the responsibility of the State government to see that other policemen are sent in there. The State delegates authority to subdivisions to carry on the work of the State. It gives them a charter for that purpose. These are State functions, the officers are State officials, and the State has the responsibility for the finances,

and order, and taxes, and every other activity of the subdivision.

Mr. GLENN. This is going beyond the State. If the ideas of the people here yesterday are realized—and we hope they will not be—I am telling you to-night that a great riot can not be started in Chicago or a revolution started there that will not spread beyond State lines, spread from Chicago into Indiana, and on East. Detroit is afire, almost, with the same feeling.

Mr. WALSH of Massachusetts. I am sorry to say that I think the Senator exaggerates the situation, and does not really interpret the people of his State. I do not believe there is any revolution developing or growing in any community in this country. To me the astounding feature during this whole depression has been the patience, the orderly manner, and the fine spirit the depressed, unemployed American people have manifested during all of these trying circumstances.

Mr. GLENN. The relation which I make of the fact is not mine, but is simply one coming from the mayor of the city of Chicago, intimately associated with all these activities, and from members of the various bodies appointed by the Governor of Illinois, from both political parties. They tell me this is a real, genuine crisis. Perhaps they are wrong, I hope they are, but it will not be confined to any one State if it starts.

Mr. WALSH of Massachusetts. There is distress in my State, and there are people there who are in great need and great want, who are sacrificing tremendously, but there is not a murmur or a scintilla of revolution or disorder or discontent.

Mr. BORAH. Mr. President, will the Senator from Massachusetts yield?

Mr. WALSH of Massachusetts. I yield.

Mr. BORAH. Will the Senator yield to me to make a motion for a recess until to-morrow at 11 o'clock?

Mr. WALSH of Massachusetts. May I finish? Then I will yield the floor. I would like to finish. All I have to say is just one sentence, to state the purpose of my rising at this time.

I wanted to prevent any precedent being established here that would come back to haunt us in the future. Therefore I propose, if the amendment is to be voted, that the word "State" be inserted in the fourth from the last line after the word "such." This amendment would give authority to the Reconstruction Finance Corporation to make loans to any State for certain purposes, "if in the opinion of the board of directors of the corporation such municipalities," and so forth. I propose to insert the word "State."

If the State of Illinois is willing to confess publicly to the whole country that it is unable to finance this situation, then I concede that the Federal Government probably has a responsibility, but I do not concede that because a municipality like Fall River, Mass., or Chicago, Ill., gets into such a financial condition that it can not raise money it should come to the Federal Government for a loan. It must first go to its own State government. The State has that responsibility, I repeat. The State must take over the administration of affairs. The State must take over the financing and first try to straighten the finances out and try to lend its credit to the city and help it. If that fails, if the State is unable to do it, then here is the place to come, I concede, because we can not have these riots which are predicted, or starvation, in Illinois. But the amendment only provides that if a municipality is not able to raise the money, then the board shall lend the money to the State for this purpose. I ask the eminent Senator in charge whether he would be willing to have "State" inserted?

Mr. LEWIS. Mr. President, I would like to have the amendment left on the table until to-morrow when we will resume.

Mr. ROBINSON of Arkansas. Mr. President, does the Senator from Idaho persist in his determination to make a motion to take a recess?

Mr. BORAH. If the Senator has some suggestion to make, I will withhold the motion.

Mr. ROBINSON of Arkansas. I feel that we ought at least be able to reach an agreement to limit debate on this bill and on amendments hereafter offered.

Mr. BORAH. I should think so.

Mr. ROBINSON of Arkansas. I ask unanimous consent that in the event the consideration of the bill shall not be concluded to-night, during the further consideration of the bill no Senator shall speak more than once or longer than 10 minutes on the bill or any amendment thereto.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, I think we all share the hope that we may get a final vote this evening. So far as I am informed, there are only one or two more amendments to be offered, which, I think, will be briefly presented. We have remained here until 12 o'clock, and a few more minutes will work great advantage if we can dispose of the bill. If we go on to-morrow, I am afraid there will be further discussion, and I think that at present I should object to the unanimous-consent request.

Mr. ROBINSON of Arkansas. Mr. President, my reason for suggesting the unanimous consent in the form in which I presented it was to avert the condition which may arise in the event the Senator from Idaho persists in his motion and the motion should carry. If consent were granted, we would then resume consideration of the bill to-morrow under a limitation of debate. I think it is a sound, sensible thing to do. Here is what will happen: We will come back here to-morrow fresh and invigorated, and we will discover that a number of new amendments may be proposed. We will debate them without limit. Then to-morrow evening we will be in almost the same situation in which we find ourselves to-night. I do not think anyone here objects to the proposal except the Senator from Oregon.

Mr. McNARY. Mr. President, this is my position: If we are going over until to-morrow, I certainly would want some understanding as to limitation of debate.

Mr. ROBINSON of Arkansas. We can not get it if the Senate votes a recess.

Mr. McNARY. I appreciate that, but I say I hope we can continue here to-night, and I think if we do we can finish the bill in a very short time.

Mr. BORAH. Mr. President, if the Senator can secure a unanimous-consent agreement now to limit debate to five minutes upon the part of Senators, I shall not make my motion.

Mr. ROBINSON of Arkansas. I ask unanimous consent that during the further consideration of the bill no Senator shall speak more than once nor longer than five minutes on the bill or any amendment thereto.

The VICE PRESIDENT. Is there objection? The Chair hears none and it is so ordered.

The unanimous-consent agreement was reduced to writing as follows:

Ordered, by unanimous consent, That during the further consideration of the pending bill (H. R. 12445) no Senator may speak more than once or longer than five minutes on the bill or on any amendment thereto.

The VICE PRESIDENT. The question is on the amendment of the Senator from Illinois [Mr. LEWIS] to the amendment of the committee.

Mr. WALSH of Massachusetts. Mr. President, is not the Senator willing to insert the word "State" before the word "municipalities"?

Mr. LEWIS. Mr. President, in reply to the Senator from Massachusetts I wish to assert that I would like to have the proposition of my proposed amendment go over until to-morrow in order that I may have time to consider his suggestion.

Mr. WALSH of Massachusetts. But we are to go ahead to-night.

Mr. LEWIS. Oh, is it the purpose to continue to-night? I thought my eminent friend had moved a recess. Then, so far as I am concerned, I will adopt the suggestion of the Senator from Massachusetts, if that removes the objection, because I am anxious to have some action on it.

The VICE PRESIDENT. The Senator modifies his amendment.

Mr. JONES. Mr. President, I thought the suggestion was that we should get an agreement to limit debate and then recess until to-morrow.

SEVERAL SENATORS. Oh, no!

Mr. JONES. Otherwise I would have objected, so far as that is concerned. I have an amendment I want to offer. I was willing to agree to a 5-minute limitation of debate, but I would like to have a little time to explain my amendment. It seems to me that we ought to recess now until to-day at 11 o'clock. I am going to move that we recess until 11 o'clock this morning.

The VICE PRESIDENT. The question is on the motion of the Senator from Washington. (Putting the question.) The noes seem to have it.

Mr. JOHNSON. Let us have the yeas and nays.

The yeas and nays were not ordered.

The VICE PRESIDENT. The noes have it, and the motion is rejected. The question now is on the modified amendment of the Senator from Illinois [Mr. LEWIS].

The amendment to the amendment was rejected.

Mr. SHEPPARD. Mr. President, I offer an amendment to the House text. I am sure there will be no objection, because it strikes out a provision for a public building.

The VICE PRESIDENT. Let the amendment be stated.

The CHIEF CLERK. The Senator from Texas proposes to amend the House text by striking out, on page 42, line 6, the words " Seguin, post office ".

The amendment was agreed to.

Mr. HARRISON. Mr. President, I have an amendment I want to offer, and I will make a very brief explanation. Some three days ago I offered the amendment.

The VICE PRESIDENT. Let the amendment be reported.

The CHIEF CLERK. On page 103, after line 13, insert the following new section:

SEC. —. (a) The Reconstruction Finance Corporation is authorized and empowered to make advances to any State on the security of the bonds of such State, and on such terms and conditions as the corporation deems advisable, for educational or hospitalization purposes within such State.

(b) For the purpose of providing funds for carrying out the provisions of this section the Reconstruction Finance Corporation is authorized and empowered to issue its notes, bonds, debentures, or other such obligations in an aggregate amount of not to exceed $200,000,000. Such notes, bonds, debentures, or other such obligations shall, so far as practicable, be issued in the same manner and be subject to the same terms and conditions as the notes, bonds, debentures, or other such obligations issued pursuant to section 9 of the Reconstruction Finance Corporation act.

The VICE PRESIDENT. The question is on the amendment of the Senator from Mississippi.

Mr. HARRISON. The other day I offered this amendment and withdrew it upon the objection of some who were directing the bill through the Senate with the understanding that it would be offered at the same time the Senator from New York [Mr. WAGNER] would offer as an amendment the bill which we passed the other day authorizing $300,000,000 for relief work to be extended to the States.

It will be recalled that when the Reconstruction Finance Corporation bill was being considered, an amendment quite similar to this was first adopted by the Senate. Then some effort was made to broaden it and we included counties and cities and drainage districts, and then the whole provision was eliminated from that bill. There are certain States where it is impossible, because of market conditions, to sell the State bonds. Certainly the Government would not lose anything by the proposition. I have limited the amendment, reducing the amount from $300,000,000 to $200,000,000, and limiting it to educational and hospitalization purposes. I hope those in charge of the pending measure will accept the amendment.

Mr. NORRIS. Mr. President, we now see the predicament we are in on account of the foolish agreement into which we entered just a few moments ago. There are two sets of Senators, one who thought the unanimous-consent proposal meant one thing and one who thought it meant another. I quite agree with the Senator from Washington [Mr. JONES]. The agreement was entered into under a misunderstanding. Now we are presented, at 5 minutes after 12 o'clock midnight, with an amendment that involves, as I take it from its reading, $200,000,000 or $300,000,000. It may be the best amendment that has been offered to the bill, but we are to consider it at this time after we have been in session 13 steady hours—and this is the Senate of the United States! This is efficiency! This is the kind of combination now that is on between the Senator from Oregon [Mr. MCNARY] and his allies on the other side to keep us here all night, perhaps, in order to carry out the command of somebody in the White House.

We are in this predicament now, and we have to go through with it and vote on amendments like this when an eighth-grade schoolboy would know better than to consider things of this importance under that kind of an agreement at this time in the night when we have been in session here steadily for 13 hours. We are expected to legislate; it is expected that we will adjourn on Saturday; and yet here we have before us a most important bill, perhaps the most important bill that has been here during the session. We are now considering amendments. I am not finding fault with the Senator from Mississippi. I am not objecting to his amendment. I do not know what it is. Nobody else knows what it is. The Senator from Mississippi can not tell us in five minutes what it is, and he is not allowed any more time. That is the way we are now asked to legislate.

Mr. BORAH. Mr. President, there was no agreement about the matter of going ahead to-night, except that I said I would not make the motion to recess if we could obtain a limitation of debate.

Mr. PITTMAN. Mr. President, I thought we had debated for several days the limitation on the lending of money through this bill to States, counties, and municipalities. It was entirely limited to certain projects. It does not include loans to States as proposed by the Senator from Mississippi. We have voted that down time and again, and we will vote it down now without any further debate.

Mr. HARRISON. Mr. President, have I used all of my five minutes?

The VICE PRESIDENT. The Senator has spoken once, and under the unanimous-consent agreement he may not speak again.

Mr. ASHURST. Mr. President, I wish to ask the Senator from Mississippi a question. I want to know what his amendment is about.

The VICE PRESIDENT. The Senator can not give the Senator from Mississippi the floor in that way.

Mr. ASHURST. I want to know what the amendment is about, and I have a right to ask the Senator from Mississippi what his amendment concerns.

Mr. LA FOLLETTE. Mr. President——

The VICE PRESIDENT. The Senator from Wisconsin is recognized.

Mr. ASHURST. I respectfully insist that I ought to be heard for a moment.

Mr. LA FOLLETTE. I do not want this taken out of my time.

Mr. ASHURST. The Senator from Wisconsin has not the floor.

Mr. LA FOLLETTE. I was recognized by the Chair.

Mr. ASHURST. I ask that the amendment be read.

The VICE PRESIDENT. The Chair has recognized the Senator from Wisconsin.

Mr. ASHURST. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ASHURST. What is before the Senate?

The VICE PRESIDENT. The amendment of the Senator from Mississippi.

Mr. ASHURST. Let it be read.

The VICE PRESIDENT. It will be read at the proper time.

Mr. ASHURST. Oh, we will talk about it first and then have it read!

The VICE PRESIDENT. The Senator from Wisconsin has been recognized.

Mr. LA FOLLETTE. Mr. President, I wish to appeal to leaders on both sides of the Chamber to consider the bill and

the amendments which are going to be offered to it with the deliberation which should characterize legislation of this importance. It is all very well to say that Senators should not speak longer than five minutes on any amendment unless we know positively that there are no important amendments yet to be presented. The amendment offered by the Senator from Mississippi [Mr. HARRISON] should not be voted up or down in this Chamber without an opportunity being given to Senators to know what is involved in it. I say, furthermore, that so far as I am concerned I am not going to vote for the bill, with a lot of important amendments to be attached to it to-night under any such limitation of debate as has been entered into to-night, without knowing what is in the bill. We are extending great powers to the Reconstruction Finance Corporation under the terms of the bill. It is proposed to force Senators to choose between voting for or against the measure without knowing what is in it. I say it is disgraceful for the Senate to proceed in this manner with legislation of this importance.

The VICE PRESIDENT. Let the amendment be read. The Senate will please be in order so that the reading of the amendment may be heard.

The CHIEF CLERK. The Senator from Mississippi offers the following amendment:

On page 103, after line 13, insert the following new section:

"SEC. —. (a) The Reconstruction Finance Corporation is authorized and empowered to make advances to any State on the security of the bonds of such State, and on such terms and conditions as the corporation deems advisable, for educational or hospitalization purposes within such State.

"(b) For the purpose of providing funds for carrying out the provisions of this section the Reconstruction Finance Corporation is authorized and empowered to issue its notes, bonds, debentures, or other such obligations in an aggregate amount of not to exceed $200,000,000. Such notes, bonds, debentures, or other such obligations shall, so far as practicable, be issued in the same manner and be subject to the same terms and conditions as the notes, bonds, debentures, or other such obligations issued pursuant to section 9 of the Reconstruction Finance Corporation act."

Mr. TRAMMELL obtained the floor.

Mr. REED. Mr. President, will the Senator from Florida yield to enable me to move a recess?

Mr. TRAMMELL. I have only five minutes.

Mr. REED. Would not the Senator prefer to take his five minutes in the morning?

Mr. TRAMMELL. If the Senator desires to make a motion to recess, I will yield for that purpose.

Mr. ASHURST. Mr. President, before the motion is made, I desire to apologize to the Chair for the apparent though not real disrespect shown a few moments ago.

The VICE PRESIDENT. The Chair appreciates fully the attitude of the Senator from Arizona.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. In the event a motion is made to recess and it should carry, would the limitation of debate continue through to-morrow?

The VICE PRESIDENT. That is the judgment of the Chair.

ADDITIONAL REPORT OF A COMMITTEE

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (H. R. 8750) relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma, reported it with amendments and submitted a report (No. 873) thereon.

ADDITIONAL BILL INTRODUCED

Mr. HOWELL introduced a bill (S. 4926) for the relief of the Washington Post Co. (with an accompanying paper); which was read twice by its title and referred to the Committee on Claims.

AMENDMENT TO DEFICIENCY APPROPRIATION BILL

Mr. McKELLAR submitted an amendment intended to be proposed by him to House bill 12443, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 2, after line 11, insert the following:

"For payment to the widow of Edward E. Eslick, late a Representative from the State of Tennessee, $10,000."

RECESS

Mr. McNARY. In view of the present situation, if it is agreeable to those present, I move that the Senate take a recess until 12 o'clock noon.

The motion was agreed to; and the Senate (at 12 o'clock and 15 minutes a. m.) took a recess until 12 o'clock meridian to-day, Thursday, June 23, 1932.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 22, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Lord and our God, teach us that wisdom which shall enable us to be foremost for truth, for fidelity, for manliness and honor. We pray that these may be the poetry and music of our lives. So direct us that we may inspire rectitude in public sentiment in more views of human rights; may we strive to be associated with those great principles and always ambitious to contribute some great good to society. Give us faith of the future that shall triumph over things seen—the mistakes, the misfortunes which severely wound men. O Master, may we follow Thee, the divine ideal, the safest rule of conduct, the master impulse of the best and highest life, and the surest ground of our eternal hope. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Vice President had appointed Mr. COPELAND as a conferee on the part of the Senate on the bill (H. R. 11361) making appropriations for the Government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1933, and for other purposes, vice Mr. GLASS, excused.

ACHIEVEMENTS OF THE PRESENT SESSION OF THE HOUSE OF REPRESENTATIVES

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent to extend in the RECORD a short address that I hope to deliver to-night over the radio.

The SPEAKER. Is there objection?

Mr. SNELL. I did not hear what the gentleman said, but I think it is all right.

Mr. BANKHEAD. It is an answer to a few remarks my friend from New York made at Chicago. [Laughter.]

The SPEAKER. Is there objection?

There was no objection.

Mr. BANKHEAD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address, which I expect to deliver over the radio this evening:

The Republican National Convention at Chicago has met and adjourned. It adopted a platform so specious and indefinite in all of its planks affecting the public interest that it is not surprising that Senator BORAH upon the floor of the Senate on Monday, made the solemn declaration that "the Republican platform had fallen dead at the feet of the people." It is my purpose to-night to discuss only one phase of the developments at the Republican convention.

If any of you listened in over the radio to the speech of Senator DICKINSON, the key-noter, or to the speech of permanent chairman, Congressman SNELL, you will recall that they both undertook to convince the American people that the Democratic Party was not capable of constructive leadership and cited to support that contention by the activities of the present Democratic House of Representatives in the session now drawing to a close. It is my purpose to-night, as far as it is possible in the limited time, to tell the truth to at least a portion of the American people with reference to the achievements of the present session of the House of Representatives.

It will be recalled that the Democrats only have a majority of five or six in the House, and only a few defections from our ranks make it impossible to control all actions in the House. It will be conceded that from a patriotic standpoint it was the duty of the House Democrats when the session first met to cooperate as far as possible with the urgent recommendations of the President on his emergency program.

The first recommendation made by Mr. Hoover was the passage of the moratorium act, which delayed the collection by our Government of $267,000,000 from our foreign creditors. He urged upon Congress that unless this was done that it would precipitate a devastating collapse in all parts of the world. A majority of the Democrats cooperated in the passage of that bill, but many of us who did so now look back upon it with regret, as we are convinced that it was the entering wedge for a permanent cancellation of all of our foreign debts. Remember this prophecy.

The Democrats also cooperated with the President's recommendation for the passage of the Reconstruction Finance Corporation bill and placed at its disposal a tremendous credit of $2,000,000,000, the chief purpose of which was to aid railroads, banks, and other corporate institutions.

The Democrats in the House have also assisted in the passage of the President's recommendation for a home loan bank bill, which has passed the House and is now pending in the Senate.

It will thus be seen that the Democratic Party has cooperated with the President in the enactment of all of the major recommendations made by him, and we are not subject to the criticism that we have for partisan reasons sought to embarrass the President's program. However, the three above propositions are mere temporary palliatives and do not go to the roots of our present domestic and international troubles. It has been the policy of the Democratic Party in the House to originate at this session and to pass measures having in view a cure for the terrible conditions now existing in America and in the world. We have conceived that it is a part of wisdom to diagnose the ailment of the patient and to try to prescribe adequate remedies for his recovery. Practically every economist of any reputation has reached the conclusion that one of our basic troubles is the terrible fall in commodity prices, which has worked particular distress to the farmers of America. It is impossible for the farmers to pay debts contracted a few years ago when cotton was 20 cents a pound or wheat $1.50 a bushel with the present price of cotton at 4¼ cents a pound and wheat at 40 cents a bushel. The purchasing power of the gold has been unduly inflated and the price of commodities tragically deflated. There can be no ultimate recovery until this situation is corrected.

We, therefore, passed the Goldsborough bill, the purpose of which is to direct the Federal Reserve Board by their open-market operations, and which they have the power and resources to accomplish, to raise commodity prices for the benefit of all producers. Under the same general line we have passed the Somers resolution urging the President to call an international conference to reestablish the purchasing value of silver and to regulate exchange values between nations. When it is remembered that three-fourths of the people of the world are on the silver basis and that silver is now only worth 25 cents an ounce, it will be seen that in those countries which are the best customers for our exports that their purchasing power has been so greatly reduced that they can not buy our cotton and other raw materials and manufactured goods. In my opinion, the restabilization of the value of silver as a medium of exchange is the most important economic problem now pending in this country or the world. Mr. Hoover has so far declined to take any action on it although he has been requested to do so by both branches of Congress.

Another matter of tremendous importance relating to a return of our foreign trade and the reopening of our American factories and thereby affording a market for the products of our farms is the necessity for adjusting existing intolerable provisions of the Smoot-Hawley Tariff Act. Under the provisions of that act American exports of raw materials and manufactured goods have fallen from five billion two hundred million in 1929 to two billion four hundred million in 1931, and because of the retaliatory tariff walls set up against us by our best foreign customers hundreds of millions of dollars of American capital have been invested in foreign countries in factories and plants, thereby depriving American workmen of enormous opportunities for employment. The Democratic House at this session passed the bill urging the President to call an international conference for the adjustment of this terrible situation in order to make an effort to restore our country to its normal competitive basis in trade with other countries, and Mr. Hoover vetoed the bill, and his veto was sustained by the Republican Party in Congress.

One of the most distressing tragedies that has fallen upon the American people in this depression is the failure of National and State banks, whereby the savings of a lifetime of millions of our people have been swept away, and they have been left heartless and hopeless for no other reason than this Government has never provided any safe system for the protection of depositors in our banks. It is officially stated that in neither Great Britain nor Canada has there been a real bank failure in 40 years, and it is intolerable to have to admit that the financial genius of the American Congress can not enact a law to guarantee the safety of the deposits of our people in their banks. To this end the Democratic House at this session passed the Steagall bank guaranty bill, providing a safe and sane method of protecting the people, but the proposal is being bitterly opposed by the Republican administration and is being chloroformed in the Senate.

It will thus be seen that the four suggested major remedies, seeking a cure for our present ills, have been capably and intelligently handled by the Democratic House and despite Republican opposition. It will continue to be the policy of our party to press for a solution a real cure for our troubles and not to continue to rely upon temporary salves and expedients.

If there is one single issue upon which the taxpayers of America seem to have a crystallized opinion and which they are urging upon Congress with more vehemence than anything else, it is the necessity for economy in Government and the reduction of taxes. Please remember that the President of the United States is directly responsible under the Budget law for making recommendations to Congress with reference to appropriations and the savings in expenditures. It is within his power to recommend appropriations by Congress of no more than is in the Treasury for payment and in fact that is the duty of the President under the law. No one is in as good position as he to know the state of our national finances. He is constantly advised by the Secretary of the Treasury. The President must have known better than anyone else of our constantly amounting deficit, and yet in the recommendations he sent to Congress when we met in December he recommended cuts in appropriations of $331,000,000 less than he is now asking Congress to make.

The Democratic Appropriations Committee, under the leadership of Congressman BYRNS, of Tennessee, at this session has cut appropriations to the very bone and up to this time the bills recommended by that committee have reduced the President's estimates by $161,000,000. In addition to this all economy on appropriation bills in the Senate have been secured through the efforts of Senator MCKELLAR, of Tennessee, and other Democrats in the Senate. The House also set up an Economy Committee of which JOHN MCDUFFIE, of Alabama, is chairman, to further reduce economies not recommended by the President, and on Monday the House passed an economy bill by which $150,000,000 additional will be saved to the taxpayers, so that before this session is closed, including further reductions in pending appropriation bills, it will be seen, that the Democrats in Congress have forced reductions above last year's expenditures between six and seven hundred millions of dollars.

The Democratic House passed the bill to balance the Budget, although a great burden of taxes had to be laid upon the people, which was not covered by the first recommendation of the President because Congress was not informed of the terrific deficit when the tax bill in the House was being prepared. The Democratic House has passed bills providing for the distribution of 90,000,000 bushels of Farm Board wheat for the relief of the hungry of the country and also for the use of 500,000 bales of cotton to be exchanged for clothes for the naked. In order to relieve distressed farmers who had borrowed money from the Federal land banks and who could not meet their payments we set aside $25,000,000 to provide an expansion of loans which, unfortunately, has not been sympathetically administered by the Farm Board. In our efforts to provide work for the unemployed and to continue our good-roads program in the country, we appropriated $132,000,000 emergency funds for that purpose, but the administration in the Senate has so far defeated that bill. We passed the Glass-Steagall bill to increase money in circulation.

For the third time the House has passed a bill to put Muscle Shoals to work for the benefit of agriculture and the development of the Tennessee Valley. The Republican Senate has chloroformed this bill, which was heretofore defeated by two Republican Presidents. The way in which Muscle Shoals has been treated by the Republican Party is the legislative crime of the century.

The lame-duck amendment to the Constitution, which has been rejected heretofore by the Republican Party in the House, has been submitted by us to the people for ratification. The anti-injunction act for the protection of organized labor has been passed by the House. A bill for the independence of the Philippine Islands has been passed. An act to provide for the deportation of alien criminals has been enacted. A bill for the punishment of kidnaping in interstate cases, with heavy penalties, has been enacted.

Recognizing that Congress, in its desperate emergency, was under the duty to pass some bill to relieve unemployment and the absolute starvation and destitution now prevailing among our people, the Democratic House drafted and passed the so-called Garner relief bill under the terms of which $100,000,000 are placed at the absolute disposal of the President to use as he sees fit and through agencies as he may select, to take care of the starving and destitute people when he becomes convinced that local charities and contributions can not further supply them.

The bill also provides for public works, including post-office buildings, rivers and harbors, good roads, and Army camps for the expenditure of $1,000,000,000 and also makes provision for the expenditure of an additional billion dollars through the Reconstruction Finance Corporation for loans to States, municipalities, and industries upon adequate security. The Wagner bill pending in the Senate is also of Democratic origin. The Democratic Party in both Houses has taken the initiative in trying to provide funds of an emergency nature for this desperate situation.

So that upon the whole record and when the truth is known to the people of America, it is seen that instead of the Democratic House having failed in the discharge of its duties, it has a splendid record of achievement under all the circumstances.

THE DEMOCRATIC TARIFF DILEMMA—THE COUNTRY IS DISGUSTED WITH CONGRESS, WHY—ANTIKIDNAPING BILL

Mr. HOPKINS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

THE DEMOCRATIC TARIFF DILEMMA

Mr. HOPKINS. Mr. Speaker, in every city, town, and village of this Nation, as well as on the floor of this House, have been heard the angry voices of Democratic orators denouncing the tariff act and berating its supposedly high rates. They have loudly called it iniquitous, outrageous, a robber tariff; all manner of invectives have been used against it and at its door has been laid the blame for all of the ills besetting our world civilization to-day.

Democratic Congressmen have called down the wrath of the gods in demanding lower rates.

Promises, direct and implied, were made by practically every Democratic candidate in 1930 that if the Democratic Party were put in charge of Congress these "iniquitous" rates would be lowered and slashed without hesitation. These promises were made, of course, before these same Democrats gained control of the House of Representatives and were in a position to present to the country the exact kind of a tariff bill, with rates slashed and reduced, as they had promised.

In order to prove the sincerity of their charges that the rates were "robber tariffs" it would have seemed that upon assuming charge of the legislative affairs of the House they would have taken immediate steps to correct a condition which, according to their oft-repeated statements, was the real cause of the world depression and the consequent suffering of to-day. Now that they had a 20 per cent majority on the Ways and Means Committee, from which all tariff bills must come, and a strong working majority in the House itself, there was no reason why a bill should not have been brought out changing these rates and correcting the conditions that they claimed to be so bad. Nevertheless, six months has passed and not one move has been made to make the changes that they promised—or threatened—the country.

During the campaign of 1930, and almost daily since then, my Democratic colleagues from Missouri criticized the tariff rates as being too high. They came into my district and urged the people there to defeat me and elect some one who would vote for lowered protection for labor, agriculture, and industry. Let me refer you to some of the speeches made by Missouri Democratic Congressmen in 1930 and 1931.

On pages 12675 to 12677 of the CONGRESSIONAL RECORD for the second session of the Seventy-first Congress, under the date of July 3, 1931, JACOB MILLIGAN, Member from the third Missouri district, voiced strong protest against the increased rates in the tariff act.

Going a little farther into the RECORD, I find speeches denouncing the tariff rates as too high and implying thereby a demand for reduction from the following Members of Congress from Missouri:

Hon. RALPH LOZIER, second district of Missouri, CONGRESSIONAL RECORD, page 10820, Seventy-first Congress, second session; Hon. CLARENCE CANNON, ninth district of Missouri, CONGRESSIONAL RECORD, page 12520, Seventy-first Congress, second session; Hon. JOHN J. COCHRAN, eleventh district of Missouri, CONGRESSIONAL RECORD, page 10774, Seventy-first Congress, second session; Hon. WILLIAM L. NELSON, eighth district of Missouri, CONGRESSIONAL RECORD, page 11048, Seventy-first Congress, second session.

While Hon. HARRY B. HAWES, Senator from Missouri, and Hon. MILTON A. ROMJUE made no general speeches against the bill that I could find, yet they voted against it, and it must be presumed that they disagreed with its rates.

I have no doubt but that the new Members of Congress from Missouri have made equally denunciatory statements about the present tariff rates during their campaigns for office, although I do not find where they have raised their voices one way or the other since coming to Congress.

Now, with all this criticism on the part of my colleagues, I naturally expected to find them working as a unit during this session to make good their campaign pledges. Certainly I thought that if my colleagues sincerely felt that the rates of the present tariff bill were as bad as they seemed to believe, and responsible for the depression, they would try to do something to correct the situation, particularly after they found themselves in the majority and charged with the responsibility of the legislative program. Imagine my surprise when I went to the Ways and Means Committee only a few days ago and found that after six months of sessions not one of them had either introduced a bill to reduce a single rate or had appeared before the committee to recommend that such be done.

You can imagine my even greater surprise when I went to the United States Tariff Commission, before which any Member of Congress could appear and request an investigation of the need for reduction in rates for any article, and found that not only had none of my Missouri colleagues complained of a single rate or requested a single reduction but not one Democratic Congressman of the entire majority party had requested even one reduction. This was the status on May 12, 1932, and I am informed that it has not changed to-day.

Now, having found that my Missouri colleagues were making no individual efforts to carry out their campaign pledges, I decided to investigate what other Democratic Members of Congress were doing about it. I did not want to condemn my Missouri colleagues, because I felt that they might be holding back and expecting to support the program of some of the Democratic leaders who like themselves had condemned the tariff rates and pledged their reduction at the first opportunity. I, therefore, went to the committee and secured a copy of every bill introduced by Democratic Members that affected the tariff in any way.

Let me give you a brief summary of what I found. Remember all of the following bills were introduced by Democrats.

Mr. STEWART, of New Jersey, wants a carillon of bells admitted free for a church in his district (H. R. 6173).

Mr. GOLDSBOROUGH, of Maryland, decided to carry out the pledge of the Democratic Party and offered a bill to reduce all tariff rates by 5 per cent after July 1, 1932, and each fiscal year thereafter (H. R. 7713). Within two weeks, however, Mr. GOLDSBOROUGH evidently changed his mind and introduced H. R. 8752 to do exactly the opposite and increase all tariff rates the exact amount that the foreign exchange had depreciated. Not only do we find this complete flip-flop from a "reduction" bill to an "increase" bill but we note that in his first bill he would have repealed the countervailing clauses, while in H. R. 8753 he would amend these clauses and provide strong penalties as well.

Mr. HOWARD, of Nebraska, wants the duties on table, household, and kitchen utensils reduced (H. R. 9488).

Mr. DIETERICH, of Illinois, wants no tariff charged on purchases of books and scientific instruments made by States or their agencies and institutions (H. R. 12480).

Mr. CELLER, of New York, wants to provide zones around certain cities on the coast and allow them to buy their products from foreign countries without paying any tariff and to manufacture articles for export shipment (H. R. 9206).

Mr. LEWIS, of Maryland, wants to amend the flexible provisions of the act and to provide against tariffs on articles of importation that are not the exact counterpart of the ones raised or manufactured here but are substitutes (H. R. 6747).

Mr. JOHNSON, of Texas, wants to issue debentures (H. R. 11892).

Mr. CRISP, of Georgia, acting chairman of the committee, wants to take from the free list the following imports from the Philippines and put on the regular and present rates: Coconut, cottonseed, and other oils, peanuts, and soybeans (H. R. 6391).

Mr. MARTIN, of Oregon, would prohibit the importation of products from countries using forced labor and agrees with Mr. GOLDSBOROUGH's last decision to raise all tariff rates the exact amount that the foreign exchange has depreciated from our gold exchange (H. R. 8550, H. R. 8564).

Mr. EVANS, of Montana, wants a tariff on copper (H. R. 266).

The following men want duties on oil: Mr. HASTINGS, of Oklahoma (H. R. 5710); Mr. DISNEY, of Oklahoma (H. R.

5658 and H. R. 8090); Mr. SANDERS, of Texas (H. R. 8018); Mr. AYERS, of Kansas (H. R. 8028).

Mr. HILL, of Washington, wants to increase all tariff rates the amount that exchanges have fallen from the gold exchange (H. R. 8640 and H. R. 8641).

Mr. SMITH, of West Virginia, wants a tariff on coal (H. R. 10029).

Mr. BOLAND, of Pennsylvania (do not forget, a Democrat), wanted a tariff of 15 cents per hundred pounds on coal, and succeeded in getting a tariff of 10 cents per 100 in the tax bill (H. R. 10053).

Mr. FULMER, of South Carolina, favors heavy duties on jute, jute butts, and waste bagging (now on free list), and increased rates on certain manufactures of jute (H. R. 1067).

Mr. VINSON, of Georgia, joins with many others in wanting to raise all tariffs by the amount of the depreciated exchanges (H. R. 10787).

Mr. MCKEOWN, our genial friend from Oklahoma, is against tariff (on general principles), but anxious to accept a tariff on Oklahoma's oil, if one properly interprets his bill (H. R. 10862).

Mr. HALL, of Mississippi, would prohibit imports from Russia (H. R. 11113).

Mr. DOUGLAS, of Arizona, introduced two resolutions for a tariff on copper. He succeeded in getting the Ways and Means Committee to allow a tariff at one time but it was stricken out before final action. The Senate later put it back in. (H. J. Res. 259 and 319.)

Mr. COLLIER, chairman of the great tariff-making committee of the House, at the instance of the "policy committee," a joint concoction of the Democrats of the House and Senate, attempted early in the session to offset the hue and cry from certain Democratic Members demanding tariff increases or new tariffs for the products of their individual States, introduced a bill to repeal the flexible tariff clauses and to hand over the making of our tariff policies to an economic conference of foreign nations (H. R. 6662). (This bill was fortunately vetoed by the President.)

And thus endeth the "tragedy of errors" of the Democratic majority in its attempt to keep its campaign pledges and reduce the tariff.

An epilogue is indeed fitting at this point in this story. The close of the session sees a Democratic majority, pledged in the beginning to a reduction of tariff rates, but finishing a run of six months without one serious attempt to make any reductions, and in the end actually passing a tax bill providing tariffs on oil, copper, lumber, and coal, none of which could have been placed there without the support and approval of Democrats.

THE COUNTRY IS DISGUSTED WITH CONGRESS—WHY?

Not one of the 435 Members of Congress but that has received hundreds of letters during the past few months in which have been expressed in no uncertain terms a growing disgust for "Congress." Furthermore, no reader of these letters, as well as no reader of editorial comment, can doubt that by "Congress" the people mean largely the "House of Representatives." Why is this true?

Not more than one year ago there was an almost universal respect for the House of Representatives. It was considered to be a body with some courage. It possessed the power and will to act. Throughout the entire world it was ranked as one of the most efficient of all parliamentary bodies. On the other hand, we know, in all frankness, that almost the opposite opinion was held of the Senate. Criticized from one end of the country to the other, it formed the best possible material for new anecdotes available to the platform or the press.

All of this was true until a few short months ago. Now the situation has been exactly reversed. No longer is the House of Representatives the "solid rock of our representative government, stable, sound, and dependable," and the Senate the "fly in the governmental ointment." Now the people voice doubt and disgust for the House of Representatives, while a growing respect for the Senate is noticeable. Why?

A purely partisan answer from a Republican might be, "The House is now controlled by the Democratic Party, while before it was controlled by Republicans." But I do not want to make a partisan answer. At least, I want to analyze the situation a little further.

What has the House of Representatives done to bring down the wrath of the people on its head? What are the "overt" acts that have turned a wholesome respect into an undoubted and oft-expressed disgust? Let us review the actions of the Seventy-second Congress and try to diagnose its ills and locate the defects that have brought forth this malady.

On December 7, 1931, Congress assembled. The Democrats had won the last elections, and therefore, organized the House. The gentleman from Texas [Mr. GARNER] was chosen Speaker. Harmony was the watchword. Nonpartisanship was to guide every action. The country was pleased and greatly heartened and the House of Representatives was deeply appreciated and respected.

Speaker GARNER announced on December 7 that in a few days he would announce a Democratic legislation policy. The country liked Speaker GARNER. This promise of cooperation with the President was appreciated. Likewise his promise to present the legislative policy of the Democratic majority was highly approved. Still the country held the House in high esteem indeed.

President Hoover, on the promise of unity and cooperation, presented to Congress his reconstruction program. Partisanship was forgotten and with but minor fractions the measure was rushed through Congress and the greatest peace-time antidepression machinery ever tried was put into effective operation.

The country was pleased. The respectful thanks of the entire Nation was expressed in numerous ways. The Democratic majority was highly complimented for forgetting politics and working hand in hand with the President. The House still held the increasing respect and confidence of the country.

Next came the Glass-Steagall measure. Again party lines were forgotten in this emergency. Again the country was convinced that the House of Representatives was indeed a great patriotic and courageous body. Certainly up to this time the decomposition of the public faith in the House of Representatives had not begun.

Then came the deluge. What happened? Certainly since that time the respect for and the confidence of the people in Congress has been an ever-decreasing factor. It has now assumed the aspect of an avalanche of adverse sentiment. What pebble started this landslide?

Could it be that the entrance of the Speaker of the House [Mr. GARNER] upon a campaign for the Presidency had anything to do with it? Could it be that the statement of the Speaker, the leader of the Democratic Party in the House, to the effect that he would no longer cooperate with President Hoover have had anything to do with this sudden change in public sentiment?

Again let us review the public acts of Congress from this point on and try to diagnose the difficulty.

The tax measure was under consideration. All agreed that the most important duty of Congress was to "balance the Budget." The committee on which Speaker GARNER had served for more than a decade was engaged in writing the bill. On this committee were 15 Democrats and 10 Republicans. After days and nights of study and toil this committee brought in a bill. Supposedly, the Democratic leadership was solidly for it. While it did not please the President or the Republicans of the House, it was thought to be the best possible compromise, and it looked as if the bill would be quickly approved. However, at this point, a schism occurred in the ranks of the Democratic leaders. A cat and dog fight began which ended only when the bill was mutilated and marred beyond recognition. On the final vote it appeared that the only "followers" that great and stalwart leader, Mr. CRISP, of Georgia, had left were the Republicans who had agreed to forget partisanship and "balance the Budget" as quickly as possible.

As the tax measure gradually disintegrated, so likewise, did the Democratic leadership. The first to bolt the ranks was the gentleman from Tennessee, Mr. BYRNS, the chairman of the great Appropriations Committee. Steeped in figures that he never seemed to fully understand, he insisted that it was not necessary to "balance the Budget," anyhow.

From the time of Mr. BYRNS's departure, the exodus was rapid. Next followed that bold and intrepid, extemporaneous, partisan protector of democracy in all its consistencies and inconsistencies, Mr. BANKHEAD, of Alabama. The exodus continued until only CRISP, of Georgia, and the "greatest Roman of them all," RAINEY, of Illinois, were about the only ones left leading the fight for a nonpartisan balanced Budget measure. Of course, it was whispered about the corridors that Speaker GARNER was going to support the committee. At least, one great chain of newspapers so indicated to the world. On the floor of the House Members waited breathlessly for that great leader of the Democratic Party to speak on this subject and try to save his party from this disastrous rout. But Mr. GARNER never came to the floor during all this debate and it was not until three days after the fatal vote was taken that the country knew where he stood.

Too late to save his own committee's tax bill, but in order to answer the audible and ever-increasing roar of disapproval from the country, the Speaker, in dramatic style, asked each Member to arise if he would vote to "balance the Budget." All arose except Mr. BYRNS, of Tennessee. Although this evidence of leadership came three days late, it served to give some reassurance to the country. No doubt, however, the present avalanche of disgust and distrust of Congress had its inception at the time the Democratic leadership went "hay wire" during the tax-bill fight.

Next came the economy measure. It was a vitally essential factor in the program of "balancing the Budget." The country had hopes it would be quickly passed. They had grounds for such hopes. Had not Speaker GARNER only a few days before secured a rising pledge from this House to "balance the Budget" at once? Again, however, the people were to be disillusioned. The Democratic leadership again split. Again Speaker GARNER failed to take the floor to lead his party and again the brave Democratic leaders who had the courage to stay and fight found only Republicans supporting them and the Democratic majority scurrying in all directions.

The landslide of disgust and despair of the ability of the House to function continued in an alarming fashion.

Then came the climax. As if to add the "capstone" to the edifice of fallen leadership, came the recent "pork barrel" post office bill, proposing the greatest "plunder" of the Public Treasury in our history. After having refused to bring in strict rules for consideration of the two great measures of the tax bill and the economy bill, the Democratic leadership brought in for this "pork barrel" bill the "gaggiest" gag rule of all time. It is hard to imagine such a rule. I do not believe the public, as angry as it is with Congress, will believe that such a rule would be considered. The rule provided among other things:

First. No one but Democrats could offer amendments.

Second. Any amendment offered by a Democratic member of the committee would be considered in order whether it was or not.

Imagine such a rule emanating from the party that has shouted from the housetops against "gag rule"!

In addition to the chronology of events as I have outlined, add the fact that the President has sent 22 messages to Congress urging early action to balance the Budget and reduce expenses. His messages have met with delay and inaction.

So I present to you the facts as they have occurred. A few short months ago our House was a highly respected, greatly esteemed body, known throughout the world as an effective and well-organized body. To-day it is used as an example of inaction, delay, and parliamentary chaos. Let the blame fall where it should. The Democratic Party has full charge of this House. On each committee it has a 20 per cent majority. As long as this Democratic leadership acted in a nonpartisan manner and cooperated with President Hoover, the House was held in high esteem, and likewise the Democratic Party in the House was justly admired. But when this leadership split and forgot harmony and unity there began a rapid disintegration of public respect and confidence in our House, until now it has reached the lowest ebb in history.

The country is disgusted with the House of Representatives. And justly so! But who is responsible for the antics of this House? The answer must be: The leaders who have charge are responsible and the people will hold the Democratic Party responsible for its leaders that failed to lead, as well as its membership who refused to follow responsible leadership.

Through all of this fog of partisanship and irresponsibility there has been one voice constantly calling for united effort and harmony; that was the voice of our great President, Herbert Hoover. Twenty-two times during this session he has appealed to Congress for early and harmonious action. Incessantly, through long days and sleepless nights, he has, with the aid of the greatest minds of the Nation, evolved a great program of reconstruction and presented it to Congress. He took help and advice wherever he could find it. Partisanship had no place in his program. Republicans and Democrats alike were called into conferences. His thanks and praise for speedy action were given without regard to party. No great leader has ever laid aside so completely personal and partisan preferment than has Herbert Hoover during these three trying years. He has met his responsibilities fearlessly, and with courage, constant hope, and lasting faith; he has given his country an unselfish and devoted leadership without which we too might have fallen into the maelstrom of world revolution that has destroyed many of the nations of the world during this greatest of all depressions.

Violent criticism of the President has been voiced on this floor and in many places in this Nation by the opposition. They state that he has been too optimistic, too hopeful. He is criticized for not having been able to foresee the severity and length of the economic storm that has struck the world and maintained its ferocity for a longer period than ever before in history. Let me quote the effective words of Hon. JAMES M. BECK, so aptly expressed on this subject:

> What has our President done to cause the violent criticism? The ship of state—when he took the helm—started out with clear skies and blue seas. Almost immediately it ran into possibly the most terrific and cyclonic storm of depression in our history, and certainly the greatest that can be recalled by the memory of living man. In those three years, under most trying circumstances, he has stood on the bridge, enveloped by a fog of misrepresentation, assailed by an icy sleet of bitter and partisan misrepresentation, never sparing himself, always on the bridge, by night and day, trying to steer the ship through the terrific gale in which it found itself; and all the thanks he gets, if we can judge from some of the speeches from the right side of the aisle, is that because, during those three years, he did not loudly claim that the ship was going down, that we were all doomed, therefore, he is to be criticized because the gale has lasted longer than anyone anticipated.

Never before has this country needed a stronger faith or a more determined courage than at this time of world-wide disaster. Herbert Hoover has been the embodiment of this faith and courage during these trying years, and the people of this country realize it and appreciate it.

ANTIKIDNAPING BILL

I am strongly in favor of passing an antikidnaping bill with teeth in it. I favor the provision providing for the death penalty or imprisonment as the court may inflict.

I see no reason to eliminate the death penalty. I feel that we have been too maudlin and soft in dealing with these heinous crimes. Too much soft speaking and too much sympathy has been extended the criminal organizations in this country. For this reason we have experienced a great growth of hoodlums and gangsters. I still believe that in the frontier days of the great West, the stronghearted frontiersmen had the best weapon against the criminal when they met "death with death." I would rather

have the innocent life of one baby saved to this Nation than a thousand gangster criminals.

I urge my colleagues to keep in mind that we now make it a Federal offense to take an automobile across a State line. Likewise a theft of a can of tomatoes from an interstate carrier is a Federal crime. Then why this objection to making a Federal offense of kidnaping?

It is hard to understand why there should be opposition to this bill. Yet we have had no end of trouble in getting this bill out. For nearly six months it was allowed to lie dormant in committee. It was only when the great organizations of women of the country, such as the War Mothers of America, the parent-teacher associations, the auxiliaries of the war-service organizations, and so forth, took an interest that we were able to get this bill before the House.

Now, the only effective way a kidnaper can be dealt with is by making his crime a Federal offense. This is what the gangster and hoodlum fears. He does not fear his local officers, but he does fear Uncle Sam.

I urge you to vote for this bill. Let us get it on the statute books at once so as to put a stop to these activities of the kidnaper.

FARM RELIEF LEGISLATION—ITS STATUS, ITS NECESSITY, ITS DIFFICULTIES

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. GILBERT. Mr. Speaker, a number of Congressmen, deeply interested and distressed over the agricultural situation, have been meeting to consider plans for its substantial relief. We have chosen Congressman SUMNERS of Texas, an able man who has devoted much thought to this subject, for chairman. While this may be termed a farm bloc, some of its most sincere members are from city districts. We believe that some legislation can and must be enacted which will rehabilitate the farmer and further believe that until such legislation is enacted there can be no prosperity for anybody. In our opinion, it is the paramount problem before the country, and upon its solution depends the welfare of all our people. We are determined to put this first thing first from now on.

We regret that we have been unable to accomplish any real benefits during this session of Congress. We have delayed through following the program of the President and other so-called experts, who insisted from the beginning of the session that relief would be forthcoming from their proposals.

Congress has been in session now for six months. We have passed the Reconstruction Finance Corporation bill, the Glass-Steagall banking bill, additional tariffs and subsidies, and yet we find conditions worse now than when we met. The farmers' dollar was 55.2 per cent in December and 49.6 per cent in May, and still lower now.

The trouble with all such legislation is that it is applied at the wrong end. Its design was to begin at the top and let its benefits trickle down to the farmers and people generally, but sound conditions do not result through trickling down. They must come by permeating up. For the leaves of the tree to be green, nourishment must be applied at the roots. Industry should now be convinced that it can not prosper upon a ruined agriculture.

The farmer has here as elsewhere many friends who render him lip service. They sincerely believe they are friendly to him yet will not resist the efforts of special privilege when it seeks an advantage over him. Voting to relieve the big tobacco companies of taxes paid on manufactured tobacco and to relieve the big power companies of taxes upon electricity used on the farm and such second-hand gratuities, if sound, are so trival for agricultural relief as to be a profound farce.

At the December session real friends of the farmer will have an opportunity to go deep into the fundamental causes which have resulted in his collapse. Such a program is now in the making.

After a thorough investigation and consultation with the organization and leaders in this field of legislation, we frankly admit that until after the election nothing can be accomplished. In private conversation leaders and Members admit the general truths herein set out but show an apprehension to attempt now the far-reaching character of relief necessary.

To give agriculture permanent and lasting relief naturally will require a rise in commodity prices in greater proportion than a rise in manufactured articles, or, as aptly stated the other day, to a point where what the farm has to sell will buy more of what the city has to sell. This may require a long period of readjustment.

The farmer has, in addition to this, an immediate problem, which is his indebtedness. We all went in debt. For the last 10 years it has been the policy of private business and of the Government to make it easy to go into debt. We were encouraged to go in debt, believing, and having a right to believe, that we would be permitted to pay the indebtedness with the same amount of products required at the time we incurred the indebtedness. Now those who control the currency of this country, those high and mighty in dominating its finances through a policy of deflation upon an arbitrary fiat, those who hold our mortgages, now demand of us two and three times as many hogs and as many bushels of wheat and as many pounds of tobacco and as many head of cattle and as many gallons of milk and as many pounds of butter as would have been required to have paid them when that indebtedness was made.

The farmer must be relieved from this withering indebtedness. His mortgages must be refinanced at a rate of interest not greater than 3 per cent. As the farmer gets little or no relief from a tariff, he is entitled to governmental help in low interest. This can be done and must be done. At that rate the farmer could pay out, or at least hold on until the readjustment can be made.

A great majority of the farm mortgages are held either by the Federal land banks or the joint-stock land banks or the insurance companies and mortgage companies. The holders of these mortgages would gladly refinance them if stabilized by the Government at 75 per cent of the face value.

The Government could protect those mortgages in all prudent loans and its security would be better than the security taken upon the loans made through the Reconstruction Finance Corporation to railroads and other industries.

I am opposed to the further loaning of new money. The farmer who is out of debt is in good shape and should be encouraged to keep out rather than go in debt. This farm-relief legislation consisting in further extension of credit is unwise. We have gone too far this way already. A loan at high interest is a liability.

Legislation along these lines is imperative, and when Congress reconvenes in December I look for this to be given first consideration.

Mr. SANDLIN, of Louisiana, and I were put on the committee to draft and submit a bill covering this phase of the legislation. I have added Mr. CARY, of Kentucky, an able man of farming and banking experience, to that committee.

We have been in consultation with the Federal Farm Loan Board. They promise to aid in preventing any unnecessary foreclosures.

We will discuss the matter this summer with farmers and other business men generally and we hope to submit a bill at the fall session, embodying a sound policy of substantial relief.

We ask the serious consideration and help of every Member of Congress for this important legislation.

The Government has, through the Reconstruction Finance Corporation, given its credit to banks, railroads, and industrial corporations. It has through the home loan discount bill given its credit to city home owners and it must in justice to and for its own preservation help worthy farmers to retain their farms.

Princes and lords may flourish or may fade,
A breath can make them as a breath has made,
But a bold peasantry, their country's pride,
When once destroyed can never be supplied.

SPECIAL COMMITTEE TO INVESTIGATE CAMPAIGN EXPENDITURES

Pursuant to House Resolution 201, the Speaker appointed the following Members as a special committee to investigate campaign expenditures: Mr. RAGON, Mr. BLACK, Mr. HARLAN, Mr. LEHLBACH, and Mr. NELSON of Maine.

LEAVE OF ABSENCE

By unanimous consent, Mr. DOUGLASS of Massachusetts was given leave of absence for 10 days on account of important business.

SAMUEL PUFF BAILEY

The SPEAKER. By special order of the House, the Private Calendar is in order for bills unobjected to, beginning at Calendar No. 393.

The Clerk read the first bill on the Private Calendar, H. R. 5289, for the relief of Samuel Puff Bailey.

The SPEAKER. Is there objection?

Mr. BALDRIGE. Reserving the right to object, I ask unanimous consent to address the House for five minutes out of order.

The SPEAKER. Is there objection?

There was no objection.

Mr. BALDRIGE. Mr. Speaker, at the present time there are several thousand bonus marchers in this city. The living conditions are intolerable—no food, clothing, or shelter. These men can not stand this existence for long, and something definite should be suggested that might appeal to them for their own help.

There is a way to get these men home. General Glassford at the present time is making a brief survey of the number of men and where they come from. Under the interstate commerce act these men can not be transported for less than 1 cent a mile, with the following exception, in section 1, paragraph 7:

If any group of people are indigent, destitute and homeless the railroad is allowed to transport them for anything reasonable or anything they desire. Can you imagine any groups more indigent, destitute, and homeless than these unfortunate men? Under a ruling of the Interstate Commerce Commission a train, or a series of trains, could leave here for all parts of the country carrying day coaches that could be dropped off at various points. There is no question but that these men could be taken home in this manner for a comparative small amount of money. The city of Omaha will raise the money to send back the 54 men who come from my own district.

These men are orderly, peaceful, and patriotic, and have shown remarkable fortitude in very trying circumstances. There is a small group inside the organization that are trying to overthrow the present leaders. This would be disastrous, as the present leaders are certainly for law and order. The sooner we solve this problem the better for all.

There will be placed in your office a mimeographed copy of the number of men from each district; and if any of you gentlemen are interested in helping take care of this situation, I think this is the best possible way to get your own men back home.

We have had a good many suggestions and a great deal of advice to these men, not only from the floor of the House but from the steps in front of the Capitol, all of which I think was ill-advised, unfortunate, and certainly unfounded. Here is one way to help this group—get them home and get them home quickly and as comfortably as possible.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BALDRIGE. Yes.

Mr. SNELL. Does the gentleman know that they will go home if provision is made for it?

Mr. BALDRIGE. From what I understand, there is a general feeling that within a few days most of these men will be anxious and ready to go back home if they possibly can get home.

Mr. BLACK. In the gentleman's plan, what part is the Government supposed to take?

Mr. BALDRIGE. No part at all. We might arrive at an understanding with the railroads, with the consent of the Interstate Commerce Commission, to transport these men back home at a very cheap rate.

General Glassford is in close contact with them. He could ably handle the details through his office as a clearing house.

If you gentlemen who are interested in men from your own districts could get your local newspapers to put on a short financial drive for funds, enough money could be raised. It should be definitely announced that no transportation assistance would be given after a certain date, so that any further incoming bonus marchers may be put on notice.

The SPEAKER. Is there objection to the consideration of H. R. 5289?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged sailors Samuel Puff Bailey, late of the United States Marine Corps, shall hereafter be held and considered to have been honorably discharged from the United States Marine Corps: *Provided*, That no pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

With the following committee amendment:

Line 6, strike out the word "honorably," and in line 7, after the word "discharged," insert the words "under honorable conditions."

The committee amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

JACK C. RICHARDSON

The next business on the Private Calendar was the bill (H. R. 8120) for the relief of Jack C. Richardson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay to Lieut. Jack C. Richardson, United States Navy, out of any money in the Treasury not otherwise appropriated, the sum of $143.04, in full satisfaction of his claim for expenses incurred while traveling around the world on the German airship *Graf Zeppelin* under orders of August 5, 1929, issued by the Navy Department.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

PERMITTING NAVY AND MARINE CORPS OFFICERS TO ACCEPT CERTAIN DECORATIONS, ETC.

The next business on the Private Calendar was the bill (H. R. 8970) to authorize certain officers of the United States Navy and Marine Corps to accept such decorations, orders, and medals as have been tendered them by foreign governments in appreciation of services rendered.

The SPEAKER. Is there objection?

Mr. ANDREWS of New York. Mr. Speaker, I reserve the right to object and ask unanimous consent to address the House for not exceeding 10 minutes.

The SPEAKER. Is there objection?

Mr. BLACK. I shall object to 10 minutes, but not to 5 minutes.

Mr. ANDREWS of New York. Very well.

The SPEAKER. The gentleman from New York, under reservation of the right to object to the consideration of the bill, asks unanimous consent to address the House for not exceeding five minutes. Is there objection?

There was no objection.

Mr. ANDREWS of New York. Mr. Speaker, I am very much interested in the situation existing here in Washington, which has been somewhat outlined by the gentleman from Nebraska [Mr. BALDRIGE]. We are in the closing moments of the session, and I want to speak frankly. I am one of those who voted against the bonus, for two definite reasons. First, I do not figure that the country under present financial conditions is able to pay the bonus, and, secondly, I am in favor of relief for all of the unemployed. I intend to vote for a relief bill which will give employment and favor veterans in such employment.

A great many of these veterans here in Washington have been in France. There is one thing that is absolutely true,

I contend, and that is you can not pay a bonus if you have not got and can not get the money, and you can not issue rations in the front line, which to-day is Washington, if some one is blocking those rations and has been blocking them for 13 years. By rations I mean money. Statistics by Matthew Woll, of the American Federation of Labor, which I have not time to quote from, show that prohibition has cost this Government at least $25,000,000,000, and I want now to recall the record of the votes of Representatives from several States on the Beck-Linthicum resolution.

Mr. RANKIN. Mr. Speaker, I make the point of order that this is no time to be debating about liquor and prohibition, and that the gentleman is supposed to confine his remarks to the bill.

Mr. COCHRAN of Missouri. And I make the point of order, Mr. Speaker, that the gentleman from Mississippi is out of order.

The SPEAKER. The gentleman from New York obtained unanimous consent to address the House for five minutes, and has been recognized for five minutes to speak on any subject he desires to talk about.

Mr. ANDREWS of New York. Representatives of the bonus marchers have gone on record, with some disagreement, in favor of repealing the eighteenth amendment to the Constitution of the United States, and I want every man in that outfit to know how Representatives from certain States voted in this session of Congress on a proposition which would have permitted the people to decide. I have the Texas vote, corrected up to date—14 no, 4 yes; Oklahoma, 8 no; Mississippi, 6 no; Alabama, 9 no and 1 yes; Tennessee, 9 no and 1 yes; Louisiana, 4 no and 4 yes; South Carolina, 6 no and 1 yes; North Carolina, 8 no and 1 yes; Kentucky, 3 no and 1 yes, 7 not voting.

Mr. BLACK. Are those the votes of the Republican delegation from the South at the Chicago convention?

Mr. ANDREWS of New York. No. If I were able to give some suggestion to these marchers, I would say go back to your Congressmen and ask for reconsideration of the Beck-Linthicum resolution. Go to your State legislators and to your State capitols. Repeal the eighteenth amendment. It will make jobs. It will bring the rations into the front line, which is our Treasury.

The Republican platform, at least, declares for resubmission, and the Democratic platform will declare at least for resubmission. What is there to prevent our conforming now before we adjourn and not waiting six months more? This will make it possible for the Government to get money from taxation. [Applause.]

I yield back the balance of my time, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Reserving the right to object, Mr. Speaker, the House has before it for consideration every year or so this proposition of foreign decorations. Of course under present conditions, for instance, when a country is at war with other countries, the exchange of decorations for heroism, exceptional conduct in the face of the enemy, is bestowed on individuals as a matter of morale and appreciation of services. Most of these decorations are 5 o'clock tea decorations. I do not believe there is a single, solitary decoration here for conspicuous military service or for any kind of conspicuous service at all. If there is, of course I eliminate that particular decoration from my general remarks.

Mr. STAFFORD. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. STAFFORD. The gentleman means 5 o'clock pink-tea decorations?

Mr. LAGUARDIA. Yes. Petticoat decorations.

Mr. COYLE. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. COYLE. There might be some few decorations that might fall in that category, but there are many for military valor. There are some from Nicaragua and some from Haiti.

Mr. LAGUARDIA. I want to make clear that I am excluding from my criticism decorations received for valor. Let us understand each other. But to come in with this bill to authorize swivel-chair admirals and roll-top-desk naval officers, whose duties seem to be in dancing attendance at social functions, to accept in the name of a great democracy these petticoat decorations—I do not like it.

Mr. PATTERSON. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. PATTERSON. The gentleman said he excepted those for distinguished service and valor. Of course, the gentleman excepts this one in this case, I am sure, because this man and a few men went out——

Mr. LAGUARDIA. Oh, there are over a hundred of them.

Mr. PATTERSON. Is this 395?

Mr. LAGUARDIA. No, no. This is a wholesale decoration. This is the cotillion bunch. These are the cotillion favorites. However, if the Navy can stand it, I can.

Mr. STAFFORD. Reserving the right to object, I question very much the propriety of the American Government granting the right to American officers to take decorations from foreign governments. It is simply a means of gaining the favor of those officers to the foreign government. I think it is un-American. I do not believe it should be countenanced. Therefore, I object, Mr. Speaker.

HARDING TOWNSITE, FLA.

The Clerk called the next bill, S. 2476, for the relief of certain purchasers of lots in Harding Townsite, Fla.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. WOODRUM. Will the gentleman reserve his objection?

Mr. STAFFORD. I will withhold the objection.

Mr. WOODRUM. I will say to the gentleman that this bill is to require the Government to return half the purchase price they have collected from certain persons who purchased these lots in Harding Townsite, Fla. In 1922 the Government put on a sale of lots down in Florida, at the time of the boom, and advertised them as a new town-site development. The lots were appraised at $1,000 each by the Government. Some of them sold for as high as $10,000, and many of the purchasers paid a third or a half of the purchase price. After the sale it developed that the Government could not deliver title. It would be at least five years before the Government could deliver title. Meantime, the value had depreciated; the bottom had dropped out of everything. If this bill is passed the Government will still retain five or six times the appraised value of the lots.

Mr. STAFFORD. Does the gentleman mean the appraised value at the present time?

Mr. WOODRUM. No. At the time they sold them. When the Government released this property and put the property on the market, it was appraised.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill be passed over temporarily.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PUBLIC SERVICES OF HON. PERCY QUIN AND HON. JOHN J. SWAIN

Mr. GARRETT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting a statement concerning two chairmen of the Committee on Military Affairs with whom I have served.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GARRETT. Mr. Speaker, just as a man grows reminiscent as he grows older, so, as we approach the end of a session of Congress, we are apt to look backward upon the pleasant associations we have had with picked men from all over the country. During such a mood the mind irresistibly turns to the memory of those who have passed from the scene of earthly action. During my service in this House, many faithful public servants and loyal citizens have dropped at their posts of duty, facing to the front, full of faith, and fighting till the last.

I refrain from enumerating all of these noble souls that have contributed during these years to the enrichment of

my experience. But there is one whose name I must mention now. With him I served upon the Committee on Military Affairs for many years. During all those years we sat side by side, seeking to promote the public welfare and to secure a sane, sound system of national defense. This was the man beloved by every Member of the House. It was Percy Quin, of Mississippi.

After all those many years of service upon the committee he became chairman, upon the organization of the House, in December, 1931. He entered upon the discharge of this responsible office with great enthusiasm and zeal. He was fired by the inspiration of the great opportunity for service, and especially for service to the people of his section of the country, by the proper solution of the long-standing and perplexing problem of Muscle Shoals.

But the severity of the strain, both mental and physical, was too much for his strength, already worn down by the long years of labor. Consequently, he was forced to the hospital, where he finally passed to his blessed reward on February 4, 1932.

I record my tribute of admiration and devotion to this faithful friend of the people and this loyal servant of the Republic.

Mr. Speaker, thinking of Percy Quin, my mind turns to his successor as chairman of the Committee on Military Affairs. I know that it has been a source of gratification to the Members of this House to witness the return to health of the gentleman from South Carolina [Mr. McSWAIN] after a long and serious illness last summer, and to see the splendid part he has played in the deliberations and the actions of the House of Representatives at this session. We recall that it was an amendment offered by him to the War Department appropriations bill and adopted by this House that would make possible an annual saving to the Federal Treasury of about $4,000,000.

We recall that as chairman of the Committee on Military Affairs he directed the passage through this House of the bill to correct abuses in the Veterans' Administration and to make possible a saving to the Federal Treasury of $3,500,000 a year. It was he who a few weeks ago directed in this body the passage of the Muscle Shoals bill, which should put an end to the waste at that great project, bring millions of dollars into the Federal Treasury, and give relief to the farmers and the power consumers of the land. It was largely due to his pioneering work and his untiring efforts that this House has before it to-day the report of the War Policies Commission, of which the Secretary of War was chairman and he an honored member. This report opens the way for Congress to enact legislation that will eliminate the War profiteer and close the door to those who would profit from the sufferings and the heartaches of the people.

For eight years it was my privilege to serve side by side with the gentleman from South Carolina on the Committee on Military Affairs. He brought to the committee wide knowledge and experience, gleaned from a lifetime of study and work as a lawyer and man of affairs. He was ever attentive to duty, was at every meeting, ever vigilant, ever wise, and ever resourceful. During all of that period he contributed mightily to the work of the committee, and was ever alert to conserve and protect the interest of the Government and the people. I recall on one occasion he offered an amendment about two lines long to an apparently harmless bill, and thereby saved the Government some $280,000. He always evinced a deep and abiding interest in the citizen soldiery of the country, the National Guard and the reserves, recognizing that in them could be found that patriotism and that devotion to our Democratic ideals which in the days of peace, as well as in the time of war, would protect and defend our institutions. Especially was he always wide awake to protect and promote the welfare and comfort of the enlisted men of the Army.

This gentleman is now the chairman of the Committee on Military Affairs. As chairman of this great and powerful committee, Mr. McSWAIN is one of the key men of the Congress, and opportunity is thus given him for even greater and more enduring service to the country. In spite of the fact that this committee has before it more bills than any other committee in the House of Representatives, with the exception of two committees—Pensions and Claims—and notwithstanding the great amount of hard work required, Mr. McSWAIN has contributed his part to the solution of other great questions before the Congress. If his bill for refinancing the Federal farm land banks and the joint stock land banks had become law, thousands of farmers and their families would not have been driven off of their land. He has been a constructive student of the farmer's problems, and in Mr. McSWAIN the farmers certainly have a true and active friend. The unemployment situation and the condition of the men and women who toil in the factories and the workshops has weighed heavily upon his heart. He has labored unceasingly to bring about better conditions and to make it possible for all who labor to receive adequate wages, to have decent homes, to educate their children, and to have at least some of the comforts and the joys of life. The gentleman from South Carolina is surely an able and a devoted servant of the people. No sort of lobby, social or otherwise, can influence him to act against the public interest.

WORK OF THE HOUSE DURING THE PRESENT SESSION

Mr. STEWART. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. STEWART. Mr. Speaker, as the close of the first session of the Seventy-second Congress draws near, I desire to express my pride and satisfaction over the success of the House of Representatives in meeting the needs of the people of this country in this period of great economic stress.

When the session opened last December, I knew that in securing control of the House the Democratic Party was entering upon a responsibility probably as grave as any that ever confronted a Congress. I realized that the eyes of an anxious nation were upon us; that the people of the country had turned to the Democratic Party.

I realized, too, that as a party, unless we acquitted ourselves with credit during this session, we faced the danger of courting defeat in the presidential election now approaching.

While there never was any doubt in my mind that we could meet this tremendous responsibility squarely, I confess that I did have certain misgivings. I was supremely confident that we would fulfill our obligation, but I was mildly fearful that regardless of all that we might accomplish, the people would expect more. They were at the end of their patience with the Republican Party, and it was just possible that they expected the Democratic Party to take a situation that had been three years or more in the making and right it in a few months, as if by some supernatural power.

Now the session is practically over; and as one who has participated in these deliberations over a period of six months, with the sole purpose in mind of aiding the suffering people of this Nation, I am ready to pronounce the verdict of "well done" on this House of Representatives.

I am not unmindful of the fact that we have been subjected to abuse and criticism, but, then, that is the lot of every man and woman who lends himself and herself to public service. Fair criticism is not disconcerting—yes; many of us find it helpful. To criticize justly is the free and undeniable privilege of everyone under our form of government, and I may even add, though with some regret, that the same has come to be true of unjust criticism and even downright abuse.

But there are those to whom the rôle of critic comes with ill grace. The person who has shown himself incapable of doing anything himself has not the right to ostentatiously place the label of failure on others. The individual who throws obstacles in the way of those attempting to accomplish something should be the last one to find fault. And yet that is the thanks that this House has received for its efforts—a public excoriation—by those least licensed.

But I say that in spite of the handicaps under which we have labored we have discharged our duty.

If political expediency decrees that our reward shall be vilification from high places, there is nothing we can do about it but point to the record. I prefer to rely on the record. Even if, in the judgment of some, we have not done all that we might have done, I say it still compares most favorably with the records of the three preceding Congresses.

Prior to the opening of the present session last December, the Democratic leaders pledged the people of the United States that the majority in the House would cooperate with the President in any undertaking that seemed designed to hasten economic recovery. We came here under the solemn obligation to cast partisanship aside, cognizant as we were of the need for concerted action for the good of the Nation.

Recently we have been charged with having broken that pledge. We have been accused of failing to cooperate with the President. Actually the situation has been the reverse. We have had to tax our patience in order that we might extend our cooperation to the administration. We have had to put up with administration whims and fancies and we have had to endure being misled and misinformed. But we did not complain.

What, may I ask, were we requested to do by the administration that we failed to do? The President expressed the desire to have a one year's moratorium declared on foreign debts; we granted it. Then he proposed the creation of the Reconstruction Finance Corporation, and we immediately did that. The President next asked that he be given the power to reorganize the Federal departments along lines of economy, and we lost no time in vesting him with that power.

He also suggested the enactment of legislation providing for the establishment of a system of home-loan banks. This legislation was considered diligently by the Committee on Banking and Currency, the bill was rewritten by the committee, was reported on favorably, and passed by the House under a special rule.

Thus have we supported the proposals placed before us by the President.

In his annual Budget message to Congress, the President stressed the great need for reducing the cost of Government. His Budget recommendations called for a reduction in appropriations for the next fiscal year of $369,000,000, and he pointed out that of total appropriations of $3,942,000,000, as recommended by him, there remained but $1,700,000,000 from which the $369,000,000 could be taken.

All the while our Appropriations Committee was considering appropriations it was handicapped by the constant lobbying of department heads and other administration members seeking to prevent the lopping off of a single dollar from their appropriations. And yet, after we had finished, we sent to the Senate appropriation bills showing a total saving under last year's bills of more than $625,000,000, or $254,000,000 more than the President recommended. That, I submit, was economy with a vengeance.

We received no aid from the White House in this work. We were not even granted the cooperation of having the President call off the administration lobbyists so that our Appropriations Committee could work unhampered. In addition, throughout the entire time that we were considering the revenue program, we had to contend with inefficient fiscal experts representing the administration, who would come to our committee each day with revised figures.

Did I say the President refused to call off the administration lobbyists, who swarmed around the Appropriations and other committees? On the contrary, he sent one of his own secretaries, a former Member of this body, onto the floor of this House to lobby against certain provisions of the economy bill; and when they were defeated—not by the Democratic majority but by the Members on the Republican side, whom the President's Secretary had instructed to vote against these provisions—the President issued a statement denouncing the Members of this House for the form in which the bill passed.

While the Democratic Party has been in nominal control of the House, the only purpose it served was to enable us to organize this branch of Congress. We have never had a safe working majority; and because of absences and illness, we have had invariably to depend upon Republican aid. The people of the United States may well be thankful for the fact that there sat as Members of the House during this session progressive and independent Republicans with sufficient vision to see what was going on—to see that administration duplicity was impeding us.

These Republicans were strong enough, big enough, to break away from the sinister influences that were put to work to injure the Democratic majority, regardless of the fact that it was necessary first to stab the people of this country before the weapon's point could reach us. And these Republicans refused to sacrifice the suffering men, women, and children of this country to play the brand of politics ordained by their party leaders.

Throughout this session the attitude of the administration and its followers in the House has been that of the dog in the manger. Having failed the people of the country themselves, they sought to prevent the Democratic majority in the House from doing anything, taking advantage of our scant numerical majority.

Oh, it was a well-planned campaign. The object was from the very outset to discredit the Democratic Party, with the hope that it might lessen the chances for Democratic success in the presidential election. Advocating to us something on the one hand, the administration, on the other, would send word out to defeat it; and then the blame would be thrown on the Democratic Party because we happened to have a slight majority here.

"Balance the Budget." This became a slogan in Congress. Nobody had heard of such a thing in 1931, 1930, and 1929, or as far back as most of us can remember. Before the Democratic Party came into control of the House Treasury deficits were glossed over by the issuance of Treasury certificates or Treasury notes, one issue after another, resulting in an accumulation of interest and amortization obligations that greatly reduced the opportunities for retrenchment this year. But with the Democratic Party in control of the House it suddenly dawned upon the administration that the Budget had to be balanced, and it had to be done without issuing any more Treasury certificates. The shibboleth of despair and alarm swept across the country, "Balance the Budget." They thought we could not do it.

Not only that, but it was indeed a day lost when the Secretary of the Treasury failed to add millions to his estimates of the previous day of the amount of revenue needed to balance the Budget. Mr. Mellon started it; and when he finally set sail for England, it was discovered that he had been a billion dollars out of the way in his estimates.

His successor, Mr. Mills, would knock at our doors every morning for months and months and tell us that he had made another miscalculation, and that the amount actually needed was many millions more. This went on for days, weeks, and months, and just as we would set ourselves to provide for the deficit on the basis of to-day's estimate, tomorrow would bring a new set of figures from the Treasury Department, and we would have to start all over again.

But our revenue bill, as forwarded to the Senate on April 1, 1932, would have balanced the Budget on July 1, 1933, if the figures finally furnished us had been accurate. But Mr. Mills continued his antics even after the bill reached the Senate, and the upper House had to put up with him for a while. On June 6, 1932, when the revenue bill was signed by the President, it was announced that the Budget is balanced—the first time in 12 years. However, on June 11, 1932, after a further revision of figures by Mr. Mills, the White House called a conference, at which it was once more stated that there was something wrong; that the Budget was still $150,000,000 out of balance. I believe the last 48 hours have brought no change in the Treasury estimates.

Among the many unfair impressions that were deliberately sent broadcast against the House in the organized partisan campaign to turn public favor from us was that in which we were pictured as frittering away our time here, thus contributing to the general economic uncertainty. I am willing

to charge that we could have concluded our business a month ago if we had had better cooperation, or some cooperation at least, from the administration in the matters of the appropriations, economy, and revenue bills.

It might not even be amiss to remind our critic that if sincerity motivated his publicly stated disgust with the protracted session of Congress, he should have directed his remarks elsewhere. I say this for this reason:

The House passed the first deficiency appropriation bill on January 6; it was not until 13 days later that the upper House passed it. The House passed the Agricultural Department appropriation bill on January 27; the Senate passed it on March 8. We passed the Interior Department appropriation bill on February 16; the Senate passed it two months later. The appropriations bill for the State, Justice, Commerce, and Labor Departments went through the House on February 25; it was passed by the Senate on April 30.

The House passed the Treasury and Post Office appropriation bill on March 5. It still reposes in Senate committee. We passed the appropriation bill for the independent offices on April 9, and the Senate committee reported it out on June 10. The appropriation bill for the District of Columbia, passed by us on April 15, passed the Senate on June 11. The Navy Department appropriation bill was passed by us on April 28 and by the Senate on June 16. The War Department appropriation bill, passed by us on May 19, passed the Senate on June 9. On May 3 we passed the legislative appropriation bill, and the Senate passed it on June 8.

The amendment to the tariff act of 1930 was passed in the House on January 9; it passed the Senate on April 1, almost three months later. The revenue bill passed here on April 1 and passed the Senate exactly two months later. In this latter connection I might again allude to the Secretary of the Treasury. At the very moment the Senate was ready to pass the revenue bill Mr. Mills again suddenly revised his estimates, adding more than $200,000,000 to his figures, making it necessary for the Senate to commence all over again.

I ask, then, can we be blamed for the fact that we have been here so long? Have not we worked day and night? I say that it was eminently unfair to circulate erroneous impressions that the House has been dilatory. The blame should be placed where it rightfully belongs.

I am anxious to know what potent magic has over a period of a few years turned venison to pork.

Not so very long ago, in practically every utterance that emanated from the White House, we were sought to be impressed with the efficacy of a Federal construction program as a panacea for the unemployment situation. Economists the country over were in agreement on the matter. The American Federation of Labor hailed the proposal. The Post Office Department, the Treasury Department, and the Board of Engineers indorsed it. As a matter of fact, the construction program was initiated, and then something happened. The work was halted, and to-day we have the most acute unemployment crisis in our history.

Economists still agree that a program of public improvement is the great need in dealing with the situation. The American Federation of Labor has not changed its opinion. Only the administration has suddenly had a revulsion of feeling, and now, because the Democratic Party, in common with those chiefly concerned with the salutary benefits that will accrue, is attempting to revive the program, the original proponents raise the cry of "pork barrel."

If it was not pork two years ago, what has happened to make it pork now? Two years ago a Federal construction program was the open sesame to the road back to prosperity. We make no such extravagant claims for it. But, we do feel, and as I have said, we are not alone in our opinion, that it will materially help to reduce the number of our idle and increase industrial production. And yet we must suffer the insult of being accused of trying to graft at the expense of human misery.

Opponents of the Garner program shout that it will unbalance the Budget. They have taken up a new White House cry—"self-liquidating projects." The Garner program has absolutely no relation whatever to the Budget. The Garner program—and it is as plain as day to anyone who wants to see it—provides that not a penny is to be expended without the sanction of the Treasury and Post Office Departments. The fixed charges for the retirement of any bonds to be issued are provided for by a sinking fund to be set up by a tax of one-fourth of 1 cent a gallon on gasoline, the tax not to be passed on to the consumer.

In conformity with its constant shifting of ideas to meet the present situation—and, mind you, all the while this shifting goes on the suffering of the people becomes worse—the administration now sponsors a program of self-liquidating projects. I challenge anyone to name a single self-liquidating project that would fit into such a program. The only ones I have heard mentioned are tunnels and bridges, and I presume to speak with authority when I say that even they are nonexistent at the present moment.

I come from a State that has had vast experience with tunnels and bridges. During the past decade we have built in the northern part of New Jersey, connecting with New York, five interstate crossings, four of them bridges and a tunnel. Of the five, only one has ever been self-supporting—the Holland Tunnel—and but for the fact that the State legislature last year placed all the crossings under one jurisdiction, I dare say it might have been necessary to default on the bridge bonds. As it is, the Holland Tunnel is carrying the bridges.

The Port of New York Authority last year contemplated the construction of another interstate tunnel, but due to present conditions the project has been postponed. That is the answer to self-liquidating projects, and those who now propose a program embodying such type of construction are well aware of the fact. The time for creating newspaper headlines is past; we must settle down to sensible action.

The House may well feel proud of its Speaker as the sponsor of the Federal construction program and of its action in supporting that program. It is the one outstanding practical remedy for ameliorating the unemployment situation.

In listing the accomplishments of this body in its struggles with the various phases of the economic situation, I desire to call particular attention to the Glass-Steagall Act. This is purely Democratic legislation, and I sincerely believe that its results in expanding credit facilities have been proportionately as beneficial as has the operation of the Reconstruction Finance Corporation, which, I might say in passing, had its genesis in the Democratic Party. At least, the Glass-Steagall Act has proved an excellent auxiliary to the Reconstruction Finance Corporation act, and it should serve to demonstrate to the people of this country that the Democratic Party is quite capable of evolving its own particular remedies for the country's ills. As for the Reconstruction Finance Corporation legislation, I need not remind you gentlemen who were here at the time, that it was first proposed by the gentleman from Illinois [Mr. SABATH] two years ago but was rejected by the Republican administration.

The latest move initiated by the Democratic side of this House bids fair to put a stop to a condition that has progressively dealt severe injury to business, large and small, in many parts of the country. I refer to the investigation authorized in the resolution of the gentleman from Missouri [Mr. SHANNON] into the question of Government competition with private enterprise—industrial as well as commercial.

In times like these when it becomes necessary not to overlook a single opportunity to extend courage and assistance to business and industry, the Shannon investigation is most appropriate and urgent. Evidence has already been offered to show that the Federal Government as a manufacturing concern is not only taking business from private firms but is supplying its own needs at a much greater cost than if it went into the open market as a purchaser. When we speak of economy, we must consider this angle of costs.

Evidence is also on record showing that the Government, in some sections of the country, is competing with small retail business, a condition that should not exist. Business will appreciate this effort on the part of the House.

I have tried, in this résumé of what we have accomplished here, to touch only upon the major questions and those related to the paramount subject of what to do about the depression.

We came here under the tremendous handicap of being expected, as a new party in control, to cure the country's ills of three years overnight. At the same time that we were trying to cooperate with the administration we have had to contend not only with an absence of reciprocal cooperation but with deliberate efforts to block us.

Throughout this entire session we have had to fight an organized, insidious, and underhanded campaign against us on the part of those with whom we were trying to work on amicable and nonpartisan terms. And yet, in six months of dealing under these adverse conditions with a situation that it took the Republican Party three years to create, we have balanced the Budget—the first time this has been done in more than a decade. We have cut governmental appropriations to a new low level; we have effected vast economies in the operation of the Government; and we have enacted measures that have saved our banks, encouraged business and industry, and provided work for the unemployed.

These are the facts, substantiated by the record of this House; and whether he be President of the United States or anyone else, I say in answer to the criticism leveled at us, What have you or yours done with the same opportunities?

MARION F. BLACKWELL

The Clerk called the next bill, H. R. 9714, for the relief of Marion F. Blackwell.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury, on certification by the Secretary of the Interior, be, and he hereby is, authorized and directed to pay to Marion F. Blackwell, of Laurel, Miss., such sum, not to exceed $1,000, as may be found by the Secretary of the Interior to be the fair and reasonable value of all improvements placed by said Blackwell upon the southeast quarter southwest quarter section 27, township 2 south, range 6 west, St. Stephens meridian, Mississippi, for which land he was allowed to make homestead entry No. 05823, Jackson series, on October 1, 1912, and on September 20, 1916, a patent was issued to him, but on February 20, 1917, the United States District Court for the Southern District of Mississippi decreed that the titled and rightful claim to the land was vested prior to the patent to Blackwell in the Lampton Realty Co., thus defeating Blackwell's claim. It is further provided that he may have the option in lieu of payment to him of moneys hereinbefore provided of making entry of other unappropriated public lands to the amount of 160 acres under the general homestead law or 320 acres under the enlarged homestead law or 640 acres under the stock raising homestead law anywhere in the United States where there are public lands subject to such entry and receiving United States patent for such land without payment to the United States of any fees, commissions, or other moneys and without showing of compliance with the requirements of the homestead laws in connection therewith, the patent, however, to contain a reservation of the mineral to the United States, if necessary, as in other entries under the same law.

With the following committee amendments:

On page 1, line 10, after the word "Mississippi," insert "the appropriation of which is hereby authorized"; and in line 10 on page 2, after the word "option," insert "at any time within three years."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CONTRACTORS AND SUBCONTRACTORS FOR POST OFFICES, ETC.

The Clerk called the next bill, H. R. 9348, to amend the act entitled "An act for the relief of contractors and subcontractors for the post office and other buildings and work under the supervision of the Treasury Department, and for other purposes," approved August 25, 1919, as amended by act of March 6, 1920.

Mr. PATTERSON. Mr. Speaker, I object.

Mr. BURCH. Will the gentleman withhold his objection?

Mr. PATTERSON. I reserve the objection.

Mr. BURCH. The gentleman understands that this bill does not provide for direct reimbursement, but only to allow Haymes Bros. to file their claim with the Treasury Department. This would give them the same privilege given under the general law of 1919. These men had no other contract with the Government, and in the latter part of 1917, as the Members will recall, conditions in the country were more or less depressed. In 1918 they had to employ labor and buy material, and it was impossible for these contractors to carry out that contract without loss to them on account of governmental activities, commandeering material, and labor, increasing the cost of building generally. These conditions which the contractors had to face were such that no contractor could foresee.

We are asking that they be allowed to file their claim with the Treasury Department and permission for the Treasury Department to ascertain and decide whether they really have a claim; and if so, how much. If these people had other contracts, we would not ask for this.

Mr. PATTERSON. May I ask the gentleman if these people have had the right, and if others have had the right, to file claims where they lost money in a building they contracted for?

Mr. UNDERHILL. They had it under the Dent law.

Mr. BURCH. Under the general law they did not. They did not come under the act of 1919, amended 1920.

Mr. UNDERHILL. They had that right under the Dent law, but failed to take advantage of it.

Mr. STAFFORD. Mr. Speaker, reserving the right to object——

Mr. UNDERHILL. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. UNDERHILL. This is hardly the right thing to do. These contractors knew what the law was. They only had to file under the Dent Act. They failed to do so. Ignorance of the law is no excuse on their part, and because their lawyer or somebody in the firm failed to take advantage of the vehicle which was provided is no reason why they should come in at this day and ask for special relief.

Mr. BURCH. Pardon me. I think this claim did not come within the bounds of the general law. This man's contract was made November 27, 1917, and relief is sought because for some reason the contractor did not come under the general law.

Mr. STAFFORD. It is my judgment that if we let this thing go through there will be many, many others seeking the same character of relief.

Mr. Speaker, I object.

R. A. HUNSINGER

The Clerk called the next bill, H. R. 4845, for the relief of R. A. Hunsinger.

Mr. BACHMANN. Mr. Speaker, I object.

RELIEF OF CONTRACTORS

The Clerk called the next bill, H. R. 9348, to amend the act entitled "An act for the relief of contractors and subcontractors for the post office and other buildings and work under the supervision of the Treasury Department, and for other purposes," approved August 25, 1919, as amended by act of March 6, 1920.

Mr. UNDERHILL. Mr. Speaker, reserving the right to object, and I reserve the right to object on this bill in order that I may give a little information to the House in reference to claims bills in general.

I have noticed two or three statements in the RECORD which were more or less misinforming to the Members.

Under the provisions of the so-called Underhill small claims act all of the departments are authorized to settle claims of property damage up to $1,000. The gentleman from Wisconsin made an error the other day in stating that such a law was invalid. It is only invalid as far as personal injury is concerned, but as far as property damage is concerned everything up to a thousand dollars can be adjudicated by the department.

Some question has been raised as to what is necessary for relief. All that is necessary for the Committee on Claims to do is to offer an amendment that will increase the amount to $2,000, $3,000, or $5,000. The bill as originally introduced provided for $3,000. It was amended in the Senate, the $3,000 was stricken out, and $1,000 was written in. The

work of the Claims Committee and the membership of the House would be benefited tremendously if the Claims Committee would introduce a resolution amending this act and make the amount at least $3,000. For the information of the Members they ought to know this fact.

Mr. STAFFORD. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, I take this occasion to reenforce again the opinion I expressed the other day that the amount of damages the departments may pay for injuries in tort actions arising, for instance, out of conditions occurring from the operation of postal trucks, Army trucks, or Navy trucks should be increased from $500 to at least $3,000.

Mr. UNDERHILL. It is $1,000 now.

Mr. STAFFORD. The gentleman from Massachusetts says it is $1,000 now. I take issue with this statement, because it is only $1,000 so far as property damage is concerned.

I am seeking to confer due jurisdiction upon the departments in cases of injuries to persons where the limit is $500.

I have been interested in the operation of the law passed in 1930 conferring jurisdiction upon the Commissioners of the District of Columbia to pay up to $5,000 in all tort actions, and I find that the law has operated effectively.

I am taking this occasion to try to impress upon the legislative committees having jurisdiction of the general legislation to bring in some relief legislation so as to relieve Congress of the necessity of passing upon the determination of these little tort actions. I would rather have the judgment of the department heads supervised by the Comptroller General than to have that heavy burden thrown upon committees of the House which are already overburdened with the consideration of claims that can not be considered by the department heads.

Mr. UNDERHILL. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. UNDERHILL. The gentleman knows the reason that has not been embodied into legislation long ago, does he not? It simply has been used in another body as patronage, misused; and we can not get it through the other body.

Mr. STAFFORD. I am in sympathy with the policy of having adopted the resolution introduced by my good friend, the gentleman from Mississippi, to have a committee appointed to recommend some legislative means whereby the Congress will be relieved of the tedium and burden of passing upon all these bills, many of minor consequence.

Mr. HARLAN. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. HARLAN. There was such a bill prepared and it has the approval of the Comptroller General and the Attorney General's department, as well as the Court of Claims, but the Bureau of the Budget requested that it be not introduced or pushed at this session because of the condition of the Budget.

Mr. STAFFORD. As far as the Bureau of the Budget is concerned they are not to be considered in this matter. It is the relief of the Congress of the United States and particularly the House of Representatives.

Mr. COLLINS. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. COLLINS. Why should the Bureau of the Budget object to saving about $20,000,000 a year to the people of the United States?

Mr. STAFFORD. They are entirely out of their province in asserting any jurisdiction over affairs that burden the Congress of the United States, and particularly the House of Representatives.

The SPEAKER pro tempore. The time of the gentleman from Wisconsin has expired. Is there objection to the consideration of the bill?

Mr. GRISWOLD. Mr. Speaker, I object.

LEONARD L. DILGER

The Clerk called the next bill, H. R. 1927, for the relief of Leonard L. Dilger.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Leonard L. Dilger, who was a member of Company L, Third Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 25th day of September, 1899: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

THOMAS G. CARLIN

The Clerk called the next bill, H. R. 6333, for the relief of Thomas G. Carlin.

Mr. EATON of Colorado. Mr. Speaker, reserving the right to object, I will ask the proponent of the bill if he is willing to accept an amendment providing that no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act?

Mr. FITZPATRICK. I have no objection to such an amendment but I think this man is entitled to a reexamination. Here is a man who served during the war. He was gassed on the other side and remained in the hospital for several months. Then he went to Panama and remained there for two or three years. He was in the Walter Reed Hospital and he resigned under mental strain, and all he is asking is to be permitted to go before a board and be reexamined. That is all.

Mr. EATON of Colorado. If the gentleman will accept such an amendment, then I will not object.

Mr. FITZPATRICK. I will accept the amendment.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

Mr. COLLINS. Mr. Speaker, I object.

SALE OF A PORTION OF THE SITE OF THE POST-OFFICE AND CUSTOMHOUSE BUILDING IN NEWARK, N. J.

The Clerk called the next bill, H. R. 8980, to provide for the sale of a portion of the site of the post-office and customhouse building in Newark, N. J., to the city of Newark for use as a public street.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, may I inquire of the author of the bill or the committee reporting the bill why the report does not incorporate the recommendation of the department concerning this matter?

Mr. LEHLBACH. Unfortunately, I did not draw the report, but this bill and its companion bill, Calendar 410, were submitted to the Treasury Department and received its full approval. As a matter of fact, the bills as presented were drawn in the Treasury Department.

Mr. STAFFORD. I shall not object in this instance, but under reservation of objection I wish to say that the Committee on Public Lands is not incorporating in their reports any letters or recommendations from the department. It eases the membership of the House considerably to have the views of the department incorporated in the report.

Mr. LEHLBACH. I regret the omission, over which I had no control. However, I can assure the gentleman that not only is the Treasury Department in favor of the legislation but actually drew the bill.

Mr. STAFFORD. This criticism is not leveled at this bill alone, but at all bills coming from that committee. Mr. Speaker, I withdraw the reservation of objection.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the hereinafter-described land, forming a portion of the site of the post-office and customhouse building in the city of Newark, N. J., be sold by the Secretary of the Treasury to the city of Newark, N. J., a municipal corporation of New Jersey, for use as a public street, at a price not less than that determined to be the value of the land and improvements thereon by three appraisers to be selected by the Secretary of the Treasury, and at such time and upon such terms and conditions as the Secretary of the Treasury may deem proper; the land to be sold pursuant hereto being located in the city of Newark, N. J., and described as follows:

Beginning at a point in the westerly line of Broad Street distant 129.09 feet northerly from the point of intersection of the westerly

line of Broad Street with the northerly line of Academy Street; thence westerly along a line making an interior angle on the northwest with the said westerly line of Broad Street produced of 93° 15′ 46″, a distance of 219.11 feet to a point; thence northerly along a line making an interior angle on the northeast with the line last above described of 87° 30′ 14″, a distance of 31.96 feet to a point; thence easterly along a line making an interior angle on the southeast with the line last above described of 92° 28′ 50″, a distance of 219.53 feet to a point in the westerly line of Broad Street; thence southerly along the westerly line of Broad Street, said westerly line of Broad Street making an interior angle on the southwest with the line last above described of 86° 45′ 10″, a distance of 31.93 feet to the point of beginning.

SEC. 2. That upon the payment of the purchase price the Secretary of the Treasury is authorized to convey said land to the city of Newark, N. J., by the usual quitclaim deed, subject, however, to such reservations, limitations, conditions, or reversionary rights as said Secretary of the Treasury may deem proper.

SEC. 3. That the proceeds of such sale be deposited in the Treasury of the United States as a miscellaneous receipt derived from the sale of public property.

SEC. 4. That the remaining portion of said site, together with the buildings thereon, shall be sold at public sale after due advertisement, at such time and such price and upon such terms as may be deemed proper by the Secretary of the Treasury, who is hereby authorized to execute and deliver the usual quitclaim deed to the purchaser; and that the proceeds of such sale be deposited in the Treasury of the United States as a miscellaneous receipt from the sale of public property.

SEC. 5. So much of existing law as provides for the sale of the present post office and customhouse site and building for not less than a stipulated amount is hereby repealed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

SALE OF AN EASEMENT FOR A RAILWAY RIGHT OF WAY OVER THE POST-OFFICE AND CUSTOMHOUSE SITE AT NEWARK, N. J.

The Clerk called the next bill, H. R. 8981 to provide for the sale of an easement for a railway right of way over the post-office and customhouse site at Newark, N. J.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I was under a misapprehension when the prior bill was under consideration. I was under the impression we were considering Calendar No. 408. I would like to make the parliamentary inquiry as to what became of Calendar No. 408?

The SPEAKER pro tempore. There is no such calendar number.

Mr. STAFFORD. Then I was misled. I intended to object to two of the sections of the former bill. But, of course, I lost my rights. I can not see the need of section 4 and section 5, and I will say to the gentleman from New Jersey that I was directing my inquiry before under a misapprehension as to what was under consideration. I thought Calendar No. 408 was under consideration. In the bill that has just been passed we provide for the public sale of the remainder of the site.

In section 5 all existing laws are repealed. I was in sympathy with the general purpose as carried in the first three sections of the bill, but could not see the need of sections 4 and 5, and while the bill has passed the objection stage, I would be indebted to the gentleman if he would explain the matter, because it has applicability to the bill now under consideration.

Mr. LEHLBACH. There is now on the statute books a law which directs the sale of this site of which 31 feet is hereby authorized to be sold to the city of Newark as one parcel. In order to provide for the sale of the remainder of the site, after 31 feet has been acquired by the city of Newark, section 4 is necessary authorizing specifically such sale of the remaining portion of the site because the law says at present that the site is to be sold in one parcel. Section 5 repeals that previous authorization and in order to make the proposition complete sections 4 and 5 are deemed necessary by the Treasury Department.

Mr. STAFFORD. May I inquire whether it is the opinion of the gentleman that the present is a proper time for the sale of any Government property?

Mr. LEHLBACH. It is not intended to sell it at the present time. It is intended to sell it after the new building has been erected, the Government activities moved to it, and the present site vacated, which will be several years hence; and even at that time the Treasury may exercise its discretion in the matter.

Mr. STAFFORD. Coming now to the bill under consideration, Calendar No. 410, may I inquire, under a reservation of objection, what is the need of section 4 of the pending bill? Perhaps the explanation the gentleman has just made applies equally to the present bill.

Mr. LEHLBACH. It is necessary for the same reason. The present law provides for the sale of the fee simple of the entire plot. This allows the immediate granting of an easement over 2 feet underground at the present site.

Mr. STAFFORD. And this bill has also been approved and recommended by the Treasury Department?

Mr. LEHLBACH. Yes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That an easement for a right of way for a city railway over the hereinafter-described land forming a portion of the site of the post-office and customhouse building in the city of Newark, N. J., be sold by the Secretary of the Treasury to the city of Newark, N. J., a municipal corporation of New Jersey, at a price not less than that determined to be the value thereof by three appraisers to be selected by the Secretary of the Treasury, at such time and upon such terms and conditions as the Secretary of the Treasury may deem proper; the land to be subject to the easement to be granted pursuant hereto being located in the city of Newark, N. J., and described as follows:

Beginning at a point in the westerly line of Broad Street distant 132.73 feet northerly from the point of intersection of the westerly line of Broad Street with the northerly line of Academy Street; thence westerly along a line making an interior angle on the northwest with the said westerly line of Broad Street produced of 93° 3′ 31″, a distance of 13.97 feet to a point; thence northerly along a line making an interior angle on the northeast with the line last above described of 86° 36′ 35″, a distance of 20.45 feet to a point; thence westerly along a line making an interior angle on the northeast with the line last above described of 269° 8′ 50″, a distance of 60.16 feet to a point; thence westerly along a line making an interior angle on the north with the line last above described of 184° 22′ 31″, a distance of 37.77 feet to a point; thence westerly along a line making an interior angle on the north with the line last above described of 180° 33′ 37″, a distance of 68.21 feet to a point; thence westerly along a line making an interior angle on the north with the line last above described of 180° 45′ 13″, a distance of 39.63 feet to a point; thence northerly along a line making an interior angle on the northeast with the line last above described of 86° 15′ 43″, a distance of 4.51 feet to a point; thence easterly along a line making an interior angle on the southeast with the line last above described of 92° 28′ 50″, a distance of 219.53 feet to a point in the westerly line of Broad Street; thence southerly along the westerly line of Broad Street, said westerly line of Broad Street making an interior angle on the southwest with the line last above described of 86° 45′ 10″, a distance of 28.29 feet to the point of beginning.

SEC. 2. That upon the payment of the purchase price of said easement for a right of way for a city railway, the Secretary of the Treasury is authorized to convey by deed of easement a right of way for a city railway over the said lands to the city of Newark, N. J., subject, however, to such reservations, limitations, or conditions as said Secretary of the Treasury may deem proper.

SEC. 3. That the proceeds of the sale of such easement for right of way be deposited in the Treasury of the United States as "miscellaneous receipts" derived from the sale of public property.

SEC. 4. So much of existing law as provides for the sale of the present post-office and customhouse site and building for not less than a stipulated amount is hereby repealed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

NELLIE T. FRANCIS

The Clerk called the next bill, H. R. 8479, for the relief of Nellie T. Francis.

Mr. STAFFORD. Mr. Speaker, I object.

JOE ANDREWS CO.

The Clerk called the next bill, H. R. 650, for the relief of Joe Andrews Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there be paid, out of any money in the Treasury not otherwise appropriated, the sum of $10,000 to Andrews Co., of Los Angeles, Calif., to compensate it for the repairing of an automobile damaged while in use by the Navy Department during the influenza epidemic of 1918.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

SAMUEL WEINSTEIN

The Clerk called the next bill, H. R. 6797, for the relief of Samuel Weinstein.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $10,000 to Samuel Weinstein, in compensation for the death of his son, Charles Weinstein, caused by the reckless driving of an automobile by a Federal prohibition agent.

With the following committee amendment:

In line 5, strike out "$10,000" and insert "$5,000."

The committee amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the customary attorneys' fee amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: At the end of line 8, insert a colon and the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CHIPPEWA INDIANS OF MINNESOTA

The Clerk read the next bill on the Private Calendar, H. R. 9388, a bill to authorize the Secretary of the Interior to extend or renew the contract of employment of the attorneys employed to represent the Chippewa Indians of Minnesota in litigation arising in the Court of Claims under the act of May 14, 1926.

The SPEAKER pro tempore. Is there objection?

Mr. EATON of Colorado. I object.

Mr. PITTENGER. Will the gentleman withhold his objection?

Mr. EATON of Colorado. I will.

Mr. PITTENGER. There is a bill that passed the Senate that is identical with the bill on the House Calendar. If this bill does not pass, the litigation in which these Indians are engaged is at a standstill. The contract for employment runs out, and unless the department is authorized to make a new contract a lot of money that has been spent in litigation will be wasted.

Mr. COLLINS. Will this bill enable the attorneys to get a larger fee than was originally agreed upon?

Mr. PITTENGER. A representative of the Indian Department was before the committee. The old contract provided for a cash payment out of Indian funds, and the new contract is a contingent proposition, to be worked out by the department.

Mr. COLLINS. I do not think the gentleman understood my question.

Mr. PITTENGER. Will the gentleman repeat it?

Mr. COLLINS. I want to find out if this bill will enable the attorneys to receive a larger fee than was originally contracted for.

Mr. PITTENGER. I heard the gentleman's question, and my answer is that under the old contract they were given cash payments out of the Indian funds, and under the new policy they will not do that. Under this bill they will be on a contingent basis.

Mr. COLLINS. What will the contingent fee amount to?

Mr. PITTENGER. No one can tell.

Mr. COLLINS. I mean in percentage.

Mr. PITTENGER. They have made claims which may be rejected, and other claims may be allowed.

Mr. COLLINS. Will the attorneys receive as much as 50 per cent of the amount collected?

Mr. PITTENGER. No; they can only receive 5 per cent.

Mr. COLLINS. Will that include the amount already paid?

Mr. PITTENGER. That is my understanding.

Mr. STAFFORD. Reserving the right to object, is the gentleman from Minnesota a member of the Committee on Indian Affairs?

Mr. PITTENGER. No; but I have given a great deal of attention to this.

Mr. STAFFORD. This is a proposal of some moment to the Indians, and yet we have in the report no reference or letter from the Bureau of Indian Affairs, or the head of the department. We ought not to pass these matters relating to Indians without knowing the attitude of the Department. These Indians are the wards of the Government; and the Commissioner of Indian Affairs, and afterwards the United States, should look out for their wards.

In the past these attorneys have been receiving $6,000 a year. What have they been doing? When I practiced law I thought $6,000 was a pretty good fee.

Mr. PITTENGER. All of these matters were gone into before the Committee on Indian Affairs, and with two or three representatives from the department. The original bill was objectionable, and for that reason substitute language has been used, and the bill was really drafted by the Committee on Indian Affairs, with representatives of the bureau present.

Mr. EATON of Colorado. Will the lawyers apply the $60,000 they have already received to the contingent fee if this bill is passed?

Mr. STAFFORD. Oh, these attorneys that feed on the Government, who look up hoary claims for the Indians, never give up any fees that they once obtain. Here are attorneys who have received annually $6,000, yet they have done practically nothing. The Indians have got tired of paying money out of their treasury, and for the time being, until we have a report, I am constrained to object.

Mr. PITTENGER. Will the gentleman withhold that? Let me say that all of these matters were gone over before the committee, and there is not any more cash to be paid out.

My colleague is misinformed about the delay in litigation. The attorneys are not at fault. This litigation has had their active and personal attention. They were selected by the department because of their standing and ability, and they are representing the Indians as well as can be done. Delays occur in any litigation, especially where there are complicated claims, as exist in these cases. The Commissioner of Indian Affairs knows what is going on. The chairman of the Committee on Indian Affairs, the gentleman from Nebraska [Mr. HOWARD], is present, and I think he will bear me out that this new contract that the department has asked for and is authorized to draw is really in the interest of the Indians. As matters now stand, unless you get this through, their litigation is just held up.

Mr. HOWARD. My recollection is the extension of this contract is asked for by the Commissioner of Indian Affairs. I do not make that as a positive statement, but that is my recollection.

Mr. STAFFORD. Will the chairman of the committee take back to the clerk of his committee the word that instead of having just a 1-leaf report that he go to the further expense of having a 2-leaf report, so as to incorporate the letter from the department stating their views upon the matter. I shall not interpose any objection in this instance, but I shall be inclined to do so as to others, when the report does not incorporate the recommendations of the department.

The SPEAKER pro tempore. Without objection, a similar Senate bill (S. 2364) on the Speaker's table will be substituted for the House bill.

There was no objection, and the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and hereby is, authorized to renew the contracts of employment heretofore entered into with the attorneys employed to represent the Chippewa Indians of Minnesota in the suits instituted in the Court of Claims under authority of the act of May 14, 1926 (44 Stat. L. 555), as amended, on a year-to-year basis but not to exceed three years, as the Secretary of the Interior may deem advisable and for the best interests of said Indians. Said attorneys shall be entitled to such compensation for their services, in addition to that heretofore paid to them, as the Court of Claims in its discretion may allow from any amount recovered in any such suit, which compensation shall not exceed the sum of 5 per cent of any such recovery for the attorney for the Chippewa of White Earth Reservation and a like compensation for the firm of attorneys employed by the other bands of Chippewa Indians of Minnesota: *Provided, however*, That the Secretary of the Interior shall continue to pay out of tribal funds belonging to the Chippewa Indians all actual and necessary expenses incurred by said attorneys in such litigation as authorized by and subject to the limitations contained in the act of April 11, 1928 (45 Stats. 423): *And provided further*, That the compensation and expenses of the attorney or firm of attorneys employed under existing law to represent the Red Lake Band of Chippewa Indians of Minnesota shall be paid out of any money to the credit of said Indians in the Treasury of the United States not otherwise appropriated.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A similar House bill was laid on the table.

WARREN J. CLEAR

The next business on the Private Calendar was the bill (S. 901) for the relief of Warren J. Clear.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GRISWOLD. Mr. Speaker, I reserve the right to object. We are going further and further all the time in this class of cases. We have had a lot of claims here where the Government is made an insurer for employees against the act of vandals, but we go further here now and seek to make the Government an insurer to employees against acts of God.

Mr. BLACK. Mr. Speaker, this is the case of an officer who lost his property during the earthquake in Japan. Three other officers who lost property at the same time have been paid. The Comptroller General has made a rather technical ruling against this particular man. The War Department finds that this amount covers the exact amount of his loss. His property was in Tokyo and he was elsewhere at the time the earthquake occurred. He hurried to Tokyo and engaged himself in saving human life and property. In the meantime his own property was destroyed. It seems that under the law where an officer is engaged in saving human life and property and loses his own property at the same time, under similar circumstances, he is entitled to be recompensed for it, but here he happened to be losing his own property and saving the lives of other people and saving the property of other people, under not exactly identical circumstances to those under which he lost his own property. He happened to be not at his place of residence, but elsewhere, engaged in the performance of his duty, but at the same time engaged in saving human life and property. Had he been at his own place in Tokyo exactly when the earthquake broke, had he done exactly the same things that he did elsewhere, and had his property been lost, as it was lost, then the Comptroller General would have recommended the payment and the man would have been paid. Three other officers have been paid under similar circumstances.

Mr. GRISWOLD. Mr. Speaker, so far as the facts in this case are concerned, as they were divulged to us, this man was an attaché at the embassy at Tokyo. He was not in Tokyo at the time of the earthquake, but he did, according to the statement, assist in evacuating some 30 foreign women and children, not even American citizens, after the earthquake was all over. He did not arrive in time. There were hundreds of other American citizens in Tokyo doing what any other Anglo-Saxon would have done, saving women and children, and the Government is not reimbursing them for their property. I object.

GEORGE H. HOLMAN

The next business on the Private Calendar was the bill (H. R. 2650) for the relief of George H. Holman.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, George H. Holman, late a private in Company B, Thirty-third United States Volunteer Infantry, and in Company E, Twelfth Regiment United States Infantry, shall be held and considered to have been discharged honorably from the military service of the United States, as a member of said Company E, Twelfth Regiment United States Infantry, on the 27th day of February, 1904: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

SIDNEY JOSEPH KENT

The next business on the Private Calendar was the bill (H. R. 7385) for the relief of Sidney Joseph Kent.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged sailors, Sidney Joseph Kent, who enlisted in the United States Navy in January, 1918, and who was discharged on October 23, 1918, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

ESSIE FINGAR

The next business on the Private Calendar was the bill (H. R. 5786) for the relief of Essie Finger.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Essie Finger, blind and dependent sister of George William Finger, late boatswain's mate, second class, United States Navy, a sum equal to six months' gratuity pay, as provided for under the act of May 22, 1928.

With the following committee amendments:

On lines 5 and 7, strike out "Finger" and insert "Fingar."

The committee amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

The title was amended to read: "A bill for the relief of Essie Fingar."

WILLIAM GIRARD JOSEPH BENNETT

The next business on the Private Calendar was the bill (S. 860) for the relief of William Girard Joseph Bennett.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon persons honorably discharged from the United States Navy, William Girard Joseph Bennett shall be held and considered to have been honorably discharged from the United States Navy on the 29th day of April, 1921: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

THEODORE W. BELAND

The Clerk called the next bill, H. R. 1409, for the relief of Theodore W. Beland.

Mr. BACHMANN. Mr. Speaker, I object.

GEORGE M. PEED

The Clerk called the next bill, H. R. 2927, for the relief of George M. Peed.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to redeem in favor of George M. Peed, 4⅞ per cent United States Treasury certificates of indebtedness, Nos. 17951 to 17954, inclusive, for $500 each, dated September 16, 1929, and maturing June 16, 1930, without presentation of said bonds, the bonds having been lost or stolen while in the possession of the said George M. Peed, the legal owner and holder thereof: *Provided*, That the said bonds shall not have been previously presented and paid: *And provided further*, That the said George M. Peed shall first file in the Treasury Department of the United States a bond in the penal sum equal to double the amount of the principal of said bonds, in such form and with such surety or sureties as may be acceptable to the Secretary of the Treasury, to indemnify and save harmless the United States from any loss on account of the lost or stolen bonds hereinbefore described.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem in favor of George M. Peed, 4⅞ per cent United States Treasury certificates of indebtedness, Nos. 17951 to 17954, inclusive, in the denomination of $500 each, dated September 16, 1929, matured June 16, 1930, series TJ–1930, without interest and without presentation of the said certificates which are alleged to have been lost or stolen: *Provided*, That the said certificates of indebtedness shall not have been previously presented and paid, and that no payment shall be made hereunder for any coupons which may have been attached to the certificates: *Provided further*, That said George M. Peed shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal of said certificates of indebtedness in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the certificates of indebtedness hereinbefore described."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

J. R. REIMER

The Clerk called the next bill, H. R. 2935, for the relief of J. R. Reimer.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow credit in the accounts of J. R. Reimer, postmaster at Clinton, Okla., for $459.90 unlawfully paid to a substitute clerk, C. H. Markum, for vehicle hire.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

LIEUT. ENOCH GRAF

The Clerk called the next bill, H. R. 4887, for the relief of Lieut. Enoch Graf.

Mr. PATTERSON. Reserving the right to object, it does not seem to impress me strongly that this officer is entitled to this benefit. I would like to have a statement from the gentleman who is the author of the bill.

Mr. HOLLISTER. This is one of three officers under whom certain peculations occurred at Camp Custer, Mich., on the part of a civilian employee in the Quartermaster Corps. One of these officers has already been reimbursed. The second officer has had a bill reported in his favor providing for reimbursement. This man, the third officer, is the one who discovered the peculations. It is he who is responsible for getting the man and for getting certain property from him to reimburse the Government. He is also responsible for making certain changes in the regulations so that the condition can not occur again.

Mr. COLLINS. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. COLLINS. These peculations went on for 10 years.

Mr. HOLLISTER. They went on for 10 years, and this is the last man of the three.

Mr. COLLINS. If these officers had been at all alert, they could have discovered these peculations long before they did. The officers are still in the Army, are they not?

Mr. HOLLISTER. It was this man who discovered the peculations. The first man was reimbursed by the Government.

Mr. COLLINS. It seems that officers, if attentive to duty, should have known that something was wrong and should therefore be held responsible for the inaccuracies, peculations, and fraud, though committed by irresponsible subordinates.

Mr. HOLLISTER. I am in agreement with the gentleman as a general proposition; but it does seem that in the case of this man, who, as I say, discovered the peculations, and where one of the other officers, under whom these peculations continued for years, has already been reimbursed, he should receive the same consideration.

Mr. PATTERSON. May I ask this question? Has the Government been reimbursed? Will the Government be at any loss if this bill is allowed?

Mr. HOLLISTER. The Government has already been reimbursed by this officer in the sum of $4,000.

Mr. PATTERSON. And this is to give it back to him, and the Government will be the loser?

Mr. HOLLISTER. No. The officer got back about half of what he got. This is the amount for which this officer is left holding the bag.

Mr. HARE. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. HARE. As a matter of fact, is not the War Department charged with the responsibility, through its auditors, of checking these accounts quarterly?

Mr. HOLLISTER. I imagine so, but I do not know.

Mr. HARE. I have had occasion to go into a case just like this, and I found that the auditor of the War Department, under a regulation and under an act, is required to audit these accounts quarterly, and these officers have the right to rely upon the audits of the auditors and are, therefore, not charged with having extra knowledge of auditing accounts like an accountant.

Mr. COLLINS. Oh, these men are officers connected with the Finance Department of the Army.

Mr. HARE. I would like to have my question answered. I want to know whether or not, as a matter of fact, under the regulations, these accounts had been audited by the War Department.

Mr. COLLINS. These officers are the auditors of the War Department.

Mr. HARE. Then, they had not been audited by the auditing department of the War Department?

Mr. COLLINS. There is no such department by name in the War Department.

Mr. HARE. Oh, yes, there is. I disagree with the gentleman.

Mr. COLLINS. The auditing department of the War Department is the finance department, of which these officers are members.

Mr. HOLLISTER. The War Department specifically recommends that this allowance be made.

Mr. COLLINS. Oh, yes; because Congress has abated claims against two other officers who were in the same predicament as this officer. The idea being that if one officer was granted relief all should be accorded the same treatment—a policy to which I usually subscribe.

Mr. BLACK. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. BLACK. There is another thing in favor of this man. This is the officer who discovered that the peculations were going on, and there is nothing to show how long he was on duty; whether it covered the period of time he was actually in control of the situation or not.

Mr. COLLINS. The gentleman is mistaken about that. This man was charged with the peculations which occurred during the time he was responsible, and only for that particular period of time.

Mr. HOLLISTER. That is correct.

The SPEAKER pro tempore. Is there objection?

Mr. PATTERSON. Mr. Speaker, I object for the present.

J. H. WALLACE

The Clerk called the next bill, H. R. 5820, for the relief of J. H. Wallace.

Mr. EATON of Colorado. Mr. Speaker, I object.

Mr. SMITH of Virginia. Will the gentleman reserve his objection?

Mr. EATON of Colorado. I reserve my objection.

Mr. SMITH of Virginia. This is a bill offered by the gentleman from Texas [Mr. WILLIAMS]. I had occasion to report it in the Claims Committee. Is the gentleman familiar with the facts of the bill?

Mr. EATON of Colorado. I am familiar with them as they appear in the report.

I know from my examination of various other reports and my own personal experience that in cases which are proper cases for relief, the Comptroller General gives a letter stating that it is a proper case for relief. Such recommendation is entirely lacking here.

Mr. SMITH of Virginia. There is no recommendation in the report, but it is unquestioned that this man did pay this money for this property. There was a public sale conducted in good faith by the United States Government. He paid out $250.

Mr. EATON of Colorado. If it is unquestioned that he ought to have his money back it is a simple matter to get such a report from the Comptroller General.

Mr. SMITH of Virginia. I think the gentleman will find in the report a statement that the Comptroller General said he could not pay it back because it had been covered into the general fund.

Mr. STAFFORD. If the gentleman believes the facts as stated in the report, and we have to accept the report at its face value, this claimant paid a certain amount of money for the purchase of a piece of real estate. That money was deposited in the Treasury of the United States. He did not get the real estate. The Government has the money.

There is no law which authorizes the refunding of money after it has once been deposited in the Treasury. This bill authorizes that. They have not even allowed interest. This is merely for the reimbursing of the purchase price paid, $350. The Comptroller General would have no power to pass on the question whether the money ought to be refunded.

Mr. EATON of Colorado. If the gentleman from Wisconsin is satisfied, and the gentleman from Virginia states that he knows this is an honest and just claim, of course I will not interpose any further objection. If the Government received the money under such circumstances, it should be refunded.

Mr. SMITH of Virginia. I will state to the gentleman this is my information on the subject.

Mr. EATON of Colorado. But there is no report accompanying this claim.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $450 to J. H. Wallace, of Paradise, Tex., as reimbursement of purchase money paid for real estate formerly owned by William Lyons and sold by the collector of internal revenue at a distraint sale March 14, 1911.

With the following committee amendment:

In line 5, strike out the figures "$450" and insert the figures "$350."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

KARIM JOSEPH MERY

The Clerk called the next bill, H. R. 7412, for the relief of Karim Joseph Mery.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, there is no legal obligation on the Government, and I question the propriety of recognizing any equitable obligation in view of the fact that this injury occurred when the soldier was not on an official trip, or on authorized Government business, as appears from the report of the Secretary of War under date of March 1, 1926, which says, "Nor on authorized Government business in the training, practice, operation, or maintenance of the Army."

Mr. SWANK. The report of the War Department shows that these three soldiers were driving the truck; that they took the truck to San Antonio to get a load of stationery and stopped for lunch. After lunch they were going down the street. The report of the War Department says they were intoxicated. The evidence shows they drove clear across the street on the other side where a couple of boys were selling watermelons and cantaloupes out of a little wagon. They ran into them.

The War Department allowed the damages to the little wagon in the sum of $275, and admitted liability on that. Of course, there is no legal liability.

Mr. STAFFORD. Oh, I am not haggling on the legal liability. I am concerned as to whether the soldier was in anywise identified with Government work so that we can hold the Government liable in equity.

Mr. KLEBERG. I may say to the gentleman that if he will refer to page 3 of the report following the statement of the Secretary of War, Mr. Davis, he will find the statement of Ralph H. Miller, to which there is attached an order given to him on the afternoon following the lunch when he was asked to take the truck again and go and pick up a load of stationery. The gentleman will find this right at the top of the page, and I rely on the evidence in the case to make it perfectly plain that there is a connection.

Mr. STAFFORD. Mr. Speaker, I was relying largely on the letter of the Secretary of War. I have not gone into the detailed supporting evidence.

Mr. Speaker, I ask unanimous consent that this bill may be passed over temporarily.

Mr. KLEBERG. Will the gentleman withhold his request for a moment?

Mr. STAFFORD. I withhold my request.

Mr. KLEBERG. I want to explain to my colleague that in the statement of the Secretary of War it should be noted the department took no cognizance of the element of personal injury. They referred in this investigation entirely to property loss, and in this connection the report calls attention to the well-established principle of law that the Government can not be held legally liable for the torts of its agents. In so far as the personal-injury element of this case is concerned, in the same report it is stated that this must be provided by special act of Congress. They withhold the recommendation either for or against the accompanying bill clearly for the reason the War Department had not taken cognizance of the personal-injury element involved and was referring that matter directly to the Congress.

I hope the gentleman will allow the bill to pass.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over temporarily.

The SPEAKER pro tempore. Is there objection?

There was no objection.

CARRIE PRICE ROBERTS

The Clerk called the next bill, H. R. 7639, for the relief of Carrie Price Roberts.

Mr. EATON of Colorado. Mr. Speaker, I object.

Mr. BLACK. Will the gentleman withhold his objection?

Mr. EATON of Colorado. I will.

Mr. BLACK. Mr. Speaker, this is the case of a contractor carrying mail for the Government who was shot down by county officers. The department reports that this bill should pass. This man, while actually in the performance of his duty in protecting the United States mail, was held up by armed men. He stepped down from the truck. What his purpose was we do not know, but when he stepped down he was shot down by these men who happened to be officers of the law. He was ruthlessly shot down by them without any information from them as to why they were stopping him or anything else. I think under such circumstances the gentleman should not object. I believe his widow is entitled to some compensation.

Mr. EATON of Colorado. If the widow is entitled to compensation, this must be a case that clearly comes under the compensation laws of the United States; and if it does not come under those laws, you should not be here asking that this employee of the Government be given any more con-

sideration than any other employee of the United States. If it is such a case and the gentleman will redraft the bill and authorize this widow to make her claim to the Employees' Compensation Commission, so that the rights in the matter may be determined, I shall not object.

Mr. BLACK. Mr. Speaker, I ask unanimous consent that we may be permitted to call this bill up later in the day for the purpose of offering such an amendment.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, star-route contractors are not employees of the Government of the United States and do not come within the provisions of the employees' compensation act. I am not willing to grant the benefits of the employees' compensation act to individual contractors for the Government in the performance of their contract obligations. If this contractor in performing his contract for the United States suffered death, perhaps we, in the grace of the Government, should pay out a certain definite amount, but certainly not $10,000, because that is violative of the policy of this Congress in recognizing the payment of death claims. I am unwilling to extend the privileges of the compensation act to such cases as these, as it might mean thousands upon thousands of dollars in claims imposed on the Treasury. The gentleman from Colorado will recognize that a star-route carrier is a contract officer of the Government, just like any other contractor. It is true he is performing work for the Government, but he is not an employee of the Government in the true sense of the word, and it is questionable whether we should recognize any liability in those cases.

Mr. BLACK. Will not the gentleman permit the bill to pass if we reduce the amount to $5,000?

Mr. EATON of Colorado. Mr. Speaker, I ask unanimous consent that the bill may be passed over temporarily.

The SPEAKER pro tempore. Is there objection?

There was no objection.

DON C. FEES

The Clerk called the next bill, S. 229, for the relief of Don C. Fees.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to allow in the accounts of Don C. Fees, disbursing clerk, Department of Justice, the sum of $33.80, paid by him under authority and direction of said department for the purchase, in the open market, of 2,600 manila envelopes, which was disallowed by said Comptroller General.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A similar House bill was laid on the table.

ROSS E. ADAMS

The Clerk called the next bill, S. 2909, for the relief of Ross E. Adams.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to Ross E. Adams, of Nashua, Mont., out of any money in the Treasury deposited to the credit of the Fort Peck Indians, a sum equal to the amount found by the Commissioner of the General Land Office to have been paid by the said Ross E. Adams in excess of lawful requirements on account of his original homestead entry on lands within the Fort Peck Indian Reservation, less any amounts unpaid on the date of enactment of this act on account of his additional entry made on May 21, 1926, on lands within such reservation. Such sum shall be in full satisfaction of his claim for a refund of overpayments on account of such original entry, and the Secretary of the Interior is authorized and directed to issue patent to the lands covered by such additional entry without the requirement of any further payments.

The bill was ordered to be read a third time, was read the third time, and passed; and a motion to reconsider laid on the table.

NICK VASILZEVIC

The Clerk called the next bill, H. R. 1780, for the relief of the legal guardian of Nick Vasilzevic.

Mr. COLLINS. Mr. Speaker, reserving the right to object, I would like to inquire of some one why it is the duty of the Government to pay this claim. It seems there was some wine on the floor, that this lady was turning on an electric light, and was electrocuted. The gentleman from Wisconsin believes that the wine on the floor plus defective electric-light fixtures caused the death of this lady.

Mr. SCHAFER. If the gentleman will yield, I believe that in one minute and a half I can convince him that the Government ought to pay this amount. Federal prohibition agents, operating under a search warrant, searched the home of the deceased mother of the beneficiary of this bill.

They poured the confiscated spirits down the sink, as the report from the department indicates, but they poured the confiscated wine on a dirt basement, and as a result the spirit of this little boy's mother is in the great beyond at the present time. While the agents were taking the husband, the owner of the premises, to jail, the mother went down in the basement to turn off the electric light. By reason of the fact that the wine had been poured on the dirt an electric contact resulted in her electrocution. If the agents had not poured the wine on the basement floor but had poured it down the sink, the same way they poured the spirits down the sink, the spirit of this boy's mother would not be in the great beyond to-day. A reading of the committee report shows that Mr. Woodcock, the Director of the Prohibition Department, censured the agents and said they exceeded their authority. As an attorney, the gentleman knows that a prohibition agent is a law-enforcement agent, but that as such enforcement agent he has no legal authority to act as judge and jury, to confiscate and destroy property.

Mr. STAFFORD. If the gentleman will permit, when this inquest took place in my home city, arising out of an incident in my district, I believe on the upper north side of Milwaukee, I naturally followed it, and particularly followed it, after the gentleman from Wisconsin gave forth an interview to the papers that he was going to introduce a bill for the relief of this child. I was rather impressed with the finding of the coroner's inquest, to the effect that there was a defective electric-light bulb which was the contributing cause of this injury. What has my colleague to say about that?

Mr. SCHAFER. The defective light bulb could not contribute to the death of anyone who turned that light on or off until the prohibition agents spilled the wine on the dirt floor, thereby making a contact. Therefore the pouring of the wine is the primary causation of the passing of this poor, unfortunate woman, with the result that she has left this little child 7 years of age. In view of these facts, and in view of the fact that the Prohibition Director's report indicates negligence on the part of the agents in pouring the wine on the dirt floor, and in view of the fact that the Director of Prohibition censured the agents for so doing, I believe this is about as meritorious a bill as there is on this Private Calendar.

Mr. MEAD. If the gentleman will permit, let me say in verifying the statement he has made to the effect that the agents contributed to the death of this woman, that anyone who knows anything about electricity knows that liquid of any kind poured upon a cellar floor or any other place immediately becomes a conductor of electricity and endangers the life of anyone who places any part of his body in contact with an electrical circuit of high voltage. Had the cellar floor been dry or left in a dry condition by the agent; in other words, if this liquid had not been poured on the floor to dampen the feet of this woman, no matter how many defective light bulbs she may have touched, there would be no current passing through her body because of the resistance of the dry floor, her stockings, and shoes. So the presence of the liquid, spilled by the Federal agent, made possible the contact and made her body a conductor of electricity and brought about the condition explained by the gentleman from Wisconsin.

Mr. SCHAFER. The gentleman is absolutely correct. No one can contradict that statement. There is certain prima facie evidence that the action of the Federal prohibition agents in pouring the wine on the dirt floor, illegally, was the immediate cause of the death and not simply a contributing cause.

Mr. COLLINS. Mr. Grover Kruecke, electrical inspector of the city of Milwaukee, testified at the coroner's inquest that the light cord was frayed and dangerous and that the light socket was a brass affair, the use of which was not recommended, and the inspector indicates in his testimony that the condition of the light cord and the socket was responsible for this woman's death. Under these circumstances I can not see why it is the duty of the Government to pay $5,000 or any other amount.

Mr. SCHAFER. There is absolutely nothing to indicate that the condition of the light socket was the cause of death. If the gentleman knows anything about electricity——

Mr. COLLINS. I am reading from the report that is submitted along with this bill.

Mr. SCHAFER. It may have been a contributing cause of the death. If there was any defect whatever in the light socket, when the agents poured the wine on the floor the contact would have been made and was made and resulted in this death. If the agents had not entered the premises and if they had not poured the wine on the dirt floor, there certainly could not have been any possibility of any short circuiting causing the death of this little boy's mother.

Mr. COLLINS. For the present I shall be compelled to object. If later I find additional evidence to justify the passage of the bill, I will advise the gentleman. Mr. Speaker, I object.

NEILL GROCERY CO.

The Clerk called the next bill, H. R. 549, for the relief of the Neill Grocery Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Neill Grocery Co., Wheeling, W. Va., the sum of $2,531.97, plus interest thereon at the rate of 6 per cent per annum from October 13, 1920, to the date of the enactment of this act. Such sum represents the amount of a fine and court costs paid on such date, by such company, pursuant to a conviction for violating certain provisions of the Lever Act of August 10, 1917, as amended, prior to the declaration by the Supreme Court of the United States of the invalidity of such provisions.

With the following committee amendments:

Page 1, line 6, after the figures, strike out the words "plus interest thereon at the rate of 6 per cent per annum from October 13, 1920, to the date of the enactment of this act."

And on page 2, line 2, insert:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ROSA E. PLUMMER

The Clerk called the next bill, H. R. 755, for the relief of Rosa E. Plummer.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I would like to direct the attention of the author of the bill to the fact that this claimant has had her day in court. Certainly, under the provisions of this act we could not permit Congress to determine liability under the compensation act when the Compensation Commission has found she was not entitled to the privileges of that act.

Mr. BRUMM. We have gone all over that. All that was discussed and gone over, I may say to the gentleman. This was a progressive thing. This woman had no more idea she was going to become blind when the trouble started than anything in the world, and in this way she was misled. The merits of the matter seem to absolutely warrant consideration of this bill.

Mr. STAFFORD. The report states that the claimant "filed a claim with the commission on June 29, 1920, alleging she was injured on or about March 23, 1918, while employed as an operative in the trimming room, examining division, of the Bureau of Engraving and Printing; that her disability is indefinite blindness in both eyes and alleging as the cause of the injury 'aggravated by glaring lights,' which caused severe headaches while on night shift. The finding of the commission upon her claim was that the evidence then available failed to show that the disability complained of was the result of her employment by the Government."

Mr. BRUMM. "Then available."

Mr. STAFFORD. She had her day in court under the employees' compensation act.

Mr. HOPE. If the gentleman will permit, let me say to the gentleman that the report, I think, is in error in stating that this claim was denied on its merits.

Mr. BRUMM. It does not say it was denied on its merits.

Mr. HOPE. But the claim was denied for the reason it was filed after more than a year had elapsed, and under the statute governing such matters, the claim must be filed within one year.

Mr. GRISWOLD. If the gentleman will yield, there is nothing in the report to show anything about that.

Mr. HOPE. That is true, but if you will check up the time when the injury occurred, the time she was dismissed, and the time she put in her claim, you will find that more than a year elapsed.

I have the Senate report here on the Senate bill which reads as follows:

But the claim was disallowed by the commission on July 6, 1920, on the ground that the compensation act specifically provides that notice and claim must be filed within a year of the date of the injury.

Mr. GRISWOLD. Is there anything from the commission incorporated in the Senate report?

Mr. HOPE. I do not think there is anything in the report from the commission, but the committee did have a report from the commission from which this report was formulated.

Mr. BRUMM. And I may say that it was never turned down on its merits at any time.

Mr. EATON of Colorado. Then the report before us here is wrong.

Mr. BRUMM. It is not wrong. It does not say it was turned down on its merits.

Mr. EATON of Colorado. The report says, "The finding of the commission upon her claim was that the evidence then available failed to show that the disability complained of was the result of her employment by the Government."

Mr. BRUMM. Yes; "then available." This trouble was of a progressive nature.

Mr. EATON of Colorado. But the gentleman from Kansas [Mr. HOPE] says there never was a hearing on the claim. It was turned down because it was filed more than one year after the accident. If that is true, under all the facts of the case, I have no objection to having the usual form of bill substituted for this bill now pending, and permitting the woman to make her claim before the Employees' Compensation Commission, with the usual provision that no benefits shall accrue before the passage of this act.

Mr. STAFFORD. Of course, if this claimant was barred from the determination and examination of the claim on the merits because she had not filed it within the statutory period, in line with the policy this House has adopted, I have no objection to submitting her claim to the Employees' Compensation Commission for determination on its merits. I have prepared an amendment to enable the commission to determine whether she is entitled to anything.

The SPEAKER pro tempore [Mr. MCDUFFIE]. Is there objection to the consideration of the bill?

There was no objection.

By unanimous consent, the Senate bill (S. 111) was substituted for the House bill.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United

States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, are hereby waived in favor of Rosa E. Plummer, a former employee in the Bureau of Engraving and Printing: *Provided*, That compensation, if any, shall commence from and after the date of the passage of this act.

Mr. STAFFORD. Mr. Speaker, I offer the following substitute for the Senate bill.

The Clerk read as follows:

Mr. STAFFORD moves to strike out all after the enacting clause and insert the following:

"That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Rosa E. Plummer as to whether she suffered an injury while employed in the Bureau of Engraving and Printing, compensable under said act and after the date of its enactment, purporting to have been injured on or about March 23, 1918, in the same manner and to the same extent as if said Rosa E. Plummer had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefit shall accrue prior to the enactment of this act."

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

EDWARD J. O'NEIL

The Clerk read the next bill on the Private Calendar, H. R. 1203, for the relief of Edward J. O'Neil.

The SPEAKER pro tempore. Is there objection?

Mr. BACHMANN. Mr. Speaker, I ask unanimous consent that this bill, Calendar No. 433, and the next bill, Calendar No. 434, may be passed until later in the afternoon.

Mr. SCHAFER. Reserving the right to object, does the gentleman intend to call these up to-day?

Mr. BACHMANN. I do.

Mr. PATTERSON. The bills will be taken up later in the day?

Mr. BACHMANN. Yes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

WILLIAM DALTON

The Clerk read the next bill on the Private Calendar, H. R. 1289, for the relief of William Dalton.

The SPEAKER pro tempore. Is there objection?

Mr. BACHMANN. Reserving the right to object, this bill fails to carry the date and place of the injury for which they desire compensation. Does the gentleman from Missouri know the date the injury occurred?

Mr. COCHRAN of Missouri. Yes. I made a thorough investigation, because there was a controversy between the prohibition agents and the marshal as to who was responsible. All the facts and affidavits are on file—reports, affidavits, statements of the chief of police of St. Louis, and Public Health Service doctor. The Government agents poured over 2,000 gallons of alcohol into the gutter of a public street, some one tossed a match in the alcohol, and the boy was burned. This occurred July 20, 1925, on a street in the city of St. Louis. The act of the Government officials was in direct violation of city ordinances; but you realize the city police have no control over Federal agents and United States marshals. The boy was on the sidewalk, within his rights, and sustained burns that resulted in the young man contracting a permanent disability as he developed nephritis. The sum allowed by the committee, $1,500, in no way fully compensates him for his permanent disability. I understand his life is practically ruined. Of course, I could do nothing but accept the $1,500, in view of the committee's recommendation.

Mr. BACHMANN. I am not objecting to the principle involved in the bill, but the bill should show upon its face when this occurred and where it occurred.

Mr. COCHRAN of Missouri. I can amend the bill by inserting, it occurred in St. Louis, Mo.

Mr. SCHAFER. Here it is. The accident occurred on July 20, 1925. The report shows that.

Mr. STAFFORD. Further reserving the right to object, there seems to be a vacuity of information so far as the extent of the injury is concerned.

Mr. COCHRAN of Missouri. That is what the report states, but the file is here, and if I could read the testimony as submitted to the committee it would show that even up to six months ago this boy was seriously ill. He has been an invalid practically since 1925.

Mr. STAFFORD. How extensive were the burns?

Mr. COCHRAN of Missouri. They were first-degree burns, most severe. I think that is what the doctors stated in their affidavits.

Mr. STAFFORD. If this young man has suffered from the effect of alcoholism, from external application, to the extent that the gentleman says, and if he is now suffering from nephritis, as the result of alcohol applied externally and not internally, I have no objection, on the assurance of the gentleman from Missouri that the boy is still suffering.

Mr. BACHMANN. Mr. Speaker, I reserve the right further to object. The report shows that the accident occurred in 1925.

Mr. COCHRAN of Missouri. On July 20, 1925, on a public street in St. Louis.

Mr. BACHMANN. The gentleman will agree to an amendment stating that this happened in St. Louis, Mo., upon that date?

Mr. COCHRAN of Missouri. Yes.

Mr. BACHMANN. I withdraw my objection.

Mr. STAFFORD. I thought that the city of St. Louis was a very liberal place and that they really appreciated good liquor there.

Mr. COCHRAN of Missouri. We do, the same as they do in Milwaukee.

Mr. STAFFORD. In Milwaukee conditions have never occurred where good whisky has been poured into the gutter. We pour it there through different channels.

Mr. COCHRAN of Missouri. This, however, was alcohol, not good whisky. I doubt if good whisky ever finds its way to gutters and sewers in St. Louis and I am sure it never does in Milwaukee, although I might add the Prohibition Unit has always been very active in St. Louis, more so I think than it has been in Milwaukee and some of the supposed-to-be-dry cities of the country. The violations of the prohibition act are no greater in St. Louis than in any other large city. That, however, has no bearing upon the pending bill. It is a meritorious bill and should be passed. My only regret is that the committee reduced the amount to $1,500. The young man is just another victim of the eighteenth amendment.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 to William Dalton, to compensate him for first-degree burns received while walking on a public sidewalk, due to United States Government agents pouring alcohol into a gutter on a public highway, said alcohol being ignited as a result of some unknown person throwing a match in the gutter.

With the following committee amendment:

Line 5, strike out "$5,000" and insert in lieu thereof "$1,500," and in line 6, after the word "to," insert "the legal guardian of."

The committee amendment was agreed to.

Mr. BACHMANN. Mr. Speaker, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment by Mr. BACHMANN: Page 1, line 8, after the word "sidewalk" and the comma, insert the words "in St. Louis, Mo., on July 20, 1925."

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

GEORGE DACAS

The next business on the Private Calendar was the bill (H. R. 2539) for the relief of George Dacas.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. I note that the Government was not exercising any jurisdiction over those premises at the time the injury was suffered by the deceased intestate.

Mr. RAMSPECK. Mr. Speaker, the Government was exercising jurisdiction over these explosives. I hold in my hand, and the gentleman will find reference to it in the report, a letter from T. C. Locke, captain, Quartermaster Corps, formerly commanding officer at Camp Gordon, in which he states the facts with reference to his control over those explosives. He states that he sold them on the day following the accident or a day or two after that to a man named Belfor. I have an affidavit from Mr. Belfor stating that he bought them a day or two after this accident, and at the time he was examining them in the company of the captain of the Quartermaster Corps he heard about the injury to this boy, George Racas, and both the letter of the Quartermaster Corps officer and the affidavit of the purchaser set out the fact that they recovered this sack of dynamite caps, or whatever they were, that these young boys had taken from this place. The magazine was unlocked. I do not know who unlocked it, but it certainly can not be held against an 8-year-old boy that he would get hold of these caps. He was not old enough to be responsible. There is no question about the fact. The Government owned these explosives, and it sold them to this man Belfor a day or two after the accident occurred.

Mr. STAFFORD. In this case we are handicapped because the report does not contain any of the evidence which was submitted by the department criticizing the claim.

For the time being, Mr. Speaker, I ask unanimous consent that this claim may go over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

J. B. HUDSON

The Clerk called the next bill, H. R. 2534, for the relief of J. B. Hudson.

Mr. EATON of Colorado. Reserving the right to object, the author of the bill will have no objection to having the bill made definite, so as to show the automobile accident out of which these things occurred?

Mr. RAMSPECK. No, sir.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $250 to J. B. Hudson, said sum representing deduction in pay while a sergeant in the United States Army.

Mr. EATON of Colorado. Mr. Speaker, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. EATON of Colorado: At the end of the bill insert "for damages arising out of an automobile accident during the month of October, 1918, being in full settlement of all claims and demands against the United States."

The amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

COLUMBIA CASUALTY CO.

The Clerk called the next bill, H. R. 7668, for the relief of the Columbia Casualty Co.

Mr. PATTERSON. Reserving the right to object, Mr. Speaker, I would like to have the gentleman make an explanation of this matter.

Mr. DICKSTEIN. This is simply a stolen Government bond which the claimant has paid to the Indiana National Bank. There was a series of 40,000 bonds stolen, all of which were recovered. The company paid its liability to the bank, the bonds were all recovered except one bond, and this company is entitled to subrogation to the extent of that bond.

Mr. PATTERSON. That is, the casualty company?

Mr. DICKSTEIN. The casualty company.

Mr. PATTERSON. That is the company that insured the bank?

Mr. DICKSTEIN. Yes.

Mr. PATTERSON. Was not the company paid to make this assurance? Did they not collect a premium for that?

Mr. DICKSTEIN. Every company collects premiums when issuing bonds. I wish the gentleman would get the point straight.

Mr. PATTERSON. I want to get it straight because I do not want to do an injustice to anybody.

Mr. DICKSTEIN. The Government is not giving anything away. In fact, the company is losing over $3,000 worth of interest because the committee did not give it interest in reporting out the bill.

Mr. LAGUARDIA. What the gentleman from Alabama wants to know is, did the Government suffer a loss?

Mr. DICKSTEIN. No; it did not.

Mr. LAGUARDIA. Did the Government claim indemnity from the insurance company?

Mr. DICKSTEIN. The Indiana National Bank had a policy of insurance with the Columbia Casualty Co. for theft. A certain number of Government bonds were sent from Chicago to Indiana, and those bonds in the bank were stolen by some one. The Indiana National Bank then made a claim on the Columbia Casualty Co. for this policy of indemnity, and they paid it. Thereafter the Secret Service and the Department of Justice located the thief and located the bonds.

Mr. LAGUARDIA. And reinstated the bonds?

Mr. DICKSTEIN. Reinstated all the bonds except one bond, which was destroyed by the thief, and which has not been presented to the Treasury in almost 10 years. Now, the insurance company, which is entitled to subrogation on this particular bond, is going to give a surety company bond to the Government for double the amount of the $10,000 bond that was lost.

Mr. LAGUARDIA. The gentleman from Indiana is quite justified in scrutinizing these private bills for casualty companies. I have never seen anything like it—cry babies, whiners, backsliders, that these casualty companies are. They will collect premiums for years, and as soon as there is a loss they start to cry, and they want their money back. All they risk is the paper that the bond is written on.

Mr. DICKSTEIN. Will the gentleman yield for a question?

Mr. LAGUARDIA. Certainly.

Mr. DICKSTEIN. In the first place, this is the first claim bill that I have ever presented. Let me say something further, as far as this case is concerned, this company did not hesitate for one moment. They paid the Indiana National Bank the full amount of its indemnity.

Mr. PATTERSON. And they were paid to do that, in premiums?

Mr. DICKSTEIN. Certainly.

Mr. LAGUARDIA. They certainly do not want a congressional medal for that, do they?

Mr. DICKSTEIN. Of course not. The gentleman, eminent lawyer that he is, knows that the company is entitled to subrogation. After a number of years they found the thief and found the bonds—the bonds were restored to the bank. One of the series of bonds, this bill giving the serial number, was destroyed by the thief. It was never turned in to the United States Treasury. The Treasury Department, after 10 years, is satisfied, and the casualty company is going to give a bond, even at this late date, to the United States Government for double the amount; that is, $20,000 for this lost bond.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER pro tempore. Without objection, a similar Senate bill (S. 2159) will be substituted for the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem United States Treasury certificate of indebtedness, No. 14559, in the denomination of $10,000, Series T. M. 1924, dated March 15, 1923, and maturing March 15, 1924, with interest at the rate of 4½ per cent per annum from March 15, 1923, to March 15, 1924, in favor of the Columbia Casualty Co., of New York, N. Y., or its assigns, without presentation of the said certificate, the certificate of indebtedness having been lost, stolen, or destroyed: *Provided*, That the said certificate of indebtedness shall not have been previously presented for payment, and that no payment shall be made hereunder for any coupons which shall have been previously presented and paid: *And provided further*, That the said Columbia Casualty Co. of New York, N. Y., shall first file in the Treasury Department a bond in the penal sum of double the amount of the lost, stolen, or destroyed Treasury certificate of indebtedness and the interest payable thereon, in such form and with such surety or sureties as may be acceptable to the Secretary of the Treasury, to indemnify and save harmless the United States from any loss on account of the lost, stolen, or destroyed certificate of indebtedness herein described.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

SARAH ANN COE

The Clerk called the next bill, S. 157, for the relief of Sarah Ann Coe.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Sarah Ann Coe, widow of John Coe, deceased, out of any money in the Treasury not otherwise appropriated, the sum of $4,000 in full settlement for the death of her husband, who was killed on the morning of December 29, 1923, by a United States mail truck at Huntington, W. Va.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

J. G. SHELTON

The Clerk called the next bill, S. 217, authorizing adjustment of the claim of J. G. Shelton.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claim of J. G. Shelton for refund of rent paid on tract No. 30, Camp Lee Military Reservation, Va., for a six months' period beginning February 15, 1931, after claimant had been required to vacate said premises, and to allow said claim in the sum of not to exceed $37.50. There is hereby appropriated out of any money in the Treasury not otherwise appropriated the sum of $37.50, or so much thereof as may be necessary, for payment of said claim.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

LEWIS SEMLER

The Clerk called the next bill, S. 224, authorizing adjustment of the claim of Lewis Semler.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claim of Lewis Semler for blood furnished September 9 and 11, 1930, for transfusion to Roy T. Nelson, a patient in a Government hospital, and to allow in full and final settlement of said claim an amount not in excess of $70. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $70, or so much thereof as may be necessary, for the payment of said claim.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

HUNTER P. MULFORD

The Clerk called the next bill, S. 236, for the relief of Hunter P. Mulford.

Mr. EATON of Colorado. Mr. Speaker, I object.

DONALD K. WARNER

The Clerk called the next bill, S. 241, for the relief of Donald K. Warner.

Mr. GRISWOLD. I would like to submit an inquiry to the chairman of the committee. In this particular case it seems that the postmaster not only left the safe unlocked but he left funds in the safe for two or three days, violating the postal regulation that required him to deposit his money every night, and the burglary was committed under these conditions. The postmaster is now asking the Government to reimburse him because of something that happened by reason of his violation of a postal regulation and his negligence in leaving the safe open.

Mr. BLACK. The facts as stated by the gentleman from Indiana are true, but, in spite of all that, the post office was robbed and the postmaster, of course, was not responsible for that.

I really believe the postmaster should get this money. There is no doubt about his being negligent regarding it to that extent, but he did keep the money in a safe and he did keep the stamps in a safe.

Mr. GRISWOLD. He might just as well have left them on a shelf.

Mr. BLACK. No; as it was, he made it a little harder for the robber.

Mr. GRISWOLD. All he had to do was to turn the knob of the safe.

Mr. STAFFORD. May I inquire of the chairman of the committee what policy his committee follows in reimbursing postmasters for postage stamps and other Government property which is carelessly left open to purloining by anyone who breaks into the premises?

Mr. BLACK. The committee has no policy on any particular category of bills before it, but the committee believes, under all the circumstances the postmaster took what might be called reasonable precaution, and even though he violated the regulations he did take some reasonable precaution. In spite of that the post office suffered a loss. We believe we should relieve the postmaster of the loss.

Mr. BACHMANN. Does the gentleman think the postmaster would have lost the money if he had not been negligent but had locked the safe?

Mr. BLACK. I do not think he would have lost the money had he locked the safe, although he might have. The robbers might have broken into the safe some other way.

Mr. BACHMANN. I am afraid we are extending the principle too far to include a case of this kind. I doubt very much whether it is a good thing to establish a principle of this kind. Had the postmaster locked the safe and it had been broken into I would have no objection, but as it is I think the gentleman from Indiana is right.

Mr. GRISWOLD. Mr. Speaker, I object.

DAVID GORDON BUILDING & CONSTRUCTION CO.

The Clerk called the next bill, S. 248, authorizing adjustment of the claim of the David Gordon Building & Construction Co.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the claim of the David Gordon Building & Construction Co. arising out of certain extra work in the construction of lookout gallery and windows in the Cincinnati Post Office Building during the fiscal year 1930, and to allow in full and final settlement of said claim an amount not to exceed $1,116.60. There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of $1,116.60, or so much thereof as may be necessary, for payment of the claim.

Mr. STAFFORD. Mr. Speaker, upon the assurance of the gentleman from Cincinnati that there is no attorney involved in the case and it being a Senate bill I shall not offer the customary attorney's-fee amendment.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

H. E. HURLEY

The Clerk called the next bill, S. 258, authorizing adjustment of the claim of H. E. Hurley.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the claim of H. E. Hurley, trading as J. E. Hurley, for damages resulting from the failure of the Government to execute and perform a contract in accordance with his proposal accepted June 27, 1928, for the installation of an ash bin in the State, War, and Navy Building, Washington, D. C., and to allow in full and final settlement of said claim the sum of not to exceed $553.50. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $553.50, or so much thereof as may be necessary, for payment of the claim.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

POTOMAC ELECTRIC POWER CO.

The Clerk called the next bill, S. 260, authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D. C.

Mr. EATON of Colorado. Mr. Speaker, reserving the right to object, I would like to ask some one who knows about the bill why the Potomac Electric Power Co. should be paid $2,157.25 more than the amount of their contract. If nobody is interested, I object.

GUY CLATTERBUCK

The Clerk called the next bill, S. 409, for the relief of Guy Clatterbuck.

Mr. BACHMANN. Mr. Speaker, I object.

WALTER J. BRYSON PAVING CO.

The Clerk called the next bill, S. 477, for the relief of Walter J. Bryson Paving Co.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I notice the Comptroller General states there is no merit in the claim. Having examined the bill some time ago I can not recall the exact facts.

Mr. GRISWOLD. The facts are these, as I understand them from the Comptroller General's report: This contractor removed 35,735 cubic yards less than was estimated as being in the area subject to be removed and paid for at contract prices, and then the contractor comes back and claims for overremoving out of another part of the project when he actually charged extra on the first part of the project. The contractor is really indebted to the Government.

Mr. STAFFORD. I am rather influenced by the position which the Comptroller General takes in these claims. It is very helpful to the members of the committee who scrutinize these bills after they are reported, and the gentleman from Indiana [Mr. GRISWOLD] has called attention to facts which I believe justify an objection being made to this bill. Mr. Speaker, I object.

CICERO A. HILLIARD

The Clerk called the next bill, S. 478, for the relief of Cicero A. Hilliard.

Mr. EATON of Colorado. Mr. Speaker, reserving the right to object, I have an amendment to offer to include the usual form for employees' compensation cases. I suppose that amendment will be accepted.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, what were the facts in connection with this injury and whether it really occurred in connection with governmental service? This man was a fourth-class postmaster in the service 12 years and he was injured some time in 1928.

Mr. EATON of Colorado. I have an amendment—the usual form for employees' compensation cases.

Mr. STAFFORD. I think in this case there should be an amended form authorizing the Compensation Commission to inquire as to whether he really suffered an injury in the service which would entitle him to compensation. Mr. Speaker, for information may we have read the amendment which the gentleman from Colorado proposes to offer?

The SPEAKER pro tempore. Without objection, the Clerk will report the amendment for information.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. EATON of Colorado: Strike out all after the enacting clause and insert:

"That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Cicero A. Hilliard in the same manner and to the same extent as if said Cicero A. Hilliard had made application for the benefits of the employees' compensation act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this act."

Mr. STAFFORD. I think that will protect the interests of the Government.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the requirements of sections 17 to 20, inclusive, of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, are hereby waived in favor of Cicero A. Hilliard, postmaster at Dinsmore, Fla., and the United States Employees' Compensation Commission is authorized and directed to consider and act upon his claim for compensation for injury suffered in the performance of his duties as such postmaster, under the other provisions of such act, as amended; any compensation allowed under this act shall take effect from the date such claim is allowed.

Mr. EATON of Colorado. Mr. Speaker, I now offer the amendment.

The Clerk again reported the Eaton amendment.

Mr. STAFFORD. Mr. Speaker, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: In the amendment offered by Mr. EATON of Colorado, insert, after the word "Hilliard" where it occurs the first time, the words "who purports to have suffered injury while employed on or about June, 1925."

The amendment to the substitute amendment was agreed to.

The substitute amendment, as amended, was agreed to.

The bill, as amended, was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EDWARD J. O'NEIL

Mr. MEAD. Mr. Speaker, I ask unanimous consent to return to Calendar No. 433, the bill (H. R. 1203) for the relief of Edward J. O'Neil.

Mr. BACHMANN. Mr. Speaker, I may say that I asked unanimous consent when this bill and the one following it were called up, that we could return to them later in the afternoon.

The SPEAKER pro tempore (Mr. O'CONNOR). The Clerk will report the bill by title.

The Clerk read the title of the bill.

Mr. MOUSER. Mr. Speaker, I reserve the right to object just to ask one question of the gentleman from New York. In most States $5,000 is the maximum amount payable for wrongful death. In this instance the claimant would have continued to draw money if it had not been for a certain decision which discharged the Railroad Administration from such obligation because of technical grounds that were set up. He had received, up to the time of this decision, $600. At the proper time I want to offer an amendment to make the amount $4,400.

Mr. MEAD. That is perfectly agreeable.

Mr. MOUSER. This would make a total of $5,000, which is the amount payable under the laws of most States.

Mr. MEAD. That is agreeable to me; and the gentleman from Alabama [Mr. PATTERSON] has an amendment, and I shall ask him to change the amount to agree with the suggestion of the gentleman.

Mr. MOUSER. There is a further amendment I would suggest. I think the date and place of this accident should be given so that it can be identified, and I shall offer such an amendment after the gentleman from Alabama has offered his amendment.

Mr. MEAD. I have the date here, and I can put that in the amendment.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, as I understand this bill the claimant would have no right against the railroad administration were it not for a mistake of law on the part of the State compensation commission.

Mr. MEAD. No; that is not it at all. The railroad administration agreed to these claims and the State compensation commission was paying the claimants. The State commission discontinued payments in both cases after a decision rendered by the appellate division of the State court. This was the Snow decision, which was instigated by the heirs of the deceased about a year after his death. That case is not identical with these claims which we are considering, for in both these cases awards were approved. There is in the transportation act, I may say to the gentleman, a specific provision that all cases in equity, admiralty, and so forth, not finished or still in progress at the time of the passage of the act, shall not be estopped by the transportation act.

Mr. STAFFORD. If it had not been for that decision, he would have sought his remedy against the railroad company and not against the National Government.

Mr. MEAD. Oh, no; he would have continued to receive his compensation under the direction of the New York State Compensation Commission, which was paid with the approval of the Federal Administrator of Railroads.

Mr. BLACK. As a matter of fact, the Railroad Administration offered to settle for $7,500.

Mr. MEAD. They offered to settle for some $7,500 at one time, and they offered a $5,000 lump-sum settlement in the case of the Beyer claim.

Mr. STAFFORD. Where does that appear in the report?

Mr. MEAD. I have that right here. I do not know whether it is in the report or not.

Mr. STAFFORD. That is the trouble with these reports. They do not give all the facts, and many times objection is based on only part of the facts.

Mr. BLACK. They can not give all the information from the time of Adam to the gentleman. We are trying to economize on the expense of printing, and we know the gentleman will find the facts for himself.

Mr. STAFFORD. Mr. Speaker, upon the statement of the gentleman from New York [Mr. MEAD], I withdraw my objection, but I will offer the customary attorney's-fee amendment.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $10,000 to Edward J. O'Neil, of Buffalo, N. Y., who was injured while in the employ of the United States Railroad Administration on the Erie Railroad.

Mr. PATTERSON. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Line 5, strike out "$10,000" and insert "$4,400."

The amendment was agreed to.

Mr. MOUSER. Mr. Speaker, can the gentleman from New York give me the date and place of the accident?

Mr. MEAD. The date of the accident was March 2, 1918, and the location Buffalo, N. Y., and the railroad was the Erie Railroad Co.

Mr. MOUSER. Mr. Speaker, I offer the following amendment: Line 8, after the word "railroad," strike out the comma and insert "March 2, 1918, at Buffalo, N. Y., while employed by the Erie Railroad Co."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Provided, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill as amended was ordered to be engrossed and read a third time, was read a third time, and passed.

A motion to reconsider was laid on the table.

BLANCH BROOMFIELD

The Clerk read the next bill on the Private Calendar, S. 551, an act for the relief of Blanch Broomfield.

Mr. MOUSER. Mr. Speaker, I object to that bill.

GEORGE BEIER

Mr. MEAD. Mr. Speaker, there was another bill, Calendar No. 434, which was passed over and which was agreed to be taken up later.

The SPEAKER pro tempore. The Clerk will report Calendar No. 434.

The Clerk read as follows:

H. R. 1206. A bill for the relief of George Beier.

The SPEAKER pro tempore. Is there objection?

Mr. MOUSER. Reserving the right to object, in order to get some information from the gentleman from New York. This is a similar case to the one we have just passed. There is no question about the injury in the line of employment, and being given the full compensation under the laws of the State of New York. But, on account of this decision, we have this bill. He has been paid $3,500. I think the same line of reasoning should be had in this case as in the other.

Mr. MEAD. Mr. Beier was 60 years of age when this injury occurred. His injury was rated as permanent and total, while in the other case it developed into a permanent and total disability case. Mr. Beier's claim was for $10,000.

The Federal Director of Railroads, through his representative, authorized the payment of $5,000 as a lump-sum settlement in favor of Mr. Beier. This offer Mr. Beier did not accept, because the referee for the State workmen's compensation commission refused to permit him to accept it, for the reason that the referee considered the offer inadequate. The State commission held that the nature of the disability and its permanent character could not be properly compensated in that way and by that amount, so he was given weekly payments of compensation which would have continued until his claim was adequately satisfied.

The compensation commissioner of New York State informs me that this claim was valued at $9,377, less $3,500 paid in weekly payments, or $5,877, and they would not allow the claimant to accept $5,000 as a settlement in full at the time that offer was made. However, in order to pass the measure I am willing to accept a fair compromise.

Mr. MOUSER. I suggest $2,000, in view of the permanent injury of the man, taking into consideration what he has already received. We have to adopt some policy here to be consistent.

Mr. MEAD. In reality this man's claim, I believe, is equally as deserving as the other claim which we just disposed of.

Mr. MOUSER. Yes.

Mr. PATTERSON. Would not the gentleman say $3,000?

Mr. MOUSER. I do not want to argue the amount. I talked to the gentleman from New York [Mr. COOKE] about it, and I think I shall have to insist upon the $2,000.

Mr. MEAD. That will not cover all the expenses this man incurred. I know this man; I have gone to see him a number of times. Two thousand dollars would not pay the medical bills, his board, and other expenses incurred since the time he was taken off the compensation rolls.

Mr. MOUSER. The gentleman realizes, in view of the decision, this is purely a moral obligation and not a legal one.

Mr. MEAD. Absolutely. Of course, we intended when we passed the transportation act to permit the consideration of just claims, because we specifically stated in that act that

they would not be estopped or abated. I wish the gentleman would agree to the suggestion and make it $3,000.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $10,000 to George Beier, of Buffalo, N. Y., who was injured June 19, 1919, while in the employ of the United States Railroad Administration on the New York Central Railroad.

Mr. MOUSER. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MOUSER: Line 5, strike out "$10,000" and insert in lieu thereof "$2,000."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. STAFFORD: Page 1, line 8, after the word "Railroad," strike out the period, insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

PURCHASERS OF LOTS IN HARDING TOWNSITE, FLA.

Mr. GREEN. Mr. Speaker, I ask unanimous consent to return to Calendar No. 400, S. 476, for the relief of certain purchasers of lots in Harding Townsite, Fla. If there is to be objection, I trust it will be reserved until I can be heard briefly.

The SPEAKER pro tempore. The gentleman from Florida asks unanimous consent to return to Calendar No. 400. Is there objection?

Mr. STAFFORD. I reserve the right to object. I may say to the gentleman that at the request of the gentleman from Virginia [Mr. WOODRUM], who took a special interest in this bill, I had this bill passed over so that I might be able to reexamine it. I have given more than passing attention to it in view of the request of the secretary of Mrs. OWEN, who furnished me with additional matter not incorporated in the report. I suggested to Mr. WOODRUM that I would go over it again before the next meeting.

Mr. PATTERSON. Mr. Speaker, we should not have any talk about this bill unless consent is given to return to it.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I have no objection to returning to it, but subject to the reservation of objection to the bill itself.

The SPEAKER pro tempore. The Clerk will report the title of the bill.

The Clerk read the title of the bill.

Mr. STAFFORD. I reserve the right to object.

Mr. GREEN. Mr. Speaker, I shall not press for final consideration until the gentleman from Wisconsin and other gentlemen have had time to further study the matter. In that connection I would like to say briefly that this, in my opinion, is a very meritorious bill. The facts in the case are these. One hundred and twenty-eight lots, approximately, were sold at auction sale during the boom in the vicinity of Miami, Fla., at Harding Townsite.

The Harding Townsite auction sale occurred at Miami Beach, February, 1924. It was advertised and attended by people from many parts of the country. It appears that the auctioneer assured the public that the United States Government stood squarely behind every sale about to be made and was prepared to deliver patent promptly upon payment in full of purchase price. Fine roads and parks were to be developed, which never materialized. It appears no mention was made of possible delays, reservations, exceptions, options, conditions, and so forth. This property was sold at approximately ten times the appraised valuations which the Government had previously put upon it. The unsuspecting public bought at fabulous prices, accepting its Government's promise and contract. Then what happened? It appears that some who paid in full for their lots were refused either title or their money back. Those who tried to resell their lots immediately became liable for heavy damage suits because they could not deliver title, the title the Government had promised but failed to deliver. It appears the Government's first patent was issued August, 1929, five and a half years after the auction sale. By that time this property had suffered from storms, hurricanes, and the general deflation in practically all land values. It is now almost unsalable. These purchasers have been further penalized by a demand for another year's interest in advance on all unpaid balances. They have for eight and a half years made countless and continued effort to secure very belated justice and to overcome departmental rulings, practices, and red tape. Many of these purchasers are now in distress and unable to meet the Government's demands. Even with the passage of this fair and just bill the Government will be $136,000 ahead of its own appraised valuations of this property prior to the time of the auction sale. We feel that 50 per cent of sale price is now a reasonable amount for the purchasers of these lots to pay the Government.

I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. GOSS. Will the gentleman yield?

Mr. GREEN. I yield.

Mr. GOSS. What does the gentleman mean by saying "tentatively sold"?

Mr. GREEN. I am glad the gentleman asked that. The lots were sold for immediate delivery in 1924, but the fact of the matter is that on account of complications and litigation title to lots, if I understand correctly, was not delivered by the Government until about 1929. During this time the persons who had purchased the lots, many of them, desired to resell.

Title, of course, had not been obtained from the Government by auction-sale purchasers; therefore, they could not give title which they had not obtained. To undertake to quit title was to make themselves liable for damage suits. In fact, I believe, some were used because they could not make title to subsequent purchasers.

Meantime the storms and the hurricane and the collapse of the real-estate boom came and, of course, the value of the land dropped.

Mr. GOSS. That applies to other property in that same vicinity, too, does it not?

Mr. GREEN. To some extent. Florida lands are like those in other States. The value is still there, but selling is not so active on account of the general economic conditions. I believe I can safely say that these Harding townsite lots would be well sold by the Government, as suggested, under the provisions of this bill.

The SPEAKER pro tempore. Is there objection?

Mr. PATTERSON. Mr. Speaker, I object.

BLANCH BROOMFIELD

The Clerk called the next bill, S. 551, for the relief of Blanch Broomfield.

Mr. GRISWOLD. Reserving the right to object, Mr. Speaker, it seems to me that under this bill we are going a long way to conjecture and determine here what killed this man, when one of the statements in the record shows that he suffered from gall-bladder trouble and that the thing from which he died was the outgrowth of gall-bladder trouble, or could have been, as much as anything else. Yet we are trying to say that because he attended this fire, that caused his death. I think it is going a long way.

Mr. BLACK. Mr. Speaker, this man was called upon by the Indian Service to help in case of a fire, to rescue some Indians. He did so. This occurred on May 1, and on May 5 he died. The doctor certifies that this man did, on a previous occasion, have an attack of gall stones. At the time of the fire the man was in good health, and the doctor says his death was caused four days after the fire, due to the excitement and tension and strain in helping to rescue these Indians. That is the doctor's certificate.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I object.

B. & O. MANUFACTURING CO.

The Clerk called the next bill, S. 565, for the relief of the B. & O. Manufacturing Co.

Mr. MOUSER. Mr. Speaker, I object.

FARMERS' GRAIN CO., OF OMAHA

The Clerk called the next bill, S. 942, authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. BALDRIGE. Will the gentleman reserve his objection?

Mr. STAFFORD. I will gladly do so.

Mr. BALDRIGE. Mr. Speaker, this bill asks for the money that this company paid in taxes, through no fault of its own. It was a mistake on behalf of the Treasury. This is merely asking to pay back the company the money that had been paid through error.

Mr. STAFFORD. Will the gentleman yield?

Mr. BALDRIGE. I yield.

Mr. STAFFORD. I believe it was the first day of this Congress when we began consideration of private bills, unobjected to, that the Speaker of the House called attention from the chair to the fact that when he was a member of the Ways and Means Committee there were bills amounting to hundreds of millions of dollars, seeking refund of payment of income taxes, where the Government, in many instances, had no right to retain the money, but claimants had failed to ask for a refund within the statutory period of four years. I have invariably objected to all of these bills. In fact, I have had before the department some bills of similar import, where the department turned them down for that reason. At the present time, and for that reason, I will have to adhere to that position, and I object, Mr. Speaker.

JOHN HERINK

The Clerk called the next bill, S. 943, for the relief of John Herink.

Mr. EATON of Colorado. Reserving the right to object.

Mr. BALDRIGE. Has the gentleman read the letter from the department stating that in their estimation this is a legitimate claim?

Mr. EATON of Colorado. I have read that letter, and the claim no doubt is legitimate, but the bill is without any limitation whatsoever as to the amount that should be paid to this man. He puts in a claim for $5,455, on the theory that that is the amount of money that he spent. He lists expenditures of a few hundred dollars, having to do with improvements on a homestead. If the gentleman will agree to an amendment limiting the maximum sum that this man may recover to $1,500, which seems to be all that can be figured out of the dollars and cents set forth in the report, and also the regular attorney's fee clause at the end of the bill, I will withdraw my objection.

Mr. BALDRIGE. I wish the gentleman would raise that a little higher than $1,500. Of course, I will be compelled to consent, under the circumstances, to whatever amendment the gentleman desires.

Mr. EATON of Colorado. I prefer to be right as well as reasonable in a matter like this if you can state a correct total amount. If the gentleman knows what the exact amount of the damages are and can define that amount, that amount should go in the bill.

Mr. BALDRIGE. I understand that $2,500 is the amount that the Treasury Department would probably allow this man.

Mr. EATON of Colorado. The total amount?

Mr. BALDRIGE. Yes.

Mr. EATON of Colorado. Mr. Speaker, I ask unanimous consent that consideration of this bill be postponed temporarily until we can prepare suitable amendments.

Mr. STAFFORD. It can be done right now just as well. I would suggest the following amendment: In line 6, on page 1, strike out "found to be the fair and reasonable value of all improvements" and insert "not in excess of $2,500."

Mr. EATON of Colorado. Mr. Speaker, there are other items provided for on the second page, and that is why I ask unanimous consent that the bill go over temporarily.

The SPEAKER pro tempore. Without objection, the bill is passed over temporarily.

There was no objection.

W. STANLEY GORSUCH

The Clerk called the next bill, S. 1028, for the relief of W. Stanley Gorsuch.

Mr. MOUSER. Mr. Speaker, reserving the right to object, I would like to have the author of this bill explain it, or the chairman of the Committee on Claims. It is true this is a small amount, but I would like to hear from the chairman of the committee.

Mr. BLACK. It is very plain on the face of it that this man is entitled to relief. He was driving his automobile along the road. A wire cable suspended from an Army airplane struck his car and damaged it to the extent of $45.

Mr. MOUSER. I see where the War Department has recommended it, so I have no objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to W. Stanley Gorsuch the sum of $45 for damages sustained by him when his automobile was struck on September 17, 1928, by a steel cable depending from an airplane belonging to the Government at or near the Aberdeen Proving Ground in the State of Maryland.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BARGE "MARY M."

The Clerk called the next bill, S. 1216, for the relief of the owner of the barge *Mary M.*

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the claim of William A. Malley, as owner of the barge *Mary M.*, against the United States for damages alleged to have been sustained by reason of a collision between said barge and the U. S. S. *Melville*, or by reason of the operation of the said steamship *Melville*, under the control of the Navy Department, on April 15, 1919, at the south end of Governors Island, New York Harbor, may be sued for by said owner of the barge *Mary M* in the United States District Court for the Southern District of New York, sitting as a court of admiralty and acting under the rules governing such court, and said court shall have jurisdiction to hear and determine such suit and to enter a judgment or decree for the amount of such damages and costs, if any, as shall be found to be due against the United States in favor of said owner of the barge *Mary M*, or against said owner of the barge *Mary M* in favor of the United States, upon the same principles and measures of liability as in like cases in admiralty between private parties, and with the same rights of appeal: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by the order of said court, and that it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

Mr. STAFFORD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 2, line 5, after the word "costs," insert "but without any allowance for interest prior to the entry of judgment herein."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

NATIONAL BEN FRANKLIN FIRE INSURANCE CO.

The Clerk called the next bill, S. 1280, for the relief of the National Ben Franklin Fire Insurance Co.

Mr. EATON of Colorado. Mr. Speaker, I object to this claim.

Mr. STAFFORD. Will the gentleman reserve the objection?

Mr. EATON of Colorado. I reserve the objection.

Mr. STAFFORD. Will the gentleman from Colorado acquaint the House as to the reason for the objection, particularly in view of the statement made by the present Secretary of the Treasury that the claim is meritorius and is, therefore, unobjectionable.

Mr. EATON of Colorado. Yes. I understand that where insurance companies ask to be reimbursed for moneys they have paid on claims on policies for which they have received a premium, the policy has been to deny the claim. Of course, if the facts in this case are otherwise, the gentleman can point them out.

Mr. BLACK. This is a different situation. The gentleman is speaking of a situation where the Government itself has paid the premium, where the Government was bonded against indemnity, and then the Government is called upon to reimburse the company.

Mr. EATON of Colorado. Not at all. I am speaking of insurance companies seeking to recover from the United States moneys paid out on claims against them for which they have been paid premiums for the insurance. Here the insurance company claims indemnity from the Government.

Mr. BLACK. This is a case where the Government itself took a car that belonged to somebody else from whom it was stolen and disposed of it. The Government was not bonded by any insurance company. The owner of the car was insured by the insurance company against theft and the Government was in the position of an innocent receiver of stolen property. It is not a case where the Government is asked to give something back to its own indemnitor; it is an entirely different situation.

Mr. STAFFORD. As stated by the chairman of the Committee on Claims, here is an automobile that is confiscated, appropriated wrongfully by the Government. True, the car was insured and the owner of the car sought reimbursement from the surety company, but the surety company could be subrogated to the rights of the original owner to reclaim the value of the car which was wrongfully appropriated by the Government.

Mr. EATON of Colorado. If those are the facts in the case, they do not appear plainly in the report. Under such circumstances the rightful owner ought to receive the money. Mr. Speaker, I withdraw the objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $406.29 to National Ben Franklin Fire Insurance Co., in full reimbursement for the sale by the Government of a Buick automobile stolen April 21, 1920, and while operated by the thief for illegal purposes was seized April 26, 1921, forfeited, and sold under the customs revenue laws, and the proceeds converted into the Treasury of the United States.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMERICAN-LA FRANCE & FOAMITE CORPORATION

The Clerk called the next bill, H. R. 7330, for the relief of the American-La France & Foamite Corporation, of New York.

Mr. MOUSER. Mr. Speaker, reserving the right to object, I stated in conversation my objections to the gentleman from New York [Mr. STALKER], and I am reserving the objection in order that he may offer us any enlightenment he may care to.

Of course, my objection is to the precedent we will set by taking away the effect of the statute of limitations and thereby permitting thousands of similar claims to be advanced against the Government.

This claim was not made within the statutory period. The claimant was chargeable with knowledge of the law. Ignorance of the law does not excuse. It was not the fault of the Government that he may have had a poor accountant, and although we would like to pay this money we can not afford to establish a precedent that will cause claims involving millions of dollars to be brought against the United States.

I regret I shall be compelled to object, but I reserve the objection for the moment.

Mr. STALKER. I may say to the gentleman from 1917 to April, 1925, inclusive, the Internal Revenue Bureau erroneously and illegally collected from the American-La France Fire Engine Co., a manufacturer of self-propelled fire-fighting apparatus, approximately $850,000 upon the erroneous theory that fire-fighting apparatus constituted automobiles, within the meaning of the excise tax law as contained in the revenue act of 1917, revenue act of 1918, the revenue act of 1921, and the revenue act of 1924.

The United States Court of Appeals, Second Circuit, in the case of American-La France Fire Engine Co. *v.* Riordan, Collector (6 Fed. Rep., 2d ser., p. 964), held that it was not the intent of Congress to tax fire-fighting apparatus and, therefore, that fire-fighting apparatus was not included within the excise tax laws imposing taxes upon automobiles, automobile trucks, and automobile accessories. The Internal Revenue Bureau accepted the opinion of the circuit court of appeals as good law and returned to claimant—the American-La France & Foamite Co., which is the successor of the American-La France Fire Engine Co.—approximately $700,000, leaving about $150,000 due claimants and not returned.

The Internal Revenue Bureau dealt with fire-fighting apparatus in a series of rulings confusing and wholly inconsistent with each other. The American-La France & Foamite Co., of Elmira, N. Y., is the largest manufacturer of fire-fighting apparatus, and in January, 1918, the Treasury Department ruled that a self-controlled pumping engine being the instrument which actually pumps the water through the hose and on the fire, was not an automobile, but that other fire-fighting apparatus should be classed as automobiles or automobile accessories and taxed at 5 per cent. In May, 1918, the Commissioner of Internal Revenue, by regulations 44, article 7, announced that articles sold to a State or political subdivision thereof for use in carrying on its governmental operations were not subject to excise taxes. Approximately 90 per cent of the fire-fighting apparatus manufactured by the American-La France Fire Engine Co., and other fire-engine companies, is sold to municipalities, and while this ruling was in force the Internal Revenue Bureau collected taxes only on fire-fighting apparatus sold to individuals, firms, or private corporations, and thereafter the Government in some instances refunded to the American-La France Fire Engine Co. taxes paid under former rulings. Under date of May 5, 1919, regulations 47, construing the revenue act of 1918, was announced, and article 10 of regulations 47 repeated the regulation that articles sold to a State or municipal subdivision thereof by a manufacturer for use in carrying on its governmental operations were not subject to the tax.

In the month of July, 1919, the Commissioner of Internal Revenue promulgated Treasury Decision No. 2897, which reversed the above-mentioned regulations and decisions in regard to sales to States and municipalities, and further provided that such reversal should have a retroactive effect. That thereafter and by Treasury Decision No. 2930, issued October 7, 1919, the Treasury Department again apparently ruled that pumping engines and perhaps other kinds of fire-fighting apparatus were not subject to the excise tax, but this ruling reads as follows:

A self-propelled fire engine, if designed to carry only such persons as are necessary to drive it and to operate the pumping engine, is not taxable.

This ruling was formally published as article 11 of Regulations 47. Such fire-fighting apparatus as was allowed to be taxable was taxed as a pleasure automobile at 5 per cent.

These rulings necessarily resulted in the greatest confusion with respect to what taxes, if any, would be demanded. Conferences were held by representatives of the American-La France Fire Engine Co. with Treasury officials concerning the situation. Then later the Treasury Department notified the American-La France Fire Engine Co. that they were still uncertain with respect to the tax liability of fire-fighting apparatus, and that the whole situation would be reviewed in an additional ruling. In the meantime they were informed that the Internal Revenue Bureau would accept claims in abatement with respect to excise taxes claimed and not paid due to the existing confusion.

Thereafter, and by Treasury Decision No. 2989, issued March 3, 1920, the Internal Revenue Bureau reserved and modified the above ruling, to wit, Treasury Decision 2930, and promulgated articles 11, 12, and 13 of Regulations 47, and ruled therein that all fire-fighting apparatus of every kind and nature should be regarded as automobile trucks and should be taxable at 3 per cent instead of 5 per cent, as in the case of ordinary automobiles. This ruling was made retroactive, and the American-La France Fire Engine Co. was informed that they must now pay excise taxes at the rate of 3 per cent with respect to all sales, whether made to a city, county, State, person, or corporation, and with respect to every kind of fire-fighting apparatus, including pumping engines.

This shows the confused condition in the Treasury Department relating to the collection of excise taxes on fire-fighting apparatus.

This ruling, to wit, articles 11, 12, and 13 of Regulations 47, very seriously affected the finances of all manufacturers of fire-fighting apparatus. The Internal Revenue Bureau, using the ruling as authority, suddenly called for excise taxes now claimed to be due for previous years and months and for periods of time when, according to Internal Revenue Bureau rulings, no taxes were due, and with respect to certain kinds of fire-fighting apparatus, which had not heretofore been taxed. Moreover, this ruling came in a period of great depression and it was very hard to raise money. The result was that some of the smaller manufacturers of fire-fighting apparatus were forced to the wall.

The American-La France Fire Engine Co. was suddenly called upon to pay approximately $340,000 of alleged back excise taxes, when all the time it had been trying to observe Treasury rulings, and it found itself in a very distressing situation. It was only by the curtailment of expenses, the rapid cutting down of inventories, and by resorting very largely to the point of exhaustion of its credit at the banks that the American-La France Fire Engine Co. was able to pay these alleged taxes, which afterwards the United States courts held to be illegally collected.

Each time a tax was paid by the American-La France Fire Engine Co. it protested the tax under oath upon the ground that fire-fighting apparatus could not be regarded as automobiles, and that it was not the intention of Congress to include fire-fighting apparatus when it provided for the excise tax upon automobiles, automobile trucks, and automobile accessories.

Thereupon, the American-La France Fire Engine Co. brought a suit in the Circuit Court of the United States, Western District of New York, to recover sums paid as excise taxes during three of the preceding months. The suit was carried to the Circuit Court of Appeals, Second Circuit, and by decision No. 159, decided April 6, 1925, the circuit court of appeals held that fire-fighting apparatus could not be classed as automobiles or automobile trucks within the meaning of any of the excise tax laws previously enacted; and that Congress did not intend to tax fire-fighting apparatus, since fire-fighting apparatus was used solely for the purpose of extinguishing fires, and that such apparatus was purchased almost entirely by municipalities or for State purposes.

Thereupon the Treasury Department accepted the above-mentioned decision of the Circuit Court of Appeals, Second Circuit, and proceeded to make refunds with respect to claims filed by the American-La France Fire Engine Co. and other fire-engine companies covering taxes paid by them.

Due to the confusion which necessarily resulted from the action of the Government in promulgating retroactive, conflicting, and inconsistent ruling with respect to fire-fighting apparatus, the American-La France Fire Engine Co. was about 15 days too late in filing refund claims with respect to certain payments of approximately $150,000 made in 1920, and as these claims were not filed within the period of limitations then existing, the Government refused to return to the American-La France Fire Engine Co. approximately $150,000 of the sums which the Government had erroneously and illegally collected, despite the protests duly and emphatically made. I submit, therefore, that since the Government illegally collected the above moneys, when no part of it was due or owing, that in all fairness provisions should be made for the return to the American-La France Fire Engine Co. of the sums to which it is entitled.

Due to the existing depression employment at the factory of the American-La France & Foamite Corporation is low. The company is anxious to return more men to the pay rolls. By passing this bill help would be given at a needed time to a worthy corporation anxious to do its part in restoring business conditions to normal.

This bill should be considered on its merits and passed.

Mr. BLACK. Will the gentleman yield?

Mr. MOUSER. I yield.

Mr. BLACK. Of course, a great many of the bills that come to the Claims Committee and to the House come because of some delay on the part of the claimants in living up to the provisions of the law. This is such a case, and I think where the merits generally are so much in favor of the claimant, that the fact there was an oversight or delay in presenting the claim to the right department should be overlooked by the House. We have taken similar action on a great number of occasions on other bills. In this case they protected their rights all the way through up until the time when they should have filed their refund claim.

Mr. MOUSER. The gentleman from New York, the distinguished chairman of the committee, knows it has been the policy of the House, or at least some of us who give consideration and attention to these bills, to object when the statute of limitations is involved.

Many Members of this House have had equally worthy claims that have been objected to regretfully, at least by me. I see the gentleman's position and the position of the chairman of the committee, but we can not excuse and set the precedent of excusing the failure to pay attention to the legal obligation involved, because if we set such a precedent in connection with this claim, which amounts to $150,000, there will be claims presented amounting to millions of dollars.

Mr. PATTERSON. Let me say to the gentleman that there are $3,000,000 worth of these claims.

Mr. MOUSER. Let me say to the gentleman from New York that other Members have expressed their objection to this bill, so that others have objection to it as well as myself.

Mr. BLACK. I take an entirely different position from the gentleman from Alabama. He says there is $3,000,000 worth of these claims. Is this country running on the credit of $3,000,000 which is due to citizens of the country who have failed to live up to the requirements of the statute of limitations? If so, I think that is a terrible situation. After a long controversy with the Treasury Department it was finally found that this money was due, and I think the merits of the case warrant the payment of the amount carried in the bill.

Mr. MOUSER. At a time like this, when we have just passed a $1,000,000,000 tax bill, we owe some duty to the Government in seeing that failures like that in this case should not be excused, and, as I have said, this particular claim involves $150,000. I regret, but I must object.

Mr. STALKER. The gentleman must appreciate the fact that this claim went through the courts for several years. It is not unusual that they did not file their claim on the day it should have been filed. After going through the various courts it was finally decided that fire apparatus was not subject to this tax.

Mr. MOUSER. There is no way by which a citizen who has a claim against an individual or a corporation can have laches excused. In other words, you have a certain time within which to bring various kinds of causes of action, and just because the Government of the United States is involved here is no reason why we should waive the law.

Mr. BLACK. Except that an individual can not set up the statute of limitations against the Government whereas the Government can plead the statute of limitations.

Mr. MOUSER. If we should permit this claim to go through it would be the duty of this House to grant the same privilege to other claims of a similar nature, involving millions of dollars.

Mr. STALKER. I think that whenever any tax has been collected illegally it should be refunded.

The SPEAKER pro tempore. Is there objection?

Mr. MOUSER. Mr. Speaker, I object.

JOHN HERINK

Mr. BALDRIGE. Mr. Speaker, I ask unanimous consent to return to Calendar No. 453, S. 943, for the relief of John Herink, for the purpose of offering an amendment.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury, on certification by the Secretary of the Interior, is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John Herink a sum found to be the fair and reasonable value of all improvements placed by him on lots 1 and 2 and the north half northeast quarter section 30, township 27 north, range 10 east, sixth principal meridian, Nebraska, prior to his eviction therefrom, for which land a patent erroneously issued to him on November 20, 1922, and to return to him the full amount of all money paid by him to the United States in connection with said lands prior to the issuance of such patent: *Provided*, That as a condition precedent to the certification above mentioned by the Secretary of the Interior to the Secretary of the Treasury the land so patented be reconveyed to the United States free from all claim or right held or claimed under or through the patentee, and the acceptance of such reconveyance shall operate as a restoration of the right of entry under the public land laws to the said Herink, no other objection appearing: *Provided further*, That he may have the option, in lieu of the payment to him of all money hereinbefore provided, of making entry of other land to the amount of 160 acres under the general homestead law, or 320 acres under the enlarged homestead law, or 640 acres under the stock-raising homestead law, anywhere in the United States where there are public lands subject to such entry, and receiving United States patent for such lands without payment to the United States of any fees, commissions, or other money and without further compliance with the homestead laws in connection therewith and the submission of proof thereof, the patent, however, to contain a reservation of mineral to the United States, if necessary, as in other entries under the same law.

Mr. BALDRIGE. Mr. Speaker, I offer an amendment. Strike out that part of the bill after the word "Herink," line 6, page 1, and from that point down to and including the word "patent" in line 4, on page 2, and insert in lieu thereof the following:

The sum of $2,500 in full payment of all claims and demands whatsoever against the United States arising out of this claim for the eviction under a patent erroneously issued to him on November 20, 1922.

The SPEAKER pro tempore. The gentleman from Nebraska offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BALDRIGE: Strike out, beginning on page 1, line 6, after the word "Herink," the remainder of line 6, all of the remainder of page 1 and down to and including the word "patent" in line 4, on page 2, and insert "The sum of $2,500 in full payment of all claims and demands whatsoever against the United States arising out of this claim for the eviction under a patent erroneously issued to him on November 20, 1922."

Mr. STAFFORD. Will the gentleman yield?

Mr. BALDRIDGE. Yes.

Mr. STAFFORD. When we had this matter up for consideration I suggested an amendment whereby the amount that was to be paid was to be determined by the Secretary of the Interior and that it should not be in excess of $2,500. We have no information here as to what the amount of damages to be paid should be, and I thought when the gentleman returned to the consideration of the bill he would offer such an amendment. The gentleman's amendment proposes that the Congress fix the amount. I have no objection to the bill provided we allow the Secretary of the Interior to determine the amount of damages but not in excess of $2,500. I ask the gentleman to withdraw his amendment so as to carry out the original intention.

Mr. BALDRIGE. Let me say that the amendment I have offered was drawn by the gentleman from Colorado, and I thought he was the one who was objecting to the bill.

Mr. STAFFORD. The gentleman will remember I made such a suggestion.

Mr. BALDRIGE. I thought the gentleman objected to the bill because there was no attorney's fee clause in the bill.

Mr. STAFFORD. No; I suggested this very amendment. The gentleman from Colorado suggested that the amount should not be in excess of $1,500, but I suggested $2,500. The bill as it has been introduced provides that the Secretary of the Interior shall determine the amount of damages to be paid, and we should not change that.

Mr. BALDRIGE. Mr. Speaker, I ask unanimous consent to withdraw the amendment.

The SPEAKER pro tempore. Without objection the amendment will be withdrawn.

There was no objection.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment: Page 1, line 6, strike out the word "found" and insert "determined by the Secretary of the Interior" and in line 7, after the word "improvements" insert "not in excess of $2,500."

The SPEAKER pro tempore. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 1, line 6, strike out the word "found" and insert the words "determined by the Secretary of the Interior"; and in line 7, after the word "improvements," insert the words "not in excess of $2,500."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the customary attorney's fee provision.

The SPEAKER pro tempore. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Provided, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

CHARLES C. BENNETT

Mr. MOUSER. Mr. Speaker, I ask unanimous consent to return to the bill (H. R. 5235) for the relief of Charles C. Bennett, Private Calendar No. 191, in the interest of fairness.

Mr. STAFFORD. Mr. Speaker——

Mr. MOUSER. I hope the gentleman will not object.

Mr. STAFFORD. We can not enter upon considering returning to prior bills to-day. We may do this at some other session, but I have stated to several Members who have come to me and asked whether I would have any objection to return to bills previously considered that we would not do so.

Mr. MOUSER. I ask this in view of the fact I was the only one who objected to this bill.

Mr. STAFFORD. There are half a dozen bills that other Members have objected to, and we should not consider doing this to-day. When we are considering the calendar again we may have an order entered to consider that bill.

Mr. MOUSER. I would like to ask the chairman of the Claims Committee to endeavor to have a day when we can go back and reconsider some of these claims where we may have been in error in objecting to them.

Mr. BLACK. I may say to the gentleman that I expect that we shall have another day to consider these bills in the House, but whether we will have it for the purpose indicated by the gentleman, or not, I do not know.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. STAFFORD. Mr. Speaker, I object.

DONALD K. WARNER

Mr. HOWARD. Mr. Speaker, if it be not unethical because of my positive knowledge of the proceedings under the Private Calendar, I fear that my request may be misunderstood——

The SPEAKER pro tempore. The gentleman will state his request.

Mr. HOWARD. My request is that the House may be pleased to go back to Calendar No. 433, the bill (S. 241) for the relief of Donald K. Warner, which was considered to-day, and reconsider the bill, objection to which was lodged, I think, under a misapprehension.

Mr. STAFFORD. Mr. Speaker, I have no objection to going back, provided the objection stage in the consideration of the bill is not waived.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The Clerk read the title of the bill.

Mr. BACHMANN. Mr. Speaker, reserving the right to object, we discussed the merits of this bill a while ago. This is the case where the postmaster did not lock his safe and the post office was burglarized.

Mr. HOWARD. Yes; but his failure to do so was because of his sickness from pneumonia at the time.

Mr. STAFFORD. If the gentleman will permit, it was his usual practice not to break the combination of the safe, and some person undoubtedly knew of that practice and purloined the contents of the safe.

Mr. HOWARD. The bill has been passed once by the House and twice by the Senate, after severe examination. I am quite sure it is much more meritorious than many similar bills that we have permitted to go through. I feel very earnestly about it. I trust every one of the gentlemen who thinks of objecting will be kind enough to read this young man's splendid and lucid and clear and manly statement regarding the matter, and I am quite sure no objection will be lodged.

The SPEAKER pro tempore. Is there objection?

Mr. BACHMANN. I object, Mr. Speaker.

NELL MULLEN

The Clerk called the next bill, H. R. 6410, for the relief of Nell Mullen.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, this is one of those cases where I have invariably objected, because the accident occurred through the slippery condition of a post-office floor. It can not be expected that the National Government will pay claims arising out of such a condition, superinduced by the weather. There is no obligation upon the National Government to keep the floors of post-office buildings in an absolutely dry condition against the elements. I have objected to all similar bills.

Mr. MOUSER. I hope the gentleman will not object to this because he may have objected to other bills. I have great admiration for the gentleman's ability and for his knowledge of the law. The gentleman seems to have objected to these bills, where serious injury has occurred to some one because of falling down steps or falling in the interior of a building, on account of the slippery condition during a time of inclement weather, on the ground that it is an act of God, and therefore the Government is not responsible.

The Government owes a duty to the public that it invites there to transact business, to see that marble floors, which are naturally more slippery when wet than other material, are kept in a reasonably safe condition. I think this is the law, and I believe this can be distinguished from any ordinary act of God. Here is a case where a person was injured because she slipped on this marble floor and fell. The Government has janitors and other help; why can they not put down some sawdust or some salt or some other material, so that people will not keep on injuring themselves under such circumstances. During this session of the Congress we have had case after case where people have been injured in post-office buildings under such circumstances; and I think there is an obligation, legally, on the part of the Government, and I believe, in fact, I know from experience, that a person could sue in a civil court and obtain judgment under such conditions. There are any number of cases where people fall upon a sidewalk because the owner of a store, for instance, is negligent in not keeping the sidewalk in a safe condition for people to pass over it, on account of inclement weather; and such owners are liable for such accidents.

Mr. EATON of Colorado. I want to direct the attention of gentlemen to the difference between the statement of the gentleman from Ohio, and what this case really is as I see it. The gentleman from Ohio is talking about actions where there is negligence on the part of the property owner or some one else. In this case, in the report, there is not a word of any type of negligence; there is simply a statement that the floor was slippery. It is simply a case of an accident. They have not shown any negligence to bring the case within the right to recover in a court of law.

Mr. MOUSER. The gentleman is a lawyer, and does not he think that the allegation, to the effect that they negligently permitted the floor to become in a slippery condition, without taking any pains to remedy it, would be such an allegation of negligence that it might be so held in a civil court?

Mr. EATON of Colorado. Not without some facts to show negligence.

Mr. MOUSER. The facts are stated in the report.

Mr. STAFFORD. I would reply to the gentleman's statement, but I wish to give the gentleman from Pennsylvania his innings in justification of this bill.

Mr. MOUSER. Does not the gentleman think——

Mr. STAFFORD. The gentleman is in error as to his statement about the liability of owners in keeping sidewalks in proper condition. That only applies where the municipality has put into effect an ordinance requiring abutting property owners to keep the sidewalks in a safe condition, but there is no liability on the owner of property per se for damages by reason of an act of God.

Mr. BLACK. This was not an act of God.

Mr. STAFFORD. This great protector of the Treasury would have the Government keep every floor in every post office dry. This wet condition was brought about by the falling of snow and people coming in and tracking it over the floor.

Mr. BOLAND. Mr. Speaker, I am sorry my bill has got into a wet discussion. However, I believe the gentleman from Wisconsin misinterpreted, as far as the law of Pennsylvania is concerned. The law of Pennsylvania states quite specifically that property owners have to have their sidewalks clear so that they are passable. Even the slightest uprising or uplift of the sidewalk for a pedestrian to trip

over, a rising flagstone, makes the owner of the property liable for damages. I am talking from a contractor's standpoint. In building a building in Pennsylvania we have to build a structure in such a manner that no pedestrian can be injured; and if he is, the contractor is liable.

Only where there is contributory negligence on the part of the pedestrian is the contractor or owner exempt. In this bill there is no such contributory negligence and the lady mentioned in the bill is entitled to the full claim.

Miss Mullen is a very high-class lady and has suffered much because of this accident which occurred at the post office in the city of Scranton, Pa. It does seem unreasonable that any Member of Congress would object to such a deserving measure, one so full of merit. If this Congress wishes to do justice it will pass favorably upon this bill.

This was not an act of God, it was inside the post office, admitted by the post-office inspector, admitted by the postmaster himself, admitted by the superintendent of mails that the accident occurred there. This lady, eight years ago, had her leg broken, was in the hospital five weeks, had 37 treatments after she got out of the hospital, suffered all this damage and hardship through an accident caused by a slippery floor. All this could have been avoided if sawdust had been placed on the floor, so as to protect patrons.

Mr. STAFFORD. Of course, if the department had placed sawdust there it might have contributed to the accident. But the Government is not liable if patrons come in and make a sloshy condition on the interior floor. I object.

EXEMPTION FROM TAX PAYMENT BY STATE

Mr. RAGON. Mr. Speaker, I present a privileged report from the Committee on Ways and Means on House Joint Resolution 439, to amend the revenue act of 1932.

The SPEAKER pro tempore. The report will be referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. RAGON. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 439, and that we may consider it in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I reserve the right to object until I have heard the resolution read, and subject then to some explanation by the gentleman from Arkansas.

The SPEAKER pro tempore. The Clerk will read the report.

The Clerk read as follows:

[House Report No. 1695, Seventy-second Congress, first session]

AMENDMENT TO REVENUE ACT OF 1932

Mr. RAGON, from the Committee on Ways and Means, submitted the following report (to accompany H. J. Res. 439):

The Committee on Ways and Means, to whom was referred the resolution (H. J. Res. 439) to amend section 621 (a) of the revenue act of 1932, having had the same under consideration, report it back to the House without amendment and recommend that the resolution do pass.

The purpose of this resolution is to secure to States or subdivisions thereof complete exemption from any excise taxes imposed by the revenue act of 1932. Under the Constitution States or subdivisions thereof are exempt from a tax on purchases made direct from a manufacturer or producer, and the Treasury Department has promulgated regulations providing for such exemption. However, where a purchase is made by a State or subdivision thereof from any person other than a manufacturer or producer under the revenue act of 1932 the tax would apply. This resolution would permit of a refund of the tax paid by a State or subdivision thereof on any purchase made of any dealer other than a manufacturer or producer and thereby carry out the original intent of the Congress in the passage of the revenue act of 1932.

In compliance with paragraph 2a of Rule XIII of the Rules of the House of Representatives, the change in existing law made by the joint resolution is shown as follows: New matter proposed to be added to section 621 (a) of the revenue act of 1932 is printed in italic; section 621 (a) as now constituted is shown in roman.

SEC. 621. CREDITS AND REFUNDS

(a) A credit against tax under this title, or a refund, may be allowed or made—

(1) To a manufacturer or producer, in the amount of any tax under this title which has been paid with respect to the sale of any article (other than a tire or inner tube) purchased by him and used by him as material in the manufacture or production of, or as a component part of, an article with respect to which tax under this title has been paid, or which has been sold free of tax by virtue of section 620, relating to sales of articles for further manufacture.

(2) To any person who has paid tax under this title with respect to an article, when the price on which the tax was based is readjusted by reason of return or repossession of the article or a covering or container, or by a bona fide discount, rebate, or allowance; in the amount of that part of the tax proportionate to the part of the price which is refunded or credited.

(3) To a State or political subdivision thereof, in the amount of any tax under this title which has been paid with respect to the sale of any article purchased by it for use solely in the exercise of an essential governmental function.

The SPEAKER pro tempore. Is there objection to the present consideration of the House joint resolution.

Mr. MICHENER. Mr. Speaker, I reserve the right to object. As I understand it, this is an administration measure. It is necessary for the proper administration of the tax law, and it has been considered by the Ways and Means Committee and has the unanimous report of that committee. It is brought up at this time because of the necessity for action in connection with the administration of the law.

Mr. RAGON. That is correct.

Mr. STAFFORD. Will the gentleman explain briefly and in particular whether the administration of this new provision is capable of abuse in escaping taxes?

Mr. RAGON. I hardly think so. Of course, the Treasury will surround that with regulations I think we could well feel confident would protect the Government in every respect. Their idea is that it refers only to those sales to the States or subdivisions thereof which are made by those other than the producer or manufacturer. If it is made directly from the producer and manufacturer, of course, the State does not pay any tax.

Mr. STAFFORD. Assume a municipality is engaged in a private venture. Would the municipality still be excepted from the payment of the tax?

Mr. RAGON. No; this applies only to the subdivisions of the State and the States when they are engaged in essentially governmental functions.

The SPEAKER pro tempore. Is there objection?

Mr. TREADWAY. Mr. Speaker, further reserving the right to object, this matter has had the consideration of the committee and, so far as the members of the minority are concerned, we heartily approve of the passage of the resolution. Personally I regret very much that there is occasion to bring up at this time further amendments to the act that we passed a week or two ago. I am sure that this will constitute no precedent for that sort of action. Of course, such an extended bill as a tax measure naturally will bring up questions of administration and matters of error. No bill of that size or kind could ever be written by human ingenuity without finding some defects in it in the course of putting it into practice. Therefore I feel particularly anxious not only that this resolution be adopted at this time, because it is meritorious, but that in addition thereto it shall not set a precedent for further amendments being brought forward either by Members of the House or by members of the Ways and Means Committee, unless there is found to be some very pressing emergency. I think the majority will have the assistance of the minority to carry out that idea.

Mr. BRIGGS. As I understand, it was not contemplated that this tax should be applicable originally in this way. Is not that correct?

Mr. TREADWAY. I think so. I think it was one of those things unknown or not discovered at the time of the actual writing of the bill. Eventually authorities in municipalities found this possible loophole and wanted to have it corrected. It is, we might say, a clerical correction that has the support of the administration.

The SPEAKER pro tempore. Is there objection to the present consideration of the joint resolution?

There was no objection.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

LEGAL GUARDIAN OF NICK VASILZEVIC

Mr. SCHAFER. Mr. Speaker, I ask unanimous consent to return to Calendar No. 430 (H. R. 1780), for the relief of the legal guardian of Nick Vasilzevic.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I have no objection to returning to the bill, subject to the objection to the consideration of the bill itself.

The SPEAKER pro tempore. The Chair hears no objection, and the Clerk will report the bill.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

Mr. STAFFORD. Mr. Speaker, may I have the attention of the gentleman from Mississippi [Mr. COLLINS]. Has the gentleman withdrawn his objection to this bill?

Mr. COLLINS. I was assured by the gentleman from Wisconsin [Mr. SCHAFER] that the wine on the floor which the prohibition officers were alleged to have poured there was directly responsible for this accident. I do not want to do an injustice. Therefore I told him if the bill came up again I would withdraw my objection.

Mr. MOUSER. I can not understand the gentleman's consistency, when he objects to somebody falling on the floor where there is snow, but where there is wine on the floor it becomes a different matter.

Mr. SCHAFER. Federal prohibition agents of the Government were responsible for pouring the wine on the floor.

Mr. STAFFORD. If the gentleman from Ohio had followed my argument closely enough, he would have known that I stated if they had poured sawdust on the floor and the sawdust was a contributing factor——

Mr. MOUSER. Regular order, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, as the gentleman forces the issue, I shall have to object.

RIPARIAN OWNERS, MUD LAKE BOTTOM, MINNESOTA

The Clerk called the next bill, H. R. 8219, for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County, in the State of Minnesota.

Mr. BACHMANN. Mr. Speaker, I object.

Mr. BURTNESS. Does the gentleman really intend to object, regardless of the merits? I do not want to waste time, but I want to assist the gentleman from Minnesota [Mr. SELVIG], who is not feeling well to-day, with regard to his very meritorious bill, but if the gentleman has foreclosed his mind, there is no use taking up the time of the House.

Mr. BACHMAN. I reserve the right to object, if the gentleman wants to add anything with respect to the merits of the claim.

Mr. BURTNESS. If the gentleman's mind is open, I would like to explain it.

Mr. BACHMANN. I will say that I am pretty well convinced that this bill ought not to pass at this time.

Mr. NOLAN. Will the gentleman reserve the right to object long enough to offer some amendments?

Mr. BURTNESS. While the gentleman is reserving the right to object, I want to call attention to the fact that the recommendation of the department, while adverse as it appears in the printed report, has been supplemented by a second report based upon the amendments agreed to in committee to which the gentleman from Minnesota [Mr. NOLAN] refers, which, however, is not included in the printed report available to Members. Typewritten copies are available. The gentleman from West Virginia is a good lawyer and therefore knows that land adjoining a meandered lake, as the water recedes, belongs to the riparian owners. Now, the claim embodied in this legislation is made for the reason that along about 1912 the Attorney General of the United States made an erroneous report to the Interior Department and held that this land that had been created there because of the recession of the water in Mud Lake belonged to the Government of the United States. I can not conceive how any competent attorney who had investigated the authorities could make that sort of a recommendation to the Interior Department; but, however, it was made, and the Interior Department in turn threw these lands open to homestead entry. What was the result? Homesteaders went in there and filed upon the land. Backed by Federal authorities, they took it away from the rightful owners, the riparian owners. Those homesteaders had the entire power of the Federal Government behind them. The lawful owners were deprived of the use of their land. They had to take the matter into court. They had to carry their case through all of the Federal courts, including the Supreme Court of the United States, at a tremendous expense, and finally, after they had been deprived of their land for more than 10 years, the Supreme Court of the United States held they were entitled to the possession thereof, as it was their legal property. The gentleman from Minnesota [Mr. SELVIG] is the author of the bill. The land is not in my district and does not concern me; but all this bill provides is to grant to these people who were forced into court, who were deprived of the use of their property, the modest sum of from 60 cents to a dollar an acre as the annual rental value of the land during that period of about 10 years, a period, by the way, when they were not only under tremendous expense in handling the litigation through all the Federal courts, including the Supreme Court of the United States, but during a time when farm products could be raised and sold at reasonable prices.

The rental suggested by the committee as a fair compromise in this bill is exceedingly low and modest, and I am sure the gentlemen will not object to the bill if they understand it.

Mr. GOSS. Will the gentleman yield?

Mr. BURTNESS. I yield.

Mr. GOSS. Did this lake dry up, or was the water drained off?

Mr. BURTNESS. It dried up, in part, and was also drained, if I remember correctly. The gentleman from Minnesota can answer that more definitely. I think it was partly drained and partly dried up.

Mr. GOSS. I would like to have that question answered, because it may involve a lot of other claims.

Mr. BACHMANN. Absolutely. It involves a lot of other claims that are to follow. The department report reads:

> The value of the land could not be determined without an investigation in the field, but it appears from previous reports of examiners of this office that Mud Lake bottom lands were never effectively reclaimed and are still subject to overflow.

Now, there is a continuing proposition. Congress did pass a bill in 1928 to take care of some of these.

Mr. BURTNESS. Oh, no; not these people. That is the peculiar part of it. Congress passed a bill in 1928 which took care of the homesteaders who had gone in there and expended money under Government authority—men who were in there illegally—while the Congress has not taken care of the people who were the legal owners of the land and who were deprived of its use and occupation, solely because of a mistake made by the Department of Justice in rendering an illegal and unjustified decision to the Interior Department, which opened it to homestead entry.

Mr. GRISWOLD. Will the gentleman yield?

Mr. BACHMANN. I yield.

Mr. GRISWOLD. If it be true that this decision is erroneous, will this not throw open thousands of claims in my State where the Government has sold the riparian rights on hundreds of lakes?

Mr. BURTNESS. I do not know anything about the situation in the gentleman's State. This case stands upon its own merits. These people had to litigate these matters against the Federal Government. They had to pay their own expenses. The Supreme Court of the United States sustained the owners in their claims, but, of course, during that time the strong arm of the Government was in there holding the lands by force, against the lawful owners who were thus illegally deprived of its use. All this bill provides

is a modest sum as rental, in law the mesne profits for its use and occupation.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GOSS. Reserving the right to object, I would like to find out just what happened in this Mud Lake; whether it was drained or whether it dried up, because it will affect future claims.

Mr. KNUTSON. Mud Lake was drained by the riparian owners, and when the lake was drained the Government threw the land open to settlement.

Mr. GOSS. The gentleman means the people who are now asking for this claim had the lake drained?

Mr. BACHMANN. Yes.

Mr. GOSS. Is that correct?

Mr. BURTNESS. Yes; that is by the local authorities; and these people whose lands were benefited paid for it.

Mr. BACHMANN. The report shows to the contrary. The report shows, by the decision of the court, Mud Lake has never been effectively drained and never will be until some adequate system of drainage is provided for that purpose.

Mr. KNUTSON. Let me say to the gentleman that in the case of an excessively wet year Mud Lake would be troubled with overflows.

Mr. BURTNESS. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. BURTNESS. We are not concerned here with what may happen in the future or what the drainage works are. These people now have their lands back. They can use them for whatever they like. All this bill does is to grant compensation to cover the 10-year period concerning which the committee had testimony, during which time big crops were raised on the land by the people who were there as homesteaders under the alleged rights given them by the Government, but who were, as a matter of law, trespassers.

Mr. GOSS. I want to call the gentleman's attention to the fact there are two lakes I am familiar with at Seattle, Wash., that are under this same situation, with a lot of mills and other owners who may come in with claims.

Mr. BURTNESS. Not unless the Federal Government makes an erroneous decision as it did in this case and puts the property owners to tremendous expense to protect their rights, and to get their property back.

Mr. GOSS. It was stated a moment ago that the riparian owners wanted this drained. That makes a difference.

Mr. BURTNESS. It was their land. They had a perfect right to cut a ditch and drain it if they wanted to.

If they drained it to use it, then the Government ought not to have taken it from them, but when it did it should pay the amount suggested by the committee as fair compensation to reimburse them for the use and occupation of which they were illegally deprived.

Mr. KNUTSON. Let me say to the gentlemen of the committee that the error was made in holding that this lake was navigable water, when as a matter of fact it was not a navigable body of water.

Mr. GOSS. They could cut a connecting canal between this lake and another lake or river.

Mr. KNUTSON. A drainage ditch.

Mr. BURTNESS. But you would not call a small ditch a navigable stream. That, however, is immaterial.

Mr. GOSS. But ditches have been dredged to make them canals and to make them navigable.

The SPEAKER pro tempore. Is there objection?

Mr. BACHMANN and Mr. GRISWOLD objected.

OCTAVIA GULICK STONE

The Clerk called the next bill, H. R. 9331, for the relief of Octavia Gulick Stone.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to issue a patent in fee to Octavia Gulick Stone, Blackfeet allottee No. 2133, for land allotted to her under the provisions of the act of June 30, 1919 (41 Stat. L. 3–16), and designated as homestead.

With the following committee amendment:

Page 1, line 4, after the word "issue," insert the words "upon her application."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

OSCAR R. HAHNEL

The Clerk called the next bill, H. R. 5561, for the relief of Oscar R. Hahnel.

Mr. GRISWOLD. Mr. Speaker, reserving the right to object, this car was worth in 1924, at the time it was bought, $1,735. The collision occurred in 1927, when the car, according to the Blue Book, had a value of $500. They claim $500 damages, but the car is still in use after a repair bill, shown in the report, of $71.33.

I do not want to be unreasonable. I want the claimant to have what is just, but I think $500 is out of reason for a car which has a market value of $500, that is still in use, and only cost $71.33 to put in use.

Mr. PARTRIDGE. The War Department estimated the cost of repairs at $500, and the $71.33, I understand, was what it actually cost this man to put it into running condition so he could use the car at all. This amount did not put it back in the condition it was before the accident.

Mr. GRISWOLD. The War Department estimated the repairs, as I understand it, at over $500, and said that that was not even the limit of the damages, yet, as a matter of fact, the car in 1927 was only worth $500 according to the report.

I am agreeable to the bill if the author will reduce the amount of the claim.

Mr. PARTRIDGE. What amount would the gentleman suggest?

Mr. GRISWOLD. I think $300 would be a reasonable amount.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Oscar R. Hahnel the sum of $981.02, to reimburse him for damages to his automobile caused by a collision with an Army truck near Bretton Woods, N. H., on August 10, 1927.

With the following committee amendment:

Page 1, line 6, strike out "$981.02" and insert "$500."

Mr. PARTRIDGE. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. PARTRIDGE to the committee amendment: Page 1, line 6, strike out "$500" and insert in lieu thereof "$300."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed; and a motion to reconsider laid on the table.

MEMORIAL TO WILLIAM JENNINGS BRYAN

Mr. RAINEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Joint Resolution 182, amending the joint resolution authorizing the erection on the public grounds in the city of Washington, District of Columbia, of a memorial to William Jennings Bryan, and pass the same.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. SNELL. Mr. Speaker, let the resolution be reported, please.

The Clerk read as follows:

Resolved, etc., That section 3 of the joint resolution authorizing the erection on the public grounds in the city of Washington, District of Columbia, of a memorial to William Jennings Bryan be, and the same is hereby, amended by striking out the words

"or Potomac Park" appearing in the second line of said section, so that section 3, when amended, shall read as follows:

"SEC. 3. The memorial herein provided for shall not be erected or placed in any part of the Mall, nor on any ground within one-half mile of the Capitol."

Mr. RAINEY. I will say in explanation of the resolution that this meets with the approval of the Fine Arts Commission and of the Bryan Monument Association.

Mr. STAFFORD. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. STAFFORD. Has the site been selected on which this monument will be erected?

Mr. RAINEY. No. They simply do not want it in the Mall. It possibly may be erected in Potomac Park but not in the Mall.

Mr. STAFFORD. The gentleman says it may be placed in Potomac Park. As I caught the reading of the resolution I think Potomac Park is excluded, and I was wondering where they intended to place it. I thought a site had been selected.

Mr. RAINEY. A site was selected, but it has been abandoned. They have selected some other place which is satisfactory to everybody interested.

Mr. STAFFORD. Is the gentleman sure it is going to be in the District of Columbia?

Mr. RAINEY. I am.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the Senate joint resolution was passed was laid on the table.

R. B. MILLER

The Clerk called the next bill, S. 159, for the relief of R. B. Miller.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I can not see any reason why we should reimburse this person in the amount stated in the bill. I object.

SUN SHIPBUILDING & DRY DOCK CO.

The Clerk called the next bill, S. 250, authorizing adjustment of the claim of the Sun Shipbuilding & Dry Dock Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of the Sun Shipbuilding & Dry Dock Co. arising from the use of its Pier No. 4 on June 21, 22, and 23, 1930, by the Government, and to allow in full and final settlement of said claim not to exceed the sum of $110. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $110, or so much thereof as may be necessary to pay said claim.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

FRANCIS B. KENNEDY

The Clerk called the next bill, S. 253, authorizing adjustment of the claim of Francis B. Kennedy.

Mr. GRISWOLD. Mr. Speaker, reserving the right to object, I would like to inquire of the author of the bill or of the chairman of the committee what the law or procedure would have been to reimburse this special agent if he had actually purchased this liquor and these bootleggers had gotten the money because of the purchase instead of robbing him?

Mr. BLACK. Probably the regular procedure would have been that he would have gotten the liquor, sold the liquor, and made a profit. However, that was not the situation here. This man was a special agent called in on the narcotic situation. He had these funds on his person, and instead of being able to arrest the narcotic violators he was stuck up by some underworld characters, and they took his money away. That is the way I read this bill.

Mr. GRISWOLD. Mr. Speaker, the chairman of the committee does not bear out the report to the extent that this man went there with the intention of purchasing 50 gallons of alcohol at $7 a gallon, instead of narcotics.

Mr. LAMNECK. Was he a Government agent?

Mr. GRISWOLD. Yes. He went there to trap these bootleggers, but instead of trapping them and getting the liquor they robbed him of $350. Mr. Speaker, I object.

MILBURN KNAPP

The Clerk called the next bill, S. 971, for the relief of Milburn Knapp.

Mr. MOUSER. Mr. Speaker, I object.

Mr. HADLEY. Will the gentleman reserve his objection?

Mr. MOUSER. Certainly.

Mr. HADLEY. I am surprised that objection is made. I will ask the gentleman if he has read the report in this case and the proceedings contained in the record.

Mr. MOUSER. I have read the report of the Claims Committee.

Mr. HADLEY. The gentleman reserves his objection. I desire to make a brief statement about this case because I have sat here during the day and heard the proceedings. If there is an equitable bill that has been acted upon here today it is no more so than this bill.

Mr. STAFFORD. Will the gentleman give a résumé of the facts in this case so that we may have the picture before us?

Mr. HADLEY. I will attempt to do so. The circumstances are these: The claim is founded on transactions which occurred in the State of Oregon. The claimant is a resident of my State now and my congressional district. The case was brought to my attention while the bill was pending in the Senate and I have followed it. Briefly, it is this: This claimant entered into a contract with the United States Government for the cutting and removal of certain timber on the Klamath Indian Reservation in the State of Oregon in the year 1913. He also negotiated with representatives of the Indian Bureau and the Forest Service for the use of the Williamson River which flows across that reservation. It was necessary to use the Williamson River to float the logs down to the mill erected on lands adjacent to the timber which he had leased from the Government. That was well understood by everybody concerned. He negotiated with subordinate officers of the department involved, which was the Interior Department, for the use of the Williamson River. It was always understood he was to use the river and the record clearly shows that. However, when the contract was made it did not stipulate the use of the Williamson River. That is a material point.

Mr. MOUSER. Very.

Mr. HADLEY. However, if we were proceeding here on strictly legal principles in a court of law, that would be far more material than it is here, but on principles of equity and justice the matter has been entirely resolved by findings of the Court of Claims. The Department of the Interior, the Secretary himself, revoked the permit which had been granted after this claimant had gone into operation under his contract and contemporary understanding and erected a mill at large expense. Following the permission he had from the department some gentlemen from San Francisco came upon the land. They were on a vacation. They came to the conclusion that the waters of the river were being polluted or would be by the use of the stream in this way, that it would not be conducive to the fish nursery, and that it was injurious to the fish. They protested to the Secretary of the Interior. The Secretary of the Interior, without any investigation whatever, I understand, wired back and announced a revocation of this permit immediately upon the protest on these men from San Francisco, without any opportunity on the part of this man, the claimant, to make any remonstrance or protest of any kind. However, later on, upon his remonstrance, the Secretary of the Interior modified his revocation to the extent of permitting him to use the stream for the purpose of floating the logs that had been cut and that were on the banks of the stream, but no further permission was granted.

He sued in the Court of Claims. The Court of Claims entered findings and held that the jurisdiction was not adequate in the court to cover this matter; that is, there had

been no breach of a Government contract, because the contract itself had not in terms stipulated for the use of the Williamson River.

Mr. MOUSER. If the gentleman will yield right there, they also found that the claimant here had not protected his rights by having any stipulation in the contract about the use of the river.

Mr. HADLEY. But the circumstances are that the gentlemen with whom the negotiations had been had on behalf of the department, representatives of the Indian Bureau and representatives of the forest area involved—all these gentlemen had protested to the Secretary.

Mr. MOUSER. But the gentleman does not claim that this Indian agent had any authority from the Secretary of the Interior to enter into an oral contract of this kind. The Court of Claims so held and the Interior Department recommends against the gentleman's claim.

Mr. HADLEY. No; the Interior Department recommends absolutely in favor of the claim. I am sure the gentleman has not read this record. He has only to turn to the fifth page of the report——

Mr. MOUSER. I must say I had not remembered that. I can not agree, however, with the Interior Department, in the face of the decision of the Court of Claims, in recommending such a claim against the Government where the claimant was so negligent about a contract involving this amount of lumber that was to be floated down the river, and not protecting himself by having a contract in writing, but simply going upon the mere oral or verbal statement of a man who was not authorized by the Secretary of the Interior to make such an agreement.

Mr. HADLEY. The gentleman will remember we are now in a forum of equity.

Mr. MOUSER. Yes; but there must be some obligation——

Mr. HADLEY. And the gentleman has not permitted me to complete my statement.

Mr. MOUSER. I want the gentleman to make a statement, because this is an important claim. It involves a claim of $16,000 against the Government.

Mr. HADLEY. Yes; it is important. Let me say to the gentleman that this poor old man is now broken, disheartened, and discouraged on account of this action on the part of the Government, and the findings of the Court of Claims show there is equity in the matter on page 3 of this report.

However, I want to go back to the point the gentleman raised about the attitude of the Interior Department itself.

The SPEAKER pro tempore. If the gentleman intends to object——

Mr. HADLEY. How can the gentleman understand this case if he has not knowledge that the Interior Department has approved the claim?

Mr. MOUSER. I want the gentleman to have time to give a full explanation. I am always open to conviction, but the gentleman has not met my objection as to there being no right given to use the river where such right might interfere with public rights. Citizens had the right to fish in this river. It was a public stream. They had the right to object to the Secretary of the Interior if it was being used for a purpose not in keeping with the use that should have been granted.

Mr. BUTLER. If the gentleman will permit, the citizens did not have that right. This was on an Indian reservation entirely and was under the jurisdiction of the Indian Bureau.

Mr. MOUSER. Then the logger had no right to go in there and float logs down the stream, so far as the rights of the Indians were concerned.

Mr. BUTLER. But he had a permit that was of sufficient dignity and force and effect that the Secretary of the Interior, in order to get rid of him, had to actually issue an order revoking it. This in itself shows he went on there with the authority and permission of the Indian Bureau and incurred this big expense, and as a result of this he completely broke himself financially.

Mr. MOUSER. The gentleman knows that every permit given by the Government is subject to revocation, and this claimant knew that. Now we are asked for damages when the revocation was regularly made.

Mr. BUTLER. If the fact was that the Government gave a permit and induced the man in that way to expend every dollar he had, ought he not to be reimbursed?

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice for the time being.

The SPEAKER pro tempore. Is there objection?

There was no objection.

GERMAINE M. FINLEY

The Clerk called the next bill, S. 1338, for the relief of Germaine M. Finley.

The SPEAKER pro tempore (Mr. GLOVER). Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, I object.

COPPER RIDGE MINING CO.

The Clerk called the next bill, S. 1436, for the relief of the Copper Ridge Mining Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to the Copper Ridge Mining Co., out of any money in the Treasury not otherwise appropriated, the sum of $515, in full satisfaction of the claims of said company against the United States for repayment of purchase money in connection with mineral entries Phoenix 056018 and 056019, such claims for repayment not having been submitted to the General Land Office within the time required by the act entitled "An act to amend an act approved March 26, 1908, entitled 'An act to provide for the repayment of certain commissions, excess payments, and purchase moneys paid under the public land laws,'" approved December 11, 1919.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

J. D. STEWART

The Clerk read the next bill on the Private Calendar, S. 3119, for the relief of J. D. Stewart.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, I have an amendment as a substitute, which I will offer later.

The Clerk read the bill, as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, are hereby, waived in favor of J. D. Stewart, a rural carrier out of Edison, Ga., who was injured April 17, 1926.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Strike out all after the enacting clause and insert the following:

"That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of J. D. Stewart, who purports to have suffered an injury while employed as a rural carrier about April 17, 1929, in the same manner and to the same extent as if the said J. D. Stewart had made application for the benefits of said act within the period required sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the enactment of this act."

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

NELLIE M'MULLEN

The Clerk read the next bill on the Private Calendar, S. 3538, an act for the relief of Nellie McMullen.

The SPEAKER pro tempore. Is there objection?

Mr. EATON of Colorado. Reserving the right to object, I have a similar amendment to this bill.

Mr. COLLINS. Mr. Speaker, I doubt if this bill should pass. This carrier died, but there is no evidence that he was injured and died because of injuries. The widow wants to be compensated because her husband has died. I can not see without a proper showing that the man was injured while in the service of the Government that there is a claim against the United States.

Mr. BLACK. The only reason that this is here is because the claim was not filed before the statute ran against it. The medical record shows that this man died of dilation of the heart, caused by excessive exertion in the rural mail service.

Mr. COLLINS. The Postmaster General says that there is nothing in the files of the department to indicate that there is any unusual features connected with the death of this man that would entitle his widow to any special consideration.

Mr. BLACK. The medical record shows that this man was in line of duty trying to get out of a mudhole on his route delivering mail, and brought on his heart condition which resulted in his death.

Mr. COLLINS. The Postmaster General also says if this bill passes a precedent would be established for the filing of such claims in the case of every carrier who died leaving a widow, and an avalanche of requests for similar action will result, not only from widows of rural carriers but from widows of other postal employees.

Mr. BLACK. The widow of this man did not know that she was required to go before the Compensation Commission and make out a case, and that if that was not done she would be foreclosed. The postmaster thought he had no requirements to do that sort of thing.

Mr. COLLINS. Mr. Speaker, I shall have to object.

CHARLESTOWN SAND & GRAVEL CO.

The Clerk read the next bill on the Private Calendar, H. R. 2214, for the relief of the Charlestown Sand & Stone Co., of Elkton, Md.

The SPEAKER pro tempore. Is there objection?

Mr. MOUSER. I will reserve an objection.

Mr. GOLDSBOROUGH. Mr. Speaker, in this case the Elkton Sand & Stone Co. is really A. Ralph Andrews, who owns all the stock except a few shares.

In 1917 he entered into a contract with the board of engineers for sand, gravel, and materials to be furnished for Fort Salisbury, in Delaware. On January 1 the Government took over the railroads. The Government in April and again in June increased freight rates. Subsequent to that the Government, through condemnation proceedings, took over his plant. His plant had a capacity of about 5 tons a day, and the Government loaded it up to 18 or 20 tons a day and destroyed the plant. This part of it is to my own knowledge, because it is near my home. Not only did they do that but the refuse, instead of being distributed in the ordinary dump, was placed on good sand and gravel. All the facts were submitted to the committee. The committee was of opinion he was entitled to compensation because of all this damage, but the committee stripped the thing down to increased freight rates. I call the gentleman's attention to this fact. Shortly after this contract was entered into, both the Army and the Navy put into their contract a clause that in case there was any increase of freight rates, that should be added to the cost of the contract. I have a copy here of one of the contracts to be used in the case of coal. Here are the standard Government purchasing conditions on coal. It provides that the purchase price of coal, if inclusive of freight charges, from the point of shipment, named, is based upon the freight rate in effect on the date of the opening of the bid, and that any increase or decrease in such freight rates shall correspondingly increase or decrease the purchasing price of coal or any tonnage shipped thereafter. That was a standard clause put in all of these contracts shortly after this contract was made.

Mr. MOUSER. The gentleman understands, of course, that the War Department has objected to this claim upon the ground that the contract was entered into after the declaration of war, and that he should in giving his estimate have taken into consideration probable increase in freight and materials because of war. Now, after practically 12 years this man is here asking the Government to pay him $12,365.

Mr. GOLDSBOROUGH. In the Seventieth Congress the bill passed both Houses, and I have a letter here from the Clerk of the Senate in my files, in which he states that the only reason it was not sent to the President was because they overlooked sending the bill back to the House.

Mr. MOUSER. If the Government should take care of every contractor who suffered because of the rising cost of materials and labor during the war on Government buildings, and so forth, there would be no end to these claims against the United States Government. The contractor should have used the same judgment in estimating the cost in submitting his bids.

Mr. GOLDSBOROUGH. That is an unreasonable statement. The gentleman will pardon me, but I think I know more about this claim than he has had opportunity to find out. I say to you that the freight rate is a small percentage of his loss. When the Government took over his plant arbitrarily by condemnation, they overloaded it about three times and destroyed the plant, and the report shows that the overcharges because of the additional expense involved in connection with the operation was over $6,000.

Mr. MOUSER. That is just one of many thousands of claims. Before the Committee on Public Buildings and Grounds there were many contractors who came in and wanted more money on post offices that they had built.

Mr. GOLDSBOROUGH. That is not a fair statement.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I object.

Mr. MARTIN of Oregon. Will the gentleman withhold his objection for a moment?

Mr. STAFFORD. Certainly.

Mr. MARTIN of Oregon. This bill was considered carefully by the Seventieth Congress and was passed. I was on the subcommittee that went into this matter.

Mr. MOUSER. But the gentleman from Wisconsin is going to object to it.

Mr. MARTIN of Oregon. He is not going to object if I explain this to him. We might as well be just about this matter. This bill went through the Seventieth Congress, both Houses, and it was lost over there in the end on its way to the President. We have here a letter from the enrolling clerk in reference to this bill. He states that the bill passed the Senate without amendment on March 21, but in the jam of legislation that was on at that time it was not returned to the House. The bill passed both Houses.

Mr. MOUSER. We have objected to other bills of this kind to-day.

Mr. STAFFORD. Mr. Speaker, I object.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. CHAVEZ, for 10 days, on account of important business.

Mr. SPENCE, indefinitely, on account of illness.

ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, H. R. 1 provided for the full cash payment of the adjusted-service certificates but provided no way for financing the payment, which would have compelled a bond issue to be used for that purpose. H. R. 7726 was introduced, which provided for the payment to be made as follows:

SEC. 2. Payments of the face value of adjusted-service certificates under section 509 or 510 of the World War adjusted compensation act, as amended, shall be paid in Treasury notes. The Secretary of the Treasury of the United States is hereby authorized to have engraved and printed a sufficient amount of Treasury notes, in the denominations of $1, $2, $5, $10, $20, $25, $50, $100, $500, and $1,000 each; such Treasury notes shall be full legal tender, noninterest bearing, exempt from all taxes, including Federal, State, and subdivisions thereof.

The addition of section 2 was the only difference between the two bills.

When the bill H. R. 7726 was considered by the House it was amended by striking out section 2, and the following

amendment, which was known as the Owen amendment, inserted in lieu thereof (CONGRESSIONAL RECORD, p. 13043):

SEC. 2. Payment of the face value of the adjusted-service certificates under section 509 or 510 of the World War adjusted compensation act, as amended, shall be paid in Treasury notes.

The Secretary of the Treasury is hereby authorized and directed to issue United States notes to the extent required to make the payments herein authorized. Such notes shall be legal tender for public and private debts and printed in the same size, of the same denominations, and of the same form as Treasury notes, omitting the reference to any Federal reserve bank.

He shall place such notes in the Federal reserve banks, subject to the order of the Administrator of Veterans' Affairs, to be used for the purposes of this act.

He shall issue a like amount of United States bonds bearing 3½ per cent interest, payable semiannually, with coupons attached, and such bonds shall be due and payable in 20 years from the date of issue, subject to the right of redemption after 10 years.

These bonds shall be deposited in the Federal reserve banks, as the agents of the United States, in approximate proportion to their current assets at the date of the passage of this act, and the Federal Reserve Board, by resolution in writing, may direct the sale to the public of such portions of said bonds as it may from time to time desire.

Such currency received for such bonds shall be exchanged for these notes hereby authorized to be issued, and they shall be returned to the Secretary of the Treasury for cancellation.

It will be noticed that both my proposal and the Owen proposal contemplated the distribution of Treasury notes—currency—in pay of the certificates. The argument was made before the Ways and Means Committee that my plan was uncontrolled inflation of the currency. In order to meet and completely answer that charge Senator Robert L. Owen prepared his amendment, which required the issuance of a like amount of United States bonds. The bonds were to be placed with the Federal reserve banks, as the agents of the United States, and would not require the payment of interest until sold. They were not to be sold unless the Federal Reserve Board decided it was necessary to exchange a portion of them for a like portion of the Treasury notes, for cancellation, in order that undue expansion of the currency may be prevented. This amendment permitted expansion of the currency but at the same time the amendment provided for the expansion to be controlled by the Federal Reserve Board, an agency of the Government. There would be no occasion for the sale of the bonds. The amount of money proposed to be issued would not have caused inflation. Therefore the plan did not involve a charge on the Treasury. The bill passed the House in this form.

TREASURY NOTES

The amendment contemplated the issuance and distribution of the same kind of currency that is now outstanding and in daily use—United States notes. The first United States notes were issued during the War between the States; they had no gold behind them at that time, only the credit of the Nation. When General Early was about to take Washington the notes fell in value, below the price of gold. When the war was over and they were made good for all debts—public and private—they immediately became worth 100 cents on the dollar, and have never fallen below that amount. It is true that they are backed at this time by slightly more than 40 per cent gold, $346,000,000 being backed by $156,000,000 in gold. No one is paying interest on this money. It has saved the people a half billion dollars in interest since its issuance. The big bankers do not like this money. They want it withdrawn. They believe that Federal reserve notes should be used instead. Some one is paying interest on the money that is issued by the Federal reserve banks. The Federal reserve system puts up 40 per cent of their depositors' gold—with promissory notes of banks and other forms of eligible paper—and uses the credit of the United States Government to issue Federal reserve notes (currency), which are obligations of the United States; the people (depositors) provide the gold, the Government provides the credit for the issuance of the Federal reserve notes, and the Federal reserve system, privately owned by the bankers, make the money by charging interest on the money so issued; that is the system the bankers want used exclusively.

IDLE GOLD

The testimony before the Ways and Means Committee disclosed that there was sufficient idle gold in the Treasury of the United States to authorize the issuance of more than $2,500,000,000, taking into consideration the policy of our Government to have our paper money backed at all times by 40 per cent gold. It is not the gold standard that is causing us so much trouble, it is the double gold standard. We have twice as much gold behind our paper money as is necessary to have behind it. If something is not done in the near future, the Federal reserve system will syphon this gold out of the Treasury into its own vaults for the purpose of answering the argument we are now making for the expansion of the currency in the manner suggested.

CURRENCY EXPANSION IN RUSSIA AND GERMANY

The argument is made that we should not issue Treasury notes or United States notes, as such a policy will lead to the destruction of our monetary system, as it did in Germany and Russia. These countries deliberately inflated their currencies until it was worthless in order that their debtor classes may pay their debts in cheap money. France and Italy adopted the same policy, but did not go so far, in order to help their debtor classes. England made a step in the same direction in order to help her debtor class. These illustrations are not applicable in this discussion for the reason that we are not proposing uncontrolled inflation, but, on the other hand, advocate controlled expansion. In order that there may be no cause for alarm we are not proposing to issue any more money than we can secure with a 40 per cent gold reserve. The countries that destroyed their currency systems issued money without rega to gold, credit of the nation, or national income. No such proposal is being considered in this country.

EXPANSION OF CURRENCY NECESSARY

It is true that an expansion of the currency to the extent of $2,200,000,000, the amount required to pay the remainder due on the adjusted-service certificates, will cheapen the dollar—not only the particular dollar issued but all dollars, the gold dollar as well—the dollar will probably buy less. That will help solve our greatest problem. Our problem is debts. The people owe $203,000,000,000 in all kinds of debts. The debts were contracted when a dollar would buy much less than it will buy at this time, when one bushel of wheat would pay a dollar of debt, a bale of cotton would pay $100 of debt, but now a bushel of wheat will only pay about one-third of that debt dollar and the cotton dollar will pay about one-fourth of the debt dollar. The people who contracted debts in 1926 are now having to pay those debts with dollars that are worth $2.66. Similar illustrations may be given for all commodities and prices of services. It has the same effect on the people who reside in the cities as it does on the people who produce the commodities.

BETTER A CHEAPENED DOLLAR THAN NO DOLLAR

The people can not pay their debts when there is so much difference between the price of the dollar at this time as compared with the price of the dollar at the time the debts were contracted. We must either cheapen the dollar so people can pay their debts or there will be wholesale bankruptcies and repudiation of debts. The dollar can be cheapened in three ways: (a) The way we propose, which will be controlled expansion; (b) the method adopted by France and Italy, which caused the repudiation of four-fifths of her debts; or (c) the way adopted by Russia and Germany.

I am sure creditors had rather receive a cheapened dollar than no dollar at all. It will be to the interest of the wage earner to receive a dollar that will not buy so much, in return for his labor, rather than not have a job that will permit him to earn a dollar. The dishonest dollar is the one that is now being collected by creditors—a dollar that is worth $2.66 compared with the price of the dollar at the time most of our debts were contracted.

FIAT OR PRINTING PRESS MONEY

Our opponents do not have logic and reason to support their contentions. They have coined phrases that will

prejudice the minds of the people. The money we propose to issue is no more printing press or fiat money than any other paper currency that is being issued every day. Billions of dollars in paper currency are issued annually. Let us consider different kinds of paper currency that are now in general circulation and use.

United States notes were first issued in 1862. Total outstanding $346,000,000, protected by the credit of the Nation and a gold reserve of $156,000,000. The difference between the gold reserve and the amount of the notes may be termed fiat money. It is good money because the credit of the Nation is behind it. As the money is torn, worn, or destroyed it is reissued. No one is paying interest on it.

NATIONAL CURRENCY

National banks are permitted to take 2 per cent Government bonds, to the amount of their capital stock, place them with the Secretary of the Treasury, and receive in return therefor the amount of the bonds in new paper money, national currency. The bonds are held as collateral security. The banks receive interest on the bonds in addition to having the use of the money. Not a dollar of gold is required to be behind this money. Total outstanding about $700,000,000. When this money is in general circulation some one is paying the bank of issue interest on it. The Government is also paying the bank of issue interest on the 2 per cent bonds securing the currency. Why not call this fiat or printing-press money? The banks are permitted to use the credit of the Nation to issue money and get pay for using the money issued. The veterans are asking that their Government obligations be used as collateral security for the issuance of money but not asking that they be paid a certain per cent annually for using the money.

GLASS AMENDMENT TO GOLDSBOROUGH BILL

Recently the House passed a bill requiring the Federal Reserve Board to expand currency and credit to the extent that commodity prices will return to the 1926 average. When the bill, H. R. 11499, reached the Senate Committee on Banking and Currency all after the enacting clause was stricken out and a provision was inserted in lieu thereof giving the national banks the right to receive $1,100,000,000 additional currency from the Treasury by securing it with any kind of a Government bond. The amendment contained this language:

> All outstanding bonds of the United States heretofore issued or issued during such period shall be receivable by the Treasurer of the United States as security for the issuance of circulating notes to national banking associations, and upon the deposit with the Treasurer of the United States by a national banking association of any such bonds, such association shall be entitled to receive circulating notes in the same manner and to the same extent and subject to the same conditions and limitations now provided by law in the case of 2 per cent gold bonds of the United States bearing the circulation privilege.

The amendment was reported May 3, 1932.

In other words, under the Glass amendment inserted by the Senate committee the bankers of the Nation will be permitted to take 4¼ per cent Liberty bonds, place them with the Secretary of the Treasury, the Secretary of the Treasury will start the printing presses to running and turn out for the bankers the $1,100,000,000 in new money. The bankers will get this new money; it will be national currency, not backed by one penny of gold; will get the use of this money and at the same time they will receive 4¼ per cent interest on the bonds securing the currency issue. Let us see how it will work out: The bankers will get $42,750,000 interest annually on the 4¼ per cent bonds securing the currency that will be held by the Secretary of the Treasury; they will pay a tax of one-half of 1 per cent annually on the money issued, amounting to $5,500,000. The bankers will get the use of the money and a net profit of $37,250,000 annually.

EXPLANATION DEMANDED

I want to know why it is sound for the bankers to issue money on the credit of the Nation, and that money is sound money, and it is unsound for money to be issued to the veterans in return for their Government obligations. In the case of the bankers Government obligations are used to secure the issuance of money. It is considered safe and sound. It is not referred to by our opponents as fiat or printing-press money. The use of the Government credit by the bankers has become a racket in which they have a monopoly. If veterans put up $1,100,000,000 in Government obligations or a larger amount to the Secretary of the Treasury as collateral security, why can not the Secretary of the Treasury issue to them the same amount of the same kind of currency that is issued to the bankers? The veterans would not get interest on the certificates deposited as security.

SENATE COMMITTEE

I hope the Senate Committee on Banking and Currency will explain to the country why the bankers should be paid to use the Government credit and the veterans denied the use of the Government credit when the same principle is involved? The veterans are asking that a noncirculating Government obligation be converted into a circulating Government obligation. The conversion can take place without expense to the Government or the people; and, as Senator Owen suggested, "It will be a godsend to the Nation."

FEDERAL RESERVE NOTES

The favorite money of the big bankers is Federal reserve notes. They can call them in when they desire, cause a contraction of the currency and a destruction of values. Some one is paying interest on it. About $3,000,000,000 of this money is now outstanding. The Government has loaned to the bankers its credit in order that this money may be issued as obligations of the United States. This money is used to finance foreigners in transactions between foreign countries, not remotely connected with the United States, except in competition with goods manufactured in the United States.

MONEY QUESTION

When the people understand the money question one of our biggest and most destructive rackets will be destroyed.

The theory that a few should be given special privileges in order that assistance may percolate down to the masses has been exploded. When the plain people are helped, all classes are helped. When they are not prosperous the country is not prosperous. Our Nation's greatness should be measured by the happiness and prosperity of the people who produce the Nation's wealth.

We have the greatest Government on earth. It has been suffering because of neglect and indifference of the people. The people now realize something is wrong; they are looking for the cause; they will find it and a correction will be made. When the people get the truth, our country will be safe and will continue on as the greatest Nation on earth.

When our monetary system is revised in the interest of the people most of our present woes will be eliminated. It is to the interest of the independent banker, merchant, farmer, and wage earner that this revision take place. There is no mystery about the issuance and control of money and credits, yet it is amazing how few prominent persons know anything about this subject. The science of money is not properly taught in our school systems. Very few high school or college graduates know anything about it, yet the control of money and credits by the few who are informed on the subject and who have obtained special favors at the hands of our Government set the price of all labor, commodities, and services. By contracting currency and credits taxes and debts can be doubled; all other fixed charges are doubled.

A PLEA FOR CAMPAIGN FUNDS—ALL PUBLIC OFFICERS PROHIBITED BY LAW FROM SOLICITING CAMPAIGN CONTRIBUTIONS

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. COLLINS. Mr. Speaker, in the Army and Navy Journal of July 9, 1932, the following paragraph appears soliciting funds from naval officers to aid the campaign for a seat

in Congress being conducted by Capt. Robert Henderson, United States Navy, retired:

I have received a letter from a naval associate of Capt. Robert Henderson urging me to give more publicity to the suggestion that financial help be given to that officer in connection with his campaign for the Republican nomination for Congress. The writer urges that the Navy, suffering as it is from insufficient expenditures and reduced pay, should have a champion familiar with the service, such as the Army has in the case of that able Congressman, General MARTIN. I heartily indorse this view. Let the fleet in the Pacific start the ball rolling. It should organize a campaign committee to collect funds and send them to the Henderson-for-Congress Republican Club, 240 East Third Street, Long Beach, Calif. Don't lose any time about this. The campaign is on, and contributions will be welcome.

In this connection, Mr. Speaker, I am advised by a colleague that all the candidates in his State are being circularized by an officer of the Officers' Reserve Corps, seeking to ascertain their position with respect to continuing to provide in the measure advocated by the War Department for the commissioned personnel of the Regular Army and each of the civil components thereof. My information is that the practice is being pursued in other States.

I think it is well at this time to call attention to the law as to such practices. Section 208 of Title XVIII, United States Code, provides:

It is unlawful for * * * any person receiving any salary or compensation for services from money derived from the Treasury of the United States to directly or indirectly solicit, receive, or be in any manner concerned in soliciting or receiving any assessment, subscription, or contribution for any political purpose whatever, from any other such officer, employee, or person.

Then section 212 of the same title provides:

Whoever shall violate any provision of the four preceding sections shall be fined not more than $5,000, or imprisoned not more than three years, or both.

Reserve officers engaged in practices such as I have referred to are not paying the expense incident thereto out of their own pockets. I do not think there can be any doubt but what they are amenable to the provisions of the statutes I have cited; and if the practice be continued, I am sure there will be no difficulty in having an investigation made at a more appropriate time for the purpose of ascertaining the names of those who have so proceeded without the pale of the law.

The instances I have cited are nothing more nor less than efforts to militarize the legislative branch of the Government; another case of organized minorities trying to dominate. Such tactics should be resented by every man on this floor who essays to be a Representative of his entire constituency.

ADJOURNMENT OVER TO-MORROW

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 12 o'clock on Friday next.

The SPEAKER. Is there objection?

Mr. SCHAFER. I object.

Mr. RAINEY. Mr. Speaker, I move that when the House adjourns to-day it adjourn to meet at 12 o'clock on Friday next.

The motion was agreed to.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 8173. An act to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination; and

H. R. 10825. An act to authorize the transfer of certain lands in Fayette County, Ky., to the Commonwealth of Kentucky.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2983. An act for the relief of homesteaders on the Diminished Colville Indian Reservation, Wash.;

S. 4367. An act to enable the collection of import duties on foreign-made goods entering the Virgin Islands through parcel-post mail;

S. 4511. An act to amend sections 328 and 329 of the United States Criminal Code of 1910, and sections 548 and 549 of the United States Code of 1926;

S. 4614. An act to amend section 14 of an act entitled, "An act to adjust water-right charges, to grant certain other relief on the Federal irrigation projects, and for other purposes," approved May 25, 1926 (44 Stat. 636), as amended (46 Stat. 249); and

S. 4778. An act to extend the time for the construction of a bridge across the east branch of the Niagara River at or near the city of Tonawanda, N. Y.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 8173. An act to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination.

H. R. 10825. An act to authorize the transfer of certain lands in Fayette County, Ky., to the Commonwealth of Kentucky.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 12 minutes p. m.), in accordance with the order heretofore made, the House adjourned until Friday, June 24, 1932, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MAPES: Committee on Interstate and Foreign Commerce. H. R. 12251. A bill to provide for the conveyance of the Portage Entry Lighthouse Reservation and buildings to the State of Michigan for public-park purposes; without amendment (Rept. No. 1689). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUTLER: Committee on the Public Lands. S. 4029. An act to restore homestead rights in certain cases; without amendment (Rept. No. 1690). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on Indian Affairs. H. R. 11896. A bill to provide for expenses of the Northern Cheyenne Indian Tribal Council and authorized delegates of the tribe; with amendment (Rept. No. 1691). Referred to the House Calendar.

Mr. NELSON of Maine: Committee on Interstate and Foreign Commerce. S. 1980. An act to extend the times for commencing and completing the construction of a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.; without amendment (Rept. No. 1692). Referred to the House Calendar.

Mr. SHALLENBERGER: Committee on Interstate and Foreign Commerce. S. 4759. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Florence, Nebr.; without amendment (Rept. No. 1693). Referred to the House Calendar.

Mr. RAGON: Committee on Ways and Means. H. J. Res. 439. A joint resolution to amend the revenue act of 1932; without amendment (Rept. No. 1695). Referred to the Committee of the Whole House on the state of the Union.

Mr. LOOFBOUROW: Committee on Indian Affairs. H. R. 10927. A bill conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria Tribes of Indians to compensation on a basis of guardian and ward; with amendment (Rept. No. 1696). Referred to the Committee of the Whole House on the state of the Union.

Mr. LINTHICUM: Committee on Foreign Affairs. S. J. Res. 124. A joint resolution to provide for the determination of claims for damages sustained by the fluctuation of the water levels of Lake of the Woods in certain cases, and for other purposes; with amendment (Rept. No. 1697). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12740. A bill authorizing an appropriation for payment to the Government of China for the account of certain Chinese citizens; without amendment (Rept. No. 1698). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12741. A bill authorizing an appropriation for payment to the Government of China for the account of certain Chinese citizens; without amendment (Rept. No. 1699). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12742. A bill authorizing an appropriation for payment to the Government of the Dominican Republic for the account of Mercedes Martinez Viuda de Sanchez, a Dominican subject; without amendment (Rept. No. 1700). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12743. A bill authorizing an appropriation for payment to the Government of Canada for the account of Janet Hardcastle Ross, a citizen of Canada; without amendment (Rept. No. 1701). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12744. A bill authorizing an appropriation for payment to the Government of Nicaragua for the account of Raimunda Valladares de Calderon, a citizen of Nicaragua; without amendment (Rept. No. 1702). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12745. A bill authorizing an appropriation for payment to the Government of Great Britain for the account of N. J. Moosa, a British subject; without amendment (Rept. No. 1703). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12746. A bill authorizing an appropriation for payment to the Government of Norway in settlement of all claims for reimbursement on account of losses sustained by the owner and crew of the Norwegian steamer *Tampen;* without amendment (Rept. No. 1704). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12747. A bill authorizing an appropriation for payment to the Government of China for the account of Ling Mau Mau, a citizen of China; without amendment (Rept. No. 1705). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12748. A bill authorizing an appropriation for payment to the Government of Nicaragua for the account of Salvador Buitrago Diaz, a citizen of Nicaragua; without amendment (Rept. No. 1706). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12749. A bill authorizing an appropriation for payment to the Government of Great Britain for the account of the Shanghai Electric Construction Co. (Ltd.); without amendment (Rept. No. 1707). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12750. A bill authorizing an appropriation for payment to the Government of Nicaragua for the account of Benjamin Gonzalez, a citizen of Nicaragua; without amendment (Rept. No. 1708). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12751. A bill authorizing an appropriation for payment to the Government of Chile for the account of Enriqueta Koch v. de Jeanneret, a citizen of Chile; without amendment (Rept. No. 1709). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 12752. A bill authorizing an appropriation for payment to the French Government for the account of Henry Borday, a citizen of France; without amendment (Rept. No. 1710). Referred to the Committee of the Whole House on the state of the Union.

Mr. COOPER of Ohio: Committee on Interstate and Foreign Commerce. H. R. 12494. A bill amending an act entitled "An act authorizing the State of West Virginia by and through the State Bridge Commission of West Virginia, or the successors of said commission, to acquire, purchase, construct, improve, maintain, and operate bridges across the streams and rivers within said State and/or across boundary-line streams or rivers of said State," approved March 3, 1931; without amendment (Rept. No. 1711). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 12311. A bill authorizing an appropriation for the payment of the claim of H. C. Lafferty, a member of the Sioux Indian Nation, for damages occasioned by the destruction of his horses; without amendment (Rept. No. 1694). Referred to the Committee of the Whole House.

Mr. KVALE: Committee on Military Affairs. H. R. 2911. A bill for the relief of Henry M. Burns; without amendment (Rept. No. 1712). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McFADDEN: A bill (H. R. 12767) to amend the national defense act so as to organize a special Army reserve in which ex-service men may enlist for a period of not to exceed one year; to the Committee on Military Affairs.

By Mr. SMITH of Virginia: A bill (H. R. 12768) to authorize the closing of a portion of Virginia Avenue SE., in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. McSWAIN (by request): A bill (H. R. 12769) to provide an additional authorization for the acquisition of land in the vicinity of Camp Bullis, Tex.; to the Committee on Military Affairs.

By Mr. HARLAN: A bill (H. R. 12770) authorizing employees of the Veterans' Administration to accept or reject quarters furnished by the Veterans' Administration; to the Committee on World War Veterans' Legislation.

By Mr. WEAVER: A bill (H. R. 12771) to authorize the Reconstruction Finance Corporation to lend to the States of North Carolina and Tennessee certain funds for the completion of the Great Smoky Mountains National Park; to the Committee on Banking and Currency.

By Mr. LONERGAN: A bill (H. R. 12772) to permit the importation of goods made by indentured labor only to the extent necessary to supply American demands which can not be met by American production, and for other purposes; to the Committee on Ways and Means.

By Mr. CHINDBLOM: A bill (H. R. 12773) amending title 3 of the revenue act of 1926 by adding thereto a new section providing for the revaluation of depreciated estates; to the Committee on Ways and Means.

Also, a bill (H. R. 12774) to repeal section 726 of the revenue act of 1932, increasing temporarily the stamp tax on sales of produce for future delivery; to the Committee on Ways and Means.

By Mr. EVANS of Montana: A bill (H. R. 12775) to authorize the purchase by the Government of silver produced in the United States; to provide for the issuance of silver cer-

tificates in payment therefor; to provide for the coinage of such silver; and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. SABATH: Resolution (H. Res. 273) authorizing an appropriation of $10,000 for investigation of Post Office Department; to the Committee on Accounts.

By Mr. RAGON: Joint resolution (H. J. Res. 443) directing the President of the United States of America to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

By Mr. MITCHELL: Joint resolution (H. J. Res. 444) to establish an investigating committee, defining its duties, and for other purposes; to the Committee on Rules.

By Mr. VINSON of Kentucky: Joint resolution (H. J. Res. 445) to amend the revenue act of 1932; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GIBSON: A bill (H. R. 12776) for the relief of Wallace Shippee; to the Committee on Claims.

By Mr. JONES: A bill (H. R. 12777) for the relief of John D. Huggins; to the Committee on Claims.

By Mr. LOZIER: A bill (H. R. 12778) for the relief of the estate of James N. Jones; to the Committee on Claims.

By Mr. PETTENGILL: A bill (H. R. 12779) for the relief of Roy G. Garner; to the Committee on Military Affairs.

By Mr. REILLY: A bill (H. R. 12780) for the relief of the West Bend Brewing Co.; to the Committee on Claims.

By Mr. SANDERS of New York: A bill (H. R. 12781) granting a pension to Arta A. Hunn; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8422. By Mr. BRUNNER: Resolution of 600 officials of New York State assembled in Buffalo on June 7, petitioning the President and Congress to amend the Federal reserve bank act to permit, under proper restrictions, the Federal reserve bank to rediscount municipal loans made to relieve unemployment and need and to enact legislation authorizing the Federal Government through the proper agency to make loans direct to municipalities for work and home-relief purposes; to the Committee on Banking and Currency.

8423. By Mr. KVALE: Petition of 199 employees of the Commander Larabee Corporation, Minneapolis, urging reductions in Federal expenditures; to the Committee on Economy.

8424. Also, petition of 38 residents of Minneapolis, Minn., urging reductions in Government expenditures; to the Committee on Economy.

8425. Also, petition of Pope County Farm Loan Association, Sedan, Minn., urging a 3-year moratorium to members of national farm-loan associations; to the Committee on Banking and Currency.

8426. Also, petition of Lincoln County Farmers Union, Ivanhoe, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

8427. By Mr. LAMBERTSON: Petition signed by M. M. Damme, of Hoyt, and a number of other farmers of Jackson County, all in the State of Kansas, favoring the repeal of the agricultural marketing act; to the Committee on Agriculture.

8428. By Mr. LINDSAY: Petition of conference of mayors and other municipal officials of the State of New York, Albany, to amend the Federal reserve bank act to permit, under proper restrictions, the Federal reserve banks to rediscount municipal loans made to relieve unemployment and need, and to enact legislation authorizing the Federal Government, through the proper agency, to make loans direct to municipalities for work and home-relief purposes; to the Committee on Banking and Currency.

8429. By Mr. RUDD: Petition of conference of mayors and other municipal officials of the State of New York, favoring an amendment to the Federal reserve bank act to permit, under proper restrictions, the Federal reserve banks to rediscount municipal loans made to relieve unemployment, and to authorize through proper agency to make loans direct to municipalities for work and home-relief purposes; to the Committee on Banking and Currency.

SENATE

THURSDAY, JUNE 23, 1932

(Legislative day of Wednesday, June 15, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Johnson	Robinson, Ind.
Austin	Costigan	Jones	Schall
Bailey	Couzens	Kean	Sheppard
Bankhead	Dale	Kendrick	Shipstead
Barbour	Davis	Keyes	Shortridge
Barkley	Dickinson	King	Smoot
Bingham	Fess	La Follette	Steiwer
Black	Fletcher	Logan	Stephens
Blaine	Frazier	McGill	Thomas, Idaho
Borah	George	McKellar	Thomas, Okla.
Bratton	Glenn	McNary	Townsend
Brookhart	Goldsborough	Metcalf	Trammell
Broussard	Gore	Moses	Vandenberg
Bulkley	Hale	Neely	Wagner
Bulow	Harrison	Norbeck	Walcott
Byrnes	Hastings	Norris	Walsh, Mass.
Capper	Hatfield	Nye	Walsh, Mont.
Caraway	Hawes	Oddie	Watson
Carey	Hayden	Patterson	White
Connally	Hebert	Reed	
Coolidge	Howell	Robinson, Ark.	

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

The question is on the amendment of the Senator from Mississippi [Mr. HARRISON] to the amendment of the committee.

Mr. JONES. Mr. President, an agreement has been made limiting debate to five minutes so I am inclined to think that early action will be had on the pending bill. Therefore I shall delay presenting my conference report on the so-called economy bill for a while in order to give the Senate an opportunity to conclude its consideration of the pending measure.

UNITED STATES ROANOKE COLONY COMMISSION

Mr. BAILEY. Mr. President, out of order, I ask unanimous consent for the present consideration of Calendar 850, House Concurrent Resolution 26.

The VICE PRESIDENT. Let it be reported.

The CHIEF CLERK. A concurrent resolution (H. Con. Res. 26) to establish a commission to be known as the United States Roanoke colony commission, to report a plan and program for the celebration in 1934 of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America on Roanoke Island, N. C.

The VICE PRESIDENT. Is there objection to the present consideration of the concurrent resolution?

Mr. LA FOLLETTE. Mr. President, I think we should have a morning hour in which the calendar may be called and all bills have an opportunity to be considered. Therefore I object.

The VICE PRESIDENT. Objection is made.

Mr. BAILEY. Mr. President, let me say to the senior Senator from Wisconsin that I shall be out of Washington for several days, and I expect that Congress may adjourn before I return. This is a small matter, but of very great importance to North Carolina. I hope the Senator will withdraw his objection and let the concurrent resolution be considered.

The VICE PRESIDENT. Does the Senator from Wisconsin withdraw his objection?

Mr. LA FOLLETTE. I am sorry, but I must insist upon my objection.

The VICE PRESIDENT. Objection is made.

Mr. McNARY. Mr. President, may I advise the Senator from North Carolina that I hope this afternoon to have the Senate adjourn until to-morrow so that we may have a morning hour and a call of the calendar to-morrow?

Mr. BAILEY. May I leave this matter, then, with the chairman of the committee who reported it, as I shall be out of town after 4 o'clock to-day?

Mr. McNARY. I shall be very glad to do what I can for the Senator.

TARIFF COMMISSION REPORTS

The VICE PRESIDENT laid before the Senate a communication from the acting chairman of the United States Tariff Commission, transmitting copies of reports sent to the President of investigations for purposes of section 336 of the tariff act of 1930 of infants' wool-knit outerwear, umbrellas and umbrella frames and skeletons, and furniture of wood, made by the commission pursuant to Senate Resolutions 295, 309, 312, and 325 of the Seventy-first Congress, which, with the accompanying reports, was referred to the Committee on Finance.

PETITIONS AND MEMORIALS

Mr. COPELAND presented resolutions adopted by the board of directors of the League of Nations Association, favoring action by the Congress before its adjournment "to request the President to confer with the governments represented at Lausanne in order that a permanent solution may be found for the problems which block the road to recovery from the present economic distress," which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Bellport, Long Island (N. Y.) Chamber of Commerce, favoring retrenchment in governmental expenditures, and protesting against the passage of legislation at this time increasing the financial obligations of the Government and also legislation that might impair the stability of the currency, which were ordered to lie on the table.

He also presented a resolution adopted by the New York State conference of mayors and other municipal officials, representing cities and first-class villages of the State, favoring the passage of legislation amending the Federal reserve bank act so as to permit, under proper restrictions, the Federal reserve banks to rediscount municipal loans made to relieve unemployment, and also the passage of legislation authorizing the Government through the proper agency to make loans direct to municipalities for work and home-relief purposes, which was ordered to lie on the table.

REPARATIONS AND WORLD WAR GUILT

Mr. COPELAND. Mr. President, I ask unanimous consent to have published in the RECORD resolutions adopted by the general conference of the Methodist Episcopal Church relating to reparations and to war guilt. There are suggestions in the resolution about military training of which I personally do not approve, but I think what is set forth on the other subjects is of great interest.

There being no objection, the resolutions were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

WORLD PEACE

"The patriotism of the Methodist Episcopal Church has never been challenged. Neither our motive nor our loyalty must be impugned when we insist on the fulfillment of pledges made to the dead and assert our Christian ideals to the living."

In these terms, as in the general conference of 1924, we set ourselves to create the will to peace, the conditions for peace, and organization for peace. We rejoice in the position taken by the general conference of 1928 which declared that we are opposed to all military training in colleges and universities, and which further said, "The agencies of our church shall not be used in preparation for war; they shall be used in preparation for peace."

And now, in the name of Christ and in the interest of the prosperity and peace of the world, we feel constrained to make the following pronouncements:

We believe that the time has come for the world to acknowledge the fact that the sole guilt of the German nation for the World War can not in justice be maintained.

We hope that religious and other bodies the world around will join with us in urging the League of Nations to seek a revision of this article.

We also believe that the time has come for the world to recognize the fact that further reparations based upon this article should not be demanded of the German people. We take the position that reparations and war debts are not in the same category, either in law or in morals, and insist that this difference in principle be clearly recognized. We believe, however, that they are very closely related and that reduction or cancellation of reparations can not be made without seriously affecting war-debt payments to the United States. We further believe that what the United States might not be willing to do if the demand should be made on the basis of legal right it might be willing to consider in the interest of the prosperity and peace of the world. We therefore urge the Government of the United States, inviting the cooperation of other governments which are involved, to arrange for a new settlement of war debts based upon the present economic situation, upon drastic reduction of armaments and of military expenditures.

The Governments of 59 nations having, by the pact of Paris, officially renounced war, should now abolish weapons designed primarily for aggressive purposes. The drastic reduction or total abolition of such weapons, namely, tanks and heavy mobile guns, airplanes, airplane carriers, and gas, would greatly enhance the significance of the peace pact, allay deep suspicions and fears among nations less prepared to make war, prevent rivalry in armaments among all nations, and to insure the success of the disarmament conference now meeting in Geeva.

We call upon the world to witness the fact that the signatories to the Versailles treaty in forcing the disarming of Germany solemnly declared they were doing it "in order to render possible initiation of a general limitation of armaments of all nations"; also the fact that the United States, signatory to the treaty of Berlin, in which is embodied the preamble of Part V of the treaty of Versailles, made the same promise to Germany and the world, and, in our judgment, these nations are all morally and legally bound to a general reduction of armaments.

We commend the President of the United States and the Secretary of State for taking the position that our Government will not recognize any situation, treaty, or agreement which may be brought about by violation of treaty agreements. We rejoice in the indorsement of this position given by the Council of the League of Nations. We believe that this position, which is in harmony with the Paris pact and American traditions, and which, as Mr. Hoover has truly said, is "the strongest moral sanction ever proclaimed in the world," ushers in a new day in international diplomacy and brings new hope to mankind.

Believing that the Root formula fully protects American interest, we now urge the Government of the United States to ratify the World Court protocols, and also to enter the League of Nations with such Senate reservations as shall harmonize the constitution of the league with the Paris peace pact.

We recommend the establishment of a bureau in the Department of State whose duty it will be to promote education for peace.

We appeal for such modification of the present immigration act as will place orientals on the same quota basis as now governs immigration from European countries.

We desire to make our own the following position taken by the executive committee of the Federal Council of the Churches of Christ in America:

"In view of certain judicial decisions which raise fundamental questions as to the justice of our present naturalization laws, we desire to put on record the following convictions:

"We hold that our country is benefited by having as citizens those who unswervingly follow the dictates of their consciences, and that a policy of denial of naturalization to aliens of such character is contrary to the ideals of a Nation into whose very structure the principle of political and religious liberty has been built.

"If the present naturalization law does, under fair interpretation, require the exclusion from citizenship of applicants who put allegiance to God above every other consideration, we believe that the law should be amended.

"Furthermore, we believe it to be the duty of the churches to give moral support to those individuals who hold conscientious scruples against participation in military training or military service."

We petition the Government of the United States to grant to members of the Methodist Episcopal Church who may be conscientious objectors to war the same exemption from military service as has long been granted to members of the Society of Friends and other similar religious organizations. Similarly we petition all educational institutions which require military training to excuse from such training any student belonging to the Methodist Episcopal Church who has conscientious scruples against it.

We earnestly petition the Government of the United States to cease all military training in civilian educational institutions. We urge Methodists in all parts of the world to make a like request of their respective governments, and further to plead for the abolition of compulsory military service in countries where it is now required.

DANIEL L. MARSH, *Chairman.*
W. A. ELLIOTT, *Secretary.*

RELIEF LEGISLATION

Mr. BARBOUR. Mr. President, I present a telegram from Mark T. McKee, executive director American Legion National Employment Commission, Chicago, Ill., relative to pending relief legislation, which I ask may be printed in the RECORD and lie on the table.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

CHICAGO, ILL., *June 20, 1932.*

Hon. WARREN BARBOUR,
United States Senator:

Appreciating the public-spirited and helpful attitude you have demonstrated from the very beginning in the interest of expediting unemployment relief legislation through self-liquidating projects without regard to your own political advantage, suggest that you ask Senator WAGNER to please show you my wire to him of yesterday in respect to his bill now on the floor of the Senate. My hope is you will feel constrained in the interest of expedition to use your position to facilitate passage Wagner bill at earliest date on the basis that it has best chance under all the circumstances of passage outlined in my wire to him, especially if my information is correct, that there is certain amount of opposition to relief for private industry as stressed by administration feature of your bill. Feel Wagner bill best means forestalling any danger of passage some unsound measure.

MARK T. MCKEE,
Executive Director American Legion
National Employment Commission.

INSTALLATION OF CAFETERIAS IN PUBLIC BUILDINGS

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Appropriations resolutions of the Atlantic City Chamber of Commerce relative to the installation of cafeterias in public buildings.

There being no objection, the resolutions were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Whereas our attention has been directed to the fact that the second deficiency bill now before Congress contains a provision to appropriate funds for the installation of a cafeteria in the new Newark, N. J., post office; and

Whereas this chamber of commerce has in the past gone on record as being opposed to the principle of the Government engaging in business in competition with private enterprise; and

Whereas the establishment of a cafeteria in the Newark post office might set a precedent to be followed in other governmental buildings not only in this but in other States; and

Whereas the restaurant industry is a most important one in the State of New Jersey and would be adversely affected by such activity on the part of the Government: Now, therefore, be it

Resolved, That the Atlantic City Chamber of Commerce opposes specifically the proposal by the Government to operate a cafeteria in the new Newark, N. J., post office; and be it further

Resolved, That the Atlantic City Chamber of Commerce does again express its opposition to the Government engaging in business in competition with private enterprise; and be it further

Resolved, That the efforts of our Congressman and Senators be directed to the ends expressed in this resolution; and be it further

Resolved, That copies of this resolution be forwarded to Senators W. WARREN BARBOUR and HAMILTON KEAN, Congressman ISAAC BACHARACH, the American Hotel Association, and the Atlantic City Restaurant Association.

HUGH RIDDLE, *President.*

Attest:
[SEAL.] T. L. HUSSELTON, *Executive Manager.*

AGRICULTURAL RELIEF

Mr. SCHALL. Mr. President, I ask unanimous consent to publish in the RECORD a letter from G. G. Sawyer, of Annandale, Minn., and have it lie on the table.

There being no objection, the letter was ordered to be printed in the RECORD and lie on the table, as follows:

ANNANDALE, MINN., *June 21, 1932.*

Hon. THOMAS SCHALL,
Washington, D. C.

MY DEAR SENATOR: I feel it my duty at this time to let you know how destitute the farmers are in this section of Minnesota. In Wright County, the banner county of the State, the farmers are losing their farms by the hundreds, and there seems to be no place on earth that we can turn to help them finance their homes.

The desperate farmers are taking more than half of my time making appeals to us to help them to save their homes. The life companies will not carry them when they can not pay their interest on their farm loans and the taxes are piling up.

Do not adjourn Congress until you have passed a relief bill that is a relief to the farmers. So far they have not been able to get one cent of the big relief measure that Congress did pass. The railroads and insurance companies had no trouble to get their money, but the restrictions for the farmer were so strict they did not get anything but a few sacks of cracked wheat for their chickens.

There will be a revolution in this State within 30 days if something is not done to relieve the distressed farmer.

Respectfully,

G. G. SAWYER.

THE CURRENCY SYSTEM

Mr. SCHALL. Mr. President, I ask unanimous consent to have printed in the RECORD resolutions passed by the Central Council of District Clubs, St. Paul, Minn., and ask that they may lie on the table.

There being no objection, the resolutions were ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas Article I, section 8, of the Constitution of the United States provides that "Congress shall have the power to coin money and regulate the value thereof"; and

Whereas silver has been demonetized and the use of gold for monetary purposes restricted by such measures as the Glass-Steagall bill, and regulations of the Federal reserve banks, and in the place of free and unlimited coinage of gold and silver a system of theoretic flexible credit has been given to and controlled by powers outside of Congress. The reserve banks have no power to make the flexible-credit system function. The reserve banks can not force the member banks to use the flexible-credit system, and the result is that during depression the actual money is hoarded on account of its rapidly increasing value, and the flexible-credit system is not functioning at all. This condition is wrecking all our business institutions and homes, and enterprises of every kind are wrecked or stopped, throwing everybody out of work, and will in a short time stop all our business.

	Billions
The national income of United States for 1929 was	89.5
The national income of United States for 1930 was	65.5
Loss	24.0
The national income of United States for 1931 was	52.0
Loss	37.5
Estimated national income of United States for 1932	40.0
	49.5
Estimated loss for three years	111.0

This loss would have paid the proposed soldier bonus of $2,000,000,000 fifty-five times.

The above conditions have also brought about an inflation of debts, and the dollar is soaring to unreasonable inflation, while everything else is being deflated to from a fraction of a cent on the dollar to a few cents.

A bushel of potatoes during the war cost $5. This year the farmers here got 15 cents per bushel. The interest on $5 is 21¼ cents on the 4¼ per cent Liberty loan bonds. The farmer is then short 6¼ cents of paying the interest on 1 bushel of potatoes. The principal is therefore increasing at the rate of 6¼ cents per year, and he is further and further in debt.

It would take a farmer 33 years to pay for a $5 bushel of potatoes with 15-cent potatoes, and in the meantime the interest has eaten up all his payments and he is further in debt than when he started. In 33 years there would be added by simple interest another $1.65 cents, or equal to 11 bushels of potatoes, making a total of 44 bushels of potatoes, or 44 years, with no hope in view. This is equal to multiplying the national debt by 44, which will cover more than the entire wealth of the United States. Now therefore be it

Resolved, That it is the sense of the Central Council of District Clubs, of St. Paul, Minn., that our Representatives in Congress shall speedily exercise the authority given them by the Constitution and regulate the value of the dollar, and provide money so that our business activities shall not be blocked, as at the present time, by the nonexistence of a medium of exchange: Be it further

Resolved, That it is not necessary to float large bond issues to get the necessary money into circulation, which it has been shown is futile, as it simply increases the value of the dollar; but the money shall be issued direct to the people by the Government for services rendered, such as the soldiers' bonus. This would get a small amount of money into circulation and give a small but necessary reduction in the present inflated value of the dollar; Be it further

Resolved, That the constitutional provision of the free and unlimited coinage of gold and silver be immediately resumed, and thereby furnish a real and tangible basis of money for the medium of exchange, instead of the present evanescent flexible-credit system that is evidently being manipulated for the concentration of wealth in a few hands, inflation of debts, disruption of business, and robbing 99 per cent of the people of the United States of all their wealth.

GRASSHOPPER PLAGUE IN THE NORTHWEST

Mr. SCHALL. Mr. President, I ask unanimous consent to have printed in the RECORD and to lie on the table some telegrams and letters I have received with reference to the grasshopper situation in the Northwest.

There being no objection, the matter referred to was ordered to lie on the table and to be printed in the RECORD, as follows:

MINNEAPOLIS, MINN., *June 16, 1932.*

Senator THOMAS D. SCHALL,
United States Senate, Washington:

Supplementing telegram 14th sent Secretary Hyde, Speaker GARNER, and Congressman ANDRESEN, we have further investigated grasshopper situation. Can report that Minnesota can and will take care of situation in Minnesota without Federal aid. We are equally certain that funds are needed immediately for North and South Dakota and Montana. Even a week's delay would probably necessitate much larger amount. If $500,000 could be immediately available for these three States, we believe situation can be satisfactorily handled. Legal situation in these States makes immediate appropriations impossible, and financial condition of counties involved is such that funds could not be raised for immediate use, anyway. Arrangements will be made to advance money if we can have Government's assurance that we will be reimbursed. Please address E. W. Decker, Northwestern National Bank, Minneapolis.

A. R. Rogers, chairman Minneapolis Industrial Committee; B. B. Sheffield, president Minneapolis Civic and Commerce Association; L. E. Wakefield, president First National Bank; E. L. Carpenter, president Shevlin, Carpenter & Clarke Co.; E. W. Decker, president Northwestern National Bank; W. A. Durst, president Minnesota Loan & Trust Co.; F. T. Heffelfinger, president F. H. Peavey & Co.; Geo. D. Dayton, president the Dayton Co.; C. T. Jaffray, president Soo Line Railroad; Thos. J. Wallace, president Farmers & Mechanics Savings Bank; Carl W. Jones, publisher the Minneapolis Journal; F. E. Murphy, publisher the Minneapolis Tribune; John Thompson, publisher the Minneapolis Star; J. H. Macmillan, president Cargill Elevator Co.

ST. PAUL, MINN., *June 22, 1932.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington:

St. Paul association just concluded extensive survey, which shows the grasshopper menace to be very serious in Minnesota and the Dakotas. We believe it imperative that immediate aid be given by the Government to eradicate grasshoppers. We ask your wholehearted cooperation to help the farmers of the Northwest.

CARL W. CUMMINS,
President St. Paul Association of Commerce.

DULUTH, MINN., *June 17, 1932.*

Hon. THOMAS D. SCHALL,
United States Senate:

Our reports indicate serious menace from grasshoppers, if not absolute crop destruction, in the Red River Valley both in North Dakota and Minnesota, and we would appreciate your utmost efforts to attain Federal relief, even if only a temporary loan for the North Dakota section. We are advised that Minneapolis interests have sufficient funds at present for Minnesota relief, but the situation is serious in both North Dakota and Minnesota, and immediate action is necessary to prevent destruction of crops in this area that suffered extreme damage last season also.

DULUTH CHAMBER OF COMMERCE.

PITTSBURGH COAL CO. OF WISCONSIN,
Minneapolis, Minn., June 15, 1932.

Hon. THOMAS D. SCHALL,
Senator, Washington, D. C.

HONORABLE SIR: Being familiar with the serious credit condition in Minnesota, North and South Dakota, Wisconsin, and part of Iowa, because of the farmers' situation, I sincerely urge that you take some immediate steps to prevent this anticipated and quite evident grasshopper plague.

Daily reports from the territory indicate splendid crop condition, but there is always the underlying fear of the grasshopper, now about to sprout wings. If any help is to be rendered, it must be given immediately.

For the protection of our country and to quicken the return of prosperity I urge immediate action.

Very truly yours,

O. F. CARLSON, *Treasurer.*

MINNEAPOLIS, MINN., *June 15, 1932.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D. C.

MY DEAR SENATOR: We in Minnesota are fearful of what is going to happen in the western part of our State, North and South Dakota, and Montana between now and the 15th of July with the "grasshopper pest." Unless action is begun at once we will lose the harvesting on one of the best crops we have had in a number of years, and if such a catastrophe happens I do not know what the farmers of this country and the people living in the Twin Cities will do.

We all beg of you to get action on this appropriation for extermination at once.

Very truly yours,

SPRADLIN MOTHPROOF CORPORATION,
By W. H. SCHAFER.

REPORTS OF COMMITTEES

Mr. McNARY, from the Committee on Commerce, to which was referred the bill (H. R. 8681) to develop American air transport services overseas, to encourage the construction in the United States by American capital of American airships for use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship, reported it with amendments and submitted a report (No. 874) thereon.

He also, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 1863) to authorize and direct the transfer of Widows Island, Me., by the Secretary of the Navy to the Secretary of Agriculture for administration as a migratory-bird refuge, reported it with an amendment and submitted a report (No. 897) thereon.

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 996. An act for the relief of Mildred B. Crawford (Rept. No. 875);

H. R. 1226. An act for the relief of Edna M. Gilson (Rept. No. 876);

H. R. 4264. An act for the relief of Lieut. Col. H. H. Kipp, United States Marine Corps, retired (Rept. No. 877);

H. R. 6003. An act for the relief of A. L. Marshalll (Rept. No. 879); and

H. R. 8306. An act for the relief of D. M. Leypoldt Co. (Rept. No. 878).

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (H. R. 5971) for the relief of Grover Cleveland Ballard, reported it without amendment and submitted a report (No. 880) thereon.

Mr. GLENN, from the Committee on Claims, to which was referred the bill (H. R. 4059) for the relief of Rosamond B. McManus, reported it without amendment and submitted a report (No. 881) thereon.

Mr. BROOKHART, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 3725. An act for the relief of the First National Bank of Brenham, Tex. (Rept. No. 882);

H. R. 3726. An act for the relief of the Farmers State Bank of Georgetown, Tex. (Rept. No. 883);

H. R. 5059. An act for the relief of Mrs. Johnnie Schley Gatewood (Rept. No. 884); and

H. R. 7411. An act for the relief of Alex Bremer (Rept. No. 885).

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 1260. An act for the relief of James E. Fraser (Rept. No. 886);

H. R. 1903. An act for the relief of Harrison Simpson (Rept. No. 887);

H. R. 2514. An act for the relief of the estate of Samuel Schwartz (Rept. No. 888); and

H. R. 4071. An act for the relief of W. A. Blankenship (Rept. No. 889).

Mr. LOGAN also, from the Committee on Claims, to which was referred the bill (H. R. 7449) for the relief of the heirs of Jacob D. Hanson, reported it with amendments and submitted a report (No. 890) thereon.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (H. R. 4230) for the relief of Genevieve M. Heberle, reported it with an amendment and submitted a report (No. 891) thereon.

Mr. WHITE also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 4591. An act to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the steamship *W. I. Radcliffe* against the United States, and for other purposes (Rept. No. 892);

H. R. 1962. An act for the relief of Noble Jay Hall (Rept. No. 893);

H. R. 2606. An act for the relief of Edward Christianson (Rept. No. 894);

H. R. 4233. An act for the relief of Enza A. Zeller (Rept. No. 895); and

H. R. 5007. An act for the relief of Marie E. McGrath (Rept. No. 896).

Mr. HASTINGS, from the Committee on Interstate Commerce, to which was referred the bill (S. 4616) imposing upon consignors of liquid fuels the duty of making monthly reports in certain cases to the Bureau of Mines of the Department of Commerce, and imposing penalties, reported it with amendments and submitted a report (No. 898) thereon.

Mr. HEBERT, from the Committee on Patents, to which was referred the bill (S. 4912) to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933, reported it with amendments and submitted a report (No. 899) thereon.

Mr. AUSTIN, from the Committee on the District of Columbia, to which was referred the bill (S. 4920) to authorize the closing of a portion of Virginia Avenue SE. in the District of Columbia, and for other purposes, reported it with amendments and submitted a report (No. 900) thereon.

He also, from the same committee, to which was referred the bill (H. R. 461) to amend section 18 of the act entitled "An act to establish standard weights and measures for the District of Columbia; to define the duties of the superintendent of weights, measures, and markets of the District of Columbia, and for other purposes," approved March 3, 1921, reported it with an amendment and submitted a report (No. 901) thereon.

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which were referred the following resolutions, reported them each with an amendment:

S. Res. 177. Resolution authorizing an investigation of the subject of the utilization of the water resources of the Sacramento, San Joaquin, and Kern Rivers in California; and

S. Res. 248. Resolution to investigate rental conditions in the District of Columbia.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on June 22, 1932, that committee presented to the President of the United States the following enrolled bills:

S. 2983. An act for the relief of homesteaders on the Diminished Colville Indian Reservation, Wash.;

S. 3864. An act authorizing expenditures from Colorado River tribal funds for reimbursable loans;

S. 4367. An act to enable the collection of import duties on foreign-made goods entering the Virgin Islands through parcel-post mail;

S. 4511. An act to amend sections 328 and 329 of the United States Criminal Code of 1910 and sections 548 and 549 of the United States Code of 1926;

S. 4614. An act to amend section 14 of an act entitled "An act to adjust water-right charges, to grant certain other relief on the Federal irrigation projects, and for other purposes," approved May 25, 1926 (44 Stat. 636), as amended (46 Stat. 249); and

S. 4778. An act to extend the time for the construction of a bridge across the east branch of the Niagara River at or near the city of Tonawanda, N. Y.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAPPER:

A bill (S. 4928) to provide fees to be charged by the recorder of deeds of the District of Columbia; to the Committee on the District of Columbia.

By Mr. SHEPPARD:

A bill (S. 4929) to provide for the consideration of alternate materials in the construction of public buildings; to the Committee on Public Buildings and Grounds.

FEDERAL WORKMEN'S COMPENSATION LAW FOR EMPLOYEES IN INTERSTATE COMMERCE

Mr. WAGNER. Mr. President, I ask unanimous consent to introduce a bill, and I ask that an explanatory statement thereof may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 4927) to provide compensation for disability or death resulting from injury to employees in interstate commerce, and for other purposes, was read twice by its title and referred to the Committee on Interstate Commerce.

The explanatory statement submitted by Mr. WAGNER is as follows:

MEMORANDUM ON PROPOSED FEDERAL WORKMEN'S COMPENSATION LAW FOR INTERSTATE COMMERCE EMPLOYEES

This legislation is introduced for the purpose of extending the principle of workmen's compensation for industrial accidents to the most important group of workers remaining without this modern protection—interstate commerce employees.

In 1912 a congressional committee, after two years' exhaustive investigation, reported voluminously in favor of a Federal workmen's compensation law for employees injured in interstate commerce. The bill was passed by both Houses of Congress, but because of differing provisions which were never adjusted, failed to become law.

Meanwhile, State after State has discarded the outgrown system of employers' liability suits for damages, and Congress has adopted three workmen's compensation laws: In 1916 for civilian employees of the Government, in 1927 for longshoremen and harbor workers, and in 1928 for private employees in the District of Columbia. Workmen's compensation, which is now adopted in this country in all but four States (Arkansas, Florida, Mississippi, and South Carolina) has been demonstrated to be for the best interests of workers, employers, and the whole community. But interstate commerce employees are still subject to the antiquated system of employers' liability, under the Federal act of 1908.

The late Chief Justice Taft, in an address before the American Law Institute on May 9, 1929, said:

"A good many years ago it was attempted in Congress to provide a workmen's compensation act, or what was equivalent to it, with reference to that great body of men whose lives are constantly at stake in the operation of the transportation systems of this country. We in the Supreme Court, and all judges who have to do with the active conduct of litigation, realize the amount of time that is taken up in litigation of that kind, and also realize how much has been saved to the courts of the country by workmen's compensation acts. But we have no such system in the Federal courts. We need it.

"I hope that in the study of negligence, which I understand is going on, you may stop for a moment and look over to the kindred subject of how insurance against injury, disaster, and death of railroad employees can be carried on under the Constitution by Congress. If you will look back, as we can, to the years since those Federal bills were initiated and think how much time might have been saved and how much real good could have been done by introducing what is practically a system of general insurance to save lives and limbs—and women and widows by means of sustenance after the death of the bread winner—I think you will feel stirred to a movement of that sort. It failed, I am sorry to say, because of the spirit that actuated some of the opponents, which has been restated with emphasis in the revelations that recently have been made in New York in what is called the ambulance-chasing investigation. Now, far be it from me to say that the Federal bar has any ambulance chasers, but I think I would investigate, and if there are none, find it out." [Laughter.]

From the general welfare angle, this problem has been discussed from time to time during all these years; and at the joint meeting of representatives of railway operators and railway unions at Chicago in January of this year, steps were taken looking toward the earnest consideration of action by Congress on a Federal workmen's compensation law for interstate commerce employees.

In introducing this bill it is, of course, understood that no action is possible at this session of the Congress; but it is important that a concrete plan be available for distribution and study during the coming months in order that the desirable action may finally be taken with reasonable promptness.

This bill appropriately follows somewhat closely the existing well-tested Federal longshoremen's act of 1927 which was designed to meet a similar administrative problem where private employees under Federal jurisdiction are scattered throughout the country. The bill applies to all workers employed in interstate commerce by railroads, express and sleeping car companies, or by any person operating a vehicle or airplane on a regular route. It provides for all necessary medical care and, after a 7-day noncompensated waiting period, for cash compensation based on two-thirds of wages.

The proposed act is administered by a representative commission of three members appointed by the President with the advice and consent of the Senate. Deputy commissioners in important centers, under the unifying supervision of the commission, do the actual day by day work of hearing claims and awarding compensa-

tion. Appeal on questions of law from the decision of the deputy is taken to the Federal district court as under the longshoremen's compensation act adopted by Congress five years ago.

Special provision is made for accident prevention work and for the rehabilitation of disabled workers. Employers are, of course, required to insure the payment of compensation, and administrative expenses are assessed upon insurance carriers including self-insurers as is done in New York and a number of other States including Delaware, Georgia, Kentucky, Maryland, Missouri, New Jersey, North Carolina, Texas, and Virginia. The inadequacies and evils of the existing system of employers' liability for interstate commerce workers indicate the necessity for modern legislation to meet present-day needs which will effectively and adequately protect all employees injured in interstate commerce. Such legislation can be worked out to the advantage of employers and employees and will at the same time relieve the public of the various expenses growing out of litigation.

LOUISE BECKE

Mr. DAVIS submitted the following resolution (S. Res. 249), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1931, to Louise Becke, widow of Edward Becke, late a private of the police force for the Senate Office Building under the Sergeant at Arms, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

WITHDRAWAL OF FLOOD-CONTROL REPORTS, LOWER RIO GRANDE

Mr. SHEPPARD. Mr. President, I ask leave to withdraw from the files of the Senate the two reports on flood control, Lower Rio Grande, submitted by me to the Senate on May 23, 1932, and referred to the Committee on Printing. Also, I ask leave to withdraw from the files of the Senate a letter from the State Department transmitting flood-control reports on the Lower Rio Grande, which letter was submitted by me to the Senate on May 25, 1932, and referred to the Committee on Printing.

The VICE PRESIDENT. Without objection, leave is granted.

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. Mr. President, I ask that the junior Senator from Kentucky [Mr. LOGAN] be assigned to the vacancy on behalf of the minority upon the Committee on Mines and Mining.

The VICE PRESIDENT. Without objection, that order will be entered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills and joint resolution of the Senate:

S. 157. An act for the relief of Sarah Ann Coe;

S. 217. An act authorizing adjustment of the claim of J. G. Shelton;

S. 224. An act authorizing adjustment of the claim of Lewis Semler;

S. 229. An act for the relief of Don C. Fees;

S. 248. An act authorizing adjustment of the claim of the David Gordon Building & Construction Co.;

S. 250. An act authorizing adjustment of the claim of the Sun Shipbuilding & Dry Dock Co.;

S. 258. An act authorizing adjustment of the claim of H. E. Hurley;

S. 860. An act for the relief of William Girard Joseph Bennett;

S. 1028. An act for the relief of W. Stanley Gorsuch;

S. 1280. An act for the relief of National Ben Franklin Fire Insurance Co.;

S. 1436. An act for the relief of the Copper Ridge Mining Co.;

S. 2159. An act for the relief of the Columbia Casualty Co.;

S. 2364. An act to authorize the Secretary of the Interior to extend or renew the contracts of employment of the attorneys employed to represent the Chippewa Indians of Minnesota in litigation arising in the Court of Claims under the act of May 14, 1926 (44 Stat. 555);

S. 2909. An act for the relief of Ross E. Adams; and

S. J. Res. 182. Joint resolution amending the joint resolution authorizing the erection on the public grounds in the city of Washington, D. C., of a memorial to William Jennings Bryan.

The message also announced that the House had passed the bill (S. 943) for the relief of John Herink, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 111. An act for the relief of Rosa E. Plummer;

S. 478. An act for the relief of Cicero A. Hilliard;

S. 1216. An act for the relief of the owner of the barge *Mary M*; and

S. 3119. An act for the relief of J. D. Stewart.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 549. An act for the relief of the Neill Grocery Co.;

H. R. 650. An act for the relief of Joe Andrews Co.;

H. R. 1203. An act for the relief of Edward J. O'Neil;

H. R. 1206. An act for the relief of George Beier;

H. R. 1289. An act for the relief of William Dalton;

H. R. 1927. An act for the relief of Leonard L. Dilger;

H. R. 2534. An act for the relief of J. B. Hudson;

H. R. 2650. An act for the relief of George H. Holman;

H. R. 2927. An act for the relief of George M. Peed;

H. R. 2935. An act for the relief of J. R. Reimer;

H. R. 5289. An act for the relief of Samuel Puff Bailey;

H. R. 5561. An act for the relief of Oscar R. Hahnel;

H. R. 5786. An act for the relief of Essie Finger;

H. R. 5820. An act for the relief of J. H. Wallace;

H. R. 6797. An act for the relief of Samuel Weinstein;

H. R. 7385. An act for the relief of Sidney Joseph Kent;

H. R. 8120. An act for the relief of Jack C. Richardson;

H. R. 8980. An act to provide for the sale of a portion of the site of the post office and customhouse building in Newark, N. J., to the city of Newark for use as a public street;

H. R. 8981. An act to provide for the sale of an easement for a railway right of way over the post-office and customhouse site at Newark, N. J.;

H. R. 9331. An act for the relief of Octavia Gulick Stone;

H. R. 9714. An act for the relief of Marion F. Blackwell; and

H. J. Res. 439. A joint resolution to amend the revenue act of 1932.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on June 22, 1932, the President approved and signed the act (S. 1525) forbidding the transportation of any person in interstate or foreign commerce, kidnaped or otherwise unlawfully detained, and making such act a felony.

ADDRESS BY SENATOR BAILEY AT NORTH CAROLINA DEMOCRATIC STATE CONVENTION

Mr. BANKHEAD. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered at the recent Democratic State convention of North Carolina by the junior Senator from North Carolina [Mr. BAILEY].

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

POLITICAL RESPONSIBILITY FOR THE DEPRESSION

In the midst of the third year of unprecedented national and personal disaster we have met in the beginning of a campaign that will determine the control of our country. That control will determine whether the policy of our Government shall continue to be what it has been and now is, or a new policy shall be instituted.

The Government now goes back to the people—to the 8,000,000 of workers who have so long been out of work, of 7,000,000 of farmers unrewarded for their toil, of men of business ruined, of homes whose hearts are broken—to an entire population in a fear of want and poverty such as the people of this country have

not hitherto known or even suspected could be possible. And it is for them in the orderly but determined and solemn exercise of their sovereignty and responsibility to make their own decision, for themselves and no other, and in the fear of God and no other.

In unprecedented conditions we shall proceed into an unparalleled campaign, and upon its issues hang the destiny of a great civilization.

There has been debate as to the responsibility for these conditions. The Republican Party was in complete power from 1921 until March 4, 1931, and to this day they are in control of the Senate and the entire executive branch of the Federal Government. But Republican partisans disclaim responsibility of their party and contend that the character and the conduct of the Government is in no way related to the sinister series of events which we describe as the panic of the depression, and which all recognize as a national disaster which has spared no one in our land.

We know that a great Republican, the late Senator Morrow, declared that a political party that takes credit for the rain must accept responsibility for the drought. We know that the present Republican President promised prosperity—promised it in terms more glowing and more definite than any candidate ever did before—promised it generally and specifically and in his own name and the name of the Republican Party. We know that thereby he and his party assumed responsibility for prosperity and so invited the condemnation of all whose hopes have been disappointed. We know that Republican partisans have long been in the habit of describing their party as the "party of prosperity"—thus cultivating the faith that it could prevent depression and disaster. And we know that, notwithstanding the great panic of the nineties set in in the administration of Harrison in 1889–90, Republicans have uniformly proclaimed and taught that the Democratic Party was responsible for that depression.

Certainly, according to the doctrine and the practice of the Republican Party, no Republican can with a straight face deny the responsibility of his party for this situation; certainly no Republican can look another Republican in the face and deny his party's responsibility. Certainly no Republican can deny in the presence of any Democrat the responsibility of the Republican Party without profound apology.

But I would not rely in a matter so grave upon the argument of partisan estoppel, or partisan retaliation. It is our duty to find the cause of our woes in order that we may intelligently address ourselves to them. Intellectual honesty is essential in order that there may be no error in our struggle for security now.

Are we supported by economic authority in our accusations against the Republican Party in the premises? Let me answer by quotations from two eminent witnesses.

Mr. J. M. Kenworthy is not a Democrat; he is not a Republican. He is a distinguished member of the House of Commons of Great Britain. In the Current History Magazine for May, 1932, in an article entitled "The Way Out," he says:

"Rightly or wrongly, the governors of the Federal reserve banks and their advisers, the invisible rulers of America, desired to check this boom in 1927; they did not do so because there was a presidential election coming in 1928, and tremendous pressure was brought to bear on the Federal reserve banks to do nothing, in the interests of the Republican Party, to check the prosperity wave. Therefore, although warnings were issued, the market was given its head, allowed to rush along the road of inflation, not of the currency, but of values, and the curb was not applied until 1929.

"Not so long ago I asked a prominent spokesman of American high finance, who had a good deal to do with the final decision to check speculation and stock-exchange gambling, whether the American boom could not have been continued indefinitely by the simple expedient of a presidential election annually. He replied that this would work well enough for a few years, but the subsequent slump would have been all the more violent."

Do you observe that this impartial witness declares that the speculative boom and the stock-exchange gambling was not checked in 1927 because a presidential campaign was approaching in 1928, and that the Federal reserve banks under Government supervision were induced to do nothing to curb this boom, this speculation, the abuses that it caused, and the crash that was predicated?

Now, let me call another impartial witness, Sir Arthur Salter, head of the Bureau of Economics of the League of Nations, not a Republican, not a Democrat, but an economist of universal recognition. In his book entitled "Recovery: The Second Effort," published in April, 1932, on pages 30 and 31, he says:

"Meantime, however, while this boom was at its height in America it began to precipitate reaction in Europe and to repeal some of the hidden weaknesses that had been masked by the earlier phases of the upward movement. For the fury of the speculative mania drove people to borrow money to buy on margins at fantastic rates; call money rose over 12 per cent. The Federal reserve authorities tried to put a sharp check on the speculation by restricting credit and raising the discount rate. Their action, while it handicapped industrial borrowing and reduced purchasing power, failed to arrest the speculative boom. On the contrary, it created further trouble. It increased the attraction of high interest rates to the European who was looking for the most profitable short-term employment for his funds.

"Short-term funds flowed rapidly westward and soon the drain endangered the currency reserves of all the principal banks of Europe. Each of them tried to safeguard its position by raising its rates; and the process of competitive increases in discount rates throughout Europe raised the costs of overdrafts and loans, discouraged enterprise in marginal cases, and started the depression; and then came the crash in America. The fall in values was proportionate to the precipitous rise. The depression spread rapidly and throughout the world. The fall in rates of interest was no check to it. For while dear money can check a precarious expansion, cheap money as a stimulus is as nothing against the effects of falling prices and falling demand."

You observe that Mr. Salter declares that the speculative boom in America "started the depression." And that Mr. Kenworthy says that the speculative boom not only was not curbed but was encouraged by the Federal reserve authorities in the interest of the Republican Party in the 1928 election. We know also that President Coolidge, Secretary Mellon, and President Hoover encouraged this boom. We know that they could have arrested it by restricting the employment of Federal reserve bank credit in that orgy of speculation, and that they not only did not do so but actually issued public statements calculated to increase the speculative fever of the time.

Perhaps we do not realize the effect of that speculative boom. We know that it caught millions in its whirlpools. But do we know that it absorbed in New York alone in one year (1928) $12,000,000,000 in cash and $50,000,000,000 of credit; and that in 1929 it absorbed $22,000,000,000 in cash and over $100,000,000,000 in credit? These astronomical figures are not estimates. They are taken from the reports of the New York Stock Exchange. Consider them in light of the simple fact that the total circulation of money in our country is only $5,000,000,000.

What was the effect of this diversion of cash and credit? It drew funds in great quantity from Europe and paralyzed business on that continent. It drew funds from all over our land, from the treasuries of corporations as well as from banks, drew cash from young and old, men and women, and in such volume as to bleed industry, business, and agriculture white. Think of it, $122,000,000,000 of cash and credit in one year, five times all we spent in the World War, twenty-five times the total volume of our currency. The high interest rates paid on Wall Street for money could not be paid elsewhere, and the cash and credit of two continents poured in a mighty flood from the channels of agriculture, business, and industry into stock gambling.

This alone is sufficient to account for the depression; and, more than any other one cause, it does account for it, just as Messrs. Salter and Kenworthy have pointed out. And, if these impartial witnesses are to be believed, the Republicans in charge of our Government, so far from taking action to prevent this diversion of the money of our country from legitimate employment, actually encouraged it, and with a plain, selfish, political, and partisan motive.

So much for the responsibility of the Republican Party in the premises. It remains to be seen with what manner of treatment the depression was met when it came. Strong measures at the outset would doubtless have saved much that has since been lost beyond recovery.

If the Republican Party had direct responsibility for this depression with respect to its cause, even more is it responsible for the manner with which it has met, or failed to meet, the demands of this great disaster. The governing powers not only failed to safeguard our credit and currency in 1927, 1928, 1929, but they have failed properly to use them in 1930, 1931, and 1932.

I shall undertake here to maintain that the President, against whom I would not unjustly bring an accusation, has at no time understood or appreciated the character or the depth of the situation with which he was called upon to deal, and against which on the campaign he had so confidently given the people guarantees.

Fortunately, we do not have to speculate as to the mind of the President in this matter. We may array his utterances by the calendar in the light of events, as follows, in his own words:

July 27, 1928: "The outlook of the world to-day is for the greatest era of commercial expansion in history." This on the eve of the disaster, when agricultural commodities had already fallen.

October 25, 1929—in the very hour of the crash that signaled to the world the onset of this disaster:

"The fundamental business of the country—that is, production and distribution of commodities—is on a sound and prosperous basis."

Sound asleep.

December 3, 1929: "I am convinced we have reestablished confidence."

Sound asleep.

January 1, 1930: "The tide of employment has changed in the right direction."

Sound asleep.

May, 1930: "We have turned the corner."

Sound asleep.

June, 1931: "The battle is upon 1,000 fronts—there is no sudden stroke of either governmental or private action which can dissolve these world difficulties."

"We have passed through the worst of the storm."

Awakened, but half dreaming—20 months after the depression had struck in.

The quotations will be sufficient to convince that the President had no understanding of what had happened in 1928 and 1929, or what was going on in 1930 and 1931. Little did he do. Little did he propose to do. Little did he ask the Republican Congress to do. And his defenders must admit that thus he permitted this inde-

scribable disaster to run an unbridled course until its force was so great and its ruin so vast that no power could arrest it. Recovery passed out of the bounds of possibility. He was asleep at the switch in the crucial hour of his people's destiny. Neither remedy nor relief was applied in the time when remedy and relief meant most. And now we desperately seek from week to week the means of temporary relief to avert ultimate disaster.

Bad as is this case for the President and his party, it is worse in the light of the events of 1931. A new Congress had been elected in November, 1930, and it was qualified as of March 4, 1931. The House was Democratic by a narrow majority—it was fresh from the people. Did he call it into session? It could not assemble or act prior to December 4, 1931, without his call. He refused to call it, and so took sole responsibility for the conduct of affairs from March 4, 1931, to December 4, 1931.

It was in this period that the depression deepened and spread until it embraced every home. In this period the storm became 10,000 tornadoes. In the summer of 1931 the people were in a state of panic, and in September, October, and November the banks of America fell like trees in a hurricane. Credit first contracted and then disappeared. Commodities fell far below the cost of production. The army of the unemployed grew to colossal proportions. Mortgage foreclosures and tax foreclosures took hundreds of thousands of homesteads. This proud and happy country became a land of fear and of distress indescribable. The very foundations seemed to be sinking. American confidence and courage took flight before unseen forces too strange for our land and time.

When at last December 4, 1931, came, the Congress was confronted with emergency conditions which made it impossible to consider constructive measures. It was enough from time to time to enact emergency measures to prevent the ultimate degree of disaster.

Such was the course of the President and his party throughout the first 25 months of this series of disasters which we call the depression. No one can deny his and his party's responsibility for the conduct of the Government during these months.

The measures of the present Congress, the Reconstruction Finance Corporation act, the Glass-Steagall Act, the revenue act, the efforts to reduce expenses, the relief acts—if anything may be claimed for them as of the winter and spring of 1932, how much more might have been claimed for them in 1931?

Has the President urged us to balance the Budget? Why did he not urge the 1931 Congress to balance the 1931 Budget which showed a deficit of a billion dollars? Why did he not in 1931 take steps to prevent the $2,800,000,000 deficit as of June 30, 1932?

Did the reconstruction finance act arrest in 1932 the closing of the banks? How many more would it have saved in 1931?

Did the Glass-Steagall Act expand resources for credit in 1932? How much more would it have done in 1931—before confidence had been extinguished?

Did the purchase of $800,000,000 of Government securities in the open market make that sum available for credit expansion in 1932? How much more would it have served in 1931?

These measures came too late. There was a time when they might have prevented ruin and restored confidence. But in 1932 all they could do was to prevent the ultimate crisis and downfall of the business structure.

Such was the price the people of the United States paid for a President and a party that knew nothing of what was involved in the first two years of this disastrous experience; a President and a party that promised prosperity in 1928 and proved in 1930 and 1931 utterly helpless against adversity.

This, Mr. Chairman, is not the whole story. We may read in the record of the Republican Party and its candidate just what they propose with respect to this situation—this grave situation that means poverty and want to more than half the homes in America. I feel safe in saying upon the record that they propose that we shall come through this long, long night of want and fear by endurance and survival.

They do not propose remedy. They do not propose relief. They propose endurance. At this moment we are confronted with a long prospect of suffering. They tell us that we must liquidate $150,000,000,000 of indebtedness under a tax charge in the land of $14,000,000,000 a year, on the present basis of commodities. It can not be done. The Pharoahs did not exact so much of the children of Israel, whom the righteous God heard and avenged. They were required to make brick without straw. Shall we be required to pay $150,000,000,000 of debts, contracted on high commodity prices under low commodity prices? Can we pay $14,000,000,000 in taxes, $7,500,000 annual interest, and $7,500,000 on principal each year with a national income of less than $60,000,000,000?

To expect this is to expect us to pay, not in money, but in bankruptcy dividends, in ruin, in poverty, and in life itself—to lose all, to leave our homes, to abandon our hopes of educating our children, and to go helpless into old age. The young might endure and recover, but those of mature years could not.

Such is the course predicated by the present posture of the Republican Party. It is intolerable, and it will not be tolerated.

Ours, Mr. Chairman, is a strange history. Our pioneer ancestors subdued the wilderness; they built homes; they became comfortable. In 1837 an economic collapse, a panic, a depression, a contraction of credit, a loss of commodity prices much like this present, took their all. They and their sons built anew—with true American courage. But in 1857 another collapse, another contraction, another series of economic faults took from them much of that which they had accumulated. Again they returned to their tasks, they and their children, and soon they were apparently secure. But in 1873 another depression, a contraction of credit, a loss in commodity prices, a disaster like this present again took from millions all that they had saved. And again they returned to their tasks; again they saved and built. And again, in 1890–1896, there fell a disaster like this present, and again they were reduced to poverty. And again our fathers and ourselves returned with stout hearts to our tasks. Again we labored and saved and built. Again we felt secure. And now we repeat the doleful story of every generation that has preceded us for more than a hundred years. Again our farms are foreclosed, the trustees in bankruptcy and the sheriffs take us, and millions eat the bread of sorrow.

In the name of America, in the name of the good God, these things ought not to be. Ours ought not to be the task of Sisyphus. We are free men. We must find the fault wherever it is. We must make no mistake; we must follow no false light; we must avoid the heedless agitators on the one hand and the schemers on the other; we must keep a straight course; we must search out the sources of these wrongs and establish ourselves and our children in safety. We can successfully and justly regulate the credit and the currency of our country. We can devote it to the legitimate engagements of men. Let it not be said of us that we will be content to endure and survive. We will master our difficulties. We will right our wrongs. We are a great people, we have a mighty Republic, we have a noble Constitution, and we are capable consistently with our Constitution and consistently with the character of our Republic, as established now by 15 years of experience, of making our way out of this situation and of so providing that it shall never happen again.

This, Mr. Chairman, is the task by destiny appointed to the American people in the year 1932. I offer them in all confidence as the sure vehicle of their will and the instrument of their vindication the Democratic Party—a national party, an historic party, a party which derives its life from the people, a party which will serve them to the full measure of their will and need.

WONDERFUL THINGS IN FLORIDA

Mr. FLETCHER. Mr. President, I ask leave to have published in the RECORD an editorial from the Florida Times-Union, of Jacksonville, in the issue of June 21, 1932, entitled "Wonderful Things in Florida."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WONDERFUL THINGS IN FLORIDA

It seems certain that when the United States Government establishes the Everglades National Park, in the southernmost area of mainland of this wonderful State, there will steadily increase the number of tourists and travelers to view wonders that will be brought into greater notice by such designation. Of course the remarkable things in that location, proposed as the bounds of the new national park, have not changed nor become less wonderful, and it is the personal discovery that will be made which is expected to cause admiration and applause. It will be the immediate pleasure of thousands who visit the Everglades Park to tell of what they have seen in the beautiful, remarkable section, yet held as nature framed the pictures on every side; and with wild life, as existent for centuries, abounding on land and water.

A bulletin recently sent out from the Department of the Interior tells of the Mangrove Cliff reaching out into the Gulf of Mexico in the Everglades National Park area. The bulletin, in part, tells:

"One of the features of the proposed Everglades National Park in Florida will be 'a veritable cliff of living trees, resisting the attacks of storm waves sweeping across a thousand miles of waters.' It is perhaps the most outstanding portion of the spectacular mangrove forest which reaches its climax in this section of Florida. The columnar trunks and dark foliage of this particular group of mangroves rise abruptly out of the Gulf of Mexico, as mighty cliffs of rock, resisting the battering power of the ceaseless ocean waves.

"This living cliff, reaching a height of seldom more than 40 to 60 feet, gives a sense of vastness by its length, by the evident greatness of the forest behind it, and by the opposing great sweep of the Gulf rounding down over the western horizon toward Mexico.

"Sometimes, as in the case of the cliff of solid rock, the mangrove cliff gives way to the resistless power of the sea, but only slowly and stubbornly, and sending new root buttresses down to grip the underlying marls as storms break the earlier supports. Gazing upon it, one sees an age-long battle between two forces of nature.

"Back from the Gulf the mangrove forest is traversed by the interconnecting tidal channels, prevalently about three or four hundred feet wide, but many of them narrowed and some wider. Along and near these channels the mangroves reach their best development, many trees rising to the heights between 60 and 80 feet, and some to 100 feet."

With Congress so busy with other things, it is entirely possible that the matter of designating on the southern tip of the Florida mainland a new national park may be postponed or overlooked at this time. There is, however, an increasing interest noted in the subject, and in another session, perhaps, the Senate and House of Representatives can give some attention to the proposal. There is slight expense involved in the transfer of this wonderland from State to National control, and those who have any idea of its value as a national project are favorable to it. The Senate bill, which

authorized the taking over into the national park system of the Everglades Park was passed long ago. Its introduction and passage in the House were not expected to meet with opposition, but for various reasons have not been accomplished as yet. The matter is likely to get the desired legislative attention in the next session of Congress.

COMMENTS ON THE REPUBLICAN PLATFORM

Mr. BULKLEY. Mr. President, I ask leave to have printed in the RECORD a recent editorial appearing in the Toledo (Ohio) Blade.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Toledo (Ohio) Blade, of June 17, 1932]

A PARTY WITHOUT A PROGRAM

The Republican National Convention has ended. President Hoover has been renominated, and the majority of the delegates are apparently satisfied with the platform of their party.

It is pathetic to find how few of the professional politicians understand the human mind. During normal times the people are not interested in politics and most of them just go along and vote for their party ticket. But to-day, with the economic conditions so bad—with 10,000,000 or more people unemployed, and many millions more on part-time work, there is a different feeling existing in the mind of the American citizen; and although we have never given professional politicians credit for any business judgment, we believed that they were familiar with the fact that we are in the worst depression the country has ever known. And so it was expected definite plans would be formed to help us, to a degree at least, to bring more employment and with it hope for better days to come.

Instead, all that was done was for the majority of the delegates to flatter each other for what it was claimed the administration had accomplished during the last few years.

The speeches made by the administration leaders would be humorous if they were not pathetic. Not a single constructive suggestion was made. Every statement referred to the wonderful things that had been done; and meanwhile millions are out of work and wondering how they are to get food for their families.

Even on the question of prohibition, which the Republican Party now admits has been a failure, the plank adopted is a cowardly straddle—a jumble of words without meaning. All intelligent people will recognize the proposal as a fraud planned to please the drys and fool the wets.

Instead of demanding an immediate change in the Volstead law which would bring employment to hundreds of thousands of people, besides yielding excise taxes to the Government so the Budget can actually and definitely be balanced—and instead of urging that after that there should be repeal, the convention pussyfooted the entire question.

No prosperity loan bond issue to give work to at least some of the unemployed is pledged—no word is said about a manufacturers' sales tax which would permit the reduction of the excessive taxes which now burden industry—nothing helpful or intelligent is planned but rather the Nation is asked to hope and trust that through sheer luck business may improve.

Meanwhile, our people who are out of work, must remain out of work. Our stores must continue to lose money. Our factories, which are closed, must remain closed, and those working on part time must continue so.

We are not trying to place all the blame on the President's shoulders. He has tried, and in some instances succeeded in doing, some very constructive work. But during all this time business has become worse and worse, and it was expected that the administration which controlled the platform committee would plan and authorize improvements which were bound to be of almost immediate help to the unemployed, and indirectly to general business. But only platitudes and flattery of the past, of the distant past, were the net results of this convention.

One thing the delegates did do. They dug a grave in which they will bury the Republican Party, at least for the next four years. The party of Lincoln, of McKinley, of Theodore Roosevelt, and Coolidge. The party which helped to build our country—as it was—not as it is—but which can not live on past glory.

PAUL BLOCK, *Publisher.*

LAWS AND RESOLUTIONS, NINTH PHILIPPINE LEGISLATURE

The PRESIDING OFFICER (Mr. FESS in the chair) laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying documents, referred to the Committee on Territories and Insular Affairs:

To the Congress of the United States:

As required by section 19 of the act of Congress approved August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands," I transmit herewith a set of the laws and resolutions passed by the Ninth Philippine Legislature during its first regular session, from July 16 to November 9, 1931.

HERBERT HOOVER.

THE WHITE HOUSE, *June 23, 1932.*

SUPPLEMENTAL ESTIMATE, HEALTH DEPARTMENT OF THE DISTRICT (S. DOC. NO. 124)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the District of Columbia, fiscal year 1933, in the amount of $8,000, for the maintenance of health department dispensaries, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

FLOOD PROTECTION, PALO VERDE VALLEY, CALIF. (S. DOC. NO. 125)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation in the sum of $70,000 for the Department of the Interior, fiscal year 1933, for the protection of the Palo Verde Valley, Calif., from overflow and destruction from Colorado River floods, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

CICERO A. HILLIARD

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 478) for the relief of Cicero A. Hilliard, which was to strike out all after the enacting clause and insert:

That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Cicero A. Hilliard, who purports to have suffered injury while employed on or about June, 1925, in the same manner and to the same extent as if said Cicero A. Hilliard had made application for the benefits of the employees' compensation act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this act.

Mr. FLETCHER. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

JOHN HERINK

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 943) for the relief of John Herink, which were, on page 1, line 6, to strike out "found" and insert "determined by the Secretary of the Interior"; on page 1, line 7, after "improvements," to insert ", not in excess of $2,500"; and on page 3, line 2, after "law," to insert "*Provided further*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. NORRIS. I move that the Senate concur in the House amendments.

The motion was agreed to.

ROSA E. PLUMMER

The PRESIDING OFFICER laid before the Senate the amendment of the House to the bill (S. 111) for the relief of Rosa E. Plummer, which was to strike out all after the enacting clause and to insert:

That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Rosa E. Plummer as to whether she suffered an injury while employed in the Bureau of Engraving and Printing compensable under said act and after the date of its enactment, purporting to have been injured on or about March 23, 1918, in the same manner and to the same extent as if said Rosa E. Plummer had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefit shall accrue prior to the enactment of this act.

Mr. CAPPER. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated below:

H. R. 549. An act for the relief of the Neill Grocery Co.;

H. R. 650. An act for the relief of Joe Andrews Co.;

H. R. 1203. An act for the relief of Edward J. O'Neil;

H. R. 1206. An act for the relief of George Beier;

H. R. 1289. An act for the relief of William Dalton;

H. R. 2534. An act for the relief of J. B. Hudson;

H. R. 2927. An act for the relief of George M. Peed;

H. R. 2935. An act for the relief of J. R. Reimer;

H. R. 5561. An act for the relief of Oscar R. Hahnel;

H. R. 5820. An act for the relief of J. H. Wallace; and

H. R. 6797. An act for the relief of Samuel Weinstein; to the Committee on Claims.

H. R. 1927. An act for the relief of Leonard L. Dilger; and

H. R. 2650. An act for the relief of George H. Holman; to the Committee on Military Affairs.

H. R. 5289. An act for the relief of Samuel Puff Bailey;

H. R. 5786. An act for the relief of Essie Finger;

H. R. 7385. An act for the relief of Sidney Joseph Kent; and

H. R. 8120. An act for the relief of Jack C. Richardson; to the Committee on Naval Affairs.

H. R. 8980. An act to provide for the sale of a portion of the site of the post office and customhouse building in Newark, N. J., to the city of Newark for use as a public street; and

H. R. 8981. An act to provide for the sale of an easement for a railway right of way over the post-office and customhouse site at Newark, N. J.; to the Committee on Public Buildings and Grounds.

H. R. 9331. An act for the relief of Octavia Gulick Stone; to the Committee on Indian Affairs.

H. R. 9714. An act for the relief of Marion F. Blackwell; to the Committee on Public Lands and Surveys.

H. J. Res. 439. Joint resolution to amend the revenue act of 1932; to the Committee on Finance.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program, and providing a method of financing such program.

Mr. NORRIS. Mr. President, the bill before us is subject to amendment.

The VICE PRESIDENT. There is an amendment pending, being the amendment of the Senator from Mississippi [Mr. HARRISON] to the amendment of the committee.

Mr. ASHURST. Mr. President, I invite the attention of the senior Senator from Mississippi [Mr. HARRISON], with reference to a motion which I propose to make. I intend to move to strike out, in line 4 of his amendment, the words "for educational or hospitalization purposes within such State." I ask the Senator from Mississippi if he will not consent to modify his amendment by striking out those words.

Mr. HARRISON. Mr. President, may I say to the Senator that I would prefer to have them stricken out. I put them in the amendment to restrict it at the instance of Senators who had the bill in charge, thinking it might draw more approval from the Senate. I have no objection to striking out those words.

Mr. WALSH of Montana. How, then, would the amendment read?

Mr. ASHURST. Paragraph (a) would read as follows:

The Reconstruction Finance Corporation is authorized and empowered to make advances to any State on the security of the bonds of such State, and on such terms and conditions as the corporation deems advisable.

Mr. WALSH of Massachusetts. So the Reconstruction Finance Corporation could, upon presentation of the bonds, loan money for any purpose?

Mr. ASHURST. Yes; and the State would be authorized, and it would be eligible, under the law, for the State to use the money for educational purposes or hospitalization purposes, or any other purpose that was legitimate under the constitution of the State.

Mr. HARRISON. But it would leave it within the discretion of the Reconstruction Finance Corporation if the State can sell its bonds otherwise on the market not to purchase the bonds.

Mr. ASHURST. Quite true. I do not seek to strike out paragraph (b).

Mr. VANDENBERG. Mr. President, may I inquire of the Senator from Arizona in what respect the amendment would differ from the $300,000,000 bill which the Senate has already passed?

Mr. ASHURST. It would not differ in any material respect, except this amendment provides for only $200,000,000, as I understand. It would not be materially different otherwise.

Mr. VANDENBERG. May I ask the Senator from Mississippi if it is the purpose to merge the other bill into the bill pending, and if so why should not the amount here be $300,000,000 instead of $200,000,000?

Mr. HARRISON. Of course, the Senator appreciates that the $300,000,000 measure passed by the Senate was for relief work in the States, the funds to be allocated to the States according to population upon application of the governor, without any security, except——

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORRIS. I inquire who has the floor.

The VICE PRESIDENT. The Senator from Arizona has the floor, and yielded to a question.

Mr. ASHURST. I do not yield the floor.

Mr. HARRISON. Will the Senator yield to me for a moment?

Mr. ASHURST. I yield.

Mr. HARRISON. The only security the Government gets under that proposed legislation is the withdrawal of road funds which the States may be entitled to receive in the future. This proposal is merely to take care of States that are now unable to sell their bonds because of depressed market conditions. It leaves it optional under the modification suggested by the Senator from Arizona, and does not confine it merely to educational or hospitalization purposes.

Mr. VANDENBERG. I am not quarreling with the purpose——

Mr. HARRISON. But under this amendment, as the Senator will realize, the credit of the State is put behind any loan which may be made.

Mr. VANDENBERG. I am trying to determine whether the Senator intends merely to supplement the other measure or to substitute something else for it.

Mr. HARRISON. No; this is merely to supplement the other measure.

The VICE PRESIDENT. Does the Senator offer his amendment in its original form or does he modify it?

Mr. HARRISON. I accept the modification of the amendment proposed by the Senator from Arizona.

The VICE PRESIDENT. The Senator from Mississippi modifies his amendment to the amendment.

Mr. WAGNER. Mr. President, I merely wish to say, so far as the amendment offered is concerned, that it does not relate to the subject matter which is treated in the legislation now pending. It has no limitation; it confers upon the Reconstruction Finance Corporation the power to purchase bonds of a State to the extent of a certain sum which the State may use for any purpose at all; it may be for a charitable or educational purpose, or it may be a purpose which we would not approve, such as the construction of a building. It opens wide the door which we have been trying to keep closed in the effort not to do anything which would impose unnecessarily additional tax burdens upon the people in the

different communities. I want the Senate to understand that the amendment has that effect, but if it is the wish of the Senate that this amendment should be considered in conference, of course I shall abide by that decision.

Mr. HARRISON. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Mississippi?

Mr. WAGNER. Yes.

Mr. HARRISON. The Senator gave the impression that the amendment did not relate to the purposes of the bill under consideration. The Senator knows that some States can not now sell their bonds because of the depressed condition of the market, and that unless assistance shall be afforded, sanitariums and hospitals and schools will close, which will add to the unemployment situation. What I have said is true with reference to certain States, and it is only with regard to that situation that I am trying to assist.

Mr. WAGNER. I may say to the Senator that if the funds were limited to a certain definite use which would appeal to our sense of justice, and which we could recognize as constituting a real emergency, a different question would be presented; but this is an amendment giving to the Reconstruction Finance Corporation the power to purchase from the States bonds for any purpose without any limitation.

Mr. HARRISON. Mr. President, may I make a suggestion to the Senator in his time?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Mississippi?

Mr. WAGNER. I yield.

Mr. HARRISON. If this amendment should be adopted in the broader language as suggested by several Senators, and which is different from the original suggestion, because I was trying to carry out the Senator's idea, of course, in conference if the conferees should want to restrict it they would have the power to restrict it to educational or hospitalization purposes.

Mr. WAGNER. I was not certain as to whether the conferees would have that power as to an amendment of this kind.

Mr. HARRISON. I do not think there can be any doubt of that. If the whole amount of $200,000,000 shall be provided for any purpose the conferees could certainly restrict it to some purpose.

Mr. WAGNER. The Senator understands, of course, that in regard to all these matters I want to do everything possible to alleviate distress in the States where the community is unable to cope with its situation, and where I think the Federal Government might help to relieve conditions, but, as the proposal is now drawn, it does not confine its purpose to the matters mentioned by the Senator and as provided in the amendment originally.

The VICE PRESIDENT. The time of the Senator from New York has expired.

Mr. WALSH of Montana. Mr. President, the junior Senator from Michigan [Mr. VANDENBERG] inquired as to whether the purpose of this amendment was not already met by the $300,000,000 bill which we passed some days ago. The money provided under that bill was to be loaned to States upon certificate of the governor to the effect that it was needed for relief and relief work, and it was provided that it could be used only for such purpose upon the certificate of the governor that it was needed and that the money could not be raised by the ordinary methods by the States. There are restrictions in that measure.

The amendment as originally offered by the Senator from Mississippi provided for a loan of $200,000,000, without any certificate of any kind concerning the financial condition of the State or its necessities or its inability to secure funds; but the amendment originally did restrict the application of the money to educational or hospitalization purposes. Now, however, that is stricken out; and as it stands now it provides for loans to States to the amount of $200,000,000 without any certification from the governor of the necessity of it at all, the funds to be utilized by the State for any purpose for which the State may care to utilize the money.

Mr. WALSH of Massachusetts. Will the Senator yield?

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Massachusetts?

Mr. WALSH of Montana. I yield.

Mr. WALSH of Massachusetts. I understand that a State desirous of obtaining money to feed the hungry, under the bill to which the Senator refers and which has been passed, would be required to furnish certain affidavits and information to the Reconstruction Finance Corporation, while under the pending amendment if a State desires to build a school or hospital no requirement of that kind is made.

Mr. WALSH of Montana. Exactly. The point is this: The purpose of the act is for relief or for relief work, to provide employment.

Not only is there a departure, Mr. President, from the general purpose of the bill by this amendment, but there is no safeguard at all; and the money may be furnished simply upon the application of a State and for any use whatsoever. I beg of Senators not to load this bill down with amendments, which will insure its defeat either in the other branch of Congress or by an Executive veto.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Michigan?

Mr. WALSH of Montana. I yield.

Mr. VANDENBERG. Does not the Senator think that the other $300,000,000 bill should be added to this bill as an amendment, so as to assure its consideration?

Mr. WALSH of Montana. I think that is a very excellent suggestion, and I hope it will be done.

Mr. ROBINSON of Arkansas. Mr. President, it is my understanding that it is the intention of the Senator from New York to move an amendment incorporating the $300,000,000 bill, which was separated and passed some days ago, as an amendment to this bill, so as to be sure it will be in conference.

Mr. WAGNER. That is my intention, and I have had the amendment printed for the information of the Senate.

Mr. COPELAND. Mr. President, I want to say a few words about the amendment. I am very sorry the Senator from Mississippi has modified his amendment as he has done.

Mr. HARRISON. I did it at the instance of some of my colleagues, and may I say that if it is voted down in its present form I shall offer it in its original form. All I want to do is to get the greatest number of votes, in order that it may be adopted.

Mr. COPELAND. Well, Mr. President, if it shall be adopted without any restriction or definition of its purpose, it will be so obscure in its administration that I fear it will not accomplish what its author has in mind.

Mr. President, I should like to have Senators appreciate that the hospital situation in America is very distressing. Last year there were 7,000,000 patients in hospitals; 15 per cent of them, over 1,000,000, were charity patients, absolutely without any means of self-help, and their care was provided by the hospital. It is more and more difficult, as Senators can realize, for hospitals to gain any public contributions, and I have no question that it is extremely necessary in this relief bill, which seeks to serve the unemployed and seeks to save them from starvation and illness and death, that there should be a provision such as the kind-hearted Senator from Mississippi has proposed.

I myself shall be extremely sorry if the limitations placed upon the appropriation as originally presented to us by the Senator shall be modified, because every good citizen wants our schools to be operated and he wants the hospitals to be maintained. They are just as necessary as are fire departments and fire apparatus; they are just as necessary as are the police and are just as necessary as any welfare activity can possibly be. I appeal to the Senator from Mississippi to leave his amendment in its original form.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Mississippi, as modified, to the amendment of the committee.

Mr. HARRISON. Mr. President, will the Senator from New York yield to me for a request in his time?

Mr. COPELAND. I yield.

Mr. HARRISON. Mr. President, on reflection, I think the amendment is stronger in its original form than if modified. So, if it be necessary, I ask unanimous consent to offer the amendment in its original form, the fund being restricted to education and hospitalization purposes.

The VICE PRESIDENT. The Senator has a right to modify his amendment.

Mr. NORRIS. Mr. President, the objection made to this amendment by the Senator from New York [Mr. WAGNER], as well as by the Senator from Montana [Mr. WALSH], under ordinary circumstances, it seems to me, would be entitled to great weight, and perhaps would be persuasive. Their objection to it is that it is contrary to the real object of the bill we are considering. I think that is conceded. If the committee behind this bill, the committee that framed it, had followed that doctrine which they now undertake to enforce against those who offer amendments, I would feel much more inclined to abide by their decision, but they themselves have overstepped the rule which they now lay down for us to follow. They have in this bill an item of $40,000,000 to be loaned to the Secretary of Agriculture, the object of which has never been satisfactorily explained, or at least there is a great difference of opinion as to the explanations made by members of the committee as to what it means and what it is for and why it is here. That it has nothing to do with the general object of the bill must be conceded to a greater extent, I think, than in the case of the amendment offered by the Senator from Mississippi. Why enforce one rule against us and measure the committee by a different yardstick?

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. WAGNER. The Senator persuaded me that that was the fact, and I voted to eliminate the provision when the roll was called.

Mr. NORRIS. That action is certainly commendable; but I was unable to explain the matter in a way that was satisfactory to the Senate. The Senator and his colleagues who have framed this bill have brought in that provision. They put it in before this amendment was offered; and even now, when they see the evil of their ways, they are unable to back out and get away from this $40,000,000 that one Senator says is for one purpose and another Senator says is for another purpose, and the language itself does not show that it is for any purpose, except that it is $40,000,000 and is going to get away.

The VICE PRESIDENT. The Chair desires to ask a question of the Senator from Arizona. The Senator proposed an amendment which was accepted, and the Senator from Mississippi has since modified his amendment. Of course, if the Senator from Arizona insists upon his amendment, that should be voted on first.

Mr. ASHURST. No; with the permission of the Chair, I shall withdraw my amendment, because I have not been able successfully to enlist the Senator from Mississippi. I do not want to injure the amendment, and I withdraw my suggestion.

Mr. NORBECK. Mr. President, I am sorry the Senator from Arizona withdrew his amendment. I have a great many demands from the State of South Dakota and the State of Minnesota to help them finance the farm-loan situation. The State issues its bonds and the bonds are not marketable. In the form in which the amendment was a few minutes ago it would have taken care of that situation. If the amendment is adopted in its present form, it will necessitate my offering another one to take care of the other situation also. Of course, if it can not be adopted in its present form, there is no use of offering any other amendment to assist the States in this respect.

Mr. NORRIS. Mr. President, would the Senator be able to get relief under the $40,000,000 proposition?

Mr. NORBECK. The Senator from Nebraska knows that that is for the exportable surplus of wheat, and can not be used to take up State farm-loan system bonds.

Mr. KING. Mr. President, the Senator from Nebraska, in effect, asked the reason why the pending bill carries an appropriation of $40,000,000 alleged to be for the purpose of financing sales of agricultural products in foreign countries. In my opinion the reason is manifest. The Farm Board is the child of the President. It was his answer to the demands of the country that a farm-relief measure should be enacted. The President's plan has been a wretched and miserable failure. The farmers are now in a worse plight than ever before and the Farm Board, after spending hundreds of millions of dollars, finds itself without funds to continue its profligate course. It has on hand large quantities of cotton and wheat, and it has been endeavoring to obtain funds from the Public Treasury to add to the $500,000,000 which was appropriated for its use in order that it might extend credits to foreign countries and thus get rid of some of its vast holdings. Undoubtedly it has felt that the delinquencies and mistakes of the Farm Board must be retrieved if possible, and the dubious plan has been proposed of throwing good money after bad and spending many millions to aid the Farm Board in further experiments in the wheat and cotton markets of this and other countries. An effort was made to eliminate this item from the bill, which is primarily for the purpose of furnishing work for the unemployed, but the opposition of the administration Senators on the other side of the aisle defeated the effort.

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from South Dakota?

Mr. KING. My time is limited, but I yield.

Mr. NORBECK. The Senator should not blame the Senators on this side if, after long persuasion, they have decided that something should be done with the agricultural problem and to help boost the price of farm products, and I appreciate their support of yesterday.

Mr. KING. I think the Senator is in error in believing that their support will prove helpful to the farmers or that this $40,000,000 will prove of any advantage to them or will "boost" prices. It will be lost as the credits extended to China by the Farm Board are lost. The $40,000,000 to be taken from the fund to relieve unemployment will largely be wasted, but it will enable the Farm Board to obtain a credit upon their balance sheet which reveals the enormous losses which it has incurred.

Mr. President, I am opposed to the amendment offered by the Senator from Mississippi. I confess to some surprise that Senators, particularly Democrats, who favor propositions which subordinate the States and place them in the position of suppliants at the throne of the Federal Government for alms and bounties devolving upon sovereign States. Under our form of government the States have responsibilities. As sovereigns the duty rests upon them of managing their own affairs. It is not within the authority of the Federal Government to assume control or jurisdiction over the domestic affairs of the States. It is not a sound policy to have the Federal Government tax the people of the States in order that it may return to the States that portion of the taxes collected not wasted or absorbed in the processes of collection and distribution.

The Federal Government has an enormous deficit of $3,000,000,000 for this year. Its deficits for the coming year will be greater unless a sound, prudent, and constitutional course is pursued by the Executive and Congress. The wealth of the country is not in the Federal Government; it is in the States and in the inhabitants of the States. The source of political power is with the States and the people therein, and the economic fountains have their origin in the States, not in the Federal Government. I fear that municipalities and the States are not maintaining their rights or fully meeting the responsibilities resting upon them and are partaking too much of the view now prevalent that the Federal Government has unlimited authority and inexhaustible resources and can meet all the demands and requirements of individuals, cities, counties, sovereign States, and the National Government itself.

I was amazed at the discussion last night, when two able Senators from one of the richest States of the Union—a

State that gave to the country and to the world the immortal Lincoln—pleaded for help, and, in effect, claimed that their State was incompetent to deal with its own domestic and internal affairs. Illinois is perhaps the third most populous State in the Union and possesses wealth and financial resources superior to any State of the Union except New York and Pennsylvania, and yet appeals were made to the Federal Government upon the ground that people were starving and disturbances were imminent that might call for military intervention by the Federal Government. Mr. President, I do not accept this view. The people of the United States are patriotic. They have pride in their States, and I feel sure will meet the responsibilities resting upon them; they will maintain the integrity and honor of their Commonwealths and will successfully meet this economic crisis.

Mr. President, there must be no confession that our dual form of government is ineffective or inadequate to meet the social, economic, and political problems before us. We must not confess that democracy is a failure and that the American people are unable to deal with the problems and difficulties with which they may be confronted. The American character will not suffer defeatism in any field—economic or political. The resources of our country are unimpaired. We have millions of willing hands and stout hearts, and this depression will not disturb the foundations of the States or the Nation. An able Senator stated a few days ago that perhaps a Mussolini was needed in the United States. Mr. President, I do not share that view. Perhaps we need a renaissance of democracy—a reinstatement of the principles and spirit of democracy and a proper application of the principles and policies which democratic institutions inaugurate and execute.

The amendment of the Senator from Mississippi in effect requests that the Federal Government issue bonds and raise money to loan to the States for educational and hospitalization purposes. If there is any one tenet in the Democratic faith, or for that matter in the faith of Republicans who follow Lincoln, it is that the States should control their own schools and manage their own internal and domestic affairs. Education is a function of the States, not the Federal Government.

The people of Mississippi as well as the people in other States will provide either through individual or corporate effort, or through municipal and State instrumentalities, measures to meet the needs of the people. Mississippi has a fine and progressive people; it possesses wealth, and its people have the traditions and pride of great men and women who laid its foundations and who have brought it to the proud eminence which it has attained; and New York and other States whose representatives are urging this amendment are competent to deal with their educational problems as well as with their own internal affairs. Of course, in a great crisis or emergency the National Government may be called upon for aid.

Mr. President, we must not destroy this bill or attach to it extraneous propositions which will inevitably result in its defeat.

Mr. HARRISON. I merely want to observe that it is just as repugnant to my philosophy of government as it is to to the Senator's to have even to offer this amendment. This whole bill is repugnant to my philosophy of government; but we are trying to meet an emergency, and I appreciate that there are States in this country that can not sell their bonds and the Reconstruction Finance Corporation might help in that respect.

Mr. KING. In the not distant future it may be that the credit of the Government will be no better than that of the States. Before Congress adjourns there will have been legislation appropriating directly approximately $5,000,000,000 to meet the current expenses of the Government for the next fiscal year, and laws authorizing the Reconstruction Finance Corporation to issue debentures and obligations constituting a charge upon the Federal Government aggregating perhaps more than $3,500,000,000. Senators should have these facts before them when efforts are made to increase the burdens of the Federal Government and to add provisions to this bill which will call for further loans by the Reconstruction Finance Corporation, which obligations the Federal Government must meet.

The party in power two years from now, when the debentures issued by the corporation aggregating billions of dollars mature, will have no easy task to maintain the credit of the Government. Unless there is a remarkable business and economic revival, the National Government with its enormous operating expenses and its stupendous obligations, will have a difficult road to travel during the next two or three years. I beg of Senators not to load this bill down with extraneous and improper provisions. I have repeatedly stated that the bill before us is an emergency measure in order to aid in meeting the unemployment situation. If we convert it into a pork barrel or grab bill, into which all sorts of corporations may plunge their hands, we will be rendering a disservice to the country and will aggravate the unemployment situation instead of relieving it.

I am glad to know that the Senators from New York [Mr. WAGNER] and Montana [Mr. WALSH], who have played an important part in preparing the measure before us, have lifted their voices in opposition to the pending amendment.

Mr. COUZENS. Mr. President, I am not so concerned with the technical features of this amendment as I am with the philosophy that we have been following with respect to making loans through the Reconstruction Finance Corporation. We have been making hundreds of millions of loans to railroads and to banks for the purpose of paying salaries, for the purpose of paying operating expenses, and for the purpose of paying taxes and purchasing materials that have not in fact had any relation to the question of employment.

For that reason alone I would not oppose this amendment; but I am opposed to the amendment in its present form because it is obviously offered for the purpose of taking care of a few States which may be in a legal or technical position to take advantage of it.

We passed recently a bill to provide what we thought was aid for feeding the unemployed. We did not designate the exact purpose for which the money was to be used; but it is quite obvious that this amendment does not get anywhere with respect to the purpose desired to be accomplished by the proponent of the amendment.

The proponent of this amendment desires to help some few States, by exhausting the credit of the Reconstruction Finance Corporation, to pay existing debts or maintain existing employees. It gives no single individual an additional job. I am not averse to the Federal Government assisting the States or the municipalities in marketing their securities which they are not able to market now. We have assumed a most peculiar attitude, in that we are perfectly willing to use the Government's credit and the taxpayer's credit for the purpose of paying for every kind of activity engaged in by banks and railroads because they are unable to sell their securities, or the railroads are unable to; but when it comes to our own cities and our States, which are in a like position and are unable to sell their securities, we revolt against it.

However, this bill is an unemployment bill; and when I oppose this amendment, I do not desire to have it construed that I am not willing at some later time, if the necessity arises, to provide ways and means of relieving States and municipalities of their maturing securities which they are not able to refinance. In view, however, of the fact, as the Senator from Montana said, that this is a construction bill and for the purpose of providing jobs, I think this amendment is unwise and has no place in the bill.

Mr. BLAINE. Mr. President, as I understand, under section 1 of the bill an aggregate amount of $1,500,000,000 is provided for, of which $1,460,000,000 goes to certain purposes, presumably for the purpose of furnishing employment to the unemployed, and $40,000,000 goes to the Secretary of Agriculture for the purpose of financing sales in foreign markets of agricultural products—not wheat alone, as the Senator from South Dakota suggested, but all agricultural products. Do I understand that the $200,000,000 proposal of the Senator from Mississippi is to be taken out of this $1,500,000,000 provision?

Mr. HARRISON. Mr. President, may I say to the Senator that it would add that much to it? That is in addition to the other provisions of the bill.

Mr. BLAINE. So that the $200,000,000 proposal is not to be taken out of funds that are primarily designed for the purpose of furnishing employment?

Mr. HARRISON. It is not.

Mr. BLAINE. The Senator from Arkansas [Mr. ROBINSON] suggested that an amendment would be offered, as I understood, by the junior Senator from New York [Mr. WAGNER], being the same as the bill that passed the Senate providing for $300,000,000 of loans to the States. I should like to ask the Senator from New York whether that $300,000,000 will come out of the $1,500,000,000 provided for in section 1 of the pending bill.

Mr. WAGNER. No, Mr. President; it will be an additional amount.

Mr. BLAINE. So that the $200,000,000 proposal of the Senator from Mississippi, plus the $300,000,000 proposal to be made by the Senator from New York, aggregates half a billion dollars, which is to come out of other funds to be provided through the Reconstruction Finance Corporation?

Mr. WAGNER. I did not understand the amendment of the Senator from Mississippi to be for an additional $200,000,000.

Mr. BLAINE. The Senator so states. What I am trying to arrive at is whether this half-billion dollars is to come out of the $1,500,000,000, or whether additional funds are to be provided for the Reconstruction Finance Corporation to meet the half-billion-dollar proposals for loans under the amendment offered by the Senator from Mississippi and under the amendment to be offered by the Senator from New York.

Mr. WAGNER. Mr. President, as I informed the Senator, the amendment which I propose to offer provides for an additional $300,000,000.

Mr. BLAINE. So that the amendment the Senator proposes to introduce and the amendment now pending offered by the Senator from Mississippi would simply extend the loan privileges of the Reconstruction Finance Corporation for these particular public purposes, and new capital must be provided for those two proposals. I assume that is the situation.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Mississippi [Mr. HARRISON], which will be read.

The CHIEF CLERK. On page 103, after line 13, insert the following new section:

SEC. —. (a) The Reconstruction Finance Corporation is authorized and empowered to make advances to any State on the security of the bonds of such State, and on such terms and conditions as the corporation deems advisable, for educational or hospitalization purposes within such State.

(b) For the purpose of providing funds for carrying out the provisions of this section the Reconstruction Finance Corporation is authorized and empowered to issue its notes, bonds, debentures, or other such obligations in an aggregate amount of not to exceed $200,000,000. Such notes, bonds, debentures, or other such obligations shall, so far as practicable, be issued in the same manner and be subject to the same terms and conditions as the notes, bonds, debentures, or other such obligations issued pursuant to section 9 of the Reconstruction Finance Corporation act.

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). I have a pair with the junior Senator from Tennessee [Mr. HULL]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I do not know how that Senator would vote, and therefore I must withhold my vote. If at liberty to vote, I would vote "nay."

Mr. METCALF (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. I am advised that he would vote as I intend to vote. I vote "nay."

Mr. SHIPSTEAD (when his name was called). On this vote I have a pair with the junior Senator from Georgia [Mr. COHEN]. I do not know how that Senator would vote, and therefore I withhold my vote. If permitted to vote, I would vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. I do not know how that Senator would vote. If I were at liberty to vote, I would vote "nay."

Mr. WATSON (when his name was called). I transfer my pair with the senior Senator from South Carolina [Mr. SMITH] to the senior Senator from Maryland [Mr. TYDINGS] and vote "nay."

The roll call was concluded.

Mr. SHEPPARD. I desire to announce that Senators COOLIDGE, HAWES, and LEWIS are necessarily detained from the Senate on official business.

Mr. FESS. I wish to announce the following general pairs:

The Senator from Colorado [Mr. WATERMAN] with the Senator from Washington [Mr. DILL]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Nevada [Mr. PITTMAN].

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how that Senator would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. GLENN. I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is absent from the city, and I withhold my vote.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent. Not knowing how he would vote on this question, I withhold my vote.

The result was announced—yeas 15, nays 57, as follows:

YEAS—15

Ashurst	Byrnes	Harrison	Schall
Black	Caraway	Hayden	Sheppard
Broussard	Copeland	Johnson	Stephens
Bulow	George	Neely	

NAYS—57

Austin	Dale	La Follette	Smoot
Bailey	Davis	Logan	Steiwer
Bankhead	Dickinson	McGill	Thomas, Okla.
Barbour	Fess	McKellar	Townsend
Barkley	Fletcher	McNary	Trammell
Blaine	Frazier	Metcalf	Vandenberg
Borah	Goldsborough	Moses	Wagner
Bratton	Gore	Norris	Walcott
Brookhart	Hale	Nye	Walsh, Mass.
Bulkley	Hebert	Oddie	Walsh, Mont.
Capper	Howell	Patterson	Watson
Carey	Kean	Reed	White
Connally	Kendrick	Robinson, Ark.	
Costigan	Keyes	Robinson, Ind.	
Couzens	King	Shortridge	

NOT VOTING—24

Bingham	Glenn	Lewis	Smith
Cohen	Hastings	Long	Swanson
Coolidge	Hatfield	Morrison	Thomas, Idaho
Cutting	Hawes	Norbeck	Tydings
Dill	Hull	Pittman	Waterman
Glass	Jones	Shipstead	Wheeler

So the amendment proposed by Mr. HARRISON to the amendment of the committee was rejected.

Mr. NORRIS. Mr. President, I offer an amendment on page 102, at the end of line 7, to insert the following:

The Secretary of Agriculture shall report in detail to the Senate and to the House of Representatives on the first Monday in December, 1932, and monthly thereafter, his action under this subsection.

Mr. President, this would add to the subsection of the bill which provides for loans through the Secretary of Agriculture by the Reconstruction Finance Corporation in the amount of $40,000,000, in the language of the bill—

For the purpose of financing sales of agricultural products in the markets of foreign countries in which such sales can not be financed in the normal course of commerce, but no such sales shall be financed by the Secretary of Agriculture if, in his judgment, such sales will affect adversely the world markets for such products. Any loan or advance made by the Secretary of Agriculture for the purposes of this subdivision may be made with or without security, as the Secretary of Agriculture deems advisable.

Then follows the amendment. I propose that the Secretary of Agriculture shall report what he has done.

Mr. WALSH of Montana. Mr. President, I was wondering why the Senator did not provide that the reports should be made monthly to the Secretary of the Senate and to the Clerk of the House of Representatives.

Mr. NORRIS. I would not have any objection to that.

Mr. WALSH of Montana. We adopted exactly that course with respect to reports a short time ago, on motion of the Senator from Wisconsin.

Mr. NORRIS. I rather think that would be preferable; but it occurred to me that since Congress would not be in session until the first Monday in December, it would be unnecessary for the Secretary to make the first report until that time. But I am very glad to modify the amendment. I modify it so as to provide that the Secretary "shall report monthly to the Senate and the House of Representatives, or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session."

The PRESIDING OFFICER (Mr. FESS in the chair). The question is on agreeing to the amendment offered by the senior Senator from Nebraska to the amendment.

The amendment to the amendment, as modified, was agreed to as follows:

The Secretary of Agriculture shall report in detail monthly to the Senate and the House of Representatives, or to the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session, his action under this subsection.

Mr. WAGNER. Mr. President, I offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 103, after line 19, insert the following:

SEC. 4. (a) To aid in furnishing relief and work relief to the needy and distressed people residing in the several States and Territories and in relieving the hardship resulting from unemployment, the Reconstruction Finance Corporation is further authorized and empowered to make loans or advances to the several States and Territories, for such purposes out of the funds hereinafter made available, under the terms and conditions hereinafter set forth, and in an aggregate amount of not to exceed $300,000,000. Such amount shall be apportioned among the several States and Territories in the proportion which their population bears to the total population of the States and Territories of the United States, according to the fifteenth decennial census. Such apportionment shall be made by the corporation within 10 days after the date of enactment of this act, and the corporation shall immediately certify to the governors of the several States and Territories the amount apportioned to each State or Territory. The amounts so apportioned to any State or Territory shall be available for loans or advances to such State or Territory for the purposes of this section until the expiration of two years after the date of enactment of this act.

(b) The aggregate amount of the loans or advances made to any State or Territory under this section shall not be in excess of the amount apportioned to such State or Territory. Each such loan or advance shall bear interest at the rate of 3 per cent per annum. The amount of the loan or loans or the advance or advances to each State or Territory (except the Territory of Alaska), with interest at the rate of 3 per cent per annum upon any unpaid balance, shall be reimbursed to the Reconstruction Finance Corporation by making annual deductions, beginning with the fiscal year 1935, from moneys payable under regular apportionments made from future Federal grants in aid of the States and Territories for the construction of highways and rural post roads, of an amount equal to one-fifth of the share which such State or Territory would be entitled to receive under such apportionment, except for the provisions of this section, or of an amount equal to one-fifth of the principal of the loan or loans or the advance or advances made pursuant to this act and all accrued interest on such loan or loans or advance or advances to the date of such deduction, whichever is the lesser, until the sum of such deductions shall equal the total amount of such loan or loans or advance or advances and all accrued interest thereon. Whenever any such deduction is made, the Secretary of the Treasury shall immediately pay to the Reconstruction Finance Corporation the amount so deducted. Such deduction shall not be made with respect to any State or Territory which, within a period of two years from the date of enactment of this act, shall enter into an agreement with the Reconstruction Finance Corporation for the repayment of the amount of the loan or loans or the advance or advances to such State or Territory with interest thereon as herein provided, in such installments and upon such terms as may be agreed upon between such State or Territory and the Reconstruction Finance Corporation, unless such State or Territory shall be in default in the performance of the terms of such agreement. Such an agreement may be made after the expiration of such 2-year period with respect to the repayment of the unpaid principal of any such loan or loans or of any such advance or advances, with interest thereon as herein provided. In the case of a default in any such agreement, the agreement shall thereupon be terminated and reimbursement of the amount of the unpaid principal and interest of any such loan or loans or of any such advance or advances shall be made by making deductions in the manner above provided from moneys payable to such State or Territory under regular apportionments made from future Federal grants in aid of the States and Territories for the construction of highways and rural post roads, beginning with the fiscal year next following such default. In the event that any such loan or advance is made to the Territory of Alaska, such Territory shall, at the time of the making thereof, enter into an agreement with the Reconstruction Finance Corporation for the repayment of the loan or advance with interest thereon as herein provided, in such installments and upon such terms and conditions as may be agreed upon by such Territory and the Reconstruction Finance Corporation.

(c) Any State or Territory making application for a loan or an advance under this act shall, through its governor, certify the necessity for such loan or advance, and that its own resources, including moneys then available and which can be made available by the State or Territory, its civil subdivisions, and private contributions, are inadequate to meet its relief needs. Any funds made available to a State or Territory pursuant to this act shall be administered by the governor, or under his direction, and upon his responsibility; except that in any State where there is a State board constituted for controlling the financial affairs of the State, such board shall distribute, under the supervision of the governor, the amount allotted to such State. Any sum received by any State under this act shall be held as a special fund to be applied as herein provided by the governor thereof without regard to restrictions applicable to the ordinary revenues of the State.

(d) Nothing in this section shall be construed to authorize the Reconstruction Finance Corporation to refuse to make a loan or an advance to any State or Territory because of existing constitutional inhibitions in the case of a State, or inhibitions of Federal law in the case of a Territory, or because the State or Territory has borrowed to the full extent authorized by law. The amount for which application is made shall be immediately payable to the State or Territory upon the filing of the application and delivery to the Reconstruction Finance Corporation of the receipt required by subdivision (f) of this section.

(e) Nothing in this section shall be construed to forbid the governor of any State or Territory from advancing a portion of any loan or advance extended to the State or Territory to any department or separate political organization of the State or Territory.

(f) The amount of any loan or advance authorized under this section shall be paid to the State or Territory upon delivery by the State or Territory to the Reconstruction Finance Corporation of a receipt for such amount, which receipt shall state that the loan or advance is accepted subject to the terms of this section.

(g) For the purpose of providing funds for carrying out the provisions of this section the Reconstruction Finance Corporation is authorized and empowered to issue its notes, bonds, debentures, or other such obligations in an aggregate amount of not to exceed $300,000,000. Such notes, bonds, debentures, or other such obligations shall, so far as practicable, be issued in the same manner and be subject to the same terms and conditions as the notes, bonds, debentures, or other such obligations issued pursuant to section 9 of the Reconstruction Finance Corporation act.

Change the section numbers of sections 4, 5, 6, 7, 8, and 9 to 5, 6, 7, 8, 9, and 10, respectively.

On page 109, line 10, strike out the figure "4" and insert in lieu thereof the figure "5."

Mr. WAGNER. Mr. President, the amendment is simply to reincorporate in the bill as an amendment a bill which has already been passed by the Senate providing for $300,000,000 to be loaned to the States for relief and employment. The amendment makes no change in the former bill at all.

Mr. WALSH of Montana. The provision of the amendment was in the bill as it was originally drafted.

Mr. WAGNER. I was about to state that this language was originally in the bill we are considering. It was deemed wise, however, to separate it and pass it as a separate bill. I am now proposing to reincorporate it in the pending bill.

Mr. NORBECK. Mr. President, I desire to ask the attention of the Senator from New York. We worked on the bill in committee. We wrestled with many angles of it. It was approved in the Senate exactly as the Senator and I agreed upon it at that time, but we were both aware of the fact that there was no immediate relief in the bill, because very few States have laws that will permit the use of the money in the way the bill is drafted. After securing a good deal of help, I have worked out an amendment which I would like to have the Senator incorporate in his amendment, which will, I think, permit the use of one-third of the money immediately by the governor of the State. At any rate, I

suggest that this matter be incorporated in the Senator's amendment. The bill is going into conference. I shall be guided by the judgment of the Senator from New York. I do not want to make the bill more difficult to pass, but I think this amendment will be helpful.

Mr. WAGNER. I have no objection to have the proposal go to conference.

Mr. NORRIS. Mr. President, why not take the Senate into the confidence of the two Senators and have them let us know what is the subject of their conversation?

The PRESIDING OFFICER. Let the amendment of the Senator from South Dakota to the amendment of the Senator from New York be reported for the information of the Senate.

The LEGISLATIVE CLERK. On page 2 of the amendment of the Senator from New York, line 15, strike out the period, insert a colon, and add the following:

Provided, That in any State where no authority of law exists for receiving or using such amount as may be apportioned to such State and in which the legislature is not in session at the time of the enactment of this act, the governor of such State is hereby designated to receive not to exceed one-third of the amount apportioned to such State and is authorized to use and disburse the same for the purpose of relieving distress and to furnish work relief upon State or Federal aid projects in said State.

The PRESIDING OFFICER. Does the Senator from New York accept the modification?

Mr. WAGNER. Yes; under the conditions and circumstances stated by the Senator from South Dakota.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New York as modified to the committee amendment.

The amendment as modified to the amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer the following amendment.

The PRESIDING OFFICER. The clerk will report the amendment for the information of the Senate.

The LEGISLATIVE CLERK. On page 103, line 12, after the word "it" and before the period, insert a comma and the following:

The names of the borrowers to whom loans or advances were made and the amount involved in each case.

Mr. LA FOLLETTE. Mr. President, I wish to say just a word regarding the amendment. When the original Reconstruction Finance Corporation bill was pending in the Senate I secured the adoption of a similar amendment to that measure. Unfortunately it went out in conference. Today the reports made by the Reconstruction Finance Corporation are practically unintelligible because the loans made to various groups of corporations are lumped together. In the case of the railroads, for instance, if it were not for the fact that the Interstate Commerce Commission has to pass upon those loans, no one would know how much a particular railroad corporation was borrowing from the Government through the Reconstruction Finance Corporation.

A majority of the Senate has indicated that it desires to broaden this power, to extend it to private corporations who are to engage in these so-called self-liquidating projects. I believe it is very important that the Congress and the country should know what corporations are receiving money and the amount received. I say this not because I believe there will be any resistance to the amendment in the Senate, but because I want to impress upon the Senate conferees the importance of retaining it in the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, I send forward an amendment which I offer.

The PRESIDING OFFICER. The amendment will be reported for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from New York proposes the following amendment:

At the proper place add:

And the Reconstruction Finance Corporation is also authorized and directed to allocate and make available to the Secretary of Commerce the sum of not to exceed $1,000,000 for the purpose of providing credit facilities on sales of manufactured products in export markets, such facilities to be provided through the medium of reinsurance to be extended to established and existing export credit insurance agencies in the United States and the Secretary of Commerce is hereby empowered to make the necessary contracts for that purpose.

Mr. COPELAND. Mr. President, yesterday I voted against striking from the bill the $40,000,000 proposed to be advanced for the export of agricultural products. Every Senator has received letters from manufacturers and exporters in his State similar to the one to which I shall refer now from Montgomery Ward & Co. They speak of the great difficulty of making arrangements for exports because of the inability to study, analyze, and utilize the information and facts relative to the situation. They say in their letter:

In our own case, we are rejecting, for this very reason, four times as much business as we accept.

Accordingly, it would seem that our Government should provide such facilities to American exporters as are provided by many European governments for their nationals to assist manufacturing exporters to retain their business and be assured of credit facilities and the eventual payment for the product they ship abroad. In other words, a plan through which the Government would provide, through the medium of a qualified organization such as the American Foreign Credit Underwriters, reinsurance on shipments made by American exporters, would very greatly assist them to compete on a more equitable basis in world markets. The direct result of such increased export trade would be the employment of a large number of additional persons in nearly all classes of industry, as well as persons engaged directly in the development, handling, shipping, financing, etc., of export orders.

This amendment has been modified from the form in which I presented it the other day. It is limited to $1,000,000, not annually but the total amount, and also provides that the Secretary of Commerce is empowered to make the necessary contracts for the purpose. I ask that the matter may be favorably acted upon by the Senate and taken to conference. It will then be determined there. In the conference there will be many modifications of many matters which have been presented and adopted here.

I know the objections which have been urged; but the purpose of the bill which is pending is to promote employment and nothing is more necessary in the promotion of employment than increased activity in the manufacturing and merchandising concerns of the country. If we can promote employment and promote the business of the country by increasing our export business, so much the better. In foreign countries the governments have done exactly what is being proposed here and are assisting in this matter. I present it for the consideration of the Senate and once more invite the attention of Senators to the fact that each of them has had innumerable letters from manufacturers in his own State. I hope Senators will bear this in mind when it comes to a vote.

Mr. NORRIS. Mr. President, I ask that the amendment be read again.

The PRESIDING OFFICER. Let the amendment be read again for the information of the Senate.

The legislative clerk again read the amendment submitted by the Senator from New York to the amendment of the committee.

Mr. COUZENS. Mr. President, this matter was discussed at some length in the Senate at an earlier date when the Senator from New York offered a somewhat similar amendment. I think the Senator from Montana [Mr. WALSH] pointed out at that time that there was no authority anywhere in law for any governmental agency or department to reinsure or to engage in the insurance business. In other words, this is a proposal not only to insure against accidents at sea, it is not a transportation insurance, but it is engaging the Government in insuring credits that may be extended by Americans to purchasers abroad.

To show the inadequacy of the amendment, even if Congress desired to extend such authority, I invite attention to the fact that it provides only $1,000,000, so that even if we were authorized by any substantive law or if we desired to authorize such a provision this would be of no real value, because of the small amount to be devoted to the purpose. In any event I do not think Congress wants to engage in

reinsuring or in the insuring of credits extended to people in other countries.

Mr. REED. Mr. President, may I add just a few words to what has been said by the Senator from Michigan? We have loaned a great many American dollars to foreign governments. We have had nothing but grief from those loans since we made them. In effect this proposal would be to lend the credit of the American Government to private individuals abroad who are buying goods from this country. It would be no different in substance than if we loaned the money to some private citizen in Siam or Germany or some other place so that he might buy something from the United States. If we got into grief with our loans to foreign governments, think what we would get into if we began to pledge our credit and indorse the notes of some foreign private individual.

Mr. COPELAND. Mr. President, there is in existence now what I would call a cooperative insurance arrangement between manufacturers. It is not a money-making proposition. It is an establishment set up by the manufacturers for the purpose of doing what I discussed a moment ago. The amount involved is small. There is a reinsurance on all of these matters that returns only a small profit. It is exceedingly doubtful if any considerable loss would take place. I have been assured that the possible losses might be $50,000 or $100,000, but there is no doubt about it that the export business would be benefited, because by the aid of the Foreign and Domestic Bureau in the Department of Commerce, who have their agents there, they could assist materially in gaining information, and all the active part of it would be carried on by the cooperative organization.

We are seeking in this bill to do unusual things. When we say we are setting up a new agency, we are doing something different. The whole thing is different. I have no doubt at all, from the assurances given me by reliable manufacturing concerns, that this is a matter of vital interest to our export trade. That is the reason why I urge it.

Mr. REED. Mr. President, I know about the private organization of which the Senator speaks, and I think it is wholly praiseworthy and intelligent, and ought to be encouraged; but the Government can not go into the business of guaranteeing private debts either here or abroad. In that direction lies sure collapse, and I should be very sorry on that account to see the amendment adopted.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. I yield.

Mr. GORE. I desire to ask the Senator from Pennsylvania if it would not simplify the procedure and obviate disagreeable eventualities if we would give the foreigners the money in the first instance instead of lending it to them.

Mr. REED. Yes; that would be more simple in more senses than one.

Mr. GORE. The Senator from New York seems to proceed on the theory that a baby born out of wedlock ought not to be of any particular concern provided it is only a very small infant. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York to the amendment.

The amendment to the amendment was rejected.

Mr. BANKHEAD. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 101, line 2, after the word "waterworks," insert the words "including industrial water-supply systems."

Mr. BANKHEAD. This is merely a perfecting amendment. I have submitted it to the authors of the bill and also to the senior Senator from Michigan [Mr. COUZENS], and there is no objection to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Alabama.

The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, I offer an amendment, but before sending it to the desk I desire to make a brief statement with reference to it, if I may be permitted to do so.

This is a relief bill intended to furnish employment to the people of the country, but it so happens that the State from whence I come is not so located as to be able to get very much of this money. Out of the appropriations for highways Oklahoma receives less than $3,000,000. We have no rivers and harbors improvements, so we get nothing from that. We have no flood-control program; no Hoover Dam; no air navigation; no lighthouses; and no yards and docks; so we get nothing from that source. Oklahoma is limited to highway construction, amounting to less than $3,000,000; to what we can get through public-building appropriations, probably amounting to between $500,000 and $1,000,000, but, at any rate, not to exceed a million dollars; and we will get something perhaps through Army housing, not to exceed a million and a half dollars. So, under the most liberal construction, the total amount that may come to my State, if this bill shall be enacted into law, will be from four and a half to five million dollars.

Mr. President, under one section of the bill the President has the power to select projects, and he will be allocated about $192,000,000 for that purpose. There are two projects in the State that have been examined by the Biological Survey. One is on the Salt Plains, where it will require a dam and some levees to impound the water, and another is on a tract of marshland which will require the same kind of treatment. So I desire to offer an amendment, not directory but only authorizing and requesting the President to consider these two projects in connection with his power to select projects for improvement. I submit the amendment and ask that it may be read.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Arkansas?

Mr. THOMAS of Oklahoma. I yield.

Mr. ROBINSON of Arkansas. Have the projects to which the Senator refers in the amendment been appropriated for?

Mr. THOMAS of Oklahoma. No.

Mr. ROBINSON of Arkansas. Then, they would not come within the terms of paragraph 9 of section 4 of the bill, I think.

Mr. THOMAS of Oklahoma. They have not been appropriated for, but one has been reported upon and recommended by the Federal Employment Stabilization Board and the other has been investigated and surveyed by the Biological Survey. I presumed that the provision of the bill to which the amendment is offered was for appropriating purposes.

Mr. ROBINSON of Arkansas. No; if the Senator will pardon me, the provision to which his amendment relates grants no liberty to the President to select any project that has not already been appropriated for. Is not that correct, I will ask the Senator from New York?

Mr. WAGNER. That is correct.

Mr. THOMAS of Oklahoma. Then I do not understand the purpose of the provision. If it relates only to projects which have been approved and appropriated for, I can not understand the reason for the section.

Mr. ROBINSON of Arkansas. The effect is to lift the amounts out of the appropriation bills, or, at least, to give the opportunity for doing so, and to treat them as capital investments.

Mr. THOMAS of Oklahoma. Mr. President, I will ask that the amendment be printed in the RECORD, and, in view of the statement made by the Senator from Arkansas, of course I can not urge the amendment. I do, however, want it printed in the RECORD in connection with my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment intended to be proposed by Mr. THOMAS of Oklahoma is as follows:

On page 108, add the following to end of line 22: "*Provided*, That in selecting projects for improvement and construction as provided herein, the President is authorized and requested to

consider migratory bird refuges in Oklahoma as follows: First, the Salt Plains Migratory Bird Refuge located in Alfalfa County, as reported and recommended by the Federal Employment Stabilization Board in its preliminary report, Volume I, and at an estimated cost of $80,000 for such improvement and construction, by the building of dams, levees, and works as may be necessary to convert such area of existing Government and public land into such bird refuge; and, second, the Love County Red River Migratory Bird Refuge in Oklahoma, heretofore investigated and surveyed by the Biological Survey and at an estimated cost of $120,000 for the securing of necessary lands and the construction of dams, levees, and works as may be necessary to convert such area of low and marsh land into a migratory bird refuge."

The PRESIDING OFFICER. The Chair understands the Senator does not ask for a vote on his amendment?

Mr. THOMAS of Oklahoma. No. Under the statement just made it would be out of order.

Mr. GORE. Mr. President, I desire to call the attention of Senators to section 8 of the bill, beginning on line 17, page 112, which was stricken out on yesterday upon motion of the senior Senator from Arizona [Mr. ASHURST]. It happens that that provision of the bill corresponds with Joint Resolution 168, which I had previously introduced. I desire to ask unanimous consent to reconsider the vote by which that provision was stricken from the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma?

Mr. ASHURST. Mr. President, I have no objection to a reconsideration, but I expect to renew my warfare on the proposition after it shall be before the Senate.

Mr. MOSES. Mr. President, what is the request?

The PRESIDING OFFICER. The Senator from Oklahoma has asked unanimous consent to reconsider the vote by which section 8 was rejected.

Mr. GORE. Mr. President, I should like to make a brief statement. This provision of the pending bill undertakes to create an industrial commission composed of five Senators, five Representatives, and nine economists or specialists in different lines and of different kinds. I may say that it is, to all intents and purposes, literally a copy of the joint resolution which was passed by Congress in 1899 and which created the celebrated Industrial Commission of that day. It was one of the most noteworthy commissions in the legislative history of this country. It held hearings which filled 18 volumes and which are a reservoir of economic information. The commission examined the leading industrialists, bankers, labor leaders, and generally the leaders of thought in this country, and submitted this [exhibiting] as its final report. It is the nineteenth volume of the series reports concerning agriculture, banking, commerce, mines, manufactures, capital, labor, monopolies, and all the serious economic problems of that period. The Monetary Commission laid the foundation for the Federal reserve act; the Immigration Commission laid the foundation for our immigration laws. The commission now proposed is very similar to the Monetary Commission, which made the famous McMillan report in England last year. This has been a common procedure in England both before and since the famous bullion committee of 1810.

Mr. President, Senators ought not to develop a chronic abhorrence of facts. I should like to see some action taken which, at least, promises something constructive in the future. In all this dreary desert of bonds and debts and taxes, I think this is the only green tree that promises to bear fruit.

I know that some Senators will say that the power to legislate is vested in the Congress and in Congress alone.

I accept that doctrine; but, Mr. President, during this session we have enacted a legislative program that did not originate in the Congress. We have received at the hands of the executive department a ready-made legislative program. What were the items in that agenda? First the moratorium, to postpone the collection of $250,000,000 due and payable to this country, a part of which had been earmarked for payment. It compelled the American taxpayers to stagger beneath that burden. What next? We passed the Reconstruction Finance Corporation measure. It appropriated a half billion and authorized a bond issue amounting to one and a half billions more. It was designed to resuscitate moribund banks and to rescue railroads from impending financial wreckage.

Then we passed the Glass-Steagall bill, designed to make it easier to extend credit, to obtain credit, and to wade farther and farther into the quicksands of bankruptcy. All these measures were received ready made from the hands of the Executive Department.

What has been the burden of our legislative program at this session? We have issued bonds, bonds, bonds—billions of bonds; we have created debts, debts, debts—billions of debts; we have levied taxes, taxes, taxes—billions of taxes. Smelling salts, stimulants, opiates, embalming fluid—all. What has been the result of our legislative program? Conditions have grown worse day by day. The day the Senate met on December 7 last United States Steel was selling at $52 and a fraction; on February 19, this year, United States Steel sold at $52 and a fraction; yesterday it closed at $24 and the preferred stock made a low record for all time. On September 1, 1929, on the eve of the panic, all stocks listed on the New York Stock Exchange aggregated in value $90,000,000,000. On the 1st of May this year they had sunk to $20,000,000,000, a shrinkage of $70,000,000,000. On the 1st day of June they had shrunk to $16,000,000,000, a shrinkage of 20 per cent in 30 days. Since the enactment of our legislative program there has been a shrinkage of more than 50 per cent in the value of securities, and the pity of it is, commodities have gone down hand in hand with securities. Bonds, stocks, wheat, corn, cotton, and livestock have been executing a nose dive in the bottomless pit.

The VICE PRESIDENT. The time of the Senator from Oklahoma has expired.

The Senator from Oklahoma has asked unanimous consent to reconsider the vote by which section 8 on page 112 was rejected. Is there objection?

The Chair hears none, and the vote whereby the section was rejected is reconsidered. The question is on agreeing to the section.

Mr. ASHURST. Mr. President, it is not a pleasant task to oppose the able junior Senator from Oklahoma [Mr. GORE], who is a profound thinker and is devoted to the public interest.

The Senator said that some Senators appeared to have an abhorrence of facts. Be that as it may, I have an "abhorrence" of any more commissions, and during the time that I shall remain in the Senate—and I enjoy work here very much—I shall fight the creation of any more Federal commissions and the creation of any more Federal officials.

As I think of the American taxpayer there comes to me the figure in mythology of Sisyphus, who was required to roll a heavy stone up the mountain, and always just at the time when after much labor he had reached the mountain top, the heavy stone rolled down again, and so it is written by a classic poet:

With useless endeavor
Forever, forever,
Is Sisyphus rolling
His stone up the mountain

So, Mr. President, with this abhorrence of further commissions, with the history of the reckless and relentless expenditures of public funds by commissions we have created, it seems to me to be my duty—and I am going to perform it—to fight any proposal to create more Federal commissions.

The Wickersham Commission spent $500,000, and there is not a Senator who will say that its report was worth $5. [Laughter.] Nobody knows what it means; the commission was paired against itself on everything.

Examining the proposition before us, it proposes a commission to exist for two years composed of five Senators and five Representatives. They are to serve without compensation; they will receive only their expenses of travel. In addition there are to be nine other persons appointed to the commission, who are each to receive a salary of $3,600 per annum and their traveling expenses, and they may travel at all times willy-nilly, expending the public money, and, further, in addition the sum of $50,000 is provided for

clerk hire, for stenographers, for rents, and so forth, for this commission.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. ASHURST. I yield to the Senator.

Mr. ROBINSON of Arkansas. I merely desire to ask the Senator a question. The Senator has said that nothing came out of the Wickersham report. Does he not know that the Republican platform plank on prohibition came out of that report?

Mr. ASHURST. It does bear its imprint, so the Wickersham report probably did assist in producing one plank in a political platform.

Mr. President, if we are going to reduce Federal expenses, we must begin with commissions. I assert that if this commission shall be created—and the motives of my learned friend from Oklahoma are as pure as the motives of any Senator could be; he is simply mistaken—it will expend about $200,000 and then, in order to print its voluminous reports, there will be required some $50,000 to $60,000 more.

I wish to go on record against this proposed commission, and I now renew my motion to strike this section from the bill.

The VICE PRESIDENT. The question is on the motion of the Senator from Arizona.

Mr. GORE. Mr. President, I understand I can speak on that motion?

The VICE PRESIDENT. The Senator from Oklahoma has five minutes on the motion now pending.

Mr. GORE. Mr. President, conditions have grown worse since our legislative program was enacted. I do not mean to say that it has failed. I will say, however, it has not succeeded. I do not mean to say that we ought to change the treatment, even though the patient is waxing worse. Perhaps to issue more bonds, create more debts, and levy more taxes is the best way to end the depression and to revive prosperity. Perhaps we have not given this medicine in large enough portions, and perhaps in that direction lies the remedy for existing maladies.

I am sorry the Senator from Arizona has objected to this provision. But he objects to all commissions. He has "commissiaphobia," and I have some symptoms of that disease myself. I do not know that this commission would render any service at all. I regret to see this session of Congress adjourn, however, without taking a single step other than the issuance of bonds, the creation of debts, and the imposition of taxes looking to a program for the future that will rescue us from the economic bog in which we are now floundering.

The Senator from Arizona comes from a State where they have petrified forests. He has become accustomed to that scenery, and anything which shows symptoms of verdure or life provokes his inveterate hostility. The Senator comes forward as an apostle of economy, unwilling to appropriate $50,000. I want to take a chance where there is at least a possibility of making progress. The Senator comes forth now as an apostle of economy. I do not mean to criticize the Senator's record; but he makes an appeal in behalf of the taxpayer, when less than a week ago he voted for the so-called soldiers' bonus, to appropriate two and a half billion dollars out of the Treasury where there is now yawning a deficit of two and a half billions; $1,600,000,000 of that amount is interest yet to accumulate in the future. Whatever the justification, reason, or sentiment assigned for it, it was a proposal to make a pure gift out of the Treasury of the United States and out of the pockets of the taxpayers of the United States.

The farmers in the Senator's State are losing their farms because they can not pay the taxes already due. Laborers in his towns are losing their homes at tax sales which embody the earnings of a lifetime because they can not pay the taxes that are already due. Yet the Senator from Arizona voted to take out of their pockets $20 apiece, $100 for every family in his State. The Senator voted to tax the rags on the backs and to tax the crusts on the lips of hungry children. Now, he rises in his place and, in the name of economy and in the name of the taxpayers about whose interest he is so solicitous, makes a protest, and I fear a fatal protest, against the adoption of this proposal, the only fertile egg in this nest, the only living seed in this garden, the only vital bud that has been grafted on this petrified forest. The rest has been the sowing of dead seeds in a desert that is dead.

Mr. LOGAN. Mr. President, I am very glad that the Senator from Arizona has declared himself as against commissions. We welcome him to the ranks of those who have been opposing the creation of commissions. It appears to me, however, that he and the Senator from Oklahoma have swapped sides on this matter.

I do think it would be a mistake to create another commission. It may be all right so far as administering the affairs of this bill is concerned; but the trouble about it is, we can not ever kill them when we create them. They go on and grow larger all the time.

So I must support the motion of the Senator from Arizona; but I am somewhat surprised at myself, in that I have begun to believe all these stories the Senators tell on the floor about the great suffering in the country.

There is much suffering; there are many people out of employment; but conditions are not one-half as bad, they are not one-tenth as bad, as we think they are. The Congress of the United States and the city of Washington are but a great reservoir that receives all the bad news and hears about all the bad things that occur anywhere in the country; and when we stay here as long as we have, we reach the point where we believe that everything from one end of the country to the other is hopeless. That is not true.

I believe I have been in every one of the cities of any importance in the United States, and in nearly all the States, in the last two years. I think I am thoroughly familiar with the conditions in my own State. There is not the hunger that we depict here in our debates in the Senate. There is not the great distress that we seek to relieve. If we will go home and mix around with the people a while, we will find out that we have been carried into a psychological condition which makes us believe that the entire population of the United States is out of work and is suffering.

There is one thing that I want to mention, however. As Senators know, I am against the bill. I said the other day, when it was introduced, that it was bad and that it would grow worse the longer we discussed it. I believe that every one of you will agree that that statement has been verified.

There is one thing that has been left out of this bill to which I want to call your attention, and probably I can get some Senator to offer an amendment to take care of it. I do not care to do so myself, as I am against the bill.

Down home I have an old friend, Robert Rhodes, who is the president of the Citizens' National Bank; and Gen. W. L. Sibert, whom some of you know, is his friend, and they have a lot of fox hounds. The last time I was at home they told me that times were a little hard, and that they were getting along all right except that they did not have any money to build dog houses. I sincerely trust that some one will put a provision in this bill for the building of dog houses for fox hunters. [Laughter.] It probably would be about as justifiable as some of the other amendments which have been offered, and some which have been adopted.

Mr. WALSH of Montana. Mr. President, regardless of the meritoriousness of the portion of the bill reported by the committee to which the motion of the Senator from Oklahoma relates, I think it would be most unwise to incorporate it in this bill.

The Senator refers in a commendatory way to the legislation which resulted in the creation of the Industrial Commission of 1909. The last Industrial Commission was created by legislation enacted during the Taft administration, the members, however, not being appointed until the Wilson administration came in. That, as well as the legislation creating the National Monetary Commission, was very elaborately debated. The necessity for it, and the occasion for it, and the particular field that it was to investigate, were discussed at very great length.

Much might be said, I am very sure, for a bill creating a new industrial commission; but it seems to me that it would be improvident to enact legislation of that kind in connection with the matter that is now under consideration.

I hope, therefore, that the motion of the Senator from Arizona to strike out that portion of the bill will prevail.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Arizona to strike out section 8.

On a division, the amendment to the amendment was agreed to.

Mr. COUZENS. Mr. President, the other day I entered a motion to reconsider an amendment adopted by the Senate at the instigation of the senior Senator from Louisiana [Mr. BROUSSARD]. The amendment is as follows:

Except that loans may be made under the provisions of this subdivision to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law heretofore enacted.

I now desire to call up that motion to reconsider.

Mr. McNARY. Mr. President, will the Senator state what page it is on?

Mr. COUZENS. It is on page 3 of the new print.

The VICE PRESIDENT. May the Chair ask the Senator from Michigan if he will yield to the Senator from Connecticut [Mr. BINGHAM], who advises the Chair that he must go to a conference at 2 o'clock, and he has an amendment that he desires to offer?

Mr. COUZENS. I brought this matter up at the instigation of the Senator from Louisiana, because he wants to go to the same conference; so I assume that I am pleasing both Senators.

I want to say that this is the only provision in this bill which provides for liquidating borrowings through taxation. Apparently we have followed consistently the policy that all of the money to be loaned under this bill is to be loaned to self-liquidating corporations; or, in other words, the money is to earn its repayment. Here, however, is an exception where bridges or railways or highways are to be built, and they may or may not charge enough tolls or fees to liquidate the indebtedness. They may charge enough tolls or fees to liquidate 10 per cent, 20 per cent, or 30 per cent of the indebtedness and place the rest of it upon the taxpayers.

It has not been the thought of the authors of this bill that we were going to aid in creating more taxes for the States. There is no provision in the bill to match any of the contributions that are made to the Reconstruction Finance Corporation except in this amendment; and I therefore believe that the amendment ought to be reconsidered and defeated.

Mr. BROUSSARD. Mr. President, inasmuch as we are limited to five minutes, I shall avail myself first of the privilege of using a little time on the motion to reconsider; and if that is carried, then I shall have a little more time to explain the matter.

I think the Senator from Michigan has failed to understand the situation.

This amendment does not provide that the bridge shall be paid for out of tolls. The constitution of the State of Louisiana adopted in 1928 provides for the issuance of bonds to the amount of $14,500,000. A statute was passed in 1930, the enabling act, which authorized the city of New Orleans, through its agency there, the Public Belt, which operates and serves all the railroads, to make contracts with the railroad companies for permanent toll. That has been arranged under a contract already made, and against this contract bonds were to be issued.

The bonds have been authorized. The constitution has dedicated $7,000,000 of bonds of the State of Louisiana to this project, said bonds being secured by the funding of a 4-cent gasoline tax. It is believed by some of those who framed this bill that this project might come under the general provisions, but the Wagner bill provides that the bonds shall be retired in 10 years. The constitutional provision and the contract made with the railroads do not terminate within this period, because it can only be estimated when the 1-mill gasoline tax will accumulate to take up and retire the full amount of the bonds, coupled with the amount to be recovered from the railroads, which can be determined now. So that in order to avoid that question, it was thought by the attorneys advising the city of New Orleans that this amendment should be adopted.

I wish to present to the Senate this proposition as it is just as precisely as I can and as briefly.

The bridge will be owned and operated exclusively by the city of New Orleans.

The construction is authorized by amendments to the constitution of Louisiana enacted in 1928 and 1930.

The bridge will cost $14,500,000. It is to be constructed out of the avails of $7,500,000 of bonds issued by the city of New Orleans, which are secured by a mortgage on the bridge and a pledge of its revenues, and the remainder out of $7,000,000 of bonds of the State of Louisiana to be paid out of a tax levied on gasoline.

The highway section of the bridge, by provision of the Constitution, is to be toll free for vehicular and pedestrian traffic. It connects up with transcontinental highways on the east and west banks of the river.

Lands for approaches have been bought.

Permit for construction has been issued by the War Department.

Certificates of convenience and necessity have been issued by the Interstate Commerce Commission.

Bids received and contracts for construction have been let.

Six hundred thousand dollars has already been spent for bridge sites, detailed plans and specifications, and preliminary work.

Detailed plans and specifications have been completed and actual construction can be commenced within 30 days.

Eighty per cent of amount expended will be for labor.

Fabrication of steel will give work to Pennsylvania steel mills.

Lumber from the far West will be used in large quantities.

Nothing remains to be done to start immediate construction except the sale of the bonds issued to finance the project.

The $7,500,000 of bonds of the city of New Orleans are to be paid out of net revenues of bridge.

The $7,000,000 of bonds of the State of Louisiana will be paid out of gasoline taxes whose imposition was authorized by the constitution in 1930. These $7,000,000 of State bonds are specifically dedicated to the construction of this bridge.

If the amendment is not agreed to, Louisiana would get practically no benefits from the Wagner bill.

Therefore I ask the Senate not to reconsider the vote.

The VICE PRESIDENT. The question is on the reconsideration of the vote by which the amendment was agreed to.

The motion was agreed to, and the vote was reconsidered.

The VICE PRESIDENT. The question now is on agreeing to the amendment, which will be reported.

The LEGISLATIVE CLERK. The Senator from Louisiana offers the following amendment: On page 101, line 13, after the word "charges," to insert:

Except that loans may be made under the provisions of this subdivision to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law heretofore enacted; and the Reconstruction Finance Corporation is further authorized and empowered to purchase bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge irrespective of the dates of maturity of such bonds.

Mr. COUZENS. Mr. President, a very careful reading of the amendment will, I think, disclose the fact that if adopted it would be the most dangerous provision in the bill. We have gone very far in extending the authority and the powers of the Reconstruction Finance Corporation, not only in this bill but in the original act. We have, however, been very cautious not to enact legislation which would provide an opportunity for any greater taxation upon real property or upon property of the States or the municipalities.

It is contended by the Senator from Louisiana that this applies to one specific case in Louisiana, and that may be true. There may not be any particular objection to the proposal for the bridge to which he has reference, but I submit we can hardly legislate nationally for a specific bridge in Louisiana. The language provided in this amendment is such that highway bridges and railroad bridges might be built anywhere in the United States and receive money from the Reconstruction Finance Corporation without regard to whether the bridges were to be paid for out of taxes or tolls or fees.

It is true the amendment provides that part of the self-liquidation shall take place out of tolls or taxes or rents, but it may happen that only a very small percentage would be taken out of rents, fees, or tolls and the rest might be taken out of taxes imposed pursuant to State law heretofore enacted.

Mr. President, any sort of bridge could be built under this provision, and I think it is going very far afield to invite extravagance and expenditure by the States, to be paid for by taxes, and its does not come within what has generally been the language providing for self-liquidation, and I therefore think the amendment should be rejected.

Mr. BROUSSARD. Mr. President, the thought of the Senator from Michigan that bridges might be built anywhere under this amendment, I think, is in error, because that portion of the amendment which provides for existing works says "the remainder by means of taxes imposed pursuant to State law heretofore enacted."

One or two Senators remarked to me the other day that they thought that any State could, by the passage of subsequent legislation, provide in any manner for taxes in the future to take care of construction of public bridges. This amendment limits it to bridges to be paid for in part by taxes imposed pursuant to law heretofore enacted, so that it does not open the door for the construction of hundreds of bridges, which I think is what the Senator from Michigan fears.

I have here the constitution of the State of Louisiana, and I have also the statute under which these bonds have been issued. It was only six or eight months ago that an effort was made to sell the bonds. They are ready to be put on the market, but there is no market for them. They have been issued, they have been passed upon by legal talent who represent the bonding companies, or the purchasers of bonds, and the only reason why they were not sold was because the bond market is so depressed that bonds can not be sold at all. This is not a proposition gotten up to meet this particular situation. This is a project for a free bridge, so far as vehicular and pedestrian service is concerned. They are ready to begin construction in 30 days. Eighty per cent of the $14,500,000 is to be expended on labor.

Mr. REED. Mr. President, will the Senator yield?

Mr. BROUSSARD. I yield.

Mr. REED. Is this the bridge at New Orleans?

Mr. BROUSSARD. It is.

Mr. REED. I made a misstatement in the RECORD the other day about the cost of that bridge. I think I said that the plan was to spend $100,000,000 in New York, another $100,000,000 in California, and another $100,000,000 in Louisiana. That was plainly incorrect. The cost is to be about $15,000,000, is it not?

Mr. BROUSSARD. The cost is to be $14,500,000, after the State has spent $600,000. It is the only bridge in the State which, I think, really comes within the object and purpose of this bill. The bonds have been issued, and this amendment is to extend credit in the purchase of bonds from the States or even private corporations engaged in self-liquidating enterprises.

Mr. President, two of the railroad companies have made contracts to use this bridge—the Southern Pacific and the Texas Pacific—and that will mean permanent tolls. The State is taking advantage of this construction to construct a bridge which would also serve the public. That part of it will be free to the public, and is secured by bonds provided for under the constitution. These bonds are ready to go to the market, and there is no reason why we should be deprived of participating in this proposition. I ask the Senate to agree to the amendment.

Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ind.
Austin	Couzens	Kean	Schall
Bailey	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Shortridge
Bingham	Fess	La Follette	Smoot
Black	Fletcher	Lewis	Steiwer
Blaine	Frazier	Logan	Stephens
Borah	George	McGill	Thomas, Idaho
Bratton	Glenn	McKellar	Thomas, Okla.
Brookhart	Goldsborough	McNary	Townsend
Broussard	Gore	Metcalf	Trammell
Bulkley	Hale	Moses	Tydings
Bulow	Harrison	Neely	Vandenberg
Byrnes	Hastings	Norbeck	Wagner
Capper	Hatfield	Norris	Walcott
Caraway	Hawes	Nye	Walsh, Mass.
Carey	Hayden	Oddie	Walsh, Mont.
Connally	Hebert	Patterson	Watson
Coolidge	Howell	Reed	White
Copeland	Johnson	Robinson, Ark.	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present. The question is upon the amendment proposed by the Senator from Louisiana [Mr. BROUSSARD] to the amendment.

On a division, the amendment to the amendment was agreed to.

Mr. BINGHAM. Mr. President, I desire to submit an amendment, and before doing so I wish to make a brief statement with reference to it. I intend to propose a brief amendment relating to the expenditure of funds for emergency construction in the Federal-aid highway system. In the old print of the bill it is on page 104 and in the new print it is on page 7, subsection (1) of section 4.

Mr. President, the bill is intended to provide for employment and to relieve unemployment, but the method which has been followed in this paragraph and in the preceding paragraph, though I am especially interested in this one, is to divide the money in such way as to build roads rather than to relieve unemployment. It has been lifted practically bodily from the bill reported from the Committee on Post Offices and Post Roads by the junior Senator from Arizona [Mr. HAYDEN], which was debated here in March. At that time it was pointed out that unemployment is practically evenly divided over the United States, with the exception of some of the highly industrialized States like Michigan and some of the States of southern New England, and therefore the fair way to spend the money, I submit, is in accordance with population rather than in accordance with the area of the States and the length of roads therein.

I realize that Senators from some of the Western States would naturally be opposed to this plan, because they get a far greater share of the unemployment relief provided in the $120,000,000 than they would otherwise. As a matter of fact, the $120,000,000 is only one-half of what is really intended. It is practically $240,000,000, because the $120,000,000 is to be used by the States to match an amount now in the Treasury not yet expended which the States have been unable to match. Therefore it is practically a distribution of $240,000,000.

The amendment I suggest is, on page 104, in line 8, to insert before the period the words "except that such apportionment shall be worked out on the basis of population."

I appeal to Senators that if the bill is not a road bill but is really a bill to relieve unemployment, that is the fair way to do it. Under the provision as reported from the committee, having the apportionment according to the old road legislation, the State of Arizona, for instance, gets 1.4 per cent of the total amount of relief; whereas, according to her population—and we have no reason to believe that her unemployment situation is any worse according to her population than that of any other State—she would receive only four-tenths of 1 per cent. In other words, under the bill she gets three times as much as she is entitled to according to her population. Actually, if we took her unemployment figures, she would have even a smaller percentage.

The State of Connecticut, for instance, under the Federal-aid road plan, by this bill would receive six-tenths of 1 per cent, I believe, whereas under a fair distribution according to population she would receive just twice as much, or 1.3 per cent.

I appeal to Senators that if we are really intending to relieve unemployment and not to put in an additional road-making bill, the amendment is a perfectly fair amendment. I agree with Senators from the Western States that it does not help to build as many roads as they would like; but their unemployment condition is not any worse proportionately than that of any other State. Therefore the adoption of the amendment, while not actually giving justice to the industrial States, would far better meet the situation than the bill meets it.

The State of Massachusetts, for instance, under the percentage of the apportionment, would receive 1.4 per cent of the relief money, whereas under a fair distribution by population she would receive 3.5 per cent. The reverse happens in the State of Nevada, which under a fair distribution according to population would receive one-tenth of 1 per cent, whereas under the bill she would get thirteen times as much as that.

Mr. ODDIE rose.

Mr. BINGHAM. I see the Senator from Nevada has risen. I am not surprised. If my State received thirteen times as much relief as she is entitled to in accordance with population, I probably should be rising to protest. All I ask is justice in this matter.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Arkansas?

Mr. BINGHAM. I yield.

Mr. ROBINSON of Arkansas. The Senator fixes his own standard of fairness and justice. He establishes as a single standard of fairness and justice the relative populations of the several States and then proceeds to laud his standard as worthy of general acceptance. He recognizes, of course, that the standard which he selects is not the sole standard prescribed by the statute governing Federal aid to highways.

Mr. BINGHAM. If we were able to do it in accordance with unemployment, if we had any figures we could adopt, I would like to see the amendment so framed that it would apply to each State in accordance with the unemployment in that State. But we have no figures except the census figures of 1930. I think the Senator from Arkansas will agree that it would hardly be fair to take the figures of 1930, since conditions have varied and grown worse since then. May I say to the Senator from Arkansas that in his own State of Arkansas the difference is scarcely perceptible. In one case it would be 1.5 per cent and in the other case 1.3 per cent. If the Senator can suggest any fairer way, I shall be glad to adopt it.

The VICE PRESIDENT. The time of the Senator from Connecticut has expired.

Mr. ODDIE. Mr. President, the Senator from Connecticut [Mr. BINGHAM] speaks of fairness and justice in connection with the Federal-aid road provisions in this bill. I insist on honesty and truth and practical statements in regard to the matter. The Senator from Connecticut has made a statement which is not practical and which is not based on the facts. The intelligent application of the Federal-aid road policy has been studied and worked out by the best authorities in the United States for many years.

The Senator from Connecticut refers to the State of Nevada as receiving more than its share. I remind the Senator that the Federal Government owns nearly 90 per cent of the area of the State of Nevada.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Arkansas?

Mr. ODDIE. I yield.

Mr. ROBINSON of Arkansas. On the theory of the Senator from Connecticut the comparatively few citizens who reside in Nevada should maintain all the Federal agencies, the parks and roads and trails, for the convenience of the citizens of Arkansas and Connecticut who travel that way for business or pleasure. The Senator from Nevada, in this instance, is right. The standard for allotment set up in the bill is that which is fixed by statute and is not subject fairly to the criticism which has been made.

Mr. ODDIE. I am glad the Senator from Arkansas has brought up that point. The State of Nevada has nearly 15 per cent of the mileage of three of the main transcontinental highways. The State of Nevada, having the smallest population of any State in the Union, has to maintain those highways built largely by the Federal Government. It throws a burden on the people of the State of Nevada hundreds of times greater than the people of any other State have to carry.

Mr. THOMAS of Idaho. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Idaho?

Mr. ODDIE. I yield.

Mr. THOMAS of Idaho. I want to ask, if we are going to distribute the public road fund in proportion to population, why not change all of the $500,000,000 and distribute it in proportion to population, whether we have a river and harbor or a public building or something else?

Mr. ODDIE. The Senator from Idaho has stated the matter in a very logical way. The bill has been worked out by the best authorities that are known, after many years of careful study and hard work, and I do not believe the Senate of the United States can afford at this late day to change this existing policy and system which has been proven to be practical and wise. The basis of population as suggested by the Senator from Connecticut is an unintelligent way of handling the matter. It is an undigested and impractical way, and I hope the amendment will be defeated.

Mr. BROOKHART. Mr. President, I think this would be a good time to say a word or two about road allotment throughout the United States. The Senator from Arkansas [Mr. ROBINSON] said it is under the old law and that it is fair. I do not agree with that statement. It is unfair to Arkansas and it is unfair to all the States except the big income-tax paying States. It is more than fair to them.

The hard-road building program was started by the Federal Government. The Chief of the Bureau of Good Roads testified that it was started on the theory that the Federal Government would pay one-half of the expense of building the roads. The big income-tax payers in Connecticut and New York and a few other States did not like that arrangement, because they pay most of the Federal taxes through corporation or personal incomes. So they got out and organized road-boosting associations in the States and began boosting for county bonds and State bonds and gasoline taxes all over the United States. They increased the local expenses of the States enormously, but never once came to Congress and asked for an increased appropriation from the Federal Government to pay its half. The Federal Government, therefore, dropped back in its construction work and the State expenses increased enormously.

In 1930 I believe the expense was $910,000,000 for the building of hard roads, but only $125,000,000 was contributed by the Federal Government. In 1931 I believe it was over $1,000,000,000 for the building of hard roads, and only $125,000,000 contributed by the Federal Government. Yet every one of those roads is an interstate highway, a post road, a military road, for the benefit of the Government of the United States. This year, because of the economy howl that went up in the country, I believe the Federal appropriation was reduced to $106,000,000. I will ask the senior Senator from Utah [Mr. SMOOT] if that is not correct?

Mr. SMOOT. I do not remember whether that is the exact figure.

Mr. BROOKHART. It is something like that.

Mr. SMOOT. It is something like it.

Mr. BROOKHART. I want to say to the Senator from Arkansas that I think he needs to revise his statement. The situation is not fair to Arkansas; it is not fair to any of the States. The Federal Government should do its part in these matters.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BROOKHART. Yes.

Mr. ROBINSON of Arkansas. The Senator from Iowa talks about an entirely different subject from that involved in the amendment that is pending before the Senate.

Mr. BROOKHART. I realize that.

Mr. ROBINSON of Arkansas. He should apply his criticism to the remarks that I made, namely, that the amendment in so far as the allotment is concerned is fair and is not subject to the criticism made by the Senator from Connecticut when he alleged that the apportionment should be made on the sole basis of population. That is the position that I took, and the Senator is going out of his way to make an application of my remarks that the language itself does not warrant.

Mr. BROOKHART. If we were considering nothing but that proposition, I will say that the Senator from Arkansas was all right, but I am considering now the whole question.

Mr. ROBINSON of Arkansas. The Senator has the habit, if he will permit me to say so in his time, of talking about irrelevant matters. I was confining my remarks to the subject before the Senate.

Mr. BROOKHART. Very well; but the whole road question is relevant to this situation, and I presented it on the theory that it was a good time to look at the whole picture, at the whole road situation. If we consider it in that way, the proposal is unfair to these States.

It is said that the other States with the large population ought not to pay this extra tax. There are about 10 States that pay more taxes than they get from the Federal Government, but those same 10 States are getting their income from all the States and they owe it to the rest of the country to pay these taxes.

Of course, I agree enirely with the proposition that it is unjust to apportion these roads on the basis of population. It is unjust to apportion taxes on that basis. Income is the only just and sound basis of taxation anywhere, and that comes from a few of the States of the Union.

Mr. VANDENBERG. Mr. President, I rise to support the position taken by the Senator from Connecticut [Mr. BINGHAM]. This is not a question of taxes, which is the irrelevant subject discussed by the Senator from Iowa [Mr. BROOKHART]. This is not a question of who shall bear the burden of building highways. This is not appropriately a question of Federal-aid highway construction under the general Federal aid law and its old formula involving area and mileage to which the Senator from Arkansas referred. This is solely and exclusively an unemployment aid appropriation. It is presumably a work bill, not a highway bill. Therefore, every other consideration is irrelevant except the fact that we want to distribute the extraordinary highway funds it allowed as nearly as possible and as equitably as possible where the unemployment exists. No other consideration has any legitimate right of consultation. Highway mileage and an assessment of areas has nothing to do with this problem. It is exclusively a problem in unemployment.

Now, let us see where we are. On the basis of unemployment, as reported in the unemployment census of 1930, if this road work is distributed according to the basis of the pending bill as drawn, 13 States, including my own State of Michigan, with 67 per cent of the Nation's unemployment, will receive but 32 per cent of the added opportunity to serve unemployment upon their Federal-aid roads.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I am afraid I can not yield within my five minutes, if the Senator will excuse me.

Mr. ROBINSON of Arkansas. Very well, I will later take the floor in my own right.

Mr. VANDENBERG. There can be no equity, I submit, in relieving unemployment on the basis of sending but 32 per cent of the relief to the points where 67 per cent of the need exists. Any such distribution belies the pretended purpose of the conjured aid.

It may be said that unemployment unhappily has equalized itself throughout the country since the unemployment census of 1930. I think that is probably true; but, if it is true, we best measure this new equalization when we propose that the entire amount shall be apportioned on a population basis.

Not as a matter of building highways under the Federal highway-aid system, not as a matter of distributing the proceeds of Federal taxation by way of assisting Federal-aid construction, but as a matter of contributing most equitably to unemployment where unemployment exists, the amendment submitted by the Senator from Connecticut, I respectfully suggest to the Senate, comes far closer to meeting the equities of the situation than any other possible method of distribution. It is the fair method and the honest method if we shall cling to our unemployment objectives and not sink them in a collateral quest for roads as such.

I should vote to strike this entire section from the bill if I had the chance. I do not believe in taxing States with heavy unemployment burdens in order to build roads in States with less unemployment burdens to carry. For example, my own State of Michigan's share of this new road cost is about $5,000,000 and its share of the new road rewards is about $3,500,000 on the basis in the pending bill. This same discrepancy exists in all the more populous States with the heavier unemployment burdens. The pending amendment would correct this discrepancy in substantial degree. I do not urge it by way of release from our share of the national cost, because our share will be the same in either event. But I do most emphatically urge it by way of equalizing the benefits, if any, from the program so that unemployment may be served in ratio when and where it exists.

Mr. ROBINSON of Arkansas. The Senator from Michigan [Mr. VANDENBERG] asserts that the unemployment census of 1930 is a fair standard for allotting this fund. As a matter of fact, it is more unfair than any method that could be selected. I think the Senator from Connecticut [Mr. BINGHAM] and I agree in that particular from the remarks which he made that I recall. In the rural communities where, during the last two or three years, there has been great unemployment there is no note taken of unemployment in the census, but it is so manifestly unfair to base an allotment of funds for relief on a census of that character that I shall expect the Senator from Michigan to exercise his usual intelligence and recognize the correctness of the proposition that such a census is not to be accepted for the purposes of this bill.

The Senator has also stated that population is the true basis for the allotment. Manifestly, if accurate information could be obtained respecting unemployment that would be the correct plan, but since that can not be done without new and repeated surveys, I believe that the plan of allotment provided in the general highway act is more acceptable than that which would be incorporated if the amendment of the Senator from Connecticut relating to population should be adopted. There is no direct relationship between population and unemployment. There may be, and undoubtedly there are, many communities in the United States where there is comparatively little unemployment. There are other communities where there is great unemployment, and I do not think any wholesome end would be accomplished by agreeing to the amendment of the Senator from Connecticut. It would seem best to follow the plan that has been worked out after long and careful study in the allotment of sums relating to general highway construction.

Mr. BRATTON. Mr. President, I disagree emphatically with the views advanced by the Senator from Connecticut [Mr. BINGHAM] and likewise by the Senator from Michigan [Mr. VANDENBERG]. The formula under which Federal-aid highway appropriations are alloted was evolved several years ago after deliberate consideration. Now it is proposed to take this appropriation out from under that formula and allot the money solely upon the basis of population.

Mr. President, some of the Western States are large; they are thinly populated, and they have great areas of public

domain. The Senator from Connecticut may say that the Federal Government makes special appropriations for the construction of highways traversing the public domain, but the maintenance of such roads, regardless of the distance, regardless of the expense, must be borne by the States from year to year, and that should be taken into account.

Moreover, Mr. President, other items in this bill are not allotted on the basis of population.

The Senator from Michigan stresses unemployment as the sole principle involved and maintains that the money should be allocated on the basis of population. What does he say about the item on page 10 of the reprint for prosecuting flood-control projects involving $15,500,000? What does he say about the Boulder Dam item involving $10,000,000? What does he say about the item for constructing and purchasing and equipping lighthouse tenders and lighthouse vessels for the Lighthouse Service, and so on? None of those items, Mr. President, is allotted on the basis of population. They are all allotted on the basis of the location and availability of the projects where the money may be expended to alleviate unemployment.

When it is borne in mind that, according to the chief of the Bureau of Public Roads, 90 per cent of all the money expended on Federal-aid highway construction goes directly or indirectly to the employment of labor, it seems to me that this item may well remain in the bill and be in perfect harmony with the purpose of the legislation which is to furnish employment. Ninety per cent of this money will go to employment, thus relieving unemployment throughout the country.

Mr. HAYDEN. Mr. President, the main objection to dividing emergency road-construction funds according to population has been sufficiently stated, in my opinion, by the remarks made by other Senators. But there is one other principle embodied in the public-works provision of this bill to which this road-building item conforms perfectly. That principle is, that we are now proposing to appropriate money for the construction of projects that have been surveyed, that have been engineered, and on which we know work can begin immediately. Every State highway department is prepared to undertake the work that has been made possible by the funds provided by this bill. The projects have been examined; they have been approved; they have the O. K. of the Bureau of Public Roads in Washington. Every State highway department knows right where it stands. We have our feet solidly on the ground, making no guess, making no wild estimate, but being sure that men will be put to work immediately throughout the entire United States.

It is easy for Senators, as the Senator from Connecticut does, to say that unemployment is greater in his State than in other States. The Senator does not know the facts as to other States. Unemployment is universal in every county in the United States. Wherever men can be put to work on an approved highway project, which has been designed and engineered, that is the place to put them to work. We must look at this matter in a national and not in any local sense. The provision in this bill relating to emergency highway construction contains items which have been considered and approved by the Committee on Roads of the House of Representatives and have been approved and recommended by the Senate Committee on Post Offices and Post Roads. In each committee there were elaborate hearings and a thorough investigation. There is not an item in this road provision that those in authority in the several States are not anxiously waiting to undertake and as to which they know exactly where they can go to do the work. That is the sound and the sane and the sensible way to proceed, without guesswork, without changing any general plan, without in any manner departing from what is the regular, well-established, and precedented way of constructing roads in the United States.

Mr. GLENN. Mr. President, I realize how hopeless it is to make the change which has been suggested by the Senator from Connecticut [Mr. BINGHAM]. I know where this money is coming from, and I know where a large part of it is going.

If this is a distress measure, if it is a project to relieve suffering humanity, it seems to me there is, or should be, enough intelligence in the Reconstruction Finance Corporation to find out where this distress is chiefly located.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. GLENN. Just a moment. I do not believe that it should be distributed according to population, or according to this old plan which was enacted without having in view at all this emergency distress situation.

The only sound and proper basis for distributing unemployment emergency relief funds is to find where that distress is and take the money there. It can be done. I do not care what State it goes to, or what section of the country; I know it will not go to the rural sections as largely as it will to the industrial sections.

Mr. BANKHEAD. Mr. President, will the Senator yield for a question?

Mr. GLENN. Yes; I yield.

Mr. BANKHEAD. Would the Senator take into consideration, in allotting the money on the basis of need, the allotments made to other States out of the self-liquidating corporations?

Mr. GLENN. I do not know about the self-liquidating propositions. I would take this as my proposal: Allow the Reconstruction Finance Corporation to seek out unemployment and distress, find where this money is most needed, and spend the money there. I do not care where it is, but I do not believe it will be in Arizona or in Alabama or in rural sections so largely in proportion to their population as it will be in the industrial centers.

We had a little experience with this matter. We have had an emergency relief issue in Illinois. They studied the situation there and were ready to deal fairly with every section of our State from which the calls come. We found that about 90 per cent of the demands to relieve distress and abject privation and suffering came not from the rural sections of Illinois but from the great industrial part of our State.

The same thing will apply in a nation-wide survey, I believe. Little of this money will go into such States as Arkansas and New Mexico. By the way, one of the most distinguished citizens of that proud State said to me within the last two weeks, "I am glad to say to you that we in New Mexico do not know what suffering and distress is as compared to Chicago and Detroit and the great industrial centers of America." I can give his name, but I will not do it. I think his statement is true.

If we are seeking to relieve distress and suffering, let us allow a nonpolitical, an impartial, a competent body to make a survey of unemployment and distress, and let them allocate this fund, not to build roads through national parks or in any State because they want roads there, but allocate it where it is most needed, where the most distress is, where the most starvation exists.

I do not care who makes that survey. I do not care where the money goes, except that every dollar that goes shall go where it is most needed for the purposes for which we all pretend we are voting this appropriation—not to construct roads but to save suffering people in every section of the country.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Connecticut [Mr. BINGHAM] to the amendment of the committee.

Mr. BINGHAM. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is absent from the city, and therefore withhold my vote.

Mr. HASTINGS (when his name was called). I have a pair with the junior Senator from Tennessee [Mr. HULL]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. JONES (when his name was called). Announcing my pair as heretofore, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. I understand, however, that he would vote as I shall vote. Therefore, I am at liberty to vote, and vote "nay."

The roll call was concluded.

Mr. GEORGE. My colleague [Mr. COHEN] is detained from the Chamber. If present, he would vote "nay" upon this question.

Mr. JONES. I am advised that my pair would vote as I desire to vote. Therefore I feel at liberty to vote, and vote "nay."

Mr. SHIPSTEAD. On this question I am paired with the junior Senator from Georgia [Mr. COHEN]. I am informed that if he were present he would vote as I shall vote, and, therefore, I am at liberty to vote. I vote "nay."

Mr. LA FOLLETTE. I desire to announce the unavoidable absence of the junior Senator from New Mexico [Mr. CUTTING]. If present, he would vote "nay."

Mr. HATFIELD. Respecting my general pair with the senior Senator from North Carolina [Mr. MORRISON], I withhold my vote.

Mr. BINGHAM (after having voted in the affirmative). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. I believe that if he were present he would vote as I have voted. Therefore I permit my vote to stand.

Mr. McNARY (after having voted in the negative). I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I am advised that he would vote as I have voted, and I, therefore, permit my vote to stand.

Mr. WATSON. I transfer my general pair with the Senator from South Carolina [Mr. SMITH] to the Senator from New Mexico [Mr. CUTTING] and will vote. I vote "nay."

Mr. WALSH of Montana. I announce that my colleague [Mr. WHEELER] is necessarily absent. If present, he would vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Iowa [Mr. DICKINSON] with the Senator from Kentucky [Mr. BARKLEY]; and

The Senator from Colorado [Mr. WATERMAN] with the Senator from Washington [Mr. DILL].

Mr. SHEPPARD. I desire to announce that the Senator from Missouri [Mr. HAWES] is necessarily detained from the Senate on official business.

The result was announced—yeas 22, nays 55, as follows:

YEAS—22

Austin	Davis	Keyes	Vandenberg
Barbour	Fess	Metcalf	Walcott
Bingham	Goldsborough	Moses	Walsh, Mass.
Bulkley	Hale	Reed	White
Coolidge	Hebert	Townsend	
Couzens	Kean	Tydings	

NAYS—55

Ashurst	Connally	La Follette	Robinson, Ind.
Bailey	Copeland	Lewis	Schall
Bankhead	Costigan	Logan	Sheppard
Black	Dale	McGill	Shipstead
Blaine	Fletcher	McKellar	Shortridge
Borah	Frazier	McNary	Smoot
Bratton	George	Neely	Steiwer
Brookhart	Gore	Norbeck	Stephens
Broussard	Hayden	Norris	Thomas, Idaho
Bulow	Howell	Nye	Thomas, Okla.
Byrnes	Johnson	Oddie	Wagner
Capper	Jones	Patterson	Walsh, Mont.
Caraway	Kendrick	Pittman	Watson
Carey	King	Robinson, Ark.	

NOT VOTING—19

Barkley	Glass	Hawes	Swanson
Cohen	Glenn	Hull	Trammell
Cutting	Harrison	Long	Waterman
Dickinson	Hastings	Morrison	Wheeler
Dill	Hatfield	Smith	

So Mr. BINGHAM's amendment to the amendment of the committee was rejected.

Mr. MOSES. Mr. President, I offer the following amendment, which I send to the desk and ask to have reported.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. On page 112, following line 16, the Senator from New Hampshire proposes to add a new paragraph, as follows:

The initiation and carrying out of the program of public works authorized by this title shall be subject to the determination by the President, upon advice of the Federal Reserve Board, that such a program will not be detrimental to the financial interests of the Government; and the initiation of the particular items of all public works under this title shall be subject to determination by the President that the particular works are in such localities and of such character as will provide substantial relief to unemployment, such determination to be made upon the advice of a joint advisory committee, hereby created, comprising the Chief of Engineers, the Director of the Federal Stabilization Board, and the Supervising Architect of the Treasury.

Mr. MOSES. Mr. President, yesterday I offered an amendment which raised the question of cleavage on a matter of general policy in connection with this title of the bill as affecting public works to be carried forward under a special emergency budget to be financed out of a special bond issue.

These features of the bill seem to me most unsound; they seem to me to be creating a new system of Federal financing; they seem to me to be thrusting into the system of Treasury operations a factor likely to produce great confusion and much disadvantage in the normal operations of the Treasury. That amendment, however, was decisively rejected by the Senate, the Senate apparently taking the point of view that the policy should be indorsed of carrying forward this great program of public works.

The amendment which I now offer, Mr. President, raises the question whether that program of public works shall be carried forward with some degree of discretion; in other words, whether the Senate intends to lay definitely and affirmatively upon the Treasury the burden of the type of financing of which I speak, and in the sum which the bill carries, or whether this program is to be carried forward in such wise as to assure the relief of unemployment in those communities which most need it, and whether an orderly practice is to be pursued with reference to the entire program which the bill provides.

If this amendment should be agreed to, many Senators will find themselves looking with ameliorated view upon the measure as it now stands, loaded as it has been from the beginning of its consideration here with dozens of amendments which seriously interfere with its central purpose.

If the amendment is not agreed to, the Treasury will be thrust into a novel method of financing, and in a manner which probably will interfere greatly, perhaps disastrously, with the great operations already laid upon the Treasury.

Mr. President, I would like to ask now whether the yeas and nays upon this amendment may be considered as ordered?

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the yeas and nays are ordered.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Idaho?

Mr. MOSES. My time has expired.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. BORAH. I do not desire the floor; I wanted to ask the Senator a question.

Mr. ROBINSON of Arkansas. Mr. President, this amendment is in every practical way the exact equivalent of the amendment which the Senator from New Hampshire offered yesterday, and which this body rejected by a vote of 19 to 57.

In the pending amendment it is provided that—

The initiation and carrying out of the program of public works authorized by this title shall be subject to the determination by the President—

And so forth.

It is well known that the President does not favor the incorporation of any public works in this bill, and it is just another method of defeating the public-works provision by vesting this authority in the President to determine whether it shall be proceeded with.

The same is true respecting the selection of the projects for construction. It gives the President authority, first, to refrain from proceeding with the program; and second, to select such projects as he finds, after consulting with an advisory committee, will be calculated to relieve unemployment most directly and promptly.

Manifestly, if the Congress should give that authority to the Chief Executive, there would be no public-works program. There would be accomplished just exactly what the Senator from New Hampshire failed to accomplish when he offered his amendment yesterday to strike language from the bill.

For that reason, therefore, Mr. President, I ask that the amendment be rejected.

The VICE PRESIDENT. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. CUTTING's name was called). If the junior Senator from New Mexico [Mr. CUTTING] were present, he would vote "nay."

Mr. GLENN (when his name was called). Repeating the announcement made on the last vote, I withhold my vote.

Mr. HASTINGS (when his name was called). Making the same announcement as on the last vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. JONES (when his name was called). Making the same announcement as heretofore with reference to my pair, I feel at liberty to vote. I vote "nay."

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. If that Senator were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. SHIPSTEAD (when his name was called). Making the same announcement as before, I vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. SMITH]. I am unable to secure a transfer, and I withhold my vote. If voting, I would vote "yea."

The roll call was concluded.

Mr. FESS. I wish to announce the following general pairs:

The Senator from Colorado [Mr. WATERMAN] with the Senator from Washington [Mr. DILL];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Iowa [Mr. DICKINSON] with the Senator from Kentucky [Mr. BARKLEY].

Mr. SHEPPARD. I desire to announce that the Senator from Oklahoma [Mr. GORE] is necessarily detained from the Senate on official business.

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote, and being unable to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. GEORGE. My colleague [Mr. COHEN] is detained from the Chamber. He has a pair with the senior Senator from Minnesota [Mr. SHIPSTEAD]. If my colleague were present, he would vote "nay."

Mr. WALSH of Montana. If my colleague [Mr. WHEELER] were present and not paired, he would vote "nay."

The result was announced—yeas 20, nays 50, as follows:

YEAS—20

Austin	Fess	Keyes	Steiwer
Bailey	Goldsborough	Metcalf	Townsend
Barbour	Hale	Moses	Vandenberg
Capper	Hebert	Patterson	Walcott
Dale	Kean	Reed	White

NAYS—50

Ashurst	Connally	King	Sheppard
Bankhead	Coolidge	La Follette	Shipstead
Black	Copeland	McGill	Shortridge
Blaine	Costigan	McKellar	Smoot
Borah	Couzens	Neely	Stephens
Bratton	Fletcher	Norbeck	Thomas, Okla.
Brookhart	George	Norris	Trammell
Broussard	Hawes	Nye	Tydings
Bulkley	Hayden	Oddie	Wagner
Bulow	Howell	Pittman	Walsh, Mass.
Byrnes	Johnson	Robinson, Ark.	Walsh, Mont.
Caraway	Jones	Robinson, Ind.	
Carey	Kendrick	Schall	

NOT VOTING—26

Barkley	Frazier	Hull	Swanson
Bingham	Glass	Lewis	Thomas, Idaho
Cohen	Glenn	Logan	Waterman
Cutting	Gore	Long	Watson
Davis	Harrison	McNary	Wheeler
Dickinson	Hastings	Morrison	
Dill	Hatfield	Smith	

So the amendment proposed by Mr. MOSES to the amendment was rejected.

Mr. GOLDSBOROUGH. Mr. President, I send to the desk two amendments and ask their separate consideration. They are simply amendments to complete the House text.

The VICE PRESIDENT. Let the first amendment be stated.

The CHIEF CLERK. On page 66 insert between lines 6 and 7 the following:

Ocean City Harbor and Inlet and Sinepuxent Bay, Md., Rivers and Harbors Committee Document No. 38, Seventy-second Congress.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHIEF CLERK. The second amendment offered by the Senator from Maryland is, on page 68, between lines 12 and 13, to insert:

Upper Thoroughfare, Deals Island, Md., Rivers and Harbors Committee Document No. 37, Seventy-second Congress.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WAGNER. Mr. President, I offer the following amendment to the committee amendment.

The VICE PRESIDENT. Let the amendment to the amendment be reported.

The CHIEF CLERK. On page 110, line 2, after the period insert:

A sum not exceeding one-tenth of 1 per cent of the amount of bonds herein authorized is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay the expenses of preparing and advertising and issuing the same.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. WAGNER. Mr. President, I offer the following amendment to the amendment, which I send to the desk.

The VICE PRESIDENT. Let the amendment to the amendment be reported.

The CHIEF CLERK. On page 111, line 17, after "6," insert "(a)."

On page 111, after line 23, insert the following new paragraph:

(b) The term "highway," as defined in the Federal highway act, approved November 9, 1921, as amended and supplemented, shall be deemed to include such main State parkways as may be designated by any State and approved by the Secretary of Agriculture as part of the Federal-aid highway system.

Mr. WAGNER. Mr. President, this is merely a technical amendment, which permits the Secretary of Agriculture to include in the Federal-aid highway system our park roads in the State of New York. I understand there is no objection to it.

Mr. NORRIS. Mr. President, the question arises in my mind whether this is an amendment of the highway act. I have no objection, so far as I am concerned, and yet I would not like to amend the general highway act here without some discussion and some explanation.

Mr. WAGNER. It is an amendment to this bill. It simply provides——

Mr. NORRIS. I understand what it provides, I think, but I want to be clear that we are not trying now to amend the general highway act as a permanent law.

Mr. WAGNER. It seems to me this is not a controversial question at all. The park roads are part of our highway system, but the State of New York has hesitated to include them in the highway system for Federal aid. The Secretary of Agriculture has been quite willing to include them, except that he feared he did not have the legislative authority to do so.

Mr. NORRIS. The Senator has not yet answered my question. Perhaps I have not made it clear or perhaps he does not understand it because I have not made it clear. I invite his attention to the fact that I am not objecting if the amendment applies to this bill only and is not in legal effect an amendment to the general highway act. I do not know anything about the merits of the matter, but I would not like here to include it improperly. It seems to me improper for us to amend here another act.

Mr. WAGNER. I agree with the Senator, and I have no such intention.

Mr. NORRIS. Let us have the amendment reported again.

Mr. SMOOT. Mr. President, the amendment would amend the highway act of 1921.

The VICE PRESIDENT. Let the amendment be reported again.

The Chief Clerk again read the amendment offered by the Senator from New York.

Mr. WAGNER. Mr. President, the Senator is correct. I suggest an amendment by inserting the words "for the purpose of administering this act."

Mr. NORRIS. Or "for the purpose of this act only."

The VICE PRESIDENT. The Senator modifies his amendment. Let it be read as modified so there will be no mistake about it.

Mr. SMOOT. Mr. President, is there any reason why we should include one park and not all the other parks?

Mr. WAGNER. It is a general amendment.

Mr. SMOOT. A general amendment for the one park.

The VICE PRESIDENT. Let the amendment as modified be reported.

The CHIEF CLERK. The latter part of the amendment is, on page 111, after line 23, insert the following new paragraph:

(b) The term "highway," defined in the Federal highway act, approved November 9, 1921, as amended and supplemented, for the purposes of this act only shall be deemed to include such main State parkways as may be designated by any State and approved by the Secretary of Agriculture as part of the Federal-aid highway system.

The VICE PRESIDENT. The question is on agreeing to the amendment as modified to the amendment of the committee.

The amendment to the amendment of the committee was agreed to.

Mr. BROOKHART. Mr. President, I desire to offer the amendment to the amendment, which I now send to the desk.

The VICE PRESIDENT. Let the amendment be reported.

The CHIEF CLERK. On page 101, line 3, before the period insert a semicolon and the following:

And (3) to private limited dividend corporations to aid in the protection and development of forests and other renewable natural resources which are regulated by a State or political subdivision of a State and are self-liquidating in character.

Mr. BROOKHART. The Senator from New York has examined the amendment and I think there is no objection to it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. BROOKHART] to the amendment of the committee.

The amendment to the committee amendment was agreed to.

Mr. BANKHEAD. Mr. President, I send to the desk the following amendment, which I offer.

The VICE PRESIDENT. Let the amendment to the amendment be reported.

The CHIEF CLERK. On page 101, after line 17, insert:

The Reconstruction Finance Corporation is authorized to loan to limited-dividend corporations, authorized to make loans to unemployed persons who have heretofore worked on a farm and who desire to return to the farm. Said loans shall bear a rate of interest not to exceed 5 per cent per annum, and to be secured by mortgages on the land and stock bought with the money borrowed.

Said loans may be made for a period of 20 years, and the first installment on the principal may be made due three years after the date of the loan.

The loan may include a sufficient amount necessary for food and feed until a crop can be harvested.

Loans shall be limited to $1,000 to individual borrowers.

The Reconstruction Finance Corporation is authorized to make rules and regulations for making said individual loans, and unless borrowing limited-dividend corporations comply with the same the Reconstruction Finance Corporation shall not grant loans to such applicants.

Mr. BANKHEAD. Mr. President, when the former $300,000,000 relief bill was pending before the Senate, I presented an amendment of this nature. I submitted some observations and my views at that time. Even if I had unlimited time now, I would not want to review what was said then. It was suggested, however, that this bill would be the appropriate place for the subject. I have no illusions, after observing the positions of various Senators here for the last three days, about the disposition of the amendment by the Senate. But I do hope to bring to the attention of the Senate, at least, for their future consideration the absolute necessity of dealing with this problem.

Unemployment has increased in the cities, and a very large number of men are out of employment in the industrial centers who have moved there from the farms within the last 10 years to work in industry. Now that employment in industry has disappeared. They are left in the cities in that condition. They have no rural homes to which they may return. I submit, Mr. President, when one takes a limited survey even of the unbalanced condition between rural and urban population, when one observes the very large number in the industrial centers who probably will not for many years to come again secure employment in industry, he must realize that further attention and thought must be given to the subject of moving and aiding in moving, either through Federal channels or otherwise, a large number who can at least make a living out of the ground for themselves and their families.

Mr. President, just for illustration, in 1910 the rural population in round figures was 49,800,000 and the urban population 42,800,000, a majority of 7,600,000 in favor of rural population. In 1913 the shift was so great that instead of there being a majority of rural population there was a majority of 15,700,000 of urban population. It is apparent that in some way there must be a movement back to the soil. I submit that there is nothing in the unemployment measure which tends in any way to secure any form of permanent relief except the suggestion contained in the amendment which I have offered. Every other part of it contemplates a temporary job. When that work is completed, those men will be back again on the unemployment list. But every man who formerly worked upon a farm and knows how to build a barn and other buildings would be permanently removed from the great mass of unemployed and would have a little place in which he may keep his family inviolate, if my amendment shall be adopted.

I submit that further attention must be given by the public authorities to that question. We can not ever establish relations whereby all who are now in the cities may find industrial employment, so we must at least take some survey of the future and give some consideration to a permanent readjustment of the unbalanced condition that now exists between rural and urban population.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. WAGNER. Mr. President, I take it, the Senator has introduced the amendment merely to call the attention of the Senate to this very important question of "back to the

soil." I think the Senator himself appreciates that it is not related to the problem with which we are trying to deal in the legislation now pending.

Mr. BANKHEAD. No; I do not admit that.

Mr. WAGNER. I contend it is not. It is foreign to that subject. It is a tremendous problem in itself. I sympathize with the Senator's efforts. Undoubtedly in a very short time the Federal Government must in some way assist in the movement of bringing families back to the farms. But the amendment does not relate to the subject with which we are dealing, and I hope it will be rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Alabama to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. THOMAS of Idaho. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 100, line 25, it is proposed to strike out the word "and," and on page 101, line 3, before the period, to insert a semicolon and the following:

And (3) to make loans to the Federal Farm Board, which board is hereby authorized to contract for such loans and to pledge as collateral security therefor documents evidencing loans from its revolving fund, and all money so received by the Federal Farm Board shall be deposited in such revolving fund.

Mr. THOMAS of Idaho. Mr. President, in substance, the amendment merely authorizes the Farm Board to borrow money from the Reconstruction Finance Corporation and authorizes that corporation to loan money to the Farm Board. It seems that in the legislation pending here we have authorized nearly every other Government organization to do business with the Reconstruction Finance Corporation, but the one Government agency that has to do with the cooperative agricultural organizations of the country has no such authority. I submit the amendment for the consideration of the Senate.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Idaho to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. THOMAS of Oklahoma. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 109, at the end of line 19, it is proposed to add the following proviso:

Provided, That the Secretary of the Treasury, within his discretion, shall have the power to issue bonds covering all or any part of the bonds herein authorized to be issued bearing interest payable semiannually at the rate of 2 per cent per annum, and such bonds so issued shall have the rights and privileges accorded by law to other 2 per cent bonds of the United States.

Mr. THOMAS of Oklahoma. Mr. President, this amendment proposes to extend the powers of the Secretary of the Treasury in financing and raising the $500,000,000 emergency fund. Under the terms of this bill the Secretary must issue bonds and sell them to some one who will buy them; he has the power to fix the rate of interest at not to exceed 4½ per cent. This amendment proposes to give the Secretary the right to change the form of the bonds from regular 4½ per cent bonds to 2 per cent consols.

Under existing law we have three outstanding bond issues drawing only 2 per cent. These issues have the circulating privilege, and all national-bank money is based upon these 2 per cent consols. A national bank can buy such bonds, send them to the Treasury, deposit them, and have money issued against them to the extent of 95 per cent of their face value. This amendment gives the Secretary power to issue a similar form of bond instead of a regular 4½ per cent bond. It decreases the interest rate from 4½ per cent maximum to 2 per cent. These bonds can be sold because the national banks will buy them, deposit them, obtain 2 per cent interest on them while they are in the Treasury, and secure 95 per cent of the face value of the bonds in money, which they may loan to their depositors and customers.

I suggest the amendment in order to widen and broaden the power of the Secretary. I submit the amendment, Mr. President, and hope that it will be adopted.

Mr. REED. Mr. President, the trouble with this country now is not a lack of currency; it is a lack of business to use that currency. We have outstanding now more currency than we had when business was going at three times its present rate.

I have examined the Senator's amendment with an effort to view it with sympathy, but I am afraid that the power it proposes to grant is too great to be put in the hands of any Secretary of the Treasury, and I am regretfully forced to vote against the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oklahoma to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. JONES. Mr. President, I offer an amendment to come in on page 112.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 112 it is proposed to insert as section 8 (a) the following:

SEC. 8. (a) That for the purpose of carrying out the provisions of the Federal highway act, approved November 9, 1921 (42 Stat. 212; Code of Laws of the United States, p. 665), and all acts amendatory thereof and supplementary thereto, and to establish post roads, provide for the common defense and general welfare, there is hereby authorized and directed to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as the Congress may from time to time deem advisable to be expended in the improvement of rural post roads over which rural carriers travel in serving the rural routes in addition to those roads now or hereafter to be included in the Federally aided road system.

(b) The sums of money appropriated by Congress under authority of this section for road construction purposes shall be apportioned by the Secretary of Agriculture of the United States among the several States in proportion to the total mileage of rural routes within the respective States and shall be available only when and upon condition that the several States, or subdivisions therein, or both, appropriate and make available an equal sum exclusively for the same purpose. The expenditure of all such sums of money shall be made by the highway departments of the several States or by the equivalent office or officer thereof, as provided in the Federal highway act of November 9, 1921.

(c) That section 6 of said Federal highway act is hereby amended, authorizing and creating a third class of highways to consist of both those intracounty and intercounty highways over which passes the United States mail by rural mail carriers, first selecting and improving those roads which shall most usefully and conveniently contribute to rounding out and expanding the system of primary and secondary highways, and to continue enlarging and expanding until all rural mail routes shall be improved in the manner decided by the respective State highway departments: *Provided*, That in selecting and improving rural mail roads, as provided herein, due consideration shall be given roads which shall best serve the agricultural needs of the country in obtaining access to the Federal-aid system, the rail and water shipping points, and the markets.

Mr. JONES. Mr. President, this amendment does not propose to take any of the money appropriated or authorized in this bill, nor does it add anything to the amount provided in this bill. It does inaugurate, to a certain extent, a new system of highways.

We have been expending the money which we have been appropriating for the improvement of our highways largely on through routes and on hard-surfaced roads. In my judgment, the time is here, and, as a matter of fact, I think it has been here for some while, when we should expend a good part of this money on the improvement of the roads that will really benefit the agricultural sections, and especially the farmers. The highways we are constructing now do not aid the farmer generally in getting his produce to market very much cheaper. That, I think, is one of the important things we should seek to accomplish.

This amendment does not contemplate the hard-surfacing of highways, but it contemplates largely the improvement of those necessary highways radiating out from the various points throughout the country, so as to enable the farmer to get his produce to market just as cheaply as he possibly can. It proposes to give him good roads over which he may

transport his produce which he expects to ship out to market. While it does not make such roadways a part of the highway system, it does contemplate coordinating them with the highway system. It does not require the Government to put up all the money nor the communities to put up all the money, but it does provide that before any money shall be expended on highway construction of this kind the State or the county or other subdivision of government interested shall furnish half of the money to be expended. It seems to me, Mr. President, that it is a very important thing to develop in connection with highway construction.

The amendment would also furnish labor to the immediate localities where the roads may be constructed; but, of course, I admit, that will come in the future. The amendment does not provide any money for the particular purpose. I was struck with the situation last summer when I was home. I visited a point where they were extending one of the main highways as part of the highway system, and I do not think that there were more than half a dozen men, ordinary laborers, working on that particular highway, although, of course, labor had been and was being employed elsewhere in manufacturing the concrete and other materials. A development along the lines suggested by the amendment will furnish not only better roads for the people, so that they may more easily get their products to market, but it will also furnish labor and employment to the immediate localities where construction may take place, and the people connected with these highways will be directly benefited by this development.

I think, as I have said, that the time has come when some plan of this kind should be developed. It, as I said, will not be a part, possibly, of our highway system, although I can see in the very near future that a development along these lines will lead to the development of the highway systems in the various States so that this kind of highway work will be included in it.

I believe that this is now the most important highway work in which we can engage. I think it will be of more real substantial benefit to those who need help and to those who need good roads to enable them to get their products to market than any other system we can devise; I hope the amendment may be agreed to, that this matter may be taken to conference, and that this question may have the consideration to which it is entitled.

Mr. HAYDEN. Mr. President, the Senate by a very decisive vote has to-day defeated a proposal to change the fundamental basis of the apportionment of Federal-aid funds by fixing population as the only factor. The proposal advanced by the Senator from Washington, which to me is quite appealing—and I have made some study of the subject—again proposes to change the basic rule of the apportionment of Federal-aid funds by giving undue stress to rural post roads.

It is a proposal worthy of careful consideration by the proper committees of the House and of the Senate at a session of Congress when State highway officials and the officials of the Bureau of Public Roads can appear and assist in working out the details of such a plan. Particularly it does not belong in this emergency relief bill, because, as I have stated before, this bill is designed to do road construction already planned.

The State highway departments have had no jurisdiction at all over this type of rural roads. If it is proposed to improve rural highways, it means in some places widening the roadways; in other places, taking out curves; in still other places, reducing grades, and so on, all of which projects have to be carefully studied. Rights of way in some instances will also have to be purchased. If money were appropriated for such purpose by this bill, in all human probability a year or more would elapse before any large amount of work could be done, whereas the appropriations now in the bill are all for engineered projects. So, Mr. President, there are two substantial reasons why the amendment now proposed does not belong in this bill.

I will say to the Senator from Washington, in all frankness, that whatever the merit of his proposal, it should be worked out in detail by committees rather than by being accepted in a hurried way on the floor of the Senate. For these reasons, I am compelled to oppose the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington to the amendment reported by the committee.

The amendment to the amendment was rejected.

Mr. JONES. Mr. President, I desire to suggest to the Senator from Montana [Mr. WALSH], who is in charge of the bill in the absence of the Senator from New York [Mr. WAGNER], these matters which have just been called to my attention.

It was suggested to me that on page 108, line 8, after "Secretary of the Treasury," there ought to be inserted "and the Postmaster General," so that it will read:

For emergency construction of public buildings projects in the continental United States outside of the District of Columbia, to be selected by the Secretary of the Treasury and the Postmaster General—

Mr. WALSH of Montana. I think that is quite right.

Mr. JONES. So I move to insert, after the word "Treasury," the words "and the Postmaster General."

Mr. WALSH of Montana. That is the way the selection is now made. We have no desire to change it. I think the amendment should be made.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Washington to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. JONES. Mr. President, it was also suggested that the following amendment should be made:

In line 12, on page 108, the bill reads:

Such projects shall be constructed within the estimated limit of cost specified in such document—

Referring to House Document No. 788. It was suggested that after the word "within," in line 12, the words "the estimated limit of cost specified in such document, and" should be stricken out, and the following words inserted after "within":

A limit of cost to be approved by the Director of the Budget.

That suggestion was made, too.

Mr. WALSH of Montana. Mr. President, I really can not see any reason for that. The House document not only lists the projects, but lists the estimated cost of them; and that, of course, has been carefully worked by the representatives of the Postmaster General and the Secretary of the Treasury.

Mr. JONES. I desire to state to the Senator that it was suggested to me that the data furnished in that document are not very reliable at this time. I thought it might be well to get the matter in conference, so that that proposition might be well considered. I frankly say I do not know, but I make that suggestion.

Mr. WALSH of Montana. Mr. President, I should very much object to putting into the hands of the Director of the Budget the matter of determining the limit of cost of these buildings. It does not seem to me that the office of the Director of the Budget is equipped for that purpose.

The Office of the Supervising Architect of the Treasury is a branch of the Treasury Department. It, of course, is equipped to determine costs with a reasonable degree of accuracy. The Post Office Department has had the supervision of the construction of most of the buildings, at least those that are used primarily for post-office purposes, and that department has experience in estimating costs in various ways. I do not know that the Bureau of the Budget has any means whatever of ascertaining these costs. I can not think that that would be a wise change to make in the bill.

Mr. JONES. I think there is very considerable force in the suggestion of the Senator. I will not press the amendment.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. KING. Mr. President, on page 101, line 1, the word "docks" appears. I inquire of the Senator from Montana

whether the word "docks" in line 1 includes docks that may be built by the shipping companies that have received and still are receiving huge subsidies from the Treasury of the United States. If these corporations may resort to the fund to be provided by the bill before us, then the word "docks" should be eliminated. I am unwilling that credits shall be extended by this bill to aid these shipping interests to build either ships or docks.

Senators are aware of the fact that various shipping interests of the United States, private corporations, have obtained large loans from the Government and in addition receive "subsidies" for carrying the mails. It has been shown that the quantity of mail carried by some of these companies is negligible and that they are paid by the Government large sums annually. Indeed, there is in many instances scarcely a pretense that the contracts under which the companies receive these large subsidies were entered into because of postal or commercial needs.

They were intended to be, and recognized, as subsidies, to encourage the operation of a merchant marine. I am unwilling to permit any portion of the fund provided in this bill to be used for the benefit of these shipping interests. To assure this policy I move to strike out the word "docks."

Mr. COPELAND. Mr. President, I am sure my friend from Utah is wrong in his belief that this would aid private shipping interests. As a matter of fact, in the city of New York—of course, I do not know exactly what the committee had in mind—in the city of New York, where these great steamship lines land, the docks are owned by the city of New York.

Mr. KING. Yes; I understand.

Mr. WAGNER. Mr. President, will my colleague yield?

Mr. COPELAND. I yield.

Mr. WAGNER. I should like to call attention to the very language of the section, which says that these docks are to be "devoted to public use." Otherwise, they do not come within the purview of this bill at all.

Mr. COPELAND. That is true.

Mr. WAGNER. So that private docks are not involved.

Mr. KING. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. KING. I desired to elicit from those in charge of the bill the interpretation which they placed upon it. If only docks of the character indicated by the Senators from New York may be brought within the terms of the bill, I shall not press my motion, though opposed to subdivision (2), within which it is found, and shall later move to strike it from the bill.

I withdraw the amendment.

The VICE PRESIDENT. The Senator from Utah withdraws the amendment.

Mr. KING. I now move to strike out all of line 25 after the numeral "(2)," on page 100, and all of lines 1, 2, and 3 down to the word "character," on page 101, the words being:

To private corporations to aid in carrying out the construction of bridges, tunnels, docks, viaducts, waterworks, and similar projects devoted to public use and which are self-liquidating in character.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Utah to the amendment of the committee.

Mr. KING. Mr. President, I am apprehensive that the position which I take will not find support by a majority of the Members of the Senate. This question was debated at some length earlier in the discussion of this bill; and a number of Senators, including myself, signified opposition to this provision, which places the Government in the position of a money lender for the benefit of private corporations engaged in private enterprises and private activities. We are trying to convert the Government into a banking institution or a loan organization to extend credit to all sorts of private organizations.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Montana?

Mr. KING. I do.

Mr. WALSH of Montana. Not all sorts.

Mr. KING. All sorts that are embraced within the terms of the bill.

Mr. WALSH of Montana. All sorts that are devoted to public use.

Mr. KING. That depends upon what is meant by "public use," as this term is employed. Most bridges are used by the public; the same is true of tunnels, viaducts, and similar projects. My point is, that the people are to be taxed to loan money to "private corporations," and that this is done by the National Government. In an emergency, such as that confronting the people of the United States, loans to States and their political subdivisions may be justified.

But to employ the taxing power of the Government to obtain money to loan to private corporations to aid them in their business is a most questionable proceeding. When we provide for the extension of credit to private corporations to construct toll bridges or tunnels or docks and viaducts and waterworks, and similar projects, we have gone further than prudence or wisdom approves, or, in the view of many, a proper interpretation of constitutional limitations permits.

I do not care to argue this matter further, because I know the attitude of the Senate as expressed a few days ago; but I desired to again challenge the attention of the Senate to this provision and to its questionable character.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. JONES. Mr. President, near Seattle, practically within the city limits, is the naval air station at Sand Point. That station is being developed gradually. The Navy Department are very much interested in it. They want to see it developed just as rapidly as possible. There are certain works there that are very necessary, that, if they were started, would furnish actual employment for many of the laborers of Seattle.

The labor situation there is very critical. As a matter of fact, the condition that confronts the people of Seattle now is a very critical one. Telegrams have been placed in the RECORD from the mayor showing the necessity of help by the National Government. They do not want any doles or any contributions of that sort; but it would be a great benefit, not only to the community and to the people but also to the Government itself, to have constructed at this air station the buildings that are really needed.

I have secured from the Navy Department an estimate of the cost of the buildings and other projects for which money could be expended there most advantageously to the Government and most advantageously to the community. I do not know just where the amendment comes in the bill in addition to the other expenditures that have been provided for by amendments, but I offer for insertion in the bill at the proper place the amendment which I send to the desk.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. The Senator from Washington offers the following amendment, to be inserted at the proper place:

Naval air station, Sand Point, Wash.: That there is hereby authorized to be expended, out of the fund provided in paragraph 9 of section 4 of this act, at the naval air station, Sand Point, Wash., $50,000 for improvements to the flying field; $25,000 for a storehouse for inflammable stores; $20,000 for a magazine; $55,000 for an administration building and dispensary; $130,000 for officers' quarters; $40,000 for a pier; in all, $321,000.

Mr. JONES. That is very important in the interest of the Government.

Mr. BLAINE. Mr. President, I desire to inquire of the Senator if his amendment is for the purpose of perfecting the text of the House bill?

Mr. JONES. No; it is offered as an amendment to the amendment offered to the committee amendment by the Senator from Pennsylvania. I do not know just where it occurs, but it has been put into the bill.

The VICE PRESIDENT. At the end of the bill.

Mr. FLETCHER. Mr. President, may I inquire of the Senator whether it ought not to go in a regular naval appropriation bill—some bill affecting appropriations for the Navy?

Mr. JONES. No more than the items that were put in this bill especially for the Army; that were put in to meet the unemployment situation as it is now. There is a very serious one there.

Mr. FLETCHER. Has this project ever been authorized?

Mr. JONES. Over a million dollars has been expended on the development of the Sand Point air station.

Mr. FLETCHER. Has it been estimated for?

Mr. JONES. Part of these items have been.

Mr. WALSH of Montana. Mr. President, the items in the bill for construction work were all taken from the report furnished us by the Director of the Stabilization Board. They have all been authorized—yards and docks and works of that character—and an appropriation is made for that particular purpose by the provisions of the bill. It seems to me, however, that it would be quite unjustifiable in keeping with the spirit of this legislation to undertake to introduce a specific item of this character, the merits of which no one has any information about except that just furnished by the Senator from Washington.

I hope that course will not be taken. I am sure it would lead to the introduction of a large number of the same character of amendments.

Mr. JONES. I certainly hope it can be taken to conference. It is very necessary.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington to the committee amendment.

The amendment to the amendment was rejected.

Mr. WALSH of Massachusetts. Mr. President, I ask to have inserted in the House text on page 62, line 5, after the semicolon, the following:

Gloucester Harbor and Annisquam River, Mass., House Document No. 39, Seventy-second Congress.

In explanation, I would like to say that I have been requested to offer this amendment by a Member of the House. It is only to extend the list of river and harbor developments included in the House text. It seems this report was made within a few days and was not prepared in time to be inserted in the House text.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 62, after line 5, to insert:

Gloucester Harbor and Annisquam River, Mass., House Document No. 39, Seventy-second Congress.

Mr. KING rose.

Mr. WALSH of Massachusetts. Mr. President, I will say to the Senator from Utah that the House text contains all of the recommendations of the Chief of Engineers of the Army, who made reports, and this one was omitted after all the others had been included. That is the only purpose of the amendment. I am not in particular sympathy, as the Senator knows, with the bill as it passed the House, but I do think this item ought to be included if the others are.

Mr. KING. Mr. President, I shall make no comments upon the amendments offered by the Senator from Massachusetts but shall refer briefly to an amendment offered by the Senator from Pennsylvania which was adopted a few days ago during the temporary absence of a number of Senators from the Chamber who would have opposed it if they had been present. I find on pages 17 to 28 of the reprint of amendments more than 100 Army posts and stations listed for which appropriations aggregating millions of dollars are carried in the bill.

Mr. President, in my opinion there is no excuse for maintaining scores of these Army posts and stations. They should have been abolished long ago. They greatly increase the military expenses of the Government; they are scattered throughout the United States from the Canal Zone to Alaska. It costs annually an enormous sum to maintain them. Their maintenance results in dividing our military forces into very small units, so small that military maneuvers are impossible, and our Army, because of these minute divisions is unable to engage in military maneuvers or to properly be trained in the art of land warfare.

Aside from the folly of maintaining these posts with the attachments and auxiliaries connected with them, it is, in my view, wholly indefensible to expend millions of dollars upon them at this particular juncture and to take from the funds that are being obtained from the Reconstruction Finance Corporation the desired amounts for that purpose.

I shall not take the time of the Senate to read the names of these hundreds of posts and stations and the appropriations for each, and the purposes for which such appropriations are made, but I call attention to the fact that there are a large number of these posts and stations in Texas, District of Columbia, Georgia, Pennsylvania, Illinois, Mississippi, Delaware, Maryland, Colorado, California, New York, Indiana——

Mr. FLETCHER. Do not forget Utah.

Mr. KING. I know there is an appropriation for Fort Douglas, Utah, but that does not affect the position which I take. I am opposed to all of the provisions of the amendment and deem it most unwise at this time, and from the fund mentioned, to make the appropriation called for.

Mr. NORBECK. From what page is the Senator reading?

Mr. KING. From the reprint of amendments. Referring to the reprint I find still more posts in Texas, Maryland, Virginia, Arizona, New York, Missouri, Kentucky, Washington, Kansas, California, South Dakota, North Carolina; indeed, in every State of the Union. I think that there are from one to a half dozen or more of these Army posts and stations in each State maintained at the expense of the taxpayers of the United States, and most of them wholly unnecessary.

I notice that California is named over and over again in the list. It seems to be a favorite. Perhaps it is because this year it supplies a candidate for the Presidency.

Mr. SHORTRIDGE. The next President, the Senator means.

Mr. KING. No; not the next President but soon to be the ex-President of the United States. Within the past few days Congress has approved Army and Navy bills for the ordinary expenses of these two branches of our military service of more than $700,000,000 for the next fiscal year, and only a few days ago there was forced through the Senate, under the whip and spur of the administration forces, an appropriation of nearly $1,000,000,000 for new naval construction between now and 1936.

I should add that in the Army bill which we passed there were provisions for camps and posts throughout the United States, and several millions of dollars were appropriated for construction and the maintenance of camps and posts. It was announced in the press yesterday that the President had submitted a proposition to the Geneva conference for reductions in the military forces of all nations. May I add that the proposition is a belated one, and not as comprehensive as the proposition submitted by Italy's representative or the representative of Russia; nor does it go as far as suggested by Sir John Simon and Ramsay MacDonald. The Geneva conference met to reduce armaments, and the failure to adopt a plan that would result in important reductions in the military expenditures of all nations would be a world calamity.

It seems to me a strange situation that while a world conference is in session to reduce armaments and military burdens, and the President of the United States has just made a contribution to the work of the conference, that in the consideration of a measure to relieve unemployment and to furnish work to those who are destitute, we should appropriate millions to strengthen and equip and remodel and improve a hundred Army posts and stations in all parts of the United States.

Mr. President, I regret that under the parliamentary situation I can not move to strike out the amendment which was offered by the Senator from Pennsylvania.

The VICE PRESIDENT. The time of the Senator has expired.

The question is on agreeing to the amendment offered by the Senator from Massachusetts.

The amendment was rejected.

Mr. COUZENS. Mr. President, the other day I filed a motion to reconsider the vote by which the amendment on page 2 of the new print, providing for the Reconstruction Finance Corporation carrying out the provisions of this act in the purchase of securities, was agreed to. I ask unanimous consent to withdraw the motion to reconsider.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the motion to reconsider is withdrawn.

Mr. WALSH of Massachusetts. Mr. President, I am disappointed that the Senate could refuse this request, as it is only a formal one. Every other Senator who has proposed amending the House text to include in this bill something that was omitted in the House has had his request complied with. I do not believe the Senate understood the amendment.

Mr. FESS. Mr. President, I am sure that the Senate was confused as to the amendment being voted on.

Mr. WALSH of Massachusetts. Every other such request that has been made has been granted. A Member of the House of Representatives came to me and asked me to suggest the amendment.

Mr. FESS. I ask that the vote by which the amendment was rejected be reconsidered.

The VICE PRESIDENT. Is there objection to the request of the Senator from Ohio that the vote by which the amendment offered by the Senator from Massachusetts was rejected be reconsidered?

Mr. COUZENS. I object.

Mr. REED. Mr. President, I move that the vote by which the amendment of the Senator from Massachusetts was rejected be reconsidered.

The motion was agreed to, and the vote was reconsidered.

The VICE PRESIDENT. The question now is on the amendment offered by the Senator from Massachusetts, which will again be reported.

The CHIEF CLERK. On page 62, after line 5, to insert the following:

Gloucester Harbor and Annisquam River, Mass., House Document No. 39, Seventy-second Congress.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The bill is open to amendment. If there be no further amendments to be offered, the question is on agreeing to the committee amendment as amended.

Mr. LA FOLLETTE. Mr. President, I desire to explain very briefly the vote I am about to cast on this bill.

I regard the bill as a totally inadequate one to meet the present situation. I think it will be a tragic disappointment to those who are out of work, and that it will utterly fail to stem the tide of the depression. It is not an application of the theory of expansion of public works to stimulate recovery, because it utterly ignores the crux of that theory, namely, size and timing of the program.

However, I shall cast my vote for the measure, because it will provide a certain amount of work for a small proportion of the great army of the unemployed. I can not bring myself to deny to those few who will be benefited by employment under this bill that little surcease from the oppressive conditions under which the country is now suffering.

Mr. GEORGE. Mr. President, I wish to make a brief statement about this measure. I regard it as wholly inadequate; and however we may disguise it, it is at the same time a strain on the credit of the country. Whether we finance projects through the Reconstruction Finance Corporation or otherwise, in the long run there is not very much difference so far as the taxpayer is concerned.

This bill has in it the $300,000,000 for the relief of the needy unemployed, voted by the Senate recently. That, I understand, is incorparted as an amendment. I also understand that it is likely that the House would not consider the Senate bill standing alone. I heartily approve that particular bill, and I voted for it when it passed the Senate.

The bill also has in it an appropriation for certain public works. That is a legitimate function of government. It can be justified. I believe, as the Senator from Wisconsin has said, that the program is inadequate, but as far as it goes, of course, it is entitled to the support of anyone who believes that the Government may engage in a program expanding its public works during an emergency of this kind.

Whether it is wise to continue to spend the public money in an effort now to lift ourselves out of this depression is a very serious question. At an earlier time if a program on a scale extensive enough had been undertaken, we might have hoped for beneficial results from the program.

At this time it is a question whether it is not wiser for this Nation to conserve its resources to the last penny in order that it may meet the acute problem it will probably have to face during the coming months. But since the bill contains $300,000,000 for the relief of the needy unemployed, and since it contains the appropriation for public works, I shall not oppose it. Other provisions of the bill I do not support.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, as amended.

The amendment as amended was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An act to facilitate the construction of self-liquidating projects of a public character, to provide for the construction of certain authorized Federal public-works projects, and for other purposes."

Mr. NORBECK. Mr. President, I move that the Senate insist upon its amendment, ask for a conference, and that the Chair appoint the conferees.

The motion was agreed to; and the Vice President appointed Mr. NORBECK, Mr. BROOKHART, and Mr. WAGNER conferees on the part of the Senate.

LEGISLATIVE APPROPRIATIONS—CONFERENCE REPORT

Mr. JONES submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate (Nos. 46–168, both inclusive) to the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 49, 51, 62½, 65, 67, 71, 75, 77, 78, 79, 80, 94, 96, 97, 98, 99, 100, 102, and 132.

That the House recede from its disagreement to the amendments of the Senate numbered 48, 50, 52, 53, 54, 55, 56, 63, 72, 73, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 95, 103, 104, 110, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, and 168, and agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

COMPULSORY RETIREMENT FOR AGE

"SEC. 204. On and after July 1, 1932, no person rendering civilian service in any branch or service of the United States Government or the municipal government of the District of Columbia who shall have reached the retirement age prescribed for automatic separation from the service, applicable to such person, shall be continued in such service, notwithstanding any provision of law or regulation to the contrary: *Provided*, That the President may, by Executive order, exempt from the provisions of this section any person when, in his judgment, the public interest so requires: *Provided*

further, That no such person heretofore or hereafter separated from the service of the United States or the District of Columbia under any provision of law or regulation providing for such retirement on account of age shall be eligible again to appointment to any appointive office, position, or employment under the United States or the District of Columbia: *Provided further,* That this section shall not apply to any person named in any act of Congress providing for the continuance of such person in the service."

And the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows: On page 13 of the Senate engrossed amendments, line 9, strike out "206" and insert "207"; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows: On page 13 of the Senate engrossed amendments, line 22, strike out "207" and insert "208," and on page 14 of the Senate engrossed amendments, line 4, after "payment," insert a comma and the following: "under section 3," and a comma; and the Senate agree to the same.

Amendment numbered 59: That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment as follows: On page 14 of the Senate engrossed amendments, line 11, strike out "208" and insert "209"; and the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 210. The provisions of all acts heretofore enacted, inconsistent with sections 207, 208, and 209 are, to the extent of such inconsistency, hereby repealed, and such sections shall take effect on July 1, 1932."

And the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

"SEC. 211. (a) During the fiscal year ending June 30, 1933"—

"(1) No officer or employee of the Government shall be allowed or paid a higher rate of compensation for overtime work (either day or night) or for work on Sundays and holidays;

"(2) Wherever by or under authority of law compensation for night work (other than overtime) is at a higher rate than for day work, such differential shall be reduced by one-half;

"(3) In so far as practicable, overtime work shall be performed by substitutes or unemployed regulars in lieu of persons who have performed a day's work during the day during which the overtime work is to be performed, and work on Sundays and holidays shall be performed by substitutes or unemployed regulars in lieu of persons who have performed a week's work during the same week.

"(b) This section shall not apply to compensation for overtime services performed by Federal employees under existing law at the expense of private interests."

And the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "212"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(b) This section shall not apply to any person whose retired pay plus civilian pay amounts to less than $3,000: *Provided,* That this section shall not apply to regular or emergency commissioned officers retired for disability incurred in combat with an enemy of the United States."

And the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "213"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 56 of the House bill, line 5, strike out "210" and insert "214"; and the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

ANNUAL LEAVE WITH PAY REDUCED TO 15 DAYS

"SEC. 215. Hereafter no civilian officer or employee of the Government who receives annual leave with pay shall be granted annual leave of absence with pay in excess of 15 days in any one year, excluding Sundays and legal holidays: *Provided,* That the part unused in any year may be cumulative for any succeeding year: *Provided further,* That nothing herein shall apply to civilian officers and employees of the Panama Canal located on the Isthmus and who are American citizens or to officers and employees of the Foreign Services of the United States holding official station outside the continental United States: *Provided further,* That nothing herein shall be construed as affecting the period during which pay may be allowed under existing laws for so-called sick leave of absence: *Provided further,* That the so-called sick leave of absence, within the limits now authorized by law, shall be administered under such regulations as the President may prescribe so as to obtain, so far as practicable, uniformity in the various executive departments and independent establishments of the Government."

And the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: On page 17 of the Senate engrossed amendments, line 9, strike out "214" and insert "216"; and the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "including printing and binding done elsewhere under contract by the Public Printer, or obtained in the field under authority of the Joint Committee on Printing for the exclusive use of a field service; of the foregoing amount $2,500,000 shall be for printing and binding for the use of the legislative branch of the Government"; and the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "or to the manufacture of postal cards and money orders for the Post Office Department"; and the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment as follows: On page 21 of the Senate engrossed amendments, line 4, strike out "312" and insert "313," and on page 64 of the House bill, line 7, strike out "313" and insert "314"; and the Senate agree to the same.

Amendment numbered 105: That the House recede from its disagreement to the amendment of the Senate numbered 105, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "315"; and the Senate agree to the same.

Amendment numbered 106: That the House recede from its disagreement to the amendment of the Senate numbered 106, and agree to the same with an amendment as follows: On page 21 of the Senate engrossed amendments, line 18, strike out "315" and insert "316"; and the Senate agree to the same.

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment as follows: On page 22 of the Senate engrossed amendments, line 3, strike out "316" and insert "317"; and the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment as follows: On page 22 of the Senate engrossed amendments, line 23, strike out "317" and insert "318"; and on page 24 of the Senate engrossed amendments strike out lines 1 to 6, both inclusive; and on page 24 of the Senate engrossed amendments, line 7, strike out "(d)" and insert "(c)"; and the Senate agree to the same.

Amendment numbered 109: That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with an amendment as follows: On page 24 of the Senate engrossed amendments, line 21, strike out "318" and insert "319"; and on page 24 of the Senate engrossed amendments, line 22, strike out "and" and insert "or"; and the Senate agree to the same.

Amendment numbered 111: That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 320. Authorizations heretofore granted by law for the construction of public buildings and public improvements, whether an appropriation therefor has or has not been made, are hereby amended to provide for a reduction of 10 per cent of the limit of cost as fixed in such authorization, as to projects where no contract for the construction has been made. As to such projects where a contract has been made at a cost less than that upon which the authorization was based, such cost shall not, unless authorized by the President, be increased by any changes or additions not essential for the completion of the project as originally planned."

And the Senate agree to the same.

Amendment numbered 112: That the House recede from its disagreement to the amendment of the Senate numbered 112, and agree to the same with an amendment as follows: On page 25 of the Senate engrossed amendments, line 19, strike out "320" and insert "321"; and the Senate agree to the same.

Amendment numbered 113: That the House recede from its disagreement to the amendment of the Senate numbered 113, and agree to the same with an amendment as follows: On page 26 of the Senate engrossed amendments, line 5, strike out "321" and insert "322"; and the Senate agree to the same.

Amendment numbered 114: That the House recede from its disagreement to the amendment of the Senate numbered 114, and agree to the same with an amendment as follows: On page 26 of the Senate engrossed amendments, line 22, strike out "322" and insert "323"; and the Senate agree to the same.

Amendment numbered 115: That the House recede from its disagreement to the amendment of the Senate numbered 115, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert: "*Provided further*, That in order to expedite the merging of certain activities, the President is authorized and requested to proceed, without the application of this section, with setting up consolidations of the following governmental activities: Public Health (except that the provisions hereof shall not apply to hospitals now under the jurisdiction of the Veterans' Administration), personnel administration, education (except the Board of Vocational Education shall not be abolished), and Mexican Water and Boundary Commission, and to merge such activities, except those of a purely military nature, of the War and Navy Departments as, in his judgment, may be common to both and where the consolidation thereof in either one of the departments will effect economies in Federal expenditures, except that this section shall not apply to the United States Employees' Compensation Commission"; and the Senate agree to the same.

Amendment numbered 131: That the House recede from its disagreement to the amendment of the Senate numbered 131, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "The duties, powers, and functions of the Personnel Classification Board are hereby transferred to the Civil Service Commission; and"; and the Senate agree to the same.

Amendment numbered 133: That the House recede from its disagreement to the amendment of the Senate numbered 133, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "are hereby"; and the Senate agree to the same.

Amendment numbered 150: That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: "and all officers and employees of the division and commission not indispensable to the service shall be dismissed; and the Senate agree to the same.

The committee of conference have not agreed on amendment numbered 46.

W. L. JONES,
REED SMOOT,
FREDERICK HALE,
E. S. BROUSSARD,
SAM G. BRATTON,
Managers on the part of the Senate.

JOHN McDUFFIE,
L. W. DOUGLAS,
WILL R. WOOD,
Managers on the part of the House.

Mr. JONES. Mr. President, I ask for the immediate consideration of the report.

The VICE PRESIDENT. Let the conference report be read.

Mr. JONES. I move the adoption of the conference report. The report was read yesterday. If it is desired to have it read again, I have no objection.

CALL OF THE ROLL

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kean	Robinson, Ark.
Austin	Davis	Kendrick	Robinson, Ind.
Bankhead	Dickinson	Keyes	Schall
Barbour	Fess	King	Sheppard
Bingham	Fletcher	La Follette	Shipstead
Black	Frazier	Lewis	Shortridge
Blaine	George	Logan	Smoot
Borah	Glenn	McGill	Steiwer
Bratton	Goldsborough	McKellar	Stephens
Brookhart	Gore	McNary	Thomas, Idaho
Broussard	Hale	Metcalf	Thomas, Okla.
Bulow	Harrison	Moses	Townsend
Byrnes	Hastings	Neely	Trammell
Capper	Hatfield	Norbeck	Vandenberg
Caraway	Hawes	Norris	Wagner
Carey	Hayden	Nye	Walcott
Connally	Hebert	Oddie	Walsh, Mass.
Coolidge	Howell	Patterson	Walsh, Mont.
Copeland	Johnson	Pittman	Watson
Costigan	Jones	Reed	White

The PRESIDING OFFICER (Mr. FESS in the chair). Eighty Senators have answered to their names. A quorum is present.

PHILIPPINE INDEPENDENCE

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 630, the bill (H. R. 7233) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes. I will say that if the bill is taken up on this motion, I shall, at the request of the Senator from Washington [Mr. JONES], consent to lay it aside for the consideration of the conference report to which he referred a moment ago, and also for the consideration of appropriation bills.

Mr. ODDIE. Mr. President, I ask that the Treasury and Post Office Departments appropriation bill be included also.

Mr. ROBINSON of Arkansas. Of course, we will give preference to all appropriation bills.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas.

Mr. JONES. Mr. President, I had presented the conference report and asked for its immediate consideration. Would not that now come ahead of any other matter? I have no objection to the motion of the Senator from Arkansas, so far as that is concerned, except as a matter of procedure. The conference report has been presented to the Senate.

Mr. ROBINSON of Arkansas. I did not understand that the Senate had proceeded to the consideration of the conference report. It is my purpose to consent to lay aside the bill to which my motion relates.

Mr. JONES. I understand that. If it is proper to move to proceed to the consideration of the bill while the conference report is being considered, I have no objection.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 7233) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, which had been reported from the Committee on Territories and Insular Affairs with an amendment.

COMMENTS ON BILL JUST PASSED

Mr. MOSES. Mr. President, the 5-minute limit on debate not now being in effect, I wish to comment upon the action by which the Senate, without a record vote, has just passed one of the most complicated pieces of legislation which it has ever been my fortune to contemplate. I wish to point out certain things which the Senate has done in connection with the bill which has just gone to conference.

In the fifth section of the bill there is created a special fund in the Treasury to be known as the emergency construction fund, and the Secretary of the Treasury is directed to borrow, through a bond issue or issues, a sum not to exceed $500,000,000. The bonds thus issued are fully tax exempt, are to mature in 25 years, and are to bear not more than 4¼ per cent interest. A sinking fund is provided for, operating five years after the issuance of the first bonds.

In another section of the bill there is allocated the sum of $500,000,000 thus to be raised to various projects of Federal activity which I shall not burden the Senate to read, but which I ask may be inserted in my remarks at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter is as follows:

Section 4 allocates the sum of $500,000,000 as follows:		
Federal-aid highways		$120,000,000
National-forest highways	$5,000,000	
National forest, miscellaneous improvements	5,000,000	
National-park roads	3,000,000	
Indian-reservation roads	1,000,000	
Public-land roads	2,000,000	
		16,000,000
Rivers and harbors	$30,000,000	
Flood control	15,500,000	
Hoover Dam	10,000,000	
Coast and Geodetic Survey	1,250,000	
Air-navigation facilities	500,000	
Lighthouse tenders and vessels	950,000	
Aids to navigation	2,860,000	
Yards and docks	10,000,000	
		$71,060,000
Public buildings (unauthorized)		100,000,000
Improvements to be lifted from supply bills		192,940,000
		500,000,000

Mr. MOSES. Mr. President, the purpose of the fifth section of the bill is to create a special or extraordinary budget of $500,000,000 to be covered by the bond issue. I have already commented upon what I think this departure from sound finances is likely to produce, and I now add simply that the theory of the proposal is that, whatever expenditure is to be made out of the special fund, it is not to be regarded as an expenditure at all, but is to be looked upon as a capital operation. There is the further theory that the construction provided for out of these special bond issues as they come along need not be considered as affecting the Government's financial problem or even the general handling of the Budget. I have earlier commented upon that also. Section 4, however, does throw a sop to those who insist upon the balancing of the Budget by lifting out a sum approximating $193,000,000 from the expenditures now allocated in the regular Budget.

Mr. President, the devices creating a special fund or an extraordinary budget can not possibly conceal from the taxpayers of the country the fact that this bill automatically unbalances the Budget by $307,000,000. It creates also a radical departure from an historic policy of administration of the Federal Treasury. No one can tell where this path will lead. We can not hide our heads in the sand and attempt to conceal these facts by blinding our own eyes. The fact is that the unbalancing of the Budget will amount to $307,000,000 this year, and we shall probably be called upon to extend this precedent in another session of Congress through additional special budgets and special emergency funds and special bond issues.

A tremendous effort to balance the Budget has been under way here for several months, backed by a nation-wide demand. The first necessary step, that of raising money by taxation, has been completed in the revenue bill which has recently gone upon the statute books and is now going into operation. The Congress, however, is still engaged in fulfilling the corollary of this procedure, namely, attempting to reduce expenditures in the amount necessary to complete the balancing of the Budget.

It is axiomatic that the Government can obtain funds in only two ways, first, by taxation and, second, by borrowing. All will admit that it is impracticable at this time to raise further funds by taxation. The only other alternative is that of borrowing. If along with the financing now being conducted by the Treasury in order to provide the necessary funds for the Reconstruction Finance Corporation as already set up, and in addition to all this the Treasury Department is required now to undertake to float a Government long-term bond issue in the sum of $500,000,000, the result most certainly will be a depression in the prices of all outstanding Government bonds.

Sound public finance dictates that governmental expenditures for public works should not be capitalized as in the case of productive capital expenditures in private industry. The method of setting up an extraordinary budget covered by a bond issue should not be allowed to obscure the plain results that we are simply unbalancing the Federal Budget by the amount of the expenditures proposed in the measure which has just passed this body. It would be infinitely preferable frankly to acknowledge that an additional deficit has been created by these proposed expenditures and then direct the Treasury to borrow the $307,000,000 as a part of the current financial program. Every Senator knows that a nation-wide demand exists for the balancing of the Budget. If the Senate insists on unbalancing the Budget in the

additional amount here proposed, we must be prepared to take the consequences.

The general purpose of the bill, as set forth in its title—that of creating employment—is both humane and righteous; but section 4 of the bill does not accomplish that purpose in any way commensurate with the sacrifice of sound financial principles. The allotment of $120,000,000 of road funds to the States will provide direct employment to only 33,193 men. The expenditure of $45,500,000 for rivers and harbors and flood-control projects will give work to only 18,150 men, directly. The $100,000,000 item for public-building projects, none of which have been specifically authorized to date, would provide direct employment during the fiscal year of 1933 for only 2,600 men. These appropriations, aggregating $265,000,000, will result in the direct employment of only 53,943 men during the next fiscal year. An estimate has been made that the entire amount of $307,060,000, which includes all the public works provided for in section 4, with the exception of improvements which are to be lifted from the regular supply bills, will directly employ only 85,850 men.

In the northeastern section of the country only 20,000 men will be directly employed. This is but seven-tenths of a man per thousand of urban population. Eighty-one million dollars would be expended in this area, representing but $3 per capita of urban population. In the southern section 29,000 men would be employed, or 2.1 men per thousand of urban population. The total of $93,700,000 to be expended in this area amounts to $6.70 per capita of urban population. In the middle western section a total of $68,500,000 is contemplated, with 19,000 men directly employed. This is an expenditure of $3.40 per capita of urban population, with the direct employment of but one man per 1,000 of urban population.

In the Western States there will be an expenditure of $63,300,000 and the direct employment of 17,000 men, or a per capita expenditure of $9 on the basis of urban population, and the direct employment of 2.4 men per thousand of urban population.

The direct employment of 85,850 men during the fiscal year 1933 is roughly equivalent to about 1 man in each 100 of the unemployed population. The unemployment problem, Mr. President, largely centers in the urban groups. About two-thirds of the expenditures which I have enumerated will be for engineering types of construction, such as flood control, which is almost invariably located in rural areas, and often far removed from population centers. In a large part of the remaining one-third devoted to public buildings, the majority of the projects are located in small cities, where it will be difficult, due to labor restrictions, to employ residents of large cities. On account of the size of the buildings involved, construction in the larger cities requires special planning and therefore there will be little opportunity in the near future for the unemployed residents of large cities to secure jobs.

In the case of flood-control work, the expenditures involved will be largely centered in the States of Louisiana, Arkansas, and Mississippi, and we should bear in mind the fact that the Government has for several years past spent almost $30,000,000 annually for flood control in this region.

Another angle of observation is to be found in the relationship of the share of Federal taxes paid by the various States as against the allotment of public works under the bill. For instance, Massachusetts receives but 2.76 per cent of the $307,000,000 here appropriated, while it pays 3.65 per cent of the total Federal taxes. The State of New York receives 9.63 per cent of the proposed public works appropriations, while it pays 27.64 per cent of the Federal taxes. The State of Ohio receives 3.89 per cent of the appropriations, and pays 4.64 per cent of the taxes. The State of Illinois receives 3.58 per cent of the appropriations, while it pays 7.83 per cent of the taxes.

To summarize, Mr. President, the expenditure for public works by the Government of the huge sum of $307,000,000 will provide direct employment for only 85,850 men, or approximately to only 1 man out of over 100 now unemployed.

The fundamental objections to the public-works section of this bill, which I have twice tried, vainly, first, to eliminate and then to mitigate, are:

First. That it unbalances the Budget;

Second. That it resorts to the unsound device of a special fund or extraordinary budget, which introduces a new and an essentially dishonest practice in Federal finance;

Third. That it breaks the historic policy of the Government, and with a new precedent starts the fiscal program of the Government on a dangerous path, the end of which can not be foretold; and

Fourth. That it creates apprehension in the minds of the holders of Government securities, making more difficult the normal financing of the Government which is now in progress.

And to all these objections, Mr. President, I may add that the multiplicity of amendments added to the bill in the Senate has created a thicket of legislative programs which will require a corps of administrative and legal guides in order that the Reconstruction Finance Corporation may thread its way through the undergrowth which we have thrown up in this bill.

Mr. COUZENS. Mr. President, I should like to ask the Senator from New Hampshire if Mr. Mills, who evidently wrote the speech of the Senator, because he has similar figures in his testimony before the Banking and Currency Committee——

Mr. MOSES. That testimony was available to me also.

Mr. COUZENS. But the speech was written long before the bill passed on the assumption that it was going to pass. However, that is not what I rose to ask the Senator from New Hampshire. I wondered if the Senator could discern in any way a difference between the Treasury Department buying three-quarters of a billion dollars' worth of notes from the Reconstruction Finance Corporation and carrying them in the Treasury and the Treasury selling Government bonds direct?

Mr. MOSES. No; I can not. Will the Senator explain the difference?

Mr. COUZENS. Yes; I will explain, so there will be no misunderstanding, that the Reconstruction Finance Corporation notes are just as much a direct obligation as are the bonds that will be sold under this bill; and if there is any deception, so far as the public is concerned, the deception is in attempting to make the public believe that the money borrowed by the Reconstruction Finance Corporation is not as direct an obligation of the Federal Government as the $307,000,000 worth of bonds that will be issued under this bill.

Mr. MOSES. I have never understood that anybody undertook to set up that the notes——

Mr. COUZENS. The Senator emphasized that there was some dishonesty about it.

Mr. MOSES. Yes; in setting up a special budget and a special issue of bonds as against the general obligations of the Government.

Mr. COUZENS. The Senator said, or at least Mr. Mills said, that that was dishonest.

Mr. MOSES. The Senator from New Hampshire takes the responsibility.

Mr. COUZENS. I know the Senator takes the responsibility for what he has read to the Senate, but I want to say that it is not dishonest to set up a special fund; in fact, it was first recommended, I think, on the floor of the Senate by my colleague, who suggested providing a special bond issue for construction purposes. I want to say that it is no more dishonest to set up a special fund for construction projects than it is to provide three-quarters of a billion dollars out of the Federal Treasury to finance private industry.

Mr. MOSES. That has not been done.

Mr. COUZENS. It has been done so far as the self-liquidating corporations are concerned, because they are private enterprises, although they are under Government or municipal or State regulation.

I also wish to make another correction. The Senator read that these bonds were tax exempt. Of course, they are not tax exempt so far as estate taxes and surtaxes and gift taxes are concerned.

Mr. MOSES. The Senator means to say so far as the recent tax bill is concerned.

Mr. COUZENS. For many years the bonds issued by the Federal Government have not been exempt so far as surtaxes, estate taxes, and gift taxes are concerned.

I merely wanted to make it plain that there is no difference. If one method, as the Senator described it, is dishonest the other method is dishonest; but I am not claiming that either is dishonest.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from New York?

Mr. MOSES. I yield.

Mr. WAGNER. The Senator spoke of direct employment. Has the Senator calculated at all or has the authority whom he cites informed him as to what the indirect employment would be?

Mr. MOSES. No; I said nothing about indirect employment.

Mr. WAGNER. That is an important matter. There are between three and four indirectly employed where one is directly employed. So the Senator can see what a serious omission either he or the authority whom he cited made.

Mr. MOSES. I am not prepared to admit that; but even if that were right, and the Senator even made the number four, only 320,000 people would be employed, granting the correctness of the figures.

Mr. WAGNER. I want to say to the Senator that when I have read his figures I shall take occasion in the Senate, perhaps, to respond to them.

I wanted to ask the Senator one further question. He referred to a special budget. What kind of a budget does he have in mind? Does he call the budget made up by the Reconstruction Finance Corporation itself a budget of Government obligations? What sort of a budget is that?

Mr. MOSES. I do not understand that under the Reconstruction Finance Corporation act there is a special type of securities and a special budget for them; that is a general Treasury operation, as I understand. Does the Senator assert that the operations of the Reconstruction Finance Corporation are not a part of the general operations of the Treasury; that the money which they obtain from the Treasury is not earmarked and put in a special account; and that if they issue certain debentures, or whatever it is they issue, they would have to interrupt all the operations of the Treasury in order to do it, as I maintain would be necessary under this bill?

Mr. WAGNER. Yes, that is true; but the Reconstruction Finance Corporation carries its own account and makes its own budget, and that budget is a governmental budget, because the obligations which they issue are Government obligations. Now what type of budget does the Senator call that?

Mr. MOSES. The Senator is trying to set up the maxim that the whole is equal to the sum of its parts, which, of course, is true.

Mr. WAGNER. The Senator asserted the viciousness of some special budget set-up.

Mr. MOSES. Of a special issue of bonds for a special purpose. It has been done just once hitherto in the history of the country and that was in the case of the Panama Canal.

Mr. WAGNER. That is exactly what the Reconstruction Finance Corporation now does. It issues bonds, which are Government obligations, and keeps a separate budget of its own transactions. Does the Senator call that vicious?

Mr. MOSES. I have not called anything vicious.

Mr. WAGNER. The Senator complained about a special type of budget and the danger that would arise from it.

Mr. MOSES. I did, and I will continue to complain about it. I think that the setting up of a special bond issue is an unwarranted procedure, a departure from the practice of the Treasury, and one that has never been indulged in except in the case of the Panama Canal.

Mr. WAGNER. The Senator cited some figures which were also cited in the hearings before the Banking and Currency Committee.

Mr. MOSES. They probably carry a double authority if they were cited before the committee and I have placed them before the Senate.

Mr. WAGNER. Does the Senator mean his citation of them gives them double authority?

Mr. MOSES. The Senator may draw his own conclusions.

Mr. WAGNER. I did not hear the entire speech of the Senator, but I wondered whether the Senator mentioned the amount of money that the Treasury Department expected to spend under the appropriations provided for in the bill which we just passed?

Mr. MOSES. Does the Senator mean the amount of money lifted out of the regular Budget?

Mr. WAGNER. No; but there is an appropriation of $100,000,000 for public buildings, and the Secretary of the Treasury is given authority to select the particular projects which may be constructed. Under that authorization, has the Senator any figures to indicate what amount the Secretary of the Treasury expects to expend this year?

Mr. MOSES. No; but I have an estimate coming from the architect's office to the effect that only 2,600 men can be constantly employed on these projects.

Mr. WAGNER. I think the fallacy of the figures can be easily enough established, and I will take an opportunity, perhaps, to-morrow, to answer the Senator.

Mr. MOSES. The Senator need not hurry to do it to-morrow; we are not going to adjourn speedily.

Mr. ODDIE. Mr. President——

Mr. WALCOTT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Connecticut?

Mr. ODDIE. In just a moment I will yield. I desire to make a brief statement.

The Senator from New Hampshire [Mr. MOSES] has made some statements regarding the number of men who will be employed in this emergency highway construction and other work provided for in this bill. In my opinion, from reliable facts and figures which I have secured, the information that the Senator from New Hampshire has given is utterly erroneous. He has greatly understated the number of men who will be employed. The people who have given him that information do not know what they are talking about; and, unfortunately, I have to comment on some statements on this matter a short time ago by the Secretary of Agriculture, whom we all honor and respect, in which he seriously understated the number of men who would be employed in the Federal-aid highway work. I put in the CONGRESSIONAL RECORD on March 11 a number of tables prepared by the Bureau of Public Roads and the State highway officials, which show that the number of men employed as a result of the expenditure of this money will be many times more than the number given by the Senator from New Hampshire.

Mr. President, the number of men directly employed in this work will be increased by over twice the number employed back of the lines. The work those men will do will furnish a market for large quantities of materials and supplies from the mines, from the factories and mills of the country. The system of staggering employment will practically double the number of men that can be used in this work.

I place in the RECORD the statements I made on this subject on the floor of the Senate on March 11, 1932, which corroborate the statements I have just made and which apply with greater force to-day than they did then.

Mr. ODDIE. The President of the United States, in his message to the Congress on December 2, 1930, made the following references to the necessity for accelerating construction of public works:

"The enlarged rivers and harbors, public buildings, and highway plans authorized by the Congress last session, however, offer an opportunity for assistance by the temporary acceleration of construction of these programs even faster than originally planned, especially if the technical requirements of the laws which entail

great delays could be amended in such fashion as to speed up acquirements of land and the letting of contracts.

"With view, however, to the possible need for acceleration, we, immediately upon receiving those authorities from the Congress five months ago, began the necessary technical work in preparation for such possible eventuality. I have canvassed the departments of the Government as to the maximum amount that can be properly added to our present expenditure to accelerate all construction during the next six months, and I feel warranted in asking the Congress for an appropriation of from $100,000,000 to $150,000,000 to provide such further employment in this emergency. In connection therewith we need some authority to make enlarged temporary advances of Federal highway aid to the States."

Subsequently the President submitted a communication to the Congress on December 4, 1930, "to enable the Chief Executive to accelerate work on construction projects already authorized by law so as to increase employment," and the following is quoted from this message:

"This supplemental estimate of appropriation is required to meet an emergency which has arisen since the transmission of the Budget for the fiscal year 1931."

Pursuant to this communication of the President transmitting the estimates of the Bureau of the Budget, a bill, H. R. 14804, in which the largest single item was that allocated for emergency construction on the Federal aid highway system amounting to $80,000,000, was enacted into law. The beneficial results of this legislation have been recognized throughout the United States, particularly as to the highway activities which were stimulated by the emergency appropriation.

The $80,000,000 Federal fund was directly and promptly applied through the States to projects throughout the Nation, giving immediate relief to thousands of workers. There were undertaken 2,216 projects, totaling over 13,000 miles of road in 1,227 counties, or a little less ratio than a project to every other county through advance of Federal funds in 1931. This was part of the whole Federal-aid road program undertaken and does not include the work done without Federal funds by the States, cities, counties, or local communities.

Federal and State road building in 1931 engaged directly and indirectly more than a million men. County and city street and highway building engaged possibly a like number. In analyzing the benefits of these highway activities the United States Bureau of Public Roads has found that a very large share of every highway dollar goes to labor. Figures support the statement that from 75 per cent to 80 per cent of the average highway dollar goes ultimately to the wage earner, either directly through employment on the highway or indirectly through employment in industries furnishing materials for the highways. In some instances the portion which finds its way to the wage earner amounts to as much at $910 out of each $1,000 expended for highways. No other type of public improvement gives such a large share of the funds expended to labor. No other type of public improvement distributes the benefits more widely throughout the Nation. Further, in carrying out the State program there was no loss of time in getting the work under way. Efficiency, economy, and high quality of production characterize the emergency expenditure. Needed public improvements were obtained without waste or extravagance and immediate comforts in shelter, food, and clothing made available for thousands of willing workers.

Since the emergency conditions which prompted the emergency measure of last year are even more acute this year, the successful relief measures of last year should be reenacted now. If effective then, they are equally effective now and even more necessary. All arguments in favor of the passage of the emergency construction appropriation of last year apply with equal force to the emergency highway measure now up for consideration.

The policy of enlarged public-works programs in periods of slack employment has been repeatedly enunciated by President Hoover and other national leaders. While a candidate for the Presidency, President Hoover, speaking at St. Louis, Mo., on November 2, 1928, referred to Federal highways as follows:

"This administration has recognized the public necessity of Federal Government contribution to the creation of a definite system of modern interstate highways. This program is far from completion, and I stand for its continuance."

Further:

"As I have said before, these undertakings are justified by the growth, the need, and the wealth of our country."

And still further:

"These works, which will provide for an army of men, should, so far as practicable, be adjusted to take up the slack of unemployment if it should occur."

Federal-aid highway improvement has progressed steadily since this statement was made, but it is still far from completion. There are at the present time on the Federal-aid system 198,967 miles of main road, approximately 7 per cent of the Nation's entire road mileage, and of this 108,449 miles have been improved or are under construction with Federal aid, leaving about 90,418 miles on which no Federal funds have as yet been used. Some of this mileage has been improved by the States, but a very large part of the 108,449 miles has not been improved as yet with an adequate type of surface. The continuance of the program is without question justified, and since the crisis of unemployment has occurred and is with us, an obligation rests upon the Federal Government to carry forward vigorously an enlarged program of needed public works. In quickening progress on the Federal-aid system we are not launching into unknown fields.

The Federal-aid highway system was born of a farsighted scientific planning, and serves as a model to other nations throughout the world. No new governmental agencies are necessary for its continued development. The policy of an enlarged program of Federal highway building was inaugurated by the emergency appropriations of last year; in principle and practice, therefore, the policy has been substantiated. It might have seemed by the limitation of emergency expenditures to a short period that the depression would end by schedule on some definite date. We were inclined to be hopeful. The necessity, however, of further constructive measures is now apparent. Personally, I am convinced that even a larger emergency highway program than contemplated by this act would be justified by the benefits which would be derived, but the amount has been limited to that which we are advised the States are ready to absorb and spend wisely and economically.

The emergency or supplemental amount of $120,000,000 for Federal-aid highways, as contained in the present bill, will provide a total of $250,000,000 for Federal participation with the States in 1932. This compares with approximately $241,000,000 so used in 1931. The emergency fund now proposed for this use, then, is necessary to avoid a recession in Federal road building. It does not greatly enlarge the Federal expenditure over that of the preceding year.

The Federal-aid plan to which we are committed is not changed by the emergency proposal, but the rate of accomplishment is accelerated.

The moneys advanced to the States now would likely be disbursed within the next few years anyway. Advanced now they serve a twofold purpose:

First. They make available the benefits of additional highways at an earlier date.

Second. They provide additional employment at a time of dire need.

These results are accomplished with a saving in construction costs due to the prevailing low prices for road materials and the increased efficiency brought about by keen competition.

Leaders of all political parties have acknowledged the benefits which improved highways contribute to the social and economic welfare of all the people of our Nation. The advantages of lower transportation costs with savings ranging up to 26 per cent, according to road type and character of traffic, and the increased safety which improved highways afford are well known to every Member present and possibly need not be recited further.

The bill we are considering originated in the House Committee on Roads. Its form follows substantially the similar measures approved by the last Congress and signed by the President a little more than a year ago. These facts, together with the passage of the present bill by the House on February 27, with support from both major parties, illustrate the nonpartisan character of the policies which this measure embodies.

In principle and application it is not new legislation, but your attention is directed to a few minor changes in general provisions compared with the bill of a year ago. These changes are designed in the light of experience to adapt it better to the intended purposes. The changes are clearly set forth in the Senate Post Offices and Post Roads Committee Report No. 363, which was carefully and ably prepared by the junior Senator from Arizona [Mr. HAYDEN]. They have been approved by the administrative heads of the departments charged by law with the supervision of the proposed projects. None of the changes are contrary to the fundamental features of the Federal aid act.

Mr. ODDIE. The farming industry of the United States has suffered economic depression for a much longer period than have other industries, and, furthermore, there is no doubt that the farmers are still in a very serious condition. The enactment of this bill will immediately afford a partial relief in providing employment and in lowering marketing costs.

The maximum number of persons employed on emergency highway work as a direct result of the $80,000,000 Federal emergency appropriation in 1931 was 115,167 persons, according to a statement of the Bureau of Public Roads appearing in the CONGRESSIONAL RECORD, page 4859, in a table giving employment on Federal and State work, 1931. (See attached Exhibit A.) The maximum figures are for July. On July 1, 1931, 1 out of every 369 persons in the United States was employed on the Federal or State highway work. (See attached Exhibit B.) In Maine, which had the greatest record, 1 out of 70 people on the 1st day of July was working for the State or for a contractor on the State roads.

On the same basis the emergency appropriation of $120,000,000 as now proposed would employ one and one-half times 115,167, or 172,750 persons, but since staggering of employment is being very generally used in highway emergency work, this number would likely be doubled, or 335,500 persons would be directly employed on emergency work on the road itself.

For every man engaged on the highway there are two men engaged in the production of road-building equipment and materials in the factories or mines and the transportation of them from their sources at the mines, quarries, and so forth, through the factories to the highway projects. On the first breakdown of road expenditures the item of transportation takes $406 out of $1,000, showing to what extent railroads and railroad workers benefit by highway building. Few people realize the support which the railroads receive from highway operations. These facts are supported by testimony before the Senate Committee on Post Offices and Post Roads in recent hearings, pages 70 and 71. (See attached Exhibit C.)

Taking into consideration, then, that for each man working on the road there are two men behind the lines in allied industries and on transportation lines, the total number of men engaged by reason of the appropriation alone would possibly be three times the net number of 172,750 directly employed on the highway plus the additional 172,750 road workers alternating in staggered work, or a grand total of 691,000. Further assuming that an average family consists of three, more than 2,000,000 persons may be reached by reason of the $120,000,000 emergency appropriation.

In 1931 the emergency appropriation of $80,000,000 represented 7.7 per cent of the highway expenditures by the States and Federal Government. Assuming that the total highway expenditure for this year remains the same as the total of 1931, the sum of $120,000,000 would be 11.5 per cent of the total for 1932. Accordingly, highway activities would engage on regular work several times the emergency work number. On regular work staggered employment would not prevail to the same extent. The maximum number on State and Federal work in 1931, according to the Bureau of Public Roads statement—see Exhibit A—was in August, when 389,949 persons were employed. Of this number, 102,789 were then on emergency work, leaving 287,151 on regular Federal and State work. By partial staggering of employment and counting again the two men behind the lines, the number employed on regular and State work would probably be in excess of 1,000,000 persons.

However, a portion of the Federal funds would not have been available during 1931 except for the emergency funds which enabled the States to match the regular Federal funds. Therefore the emergency appropriation can be credited also with making employment possible for a portion of those on regular Federal and State work. This would be equally true this year. Frozen State bonds are primarily responsible for the inability of several of the States to match Federal funds. In normal times State bonds would sell at a premium. The emergency fund, then, is urgently needed at this time in the States so handicapped in order that they may proceed with their regular Federal-aid highway construction. Failure to obtain emergency funds will bring highway activity in these States practically to a standstill, adding many thousands of men to the army of the unemployed—men who to this date have been gainfully and usefully engaged in highway building as their life work.

County and local expenditures amount to approximately 60 per cent of the Federal and State totals; therefore at least an additional 60 per cent in number are added to the highway ranks by county and local highway activities.

Since their operations embrace more maintenance work, the number of persons employed is possibly larger even than the direct ratio. None of these figures include expenditures for street and highway work in cities where the annual expenditures are approximately another $1,000,000,000, providing employment in corresponding proportion.

State, cities, counties, and local units of Government all look to the Federal Government for leadership in the present crisis. Any curtailment of Federal funds may be interpreted by States, cities, counties, and other local units as a release from the obligation to maintain public-works programs on an enlarged scale. If Federal curtailment should occur, local units will likely follow the Federal leadership, precipitating a collapse of highway and street work. This must not occur. These operations are too deeply rooted as a useful and necessary part of our entire economic structure.

Finally, since it is conservatively estimated that 85 per cent of the average highway dollar goes to labor, the emergency appropriation for $120,000,000 would make available $102,000,000 as the wage earners' share. Approximately one-third of this amount would be distributed directly to the 335,500 emergency road workers; each of these would receive approximately $100 of the total. This is not a large amount, yet it is an amount equal to the average annual amount distributed per unemployed worker by direct relief agencies, estimated on basis of a statement for the first quarter of 1931, submitted to Congress by the Department of Commerce and appearing in CONGRESSIONAL RECORD on page 5429. See attached Exhibit D.

In addition, a large number of regular road workers would be assured of retention in useful work by the emergency funds; the importance of this is recognized when it is considered that a halt in growth of unemployment is the first step toward improvement.

In highway building there is no waste or extravagance. Needed public improvements are obtained while useful work is provided for willing workers.

In reporting this bill the Senate Committee on Post Offices and Post Roads, of which I have the honor to be the chairman, has quite properly considered the legislation as a nonpartisan measure, which will benefit the entire country, and I feel sure that the Senate will also consider the bill on that broad national basis.

Mr. President, I present for the RECORD extract of testimony showing use of emergency funds in Michigan in hearings before Post Offices and Post Roads—Senate bill 36—page 26:

"The CHAIRMAN (Mr. ODDIE). What is the effect of this legislation on the unemployment problem in your State?

"Mr. G. C. DILLMAN (State highway commissioner of Michigan). I might say that about the 20th of last October we put on a very extensive winter construction program, totaling $11,500,000 of work, which necessarily was confined to work to be done during the late fall and winter months, consisting of grading, widening, drain structures, bridges, some gravel surfacing, and the work was all either carried on through the highway department organization, through the county, or largely by contract, which, by the way, we will receive $2,000,000 of Federal aid out of $11,500,000 to spend, and each of those jobs was designed to take care of the maximum of labor, at the same time getting efficient work, the most we could for the money, and we are taking care of some 19,000 to 25,000 men during this period.

"We have set up a minimum wage of 35 cents per hour, and we have provided for half time—that is, men working three days a week, or every other week, in order to take care of more men than on the full-time basis.

"Michigan is one of the States that has a very serious unemployment condition, and we have found in the past two and a half months that this has worked out very successfully, and the State is contributing something in this highway work to the relief of the unemployed, at the same time relieving the counties, cities, villages, and townships of a very material amount in welfare work. I am citing that as an example of one of many States, which are carrying on highway work for the benefit of labor largely at this time.

"The CHAIRMAN. What are you doing at the present time, and what regulations do you have in reference to making the road program go as far as possible in meeting the human needs of the laborer?

"Mr. DILLMAN. We are establishing, as I said, the minimum wage and 8-hour day, one-half time for these men. We are specifying certain equipment that the contractor may use on the job, and that is specified. He knows that when he bids on the work, and we are trying to utilize the maximum amount of labor on the work, without cutting materially into the efficiency of handling the work, and we do know in putting on several million dollars of this work during November and December, also early in January, that the costs have been very little more than we had during the last half of the year 1931, when there were no regulations involving labor. * * *

"Senator HAYDEN. With respect to the emergency appropriation of $80,000,000 made by Congress in December, 1930, did the State of Michigan make good use of that additional money?

"Mr. DILLMAN. Yes; our portion of that was $2,500,000 and the money was all spent. We have already received that back from the Government, and we made very good use of it and feel the money was well spent. It was spent on construction of the Federal system, and, in addition to that, we have shown our interest in it by going much farther in putting up State money on the Federal system, and we have found the 1931 work, throughout the year, that for every $1,000,000 we are spending on State highway work, which includes grading, drainage, surfacing, bridges, paving—for every $1,000,000 from 2,500 to 3,000 men are employed during the contract."

Mr. President, I ask leave to have printed in the RECORD the tables and data to which I heve referred.

There being no objection, the tables and data were ordered to be printed in the RECORD, as follows:

EXHIBIT A

Employment on Federal and State highway work, 1931

(Taken from CONGRESSIONAL RECORD, House, p. 4859)

Month	Forest	Park	Federal aid			Total Federal	State		Grand total
			Regular	Emergency	Total		Construction	Maintenance	
January	228	107	25,944	5,000	30,944	31,279	48,621	68,700	148,600
February	548	172	26,867	10,000	36,867	37,587	53,787	80,186	171,560
March	1,278	172	28,068	25,334	53,402	54,852	58,701	91,334	204,887
April	2,663	350	39,683	54,864	94,547	97,560	72,212	93,732	263,504
May	3,808	1,002	39,518	82,387	121,905	126,715	89,764	94,452	310,931
June	4,722	2,168	40,223	107,402	147,625	154,515	101,275	107,692	363,482
July	6,617	2,625	40,299	115,167	155,466	164,708	112,638	108,003	385,349
August	6,219	2,895	39,506	102,798	142,304	151,418	121,172	117,359	389,949
September	6,048	3,189	42,203	64,660	106,863	116,100	123,404	117,113	356,617
October	5,183	2,842	41,423	39,421	80,844	88,869	116,752	124,483	330,104
November	3,550	2,054	35,534	21,328	56,862	62,466	103,198	124,687	290,351
December	1,193	920	25,973	7,905	33,878	35,991	74,543	134,437	244,971
Total man-months	42,057	18,496	425,241	636,266	1,061,507	1,122,060	1,076,067	1,262,178	3,460,305
Average	3,505	1,541	35,437	53,022	88,459	93,505	89,672	105,182	288,359

EXHIBIT B

Persons employed on State highway systems July 1, 1931, and ratio of employment to total population

(Taken from CONGRESSIONAL RECORD, House, p, 4860)

State	By States	By contractors	Total	Ratio
Alabama	1,660	2,166	3,826	691
Arizona	(1)			
Arkansas	3,286	3,414	6,700	276
California	4,265	3,466	7,731	734
Colorado	1,090	2,536	3,626	285
Connecticut	1,901	1,158	3,059	525
Delaware	325	605	930	256
Florida	(1)			
Georgia	3,372	4,630	8,002	363
Idaho	890	1,595	2,485	178
Illinois	5,435	6,500	11,935	639
Indiana	2,686	3,006	5,692	568
Iowa	1,895	6,850	8,745	282
Kansas	2,998	3,463	6,461	291
Kentucky	4,206	5,677	9,883	264
Louisiana	4,000	12,640	16,640	126
Maine	9,242	2,066	11,308	70
Maryland	2,086	2,847	4,933	331
Massachusetts	2,086	4,047	6,133	692
Michigan	2,422	7,313	9,735	497
Minnesota	3,111	6,455	9,566	268
Mississippi	1,240	2,300	3,540	568
Missouri	4,468	7,590	12,058	300
Montana	850	3,000	3,850	113
Nebraska	1,850	3,350	5,200	264
Nevada	396	639	1,035	87
New Hampshire	3,238	1,427	4,665	99
New Jersey	1,791	3,792	5,583	723
New Mexico	1,400	2,600	4,000	105
New York	6,033	14,078	20,111	501
North Carolina	4,000	2,500	6,500	487
North Dakota	1,120	2,500	3,620	160
Ohio	6,500	18,000	24,500	271
Oklahoma	2,675	2,670	5,345	448
Oregon	1,750	2,100	3,850	247
Pennsylvania	8,932	6,676	15,608	617
Rhode Island	302	850	1,152	596
South Carolina	1,452	3,937	5,389	322
South Dakota	675	1,150	1,825	379
Tennessee	1,801	933	2,734	957
Texas	5,700	8,750	14,450	403
Utah	2,073	985	3,058	166
Vermont	2,030	506	2,536	141
Virginia	3,000	2,600	5,600	432
Washington	2,069	2,295	4,364	358
West Virginia	2,798	4,415	7,213	239
Wisconsin	4,566	7,160	11,726	250
Wyoming	764	1,270	2,034	110
Total	130,429	188,507	318,936	369

[1] No report.
[2] Field force only.

NOTE.—This table does not include prison labor.

EXHIBIT C

Distribution of $1,000 paid for concrete highway, showing the approximate total amount which reaches labor in each of the eight successive steps

(Taken from hearings before the Committee on Post Offices and Post Roads, U. S. Senate, S. 36)

The contractor's distribution of this $1,000:	
Labor	$141.00
Aggregates	324.00
Cement	324.00
Steel	27.00
Equipment	100.00
Plant installation	27.00
Bonding, etc	22.00
Gross profit	35.00
Total	1,000.00
After distribution of mill and quarry items:	
Salaries and wages	302.70
Freight	406.70
Materials and supplies	17.15
Fuel	35.50
Interest	14.10
Taxes	24.10
Depreciation and repairs	131.15
Depletion	10.50
Profits	48.10
Miscellaneous	10.00
Total	1,000.00
After distribution of freight charges:	
Salaries and wages	477.70
Materials and supplies	57.55
Fuel	57.20
Interest	61.70
Taxes	49.70
Depreciation and repairs	184.65
After distribution of freight charges—Continued.	
Profit	$91.00
Depletion	10.50
Redistribution	10.00
Total	1,000.00
After distribution of fuel costs:	
Salaries and wages	516.00
Materials and supplies	64.20
Interest and rents	63.75
Taxes	51.40
Repairs and depreciation	188.75
Profit	91.00
Depletion	14.90
Redistribution	10.00
Total	1,000.00
After distribution of repairs and depreciation:	
Salaries and wages	572.60
Materials and supplies	170.80
Interest, rents, etc	65.65
Taxes	56.10
Depletion	14.90
Profit	109.95
Redistribution	10.00
Total	1,000.00
After distribution of cost of materials and supplies:	
Salaries and wages	730.25
Interest and rents	73.85
Taxes	39.50
Depletion	17.85
Profit	128.55
Redistribution	10.00
Total	1,000.00
After distribution of taxes and $10 for "redistribution" has been redistributed:	
Salaries and wages	770.85
Interest and rents	81.25
Profits	129.85
Reserve for depletion	18.05
Total	1,000.00
After distribution of profits, interests, rents, and depletion:	
Salaries and wages	910.00
Expended by owners	90.00
Total	1,000.00

EXHIBIT D

(Taken from CONGRESSIONAL RECORD, Senate, No. 67, p. 5429)

	United States	12 States with greatest unemployment	12 States with least unemployment
Population, April, 1930	122,775,046	59,441,377	22,405,630
Gainfully occupied, 1930	48,832,589	24,707,677	8,494,263
Unemployed (classes A and B)	3,187,647	2,066,928	263,505
Per cent unemployed	6.5	8.4	3.1
Relief expenditures, estimated (first quarter, 1931)	$80,297,562	$56,290,797	$6,321,399
Relief expenditures per capita (first quarter, 1931)	$0.65	$0.95	$0.28
Relief expenditures per unemployed worker (classes A and B)	$25.19	$27.23	$23.99

Mr. ODDIE. Mr. President, the Senate has just passed the emergency relief measure. We have given out to the country the impression that we have done something which will relieve unemployment on a large scale and help to bring back normal conditions and normal times again and relieve distress. I do not want to hear any more of this pessimistic talk about the continuation of these hard times. We have had enough gloom and depression. Let us do away with these pessimistic statements and say that we have accomplished this great piece of legislation which will give hope and encouragement to the American people and that we have not worked in vain; that we have not done an idle thing or made an idle gesture.

I, for one, believe that we have done something which will mean the turning point in our present history. It will mean the end of our depression and suffering and a return to normal times.

Mr. President, let us all get back of this legislation and give hope and encouragement to the American people and

to American industry and do away with these pessimistic and discouraging thoughts that have done such great harm.

I hope that those who disagree with me will study the statistics, and if so I know they will come to a different conclusion.

LEGISLATIVE APPROPRIATIONS—CONFERENCE REPORT

The Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate (Nos. 46–168, both inclusive) to the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

SEVERAL SENATORS addressed the Chair.

Mr. LA FOLLETTE. Mr. President, I hope the Senator from Washington is going to explain the conference report before it is voted on.

Mr. JONES. Mr. President, I desire to make a brief statement with reference to the conference report.

As the Senate knows, we sent the bill to conference first covering the legislative items in the bill. A report was made, and that was agreed to. Then conferees were appointed upon the second part of the bill, which contained the provisions in the interest of economy.

The conferees met. The House appointed new conferees for the purpose of considering the economy items. The first amendment is No. 46. For that amendment the Senate substituted what is known as the furlough plan. The matter went to conference in that condition.

The conferees disagreed on that item. We agreed upon all the other amendments placed in the bill by the Senate. So the conference report now involves the acceptance of the agreement that was made with reference to these various items, and the disagreement with reference to amendment No. 46.

After the conference report is acted upon, if it shall be agreed to, then will come up the question that the House proposes with reference to amendment No. 46. They agreed to that amendment with an amendment that they suggest.

As to the other items that went to conference, the conferees reached a full agreement. Some of them were agreed to with amendments.

I suppose the Senate desires to hear only about some of the principal ones of those amendments.

One amendment that has caused a good deal of trouble to the Senators, probably, is No. 67, which relates to married people in the departments.

The Senate will remember that when the matter came before the Senate an amendment was made referring only to those that come into the departments hereafter. It did not seek to interfere with married people already in the service. When it went to conference, the Senate conferees had to recede from their amendment. I want to say—I think I have a right to say—that personally I have been in favor of not having this amendment affect the married people who are now in the departments. I am not going into the reasons for it, but that was my position until the end.

Mr. REED. Mr. President, what is the number of the amendment relating to married people?

Mr. JONES. That is amendment numbered 67.

Mr. SHORTRIDGE. Where is it found—on what page?

Mr. JONES. On page 64 of the bill.

Suffice it to say that after we had conferred in regard to that amendment, the rule was complied with that led to recession by the Senate from its amendment. As I say, I did not agree to that; but, as everybody knows, a conference report involves compromises. We had 60 or 70 amendments that we had to harmonize and settle in this matter—even more than that—and so the conference report recommended recession from that amendment on the part of the Senate. So the item as proposed relates to married people now in the service as well as those who may come in hereafter.

I desire to say that, in my judgment, that authority is not likely to be exercised very often. I hope there will be very few instances when it will have to be applied. I hope there will be very few times when any of those now in the service, whether the man or his wife, will be put out of the service. There may be, of course, some instances where that will happen; but that was one of the agreements finally made by the conferees.

I will take up the amendments in the order in which they appear in the report of the conferees.

There is the amendment with reference to compulsory retirement for age. There was considerable controversy in regard to that. There was very serious question as to whether or not we should require retirement when a man reaches the age that we have fixed for retirement. There was a controversy over the question as to whether or not there should be any extension of time. It was recognized that in some instances in connection with the Government service it is probably very important that we should retain men who are in the service, at least for a while. It probably is not necessary for me to mention any of those. We finally agreed upon their all going out when they reach the age of retirement; but we then made a provision which I think I can explain best by simply reading the agreement:

Provided, That the President may, by Executive order, exempt from the provisions of this section any person when, in his judgment, the public interest so requires.

Under that authority the President can retain those who are considered especially important and necessary for retention.

Then there was considerable controversy with reference to night employment. That is dealt with on page 3 of our report. We made a compromise with reference to that matter. The conferees agreed that there should be no pay for ordinary overtime night work; that if a man worked through the day, and then worked one hour or two hours' overtime, he should draw his regular pay. It is recognized, however, that some of these employees work regularly at night work. That is their regular employment. They are now getting, I think, about 15 per cent advantage over the pay for day work. We have compromised that as follows:

Wherever by or under authority of law compensation for night work (other than overtime) is at a higher rate than for day work, such differential shall be reduced by one-half.

In other words, where they get 15 per cent more now for overtime work, hereafter they will get only 7½ per cent for overtime.

Mr. LA FOLLETTE. Mr. President, it was my understanding that it is 10 per cent, not 15. That certainly is true of the postal employees.

Mr. JONES. If it is 10 per cent, then they will get 5 per cent under this provision. In other words, we divided that in half.

Mr. SHORTRIDGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from California?

Mr. JONES. I do.

Mr. SHORTRIDGE. Will the Senator permit me to make this observation:

I hold in my hand a letter addressed to me by the secretary-treasurer of the National Federation of Post Office Clerks, Mr. Thomas R. Flaherty. He expresses his disapproval of one item of the report and in effect regrets that the Senate conferees were obliged to recede from the action taken by the Senate as to compensation for night work.

I join in that regret. I had something to say on the subject when the bill was before the Senate. I am satisfied, however, that the Senate conferees earnestly urged the views of the Senate as expressed in the bill when it passed this body.

Mr. JONES. We did.

Mr. SHORTRIDGE. I do not doubt for one moment that the conferees appointed to speak for the Senate performed their duty earnestly, and did so in this instance, and hence the compromise was reached.

I can do no more than express my regret that they were obliged to recede from the Senate's position as to night work. It would be idle, I think, to oppose the adoption of the con-

ference report, and any effort to amend the report as it relates to this item would be futile.

Instead of reading and taking the time of the Senate, I request to have considered as read the letter addressed to me by the gentleman named, Mr. Flaherty. If my request is granted, I shall not further detain or trespass on the attention of the Senate.

Mr. President, my immediate request is that the letter addressed to me by Mr. Flaherty be printed in the RECORD as in a sense a part of my remarks, for I agree with him. In view of the facts he calls to our attention, it is much to be regretted that the Senate conferees were obliged to recede from the position we took in respect to the pay for night work of our faithful and efficient postal employees.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL FEDERATION OF POST OFFICE CLERKS,
Washington, D. C., June 22, 1932.

Hon. SAMUEL M. SHORTRIDGE,
United States Senate, Washington, D. C.

DEAR SENATOR SHORTRIDGE: Permit me to advise that the amendment in the economy bill relating to night work, in which you have been interested, has been amended in conference in an unsatisfactory manner. The conferees receded from the Senate amendment, which restored the pay differential, and agreed to an amendment reducing it one-half—or from 10 to 5 per cent in the Postal Service. This is covered in Senate amendment 61 in the conference report.

You will recall that the House originally eliminated the night-work pay differential entirely. The Senate restored it. The Senate amendment, therefore, was satisfactory and should now be insisted upon. This can be accomplished by striking from the conference report paragraph 2, reading: "Wherever by or under authority of law compensation for night work (other than overtime) is at a higher rate than for day work, such differential shall be reduced by one-half."

There are approximately 50,000 postal employees assigned to night duties. Thirty thousand of this number are in post offices, while the remainder are in the Railway Mail Service. Post-office night workers earn approximately $2,100 annually, including their night-work pay differential, and it is therefore discriminatory against this relatively low-wage group to require them to take a payless furlough and also a pay cut of 5 per cent.

I trust you will endeavor to have this portion of the conference report amended.

Very sincerely yours,

THOS. F. FLAHERTY,
Secretary-Treasurer.

Mr. FLETCHER. Mr. President, I was called out of the Chamber for a moment, and I am not certain that this bill carries the provision with reference to married people. Is that in the conference bill?

Mr. JONES. Yes. I just explained that.

Mr. FLETCHER. I did not hear the explanation. I wondered just what had been done about it.

Mr. JONES. That matter, of course, was in controversy. As the Senator knows, the Senate provided that that should apply only to appointments hereafter made, that it should not affect those already in the service. The conferees gave the matter very careful consideration—we had quite a controversy over the matter—and, according to the rules of the conference, a sufficient number voting to restore the language of the House, which the Senate had stricken out, it applies now to those who are in the service.

As I said, I hope it will not be exercised very often, and I hope the conditions will be such that it may not be necessary. But the conferees came to the conclusion that it should apply to those in the service, as well as those who may hereafter come into the service.

Mr. REED. Mr. President, was no change made in the language of the House in that section?

Mr. JONES. As to married people?

Mr. REED. Yes.

Mr. JONES. No; that was restored to the House language.

Mr. REED. Was the attention of the conferees called to the fact that it applies only to married persons "living with husband or wife"? If they separate, it will not be applicable.

Mr. JONES. I do not think the language is quite that broad.

Mr. REED. That is the way I read it, "married persons living with husband or wife shall be dismissed," and so on. In other words, if they break up the family, this does not apply to them.

Mr. JONES. I rather think it would apply.

Mr. REED. What else can it mean, I ask the Senator?

Mr. LA FOLLETTE. Mr. President, if the Senator from Washington will yield, I think the Senator from Pennsylvania is absolutely correct about it, because some people have called at my office saying that they are receiving very low salaries, and that it would be impossible for them to exist if one of them is dismissed, and that they will be forced to separate.

Mr. REED. In other words, in the name of economy, we are breaking up families.

Mr. LA FOLLETTE. Exactly.

Mr. JONES. Of course, I can see the possibility of that occurring, but I do not think it will. As I have said, however, I realize the situation. Personally, I am not for the provision; but this is a conference report. Everybody can not agree personally on every difference. There must be concessions made. So I am presenting this report because it is the report of the conferees, in accordance with the rules of conferences. They do not require that there must be a unanimous agreement.

Mr. WALCOTT. Mr. President, will the Senator yield?

Mr. JONES. I yield.

Mr. WALCOTT. I simply want to say, with reference to the point made by the Senator from Pennsylvania and the Senator from Wisconsin, that I have in my office the record of three couples who have testified positively that in order to retain their jobs under this new ruling of the conferees they would have to separate, wife and husband. I know of three cases of that kind specifically. That is the result of leaving that provision in.

I have given this matter considerable thought, and I can not escape the conclusion that it is actually forcing the separation of several couples who have children to support. One woman tells me that she can not go on with the education of her children if only one of the parents is working. In order to get enough income the two must work, and in order to work the wife must leave her husband in order to educate her children.

Mr. JONES. I am not going to argue that proposition with the Senator. That is the situation that confronted us, and the question is whether the Senate is going to reject the conference report because of one difference.

Mr. REED. Mr. President, will the Senator yield?

Mr. JONES. I yield.

Mr. REED. I can think of still another action of the conferees which seems to me to be almost unexplainable, and that is the action on the amendment No. 62½, found on page 64, where apparently the Senate conferees have yielded without any effort to protect the people whom the Senate, by a practically unanimous vote, desired to take care of, and whom the House evidently overlooked. I refer to those retired officers who, in the effort to piece out their earnings so as to get as much as they were receiving before retirement, are doing double duty.

The conferees have absolutely cut them down, so that if their civilian pay amounts to as much as $3,000, they do not get a penny of retired pay.

Mr. JONES. They elect which pay they will take.

Mr. REED. Yes.

Mr. JONES. The House conferees were very determined about that.

Mr. REED. I can scarcely believe that the House conferees could have had their attention called to the injustice of that provision.

Mr. JONES. They certainly had. They considered it, and they were very determined in the matter. That was one of the things that was brought up along toward the close of the conference, just before it was concluded.

Mr. REED. If I vote against the conference report, it is not because of one thing, it is because of at least two things.

Mr. JONES. If we take that out of the conference report, we probably will have no agreement.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. JONES. I yield.

Mr. COPELAND. I want to add a word, not alone about the married persons' provision, but I find a great many oversights in this bill. For instance, relating to the Coast Guard and the Public Health Service, it is anything but clear.

Mr. JONES. To what page is the Senator referring?

Mr. COPELAND. To page 66. In the passage of the pay act of June 10, 1922, Congress indicated what had all along been its contention, that the pay and allowances of the six commissioned services of the Federal Government—the Army, the Navy, the Marine Corps, the Coast Guard, the Coast and Geodetic Survey, and the Public Health Service——

Mr. JONES. Those, I think, are all covered by amendment numbered 46, which was in disagreement and is now in disagreement but subject to a proposal by the House which will be considered after the conference report is disposed of.

Mr. COPELAND. What the Senator means is that that matter is not settled?

Mr. JONES. That matter is not settled.

Mr. COPELAND. Let me ask about some other matters. There are automatic reductions due to the falling receipts which apply to postmasters and supervisors. That is true, is it not? In the economy bill what is going to happen if these automatic reductions bring the salaries below 91⅔ per cent of the 1931 salaries? Is there to be a still further reduction in the salaries of those persons who are automatically affected by the falling receipts?

Mr. JONES. That is a part of amendment numbered 46.

Mr. COPELAND. Which is not yet settled?

Mr. JONES. That is not yet settled.

Mr. COPELAND. Let me ask another question. Do these employees get annual leave if they are exempt from the furlough and get the salary reduction? For instance, do rural carriers get their annual leave, or do they get the 8.3 per cent reduction and lose their vacations?

Mr. JONES. That is all covered in amendment numbered 46. That will come with the proposal of the House.

Mr. COPELAND. Do employees lose their annual leave earned up to July 1 if they have not taken it?

Mr. JONES. I suppose they will. We have dealt only with 1933, and after that.

Mr. COPELAND. One last word. So far as I am concerned, I spoke strongly in the committee, and do now, against this provision relating to married couples in the public service.

Mr. JONES. The Senator probably knows I was with him.

Mr. COPELAND. I know that.

Mr. JONES. Nevertheless, we have our conference report.

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. JONES. I yield.

Mr. BROOKHART. I would like to ask the Senator about amendment No. 69, on page 65 of the bill, referred to at the bottom of page 3 and running on to page 4 of the report.

Mr. JONES. Let me read what the conferees agreed to with reference to that.

Mr. BROOKHART. Very well.

Mr. JONES. This was the provision agreed on:

Hereafter no civilian officer or employee of the Government who receives annual leave with pay shall be granted annual leave of absence with pay in excess of 15 days in any one year, excluding Sundays and legal holidays.

Mr. BROOKHART. That is as far as the Senator need go, because the proposition I want to make is covered in that portion of it.

In the bill as it passed the House there was no reference whatever to this subject, was there?

Mr. JONES. I do not remember now. This was the final agreement made.

Mr. BROOKHART. On page 65 of the bill it is shown that it was a Senate amendment.

Mr. JONES. It was a Senate amendment.

Mr. BROOKHART. The Senate amendment applied only to employees of the Government who received both annual and sick leave with pay, whereas the "both" and the "sick" were stricken out, and as agreed to by the conference, it applies to all.

Mr. JONES. There is special provision with reference to sick leave. If the Senator will note, it is provided:

Provided further, That nothing herein shall be construed as affecting the period during which pay may be allowed under existing laws for so-called sick leave of absence.

Mr. BROOKHART. But that proposition is not involved in the one I am presenting to the Senator. Here is the case. The employees at Navy yards, arsenals, Government Printing Office, and the Bureau of Engraving and Printing have no sick leave under the old law. They have just the straight 30-day leave and no more. In the amendment of the Senate on page 65 the employees of those institutions were not included and not affected in any way, because the words "both" and "sick" were used in the amendment, and in order to affect anybody in the Federal service they had to have both annual and sick leave. These classes did not have both. They had only annual leave. The conference committee has enlarged that, and instead of applying it only to those who had both annual and sick leave, in the report on page 4 the conferees make it apply to all civilian officers or employees of the Government, whether or not they had sick leave. Has not the conference exceeded its authority and added something that was in neither the Senate bill nor the House bill?

Mr. JONES. I do not think so. I think they are both covered, and I think it was the intention of the amendment of the Senate to refer in a general way both to annual leave and sick leave. I do not think it meant that it applied only to the individual who had both annual and sick leave, myself.

Mr. BROOKHART. That is what it says plainly.

Mr. JONES. I do not think it does. That is where we disagree.

Mr. BROOKHART. Why was it necessary to change it, then?

Mr. JONES. We changed it to make it plain that the regular annual leave was made 15 days and the sick leave, whatever that might be, 30 days or 15 days, would not be affected.

Mr. BROOKHART. Why should the Senate have left out these classes of employees I mention? Under the law they get no sick leave, and will get none under this conference report, whereas all other employees get their sick leave all right.

Mr. JONES. We do not intend to give any new sick leave.

Mr. BROOKHART. But these have left now only 15 days' leave and no sick leave at all.

Mr. JONES. I can not agree with the Senator. The provision applies to the 15-day men as well as everybody else.

Mr. BROOKHART. That is the trouble. The classes I have mentioned have no sick leave at all under the existing law.

Mr. JONES. We did not intend to give them any, then.

Mr. BROOKHART. But they have been cut down to 15 days on their annual leave, whereas the others have 15 days annual leave and 30 days sick leave.

Mr. JONES. The annual leave is treated by itself and sick leave by itself. If a man did not have any sick leave, we did not extend it. If he had annual leave, we cut that down.

Mr. NYE. Mr. President, it seems to me we are laboring under a false impression when we conclude, as the Senator from Washington has concluded, that the Senate took no specific action upon that point. The Senate did by reason of an amendment offered by the Senator from Maine [Mr. HALE]. He offered a specific amendment to prevent that injustice, so called, to the workers in the navy yards.

Mr. JONES. What was that amendment? I do not remember it. The leave does not apply during the year 1933 to those who have the furlough.

Mr. BROOKHART. Let us get back to the text of the Senate amendment, which is all we have to start with before the conference. On page 65, section 213, it was provided:

Hereafter no civilian officer or employee of the Government who receives both annual and sick leave with pay shall be granted leave of absence with pay in excess of 15 days, excluding Sundays and legal holidays.

It seems to me that plainly applies only to those classes who receive both annual and sick leave, and does not apply to the class that receives no sick leave. They are not included at all. Then the conference struck out "both" and "sick," and thereby included everybody, and it seems to me it is clear that the conference exceeded its authority and put new matter in the bill and included a class of employees that had been left out before.

Mr. JONES. I can not agree with the Senator.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from New York?

Mr. JONES. I yield.

Mr. COPELAND. If in line 6, page 66, after the word "States," there were inserted the words "or to officers whose pay and allowances are fixed by the act of June 10, 1922 (ch. 212, 42 Stat. 685)," the matter the Senator has in mind I think would be corrected.

Mr. BROOKHART. Yes; but that is not in the bill.

Mr. COPELAND. No. That is what ought to be there.

Mr. BROOKHART. Perhaps the Senator is right. At any rate, if the text had been left as it was written by the Senate, I think there would have been no argument or trouble about it. But the conferees have struck out words that clearly put in the navy yards, arsenals, Government Printing Office, and Bureau of Engraving and Printing, that were not in there before. It seems to me that is clearly exceeding their authority. There was no provision in the House text covering those services, and they are excluded in the Senate amendment that was adopted. How could the conferees have authority to turn around and put them in when neither House included them before?

Mr. JONES. I have tried to explain my position. I can not agree with the Senator. The Senator has tried to explain his position. I do not think the matter is subject to a point of order.

Mr. COPELAND. Mr. President, I ask that the proposed amendment and a statement regarding it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Amend House amendment No. 69, page 66, line 6, after the words "United States," by inserting "or to officers whose pay and allowances are fixed by the act of June 10, 1922 (ch. 212, 42 Stat. 625)."

In the passage of the pay act of June 10, 1922, Congress indicated what had long been its intention, that the pay and allowances of the six commissioned services of the Federal Government, the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and the Public Health Service should be made one and the same. This action for equality between these services was primarily based on the desire of Congress to iron out any differences between these services so that a career in any one of them would offer the same emoluments.

The use of the term "civilian officers" in the first line of this amendment begins the driving of a wedge between those services in this group of commissioned officers who are civilian and those who are military, with regard to leave.

In addition, the original paragraph of this act which relates to leave, has been amended from time to time to exclude certain civilian officers and employees of the Foreign Service and the Panama Canal service.

These distinctions and differences are most unfortunate, first, because they have a tendency to upset the equality in these services with reference to a career, and secondly, because they establish no reasonable basis for such differences.

The educational requirements for entrance to any of these six commissioned services are the same, except possibly as a matter of expenses. Civilian officers bear the expense of their education themselves; military do not.

Certainly the hazard of occupation and difficulties because of absence from the United States are much the same. The hazard of the sea is the same for the Navy, Marine Corps, Coast Guard, and Coast and Geodetic Survey services. Civilian and military status makes no difference. To me, as a physician, the hazard of the officers of the Public Health Service, both at home and abroad, in their studies and control of dangerous diseases such as plague, yellow fever, typhus fever, and the like, is deserving of the same recognition as officers in the Medical Corps of the Army and Navy.

It is my sincere hope that the equalities which have been established in the pay, allowances, and leave for the six commissioned services shall not be interfered with.

Mr. JONES. The provision may not bear the construction which has been placed upon it by the Senator from Iowa. There is a difference of opinion with reference to the construction of the language.

Mr. BROOKHART. At some time I shall desire to make the point of order and raise the question.

Mr. JONES. Is there any other question? There are a number of items that were agreed to by the Senate. With reference to the public-works proposition, that was a very important item. The conferees left that out. We could not include it in the special provision that we made in regard to giving the President special authority with reference to certain lines of activity. We were not able to include public works, and having to leave that out we decided to leave out the provision for forming a general organization for public works, leaving that for the President to work out and submit to Congress at a later time.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Kentucky?

Mr. JONES. I yield.

Mr. LOGAN. I notice in the conference report that the Senate receded from a provision where it was provided by the Senate that the amount of the cut should be impounded and should be used for no purpose except salaries. The House provided, and the conferees seem to have agreed, that the amount of the cut shall be impounded and covered into the Treasury of the United States.

Mr. JONES. That is in section 46.

Mr. LOGAN. Now, we come along in the appropriation bill and we make a cut in the appropriation to the amount of the cut in salaries. It seems to me that is a double cut.

Mr. JONES. The appropriation bills have nothing to do with this bill and this bill has nothing to do with the appropriation bills. There may be a cut, so far as a bureau is concerned, but it is not a cut in salary.

Mr. LOGAN. I wanted to understand that thoroughly. Suppose the 8⅓ per cent cut should amount to $300,000. In the economy bill we take that out and cover it back into the Treasury. Suppose in the appropriation bill for the same bureau we reduce the appropriation $300,000, then, do we not have $600,000 taken off?

Mr. JONES. Not from the individual salaries.

Mr. LOGAN. But if we reduce the appropriation and they have no money to pay salaries, then it is taking it twice.

Mr. JONES. Then they have to be furloughed.

Mr. BRATTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from New Mexico?

Mr. JONES. I yield.

Mr. BRATTON. I do not understand that there is a double cut in the manner suggested by the Senator from Kentucky. To illustrate, let us say the pay roll of the Bureau of Mines is $1,000,000, and under this bill the salaries are reduced, $200,000; that is to say, by furlough and by the 8⅓ per cent and 10 per cent cut, the combination provided, that reduction is effected. Theoretically we will appropriate $800,000 in the annual appropriation bill. By the economy bill the salary reduction is $200,000. In the appropriation bill the money actually appropriated is $200,000 less. Therefore the wage-scale reduction and the amount appropriated meet at the common point of $800,000. There is no double cut. There is a single cut of $200,000 provided in the economy bill and a reduction of that amount in the appropriation bill.

In case Congress by a miscalculation or oversight should fail to appropriate enough money to meet at that $800,000 point, there are two ways to meet the situation. One would be by the operation of the 12 per cent interchangeable pro-

vision. The other would be to furlough the employees sufficiently to overcome the shortage in appropriations.

Mr. SMOOT. But in no case less than the law provides for in the reduction of $200,000.

Mr. BRATTON. That is correct.

Mr. LOGAN. I accept the assurance of the distinguished Senators.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Wisconsin?

Mr. JONES. I yield.

Mr. LA FOLLETTE. My understanding is if the cut has been deep enough in the appropriation bill, the Senator from Kentucky is absolutely right. There will not be any means other than to require the employee to take a double furlough, a two months' furlough instead of the one month contemplated in the economy bill. Of course, if enough has been allowed in the appropriation so the adjustment can be made under it, then there are two alternatives, as suggested by the Senator from New Mexico. But may I say to the Senator from Kentucky that there are bureaus in the Government which have been cut so severely that it is my information that employees in those bureaus will be required to take two months' furlough instead of the one contemplated by the bill.

Mr. JONES. It is not a two months' furlough in place of the one month furlough that is contemplated in this bill.

Mr. LA FOLLETTE. The effect on the employee is the same. The Senator can say that the two things are separated, but in so far as their impact on the human beings is concerned, they must be considered jointly.

Mr. JONES. I appreciate that. Some of the employees, with whom I sympathize just as deeply as does the Senator from Wisconsin, may be furloughed three or four months, but that depends on our appropriations. If we cut our appropriations away down, of course, some of them may have to go out two months or three months or four months or even a longer time.

Mr. BRATTON. The chairman of the committee has addressed himself to the point I had in mind. If there is any injustice such as the Senator from Wisconsin points out it is not caused by the furlough system. It is caused by the failure to appropriate enough money, and if we fail to appropriate the money the employees will not get it, furlough or no furlough.

Mr. LA FOLLETTE. I am intelligent enough to understand that, but the same Senators who recommended and handled the appropriation bills are now handling the economy bill, and they can not escape responsibility for the effect of the discrimination upon the various departments and bureaus of the Government.

Mr. BRATTON. That brings forward the question of economy. If the Senator from Wisconsin does not want economy he should move to appropriate more money, but not complain that this bill brings about the situation which he describes.

Mr. LA FOLLETTE. Yes; I will complain.

Mr. BRATTON. It is without substance if the Senator does.

Mr. LA FOLLETTE. The Senator can put his own construction on it.

Mr. BRATTON. I shall do so.

Mr. LA FOLLETTE. But when there was an opportunity to make a real cut here in one of the appropriation bills the Senator from New Mexico lost his ardor for economy, namely, when we were considering the Navy Department appropriation bill.

Mr. BRATTON. I wish that was the only mistake I have committed. The Senator from Wisconsin is more responsible for the confusion that is now found in this bill than any other Member of this body by his advocacy of the furlough plan.

Mr. LA FOLLETTE. Oh, no; the Senator can not escape responsibility for this conference report.

Mr. BRATTON. I am not trying to do so. I did the best I could with the material the Senator from Wiscosin and those who collaborated with him gave us.

Mr. LA FOLLETTE. I disagree with the Senator about that. If the friends of this bill had approached this problem from a sympathetic point of view and had been willing to resist the drive to have Congress adjourn in order that they might attend the Democratic convention, they could have ironed out many of the inequalities and injustices which they have incorporated in this report.

Mr. JONES. Mr. President, I hope the Senator from Wisconsin does not class me in that category. [Laughter.]

Mr. BRATTON. Mr. President, if I may be permitted a moment, I should like to say that, however sharply the Senator from Wisconsin and I differ—and we do differ sharply and frequently—it will always be in warm friendship on my part.

Mr. LOGAN. Mr. President, may I ask the Senator a question?

Mr. JONES. Mr. President, I yield to the Senator from Kentucky.

Mr. LOGAN. Mr. President, I should like to know what was the reason for providing that the money saved by these cuts should be impounded and turned back into the Treasury, when it will never be out of the Treasury if we do not appropriate it? How is it going to be impounded and turned back into the Treasury when it has never been taken out, and when there has never been any appropriation made? What is the reason for that provision, that it shall be impounded and returned to the Treasury?

Mr. JONES. The money is appropriated for salaries and all that sort of thing——

Mr. LOGAN. Not in this bill.

Mr. JONES. Not in this bill but in all the other appropriation bills.

Mr. LOGAN. The other appropriation bills cut down the expenditures to the amount by which the salaries have been reduced. So the appropriations have been reduced that much, but now we provide for this cut and say that the money shall be paid back into the Treasury.

Mr. JONES. The other appropriation bills appropriate money for the salaries of Government employees. When an employee is out 30 days without pay, that part of the money appropriated for his salary is impounded and is put back into the Treasury; and if he stays out two or three months, then that part is impounded and put back into the Treasury; but it is all appropriated.

Mr. LOGAN. Then, if I understand the Senator from Washington, who is also chairman of the Appropriations Committee, there ought not to be any reduction in the appropriations because of the cuts in the salaries for this bill takes care of that and provides that the money shall be covered back into the Treasury?

Mr. JONES. That is the very reason why we provide that it shall go back into the Treasury. There would not be any saving otherwise; and we can not tell beforehand how much will be impounded, how much will be saved by furloughs, and so forth.

Mr. BYRNES. Mr. President, will the Senator from Washington yield to me?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from South Carolina?

Mr. JONES. I yield.

Mr. BYRNES. Mr. President, I will say to the Senator from Kentucky, by way of illustration, that if for the office of the Secretary of the Interior a hundred thousand dollars was appropriated last year, and this year in the appropriation bill which has passed the Congress there was a reduction of 10 per cent, then the amount appropriated for the personnel of that office was $90,000. That meant a saving of $10,000 upon the face of the appropriation bill.

If the Secretary had in his office last year 100 employees who drew $1,000 each a year and under the language of this bill he must furlough them for 30 days without pay, they will not draw $1,000 this year but will draw $1,000 less the 8⅓ per cent, and with the $90,000 which is carried in the regular appropriation bill, when he pays them only for 11 months he pays them only $916 apiece instead of $1,000, but will carry on the roll the 100 employees he had last year, and will have to get rid of only the difference between 8⅓

per cent and 10 per cent. In other words, he will lack some $1,600 of having just the same situation, because he will not pay the employees $1,000 a year; he will pay them $1,000 less 8⅓ per cent. So the Senator is correct, that as to that office there will be nothing to be covered back into the Treasury.

However, if in a given office for which $100,000 were appropriated last year and $100,000 are appropriated this year when the employees are furloughed for a month each, there will be a net saving in that office, and the money must be covered back into the Treasury. The bill as reported by the Economy Committee contained a provision that that money should be available for the payment of salaries, and so, instead of covering it back into the Treasury, it would have been available for the payment of salaries of other employees in the department in order to keep them from being dismissed. Therefore, wherever in the bills that have been passed the same amount has been appropriated as was appropriated last year the amount will be covered back into the Treasury, but wherever there has been a 10 per cent reduction there will be no saving at all because it is a duplication, as the Senator says.

Mr. LOGAN. Mr. President, I understand the explanation, but I can not understand how it is if we cut a $100,000 appropriation to $90,000, which is a reduction of $10,000, that is not the only reduction that is necessary in order to take care of the cuts in salaries. If, after having done that, we go ahead and furlough and provide that the amount saved by the furlough shall be taken out of the reduced appropriation, we cut it down 8⅓ per cent less than the 90 per cent.

Mr. BYRNES. I will say to the Senator that when we appropriate $90,000, in the illustration given, for the office of the Secretary of the Interior, leaving out of consideration this bill, when the Secretary of the Interior receives $90,000 to pay his hundred employees, instead of receiving $100,000, he then has to get rid of employees totaling $10,000, does he not?

Mr. LOGAN. Yes; that is correct.

Mr. BYRNES. Now, when this measure takes effect and the 100 employees are furloughed for 30 days, they will not receive a thousand dollars a year; they will receive only nine hundred and some odd dollars a year, and there will not be the necessity of getting rid of them; but there is no saving by reason of this particular bill unless the amount carried in a specific appropriation bill for personnel is the same as that carried last year.

Mr. LOGAN. I sort of understand it, but not very well.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. McKELLAR. Mr. President, I am going to vote for the conference report on the so-called economy bill because of the reduction of expenditures as therein provided, but there are several things in the bill of which I do not approve. I do not approve of the furlough plan carried in the bill. I do not approve of those provisions governing the dismissal of married women and those over age and night employment. To my mind the furlough plan is unfair and unjust. It opens the door to all kinds of favoritism. I think the debate here to-day has shown how unjust and unfair it is, and as we go along it will be found even more unjust. It is very unjust and unfair to the rural carriers and to many other groups under the Government. Of course, I realize that a reduction of salaries is imperative, but from the beginning I took the position that all the employees of the Government should be treated alike. There was but one way to do this, and that was to reduce by an even and uniform percentage. However, even with its objectionable features, the bill should become a law. I regret that we can not correct its injustices here, but the bill is too important, it is too necessary to the Government for us to vote down the conference report, and I do not think it ought to be voted down.

Of course, Mr. President, every informed person knows that this furlough plan was and is merely a political proposal of President Hoover's; that is all there is about that. During the past few months Mr. Hoover has cried aloud for economy in government. He talked about it incessantly, but did nothing to bring it about, and when the Senate undertook, under a motion made by me, to reduce expenditures of government, he and his entire Cabinet combined to defeat every effort to make reductions in expenditures, and they succeeded for quite a while.

As Senators know, during the entire session, beginning December last, I have made very strenuous efforts to bring about a reduction in Federal expenditures all along the line. When the Agricultural bill came up—and it was the first appropriation bill to be considered—I moved to strike out 29 useless bureaus. I gave the reasons in full, but when a vote came I failed to abolish a single bureau. The Senate voted down every amendment. I finally secured some reduction, it is true, but all such reductions did not aggregate a million dollars.

Then, as Senators know, I offered the 10 per cent aggregate reduction plan. With this plan I first had better luck. In the case of the Interior Department bill and in the case of the State, Labor, Commerce, and Justice bill, my motion was adopted and passed and I secured a reduction of 10 per cent, and these reductions have been enacted into law.

Then came the Post Office and Treasury bill, aggregating nearly a billion dollars. After a hard fight my motion was adopted and the Senate referred that bill back to the committee with instructions to cut the bill 10 per cent. The whole administration then got busy to defeat that reduction. Hearings were stopped before the subcommittee and the subcommittee held no meetings for several weeks. The Postmaster General and the Secretary of the Treasury roared against any reductions at all. In order to bring about opposition to the reductions, they announced that they would have to cut off 6,000 employees in the Treasury Department and some 50,000 employees in the Post Office Department. Of course, they were without authority to discharge employees except for cause, but that made no matter to them, and thereupon they began to send out propaganda all over the country against the reduction, claiming that they would have to discharge employees. The Post Office bill carried subsidies amounting to over $60,000,000 that ought to have been cut out. Subsidies to the aircraft companies and subsidies to the shipping companies, and twenty-five million to the magazine companies, all of which could have been cut out. The Treasury bill carried $108,000,000 for public buildings, when the Treasury, under high pressure this fiscal year has expended only $82,500,000. Here $25,000,000 more could have been saved, the four items amounting to more than a 10 per cent cut in the entire bill of nearly a billion dollars, without cutting any employee, and yet the bill as reported makes only a 4 per cent cut, and that almost entirely due to a reduction in salaries.

The subsidies were left absolutely intact. Oh, yes, Mr. President, they are perfectly willing to cut the salaries of employees, but when it comes to reducing even a single subsidy of all the $60,000,000 that are paid to great interests not a dollar was reduced. The Post Office and Treasury Department appropriation bill has been reported to this body and will come up to-morrow, but it contains no reduction of the subsidies to these great corporations that need no subsidies.

Mr. President, the President and his two Cabinet officers did not want to reduce these bills. They did not want to cut off these subsidies which they had granted to the favored big interests. It was immaterial to them that the Government was $3,000,000,000 in the hole on running expenses. These few subsidized favorites must be taken care of. They never said a word about these subsidies to favored interests. They did not consider any reduction in these subsidies to favored interests, but their propaganda related only to employees. In other words, according to their own statements, they would have greatly preferred to discharge some 60,000 Government employees rather than to suspend the payment of nearly $100,000,000 to the favored aircraft monopoly, to the favored shipping interests, and to the favored magazine interests.

In the meantime, Mr. President, the whole country was demanding a reduction in Federal expenditures. On every side it was heard. People back home were clamoring for it. They were already overburdened with taxation, and they

saw no reason why the vast appropriations for running the Federal Government could not be reduced.

So both sides in the Senate got together and appointed what was known as the Economy Committee, composed of Senators JONES, BINGHAM, and DICKINSON, Republicans, and Senators BRATTON, BYRNES, and MCKELLAR, Democrats, to consider what kind of salary cut and other economy reductions could be made. That committee went into every phase of the questions submitted to it. The President invited the committee to come to the White House and discuss the problem. He had Mr. Mills and Mr. Roop there; and they recommended that about $100,000,000 be taken from the sick and wounded ex-service men and that about $80,000,000 be taken, by means of the furlough plan, from the employees; and they insisted that this was the way to make the reductions.

The Economy Committee of the Senate went into the matter with the greatest energy, fairness, and care, and finally reported to the Senate a bill providing for the 10 per cent cut and an aggregate reduction in expenditures of about $148,000,000.

After that report came into the Senate President Hoover appeared before the Senate; and the following is what he said in reference to the bill as reported by the Economy Committee:

> But I do know that the committee has made honest and earnest effort to reach a just reduction in expenditures, and I trust, therefore, that despite any of our individual views or the sacrifice of any group, that we can unite in support and expeditious adoption of the committee's conclusions.

In a day or two the Senate passed the revenue bill, providing for taxes of a billion dollars additional. As soon as this bill passed the President assumed an entirely different attitude in reference to the economy bill; and I was told by Senators that he had sent for them or had talked to them and urged them to vote against the very economy measure that he had recommended in person to the Senate. By the most vigorous kind of lobbying by the President, through his friends, the plan as reported by the Economy Committee was defeated, and the so-called furlough plan was adopted by a majority of 3 votes, as I recall. The bill then went to conference, and the conference has reported the present bill.

This is the history of the economy bill.

Mr. President, it is true that the furlough plan was greatly changed in conference, and probably made better. It was made better in that as it was offered it was wholly unworkable. In many departments of Government it could not be carried out at all; and the conference committee has remedied the matter so that for the most part it does provide for an 8.3 per cent reduction.

As I understand, the President's opposition to the 10 per cent plan was that it was not a logical plan; but if, in his judgment, it was not a logical plan, he ought to recommend the repeal of the Budget law, because the plan is patterned exactly after the Budget law. The only difference between it and the Budget law was that it was 10 per cent below the Budget as passed by the House. If the 10 per cent reduction plan of the Senate was illogical, of course the same plan favored by the President and the Budget officer is illogical, But whether it is illogical or not, the furlough plan as adopted by the conference is, in all substantial respects, the 10 per cent plan reduced to 8.3 per cent. It is just marked down for the benefit of some one. The President, it seems, never objected to the 10 per cent plan on the ground that it was too much, but on the ground that it was illogical; and yet in the end the furlough plan turned out to be nothing more nor less than the 10 per cent plan reduced by 1.7 per cent. Where the original furlough plan stands it has so many inequities and inequalities in it that the employees are all complaining of it.

Mr. President, the truth is that Mr. Hoover's alleged economy was nothing more nor less than bunk. As heretofore shown, his Cabinet officers opposed every effort at economy. That is, they all did until it came to the recent Treasury bill, when Mr. Mills came up, pointing out where four million dollars plus could be taken off that bill.

Four million dollars plus! Our committee had been instructed to deduct $98,000,000 from that bill, and the Secretary of the Treasury comes and points out only $4,000,000; and when we take off the 8.3 per cent it will amount to about thirty-five or forty million dollars.

Evidently, Mr. President, the action of the Secretary of the Treasury was for the purpose of preventing greater cuts, and not because any real economy was desired. Mr. Mills himself and every other Cabinet member who appeared before our committee, claimed that if these cuts were made they would ruin the efficacy of their several departments; and, if I remember correctly, those who did not appear personally all wrote letters to the same effect.

The truth is, Mr. President, that Mr. Hoover has recommended the most extravagant appropriations for this present year that have ever been recommended in peace time by any President, and only exceeded in the two years of the World War. Since December 7 he has made the following recommendations of appropriations. I hope Senators will listen to this. The very life of our Government is at stake:

Appropriations recommended by Mr. Hoover

Dec. 7, 1931, Budget estimates, general expenses (including postal receipts and disbursements)	$4,601,479,101
Dec. 10, 1931, Veterans' Administration	203,925,000
Dec. 11, 1931, first deficiency act	126,250,333
Jan. 20, 1932, disarmament conference	320,000
Jan. 21, 1932, U. S. Employment Service	120,000
Jan. 21, 1932, Reconstruction Finance Corporation	2,000,000,000
Jan. 25, 1932, Federal land bank capital stock	125,000,000
Jan. 25, 1932, home-loan bonds	150,000,000
Dec. 7, 1931, moratorium	253,000,000

Or a gigantic total of appropriations for this year, in just nine items, of $7,460,074,434!

All of these recommendations except that as to home-loan bonds have been enacted into law. Of course, these nine are just the big appropriations. Since that time the President has sent in innumerable others that can only be ascertained with accuracy when the final figures are had after adjournment. It is fair to say that the home loan bond bill has not yet passed both Houses but it has passed the House and recommended in the Senate and no doubt will be passed and for that reason it is included in the above figures. It is but fair to say also that the $253,000,000 moratorium was appropriated before the money got to the Treasury. If the $300,000,000 relief bill that has been passed by the Senate and is now in the House and as I understand has the approval of the President, becomes the law, that will be another large sum to be added to the foregoing.

Mr. President, the Senate and House have cut down departmental appropriations at least $300,000,000. The exact figures can only be ascertained after adjournment, but with this deduction our total appropriations for this year are likely to be well over $7,500,000,000.

It will be argued that $1,500,000,000 of the Reconstruction Finance Corporation should not be included in the appropriations because it was not appropriated out of the Treasury and also that the whole $2,000,000,000 is an investment of the Government. The answer to that is that the Government becomes obligated for the Reconstruction Finance Corporation's borrowing and it is just the same as an appropriation. I think it also may be safely said that if the Reconstruction Finance Corporation gets back enough of its loans to pay the expenses of that organization it will probably do well.

APPROPRIATIONS OF THE LAST FISCAL YEAR

It will be recalled that the appropriations for the fiscal year ending June 30, 1932, were $5,178,524,967.95. The result is that we have increased our appropriations under the President's recommendations, and even eliminating the reductions made by Congress, more than $2,000,000,000. It will be remembered also there was more than one-half billions of dollars of the appropriations of last year that was for various building programs recommended on account of the depression. We thus see how much more extravagant the President has been in his recommendations for appropriations than he was last year. It will be recalled also that we had a deficit during the fiscal year 1931 of nearly a billion dollars, and recent statements show that the deficit for the fiscal year 1932 will be about $3,000,000,000. Our entire revenues for the fiscal year 1932 have been less than $2,000,000,000, and it is not likely that they will increase for

the next fiscal year except as increased by the billion-dollar tax bill. Assuming that that bill will add a billion dollars to our revenues, then we may reasonably expect to receive in revenues about $3,000,000,000 for the ensuing fiscal year.

BALANCING THE BUDGET

With an income for the coming fiscal year of $3,000,000,000 and an outgo of seven and one-half billions, it will be easily seen that the balancing of our Budget was but a temporary matter, and it therefore seems perfectly certain that our deficit for the next fiscal year will be tremendously larger than it was for the present fiscal year. It will also be remembered that with the approval of Mr. Hoover a naval authorization building bill under the London treaty of nearly a billion dollars more was recently passed. It is true that no appropriations have been asked as yet, because I am told the building can not begin until next January under the treaty. It is reasonable to suppose a deficiency appropriation next January will be asked in order to begin this stupendous undertaking.

I want to say in that connection that the Senator from New Hampshire a few minutes ago spoke about this other great bill which unfortunately, it seems to me, passed this afternoon. It is going to unbalance the Budget. I want to say that it does not take that $3,000,000,000 to unbalance the Budget. The truth is that the figures of the appropriations for this year show that the Budget is already unbalanced, and the deficit in the Treasury for next year will be far greater than the $3,000,000,000 deficit we have for this year. We can not balance the Budget and continue to appropriate the enormous sums out of the Treasury that we have been appropriating.

THE PRESIDENT'S CLAIMS FOR ECONOMY

It will thus be seen, Mr. President, that the President's claims of economy in administration are wholly without foundation. No President in peace times has ever recommended such extravagant appropriations. We have had before us from the President almost every conceivable nostrum for getting out of the depression. If any of these nostrums have been of any real avail, I am not aware of it. The President's claims for economy are without the slightest foundation in fact, and, of course, those who seek to hold the Congress responsible for these enormous expenditures are simply not acquainted with the true facts. The only just criticism of the Congress is that it has too often acceded to the wastefully extravagant demands for appropriations by Mr. Hoover.

Mr. President, during this entire session of Congress I have from time to time called the attention of the Congress and of the country to these extravagant and wasteful recommendations. I have so often brought them before the Senate that I know Senators are tired of hearing of them. The foregoing figures are entirely accurate and are taken from the RECORD, and I challenge anyone to dispute them. They should be carefully considered by the Congress and the country. Our Treasury is indeed in a sad condition, and we can not better that condition by continuing to borrow money to pay these extravagant appropriations. We have got to call a halt to them. If this Government is to stand, we have got to live within our income, or it will be just a question of time when our bonds can not be sold on the market and disaster will overtake us. The administration of Mr. Hoover will go down in history as the most extravagant, the most wasteful in the history of our country, and unless these appropriations are reduced and the country lives within its income it can not be but the forerunner of unmentionable trouble.

Mr. ASHURST. Mr. President, the Senator from Tennessee has been one of the leaders in behalf of economy and has made a good fight. I simply wish to ask him in case we reject this report does it mean rejecting all hope of economy or reductions in Government expenses?

Mr McKELLAR. I am afraid so, and for that reason I am not willing to jeopardize it. As I have stated, there are a number of things in this report to which I object, which do not meet my approval at all. I think they are wrong. I think the provision in reference to married people, for instance, where husband and wife are both working for the Government, is outrageous; but I am not willing to jeopardize the $160,000,000 of reductions in expenditures for that, because I know that hereafter we can remedy those provisions.

Mr. ASHURST. That is the very point upon which I desired information from the Senator.

Mr. McKELLAR. I want to say that I shall take a great deal of pleasure in doing everything I can, at the first opportunity, to remedy these situations.

Mr. ASHURST. May I presume to ask the Senator, then, if he feels that notwithstanding the obvious injustices herein, he must choose the lesser of two evils and will vote for the report?

Mr. McKELLAR. I do.

Mr. ASHURST. I shall probably follow the Senator.

Mr. McKELLAR. I made that statement at the outset.

Mr. ASHURST. Referring to the question as to reductions in compensation of policemen and firemen in the District of Columbia, I desire to say that in all America there are no more overworked and underpaid servants than the policemen and firemen in the District of Columbia. My advice and my understanding is that this conference report can not and will not be construed to cause them to receive both a reduction and a loss of their annual leave. If I thought that the conference report deprived these faithful firemen and policemen of their earned annual leave and at the same time reduced their salaries, I should vote against the report.

I have, however, consulted authorities upon whom I am accustomed to rely; and they advise me that by no torture of words can this bill, when it becomes a law, be so construed as to deprive the Metropolitan policemen and the members of the fire department of the District of Columbia of their annual leave and also require them to suffer this loss in salary. The Senator from Tennessee has given this matter close consideration. Does he agree with my conclusion in that regard?

Mr. McKELLAR. I agree with the Senator in the view he has expressed.

Mr. ASHURST. I thank the Senator.

Mr. COPELAND. Mr. President, the Senator spoke of his enthusiasm for economy, and I approve of that.

Mr. McKELLAR. No; I did not say that. I spoke of the duty that I felt was incumbent upon me, when I found that my Government's Treasury was bankrupt, to support all measures of economy.

Mr. COPELAND. I accept that statement. What I am saying is not at all critical. What I wish to ask the Senator is this:

Since we have this bill, and it is sure to carry these items of economy, if there are imperfections in the details of the way it is written, would it not be better to refer it back and have those corrections made? It would not involve the matter of money.

Mr. McKELLAR. Mr. President, at this late day in the session I am in great doubt whether we would get any bill passed at all if we sent this bill back; and for that reason I think we ought to adopt this report.

Mr. ASHURST. Mr. President, I should like to interrupt the Senator once more for information.

I am not satisfied with the report, although I appreciate the immense and diligent labor that was given to it. When, however, Senators such as the Senator from Washington [Mr. JONES], the Senator from Tennessee [Mr. McKELLAR], and the Senator from New Mexico [Mr. BRATTON] assure me that the Metropolitan police and the firemen of the District of Columbia do not lose their annual leave—and in all the Government service no class of persons have more truly earned this stipend than they—when these Senators give me this assurance, notwithstanding the other objectionable features, I feel it my duty to vote for the report.

Mr. McKELLAR. I am glad the Senator will do so.

Mr. JONES. Mr. President, may I interrupt the Senator for just a moment? I can satisfy the Senator from Arizona in regard to that matter.

The furlough provision, which will come up after the conference report is disposed of, says:

All rights now conferred or authorized to be conferred by law upon any officer or employee to receive annual leave of absence with pay are hereby suspended during the fiscal year ending June 30, 1933.

But in the next paragraph it says:

(a) The terms "officer" and "employee" mean any person rendering services in or under any branch or service of the United States Government or the government of the District of Columbia, but does not include * * * (5) policemen and firemen of the District of Columbia.

That expressly takes care of that matter.

Mr. ASHURST. I am content.

Mr. NYE. Mr. President, I do not desire at this time to raise the point of order with respect to amendment numbered 69, relating to annual leave with pay reduced to 15 days; but I do want the RECORD in the morning to contain briefly the history of that particular amendment.

The Senate committee had provided section 213, as follows:

Hereafter no civilian officer or employee of the Government shall be granted leave of absence with pay in excess of 15 days, excluding Sundays and legal holidays.

On June 7, according to the CONGRESSIONAL RECORD of that date, I offered an amendment to that particular committee amendment, which I ask to have printed in connection with my remarks, including a brief explanation of the amendment offered at that time, and the assurance of the chairman of the committee given at that time.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[CONGRESSIONAL RECORD, June 7, 1932, page 12150]

Mr. NYE. Mr. President, I send to the desk an amendment which I offer to the committee amendment.

The PRESIDING OFFICER. The amendment to the amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. In the committee amendment, on page 59, line 7, after the word "Government," it is proposed to insert "who receives both annual and sick leave with pay."

Mr. NYE. Mr. President, I am sure there is no intention on the part of the committee nor can there be an intention on the part of the Senate to do anything other than to play fairly with all the Government employees, no matter what their station may be. It happens that in the Government Printing Office, in the navy yards, and in the arsenals, as I understand, are employees who receive no sick leave whatsoever. They, with their 30-day annual leave, are going to be, I think, much more severely dealt with by the committee amendment, without the acceptance of the amendment which I have offered, than are any other Government employees. The amendment I have proposed would eliminate the application of the committee amendment to those governmental employees who do not have the benefit of sick leave. I hope the amendment may be accepted.

Mr. JONES. Mr. President, I will say to the Senator, after listening to his explanation, from hearing the amendment read, I think we may very well let the amendment go to conference. There is certainly no intention to discriminate against any of the Government employees.

Mr. NYE. I am sure there is not.

J. D. STEWART

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3119) for the relief of J. D. Stewart, which was to strike out all after the enacting clause and insert:

That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of J. D. Stewart, who purports to have suffered injury while employed as a rural carrier about April 17, 1926, in the same manner and to the same extent as if said J. D. Stewart had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefit shall accrue prior to the enactment of this act.

Mr. GEORGE. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

DISTRICT OF COLUMBIA APPROPRIATIONS—CONFERENCE REPORT (S. DOC. NO. 123)

Mr. BINGHAM submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11361) making appropriations for the government of the District of Columbia, and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 8, 9, 13, 18, 20, 21, 23, 24, 41, 42, 45, 46, 49, 51, 53, 55, 56, 58, 60, 64, 68, 76, 77, 78, 81, 82, 84, 89, 91, 95, 97, 99, 100, 102, 103, 104, 106, 112, 115, 121, 122, 126, 127, 128, 142, 143, 144, 145, 146, and 148.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 6, 7, 12, 14, 15, 16, 19, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 47, 48, 52, 57, 59, 61, 74, 79, 83, 85, 86, 90, 92, 93, 94, 96, 98, 111, 114, 134, 136, 137, 138, 140, 141, 147, 149, 150, 151, 152, 153, and 154, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$7,775,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$85,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Not to exceed $5,500 of the unexpended balance of the appropriation of $30,000 for the grading of the Georgetown Reservoir for utilization as a site for a Georgetown branch library, and for drawing plans for a library building to be erected on such site contained in the District of Columbia appropriation act for the fiscal year 1932, shall be available for erecting necessary retaining walls at such branch library site"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "For allowances for furnishing privately owned motor vehicles in the performance of official duties at the rate of not to exceed $275 per year for each automobile, $7,380. *Provided*, That allowances under this appropriation shall be made only to persons whose duties require full-time field service or whose duties require frequent travel outside of the District of Columbia"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with amendment as follows: In lieu of the sum proposed insert "$1,863,700"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with amendment as follows: In lieu of the sum proposed insert "$957,500"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"For widening to 80 feet and repaving the roadway of Constitution Avenue NW., Second Street to Pennsylvania Avenue, in accordance with plans therefor to be jointly approved by the National Capital Park and Planning Commission and the Commissioners of the District of Columbia, including the necessary reconstruction, relocation, changes, and adjustments of all water mains, sewers, in advance of paving, trees, sidewalks, lamp-posts, fire hydrants, or other structures affected, and including personal services and all necessary incidental expenses, at a total cost not to exceed $65,000, of which sum $45,000 is hereby appropriated out of the revenues of the District of Columbia, to be immediately

available, and not to exceed $20,000 shall be transferred from and in accordance with the appropriation in the independent offices appropriation act, 1933, for the construction of the Arlington Memorial Bridge."

And the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "one-fifth"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "one-fifth"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$225,000"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$30,000: *Provided*, That of the amount herein appropriated there may be transferred for direct expenditure and in the interest of coordinating the work of mosquito control in the District of Columbia, not to exceed $5,600 to the Public Health Service of the Treasury Department, the amount so transferred to be available for the objects herein specified"; and the Senate agree to the same.

Amendment numbered 63: That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$6,539,764"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following: "Douglass-Simmons School, $6,440; Harrison School, $6,440; Giddings School, $9,769; Taft Junior High School, $38,627; Crummell School, $830; Kenilworth School, $1,385; in all, $63,491"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows: In lieu of the sum proposed, insert "$165,000"; and the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$165,000"; and the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$437,500"; and the Senate agree to the same.

Amendment numbered 71: That the House recede from its disagreement to the amendment of the Senate numbered 71, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$12,500"; and the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$152,500"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$13,000; in all, $165,500"; and the Senate agree to the same.

Amendment numbered 75: That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$117,500"; and the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,473,500"; and the Senate agree to the same.

Amendment numbered 87: That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$71,500"; and the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$75,000"; and the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$7,500"; and the Senate agree to the same.

Amendment numbered 105: That the House recede from its disagreement to the amendment of the Senate numbered 105, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$163,280: *Provided*, That this appropriation shall be so apportioned by the commissioners as to prevent a deficiency therein, and no more than $100 per month shall be paid therefrom to any one family"; and the Senate agree to the same.

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$67,500"; and the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$324,000"; and the Senate agree to the same.

Amendment numbered 109: That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$65,000"; and the Senate agree to the same.

Amendment numbered 110: That the House recede from its disagreement to the amendment of the Senate numbered 110, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$24,500"; and the Senate agree to the same.

Amendment numbered 113: That the House recede from its disagreement to the amendment of the Senate numbered 113, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$59,000"; and the Senate agree to the same.

Amendment numbered 116: That the House recede from its disagreement to the amendment of the Senate numbered 116, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$200,000"; and the Senate agree to the same.

Amendment numbered 117: That the House recede from its disagreement to the amendment of the Senate numbered 117, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$7,000"; and the Senate agree to the same.

Amendment numbered 118: That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$90,930"; and the Senate agree to the same.

Amendment numbered 119: That the House recede from its disagreement to the amendment of the Senate numbered 119, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$84,000"; and the Senate agree to the same.

Amendment numbered 120: That the House recede from its disagreement to the amendment of the Senate numbered 120, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$13,750"; and the Senate agree to the same.

Amendment numbered 123: That the House recede from its disagreement to the amendment of the Senate numbered 123, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$29,000"; and the Senate agree to the same.

Amendment numbered 124: That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$2,750"; and the Senate agree to the same.

Amendment numbered 125: That the House recede from its disagreement to the amendment of the Senate numbered 125, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$3,750"; and the Senate agree to the same.

Amendment numbered 129: That the House recede from its disagreement to the amendment of the Senate numbered 129, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$22,500"; and the Senate agree to the same.

Amendment numbered 130: That the House recede from its disagreement to the amendment of the Senate numbered 130, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$5,500"; and the Senate agree to the same.

Amendment numbered 131: That the House recede from its disagreement to the amendment of the Senate numbered 131, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$62,500"; and the Senate agree to the same.

Amendment numbered 132: That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$8,250"; and the Senate agree to the same.

Amendment numbered 133: That the House recede from its disagreement to the amendment of the Senate numbered 133, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$11,250"; and the Senate agree to the same.

Amendment numbered 139: That the House recede from its disagreement to the amendment of the Senate numbered 139, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "$10,000"; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 22, 39, 62, 69, and 135.

HIRAM BINGHAM,
GERALD P. NYE,
ARTHUR CAPPER,
ROYAL S. COPELAND,
JOHN B. KENDRICK,
Managers on the part of the Senate.

CLARENCE CANNON,
WILLIAM J. GRANFIELD,
WM. P. HOLADAY,
ROBT. G. SIMMONS,
Managers on the part of the House.

Mr. BINGHAM. Mr. President, I ask that the conference report on the District of Columbia appropriation bill be printed and lie upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

CAPPER-KELLY FAIR PRICE BILL

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD two letters recently received by myself urging early action on S. 97, a bill introduced by myself in the Senate and intended to eliminate, as far as possible through Federal legislation, the evils of predatory price cutting.

I just want to say, Mr. President, that failure to enact legislation along the line provided in S. 97 and sponsored by Representative KELLY in the House, is placing on Congress the responsibility for the elimination of many independent merchants from business.

This S. 97 might well be termed an honest merchandising bill, in the long-time interest of customers as well as merchants. I hope to get early action on it by the Senate. I send the letters to the desk for printing in the RECORD, together with a letter to Representative KELLY.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

SOUTHERN CALIFORNIA RETAIL DRUGGISTS ASSOCIATION (LTD.),
Los Angeles, Calif., June 14, 1932.

Senator ARTHUR CAPPER,
United States Senate, Washington, D. C.

MY DEAR SENATOR CAPPER: We have heard very little recently regarding the status of the Capper-Kelly bill. Some of us are getting rather impatient and feel that we are entitled to some consideration on this wonderful bill of yours.

Each year it seems that Congress has some excuse—because of other legislation this very important bill has to be sidetracked. It is about time that we make a political issue of this, and unless some consideration is given to it we plan to form a nation-wide alliance to make an issue out of it.

The mortality in the ranks of independent merchants is increasing to an alarming extent. Decent men and women can not compete with the present predatory price-cutting racketeers. Merchandising, especially the drug business, is becoming a racket that will destroy the honest merchants, and the public also will suffer greatly because pharmacy is deteriorating, which will be a sad thing for those who need medical care in the future.

Cut-rate signs are making our Broadways look like a bowery of tin horns and rubber balloons instead of the dignified, clean-looking streets we used to have, and this condition continues to add to the great army of unemployed. We continue to make appropriations for relief purposes. This, of course, we must do to feed the hungry as long as we have food and clothing; we should not permit our people to go in want, but how much better it would be to remove the cause of our trouble rather than to continue to treat effects. The longer we continue the present system the deeper we will plunge our country into the mire with the danger that we will not be able to recover from it.

Your bill is a clean-cut honest measure, and if the American people are denied such a fair piece of legislation it may mean some day that we will be confronted with radical legislation. What is the principal reason that Congress refuses to consider such a bill?

We should like to have your suggestions, and we assure you that we are prepared to go the limit to help bring about action on S. 97. We are ready to write every association in the Nation to urge a united action if you think the time is right to do so and that there is a chance for action in the Senate.

Yours very truly,
SOUTHERN CALIFORNIA RETAIL DRUGGISTS' ASSOCIATION (LTD.),
FRANK E. MORTENSON, *Secretary.*

ASSOCIATED CIGAR MANUFACTURERS AND
LEAF TOBACCO DEALERS,
New York, N. Y., June 8, 1932.

Hon. ARTHUR CAPPER,
United States Senate, Washington, D. C.

MY DEAR SIR: On behalf of the Associated Cigar Manufacturers and Leaf Tobacco Dealers, of which I have the honor to be president, I desire to urge you to use your best endeavors to secure consideration before this session of Congress adjourns of the so-called Capper-Kelly honest merchandising bill (S. 97).

This bill applies only to merchandise identified by trade-mark or in some other manner, and does not apply to ordinary staple products, which are not identified.

Contrary to the impression in certain quarters, it should be understood that the bill does not make compulsory the maintenance of prices fixed by the manufacturer unless pursuant to a contract between the producer and his distributors; in other words, manufacturers, even though their products be trade-marked or identified, would not be obliged to take advantage of the proposed law, and all contracts entered into between themselves and their distributors would be entirely voluntary.

There can be no doubt that one of the great evils of the present time is the predatory price cutting which is pursued by a certain class of merchants who are practically the only opponents of the Capper-Kelly bill. It contracts to maintain resale prices should be legalized, manufacturers desiring to protect their distributors would be able to insure to the latter reasonable profits, while fair competition in the sale of their products would keep prices down to a reasonable level and furnish to manufacturers an incentive to build up quality.

The price cutter of to-day makes up any losses he may incur through cut prices on widely known identified products by excessive profits on goods with which the public is less familiar. The rapid concentration of retail merchandising in the hands of a few great combinations is to be credited in considerable measure to their cut-price tactics as applied to goods of known quality and value. Using these as "bargain bait" they have been able to persuade unthinking buyers that all other goods are sold at similar reductions.

Thousands of small merchants throughout the country have been driven out of business by the price cutters, thus contributing in no small degree to the present financial depression. It is cer-

tainly demoralizing to any trade when merchants are no longer able to operate their independent stores but must join the already overcrowded ranks of clerks and salesmen and drift into the ever-increasing army of unemployed.

If through the exercise of your influence you can assist in bringing about the passage of the honest merchandising bill you will earn the thanks of independent business men and those depending upon them in every part of this broad country and assist materially in the restoration of prosperity. I am

Very respectfully,

JOHN H. DUYS,
President Associated Cigar Manufacturers and Leaf Tobacco Dealers.

Hon. CLYDE KELLY,
House of Representatives, Washington, D. C.

MY DEAR MR. KELLY: The American Manufacturers of Toilet Articles, an organization of which I have the honor to be president, is deeply interested in the early enactment of S. 97, the so-called honest merchandising bill, now on the Senate calendar and which has been reported from the Senate Interstate Commerce Committee. We earnestly hope that in spite of the fact that Congress is soon to adjourn, an opportunity will be afforded for action on this bill before the summer recess.

The members of our association recall with great pleasure the splendid talk on the subject of this bill which you made at one of our recent conventions. It has been an inspiration to all of us to work in every way possible for the passage of the bill, which we believe will work a great reform in merchandising methods in all trades. We have not been discouraged because it has seemed difficult to get this proposed law on the statute books, and we fully approve the tactics adopted in bringing the measure forward in the Senate in this Congress in advance of its consideration by the House. If the Senate should pass the bill, action by the House should follow promptly, as the bill went through that body in the last Congress, and passage of the measure by the Senate would certainly have a favorable influence at this time.

Our industry has been facing some very serious problems with regard to the sale and distribution of our products. Predatory price cutting has had an extremely injurious effect upon our business and coupled with other questionable practices has done much to demoralize our trade. The courts have made it clear that legislation is necessary to meet this situation, and that until some such measure as the Capper-Kelly bill is enacted we will be powerless to put an end to unfair competition or to protect ourselves against attacks by the Federal Trade Commission if we resort to agreements with our distributors to maintain prices. Nearly all civilized countries permit such agreements, and as you are aware they were considered to be legal in this country until a few years ago when the Supreme Court made it clear that the enactment of such legislation as is contemplated by your bill would be necessary to legalize price-maintenance contracts between producers and their distributors for the maintenance of resale prices of trade-marked or otherwise identified merchandise.

We trust you will exercise any influence at your command to assist in obtaining the early consideration of the Senate draft of this bill and that it will be practicable to obtain the passage of the measure by both Houses in the present Congress.

Assuring you of our hearty support and our deep appreciation for anything you may be able to do to help us at this time, I am, with kind regards,

Cordially yours,

H. HENRY BERTRAM,
President American Manufacturers of Toilet Articles.

MISS JULIA C. LATHROP, FIRST CHIEF OF THE UNITED STATES CHILDREN'S BUREAU

Mr. COSTIGAN. Mr. President, I ask unanimous consent to have printed in the RECORD a recent wise and stimulating address by Miss Lillian D. Wald, well-known sociologist and publicist, on the life work of Miss Julia C. Lathrop, first Chief of the United States Children's Bureau.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

JULIA LATHROP

The life and work of Julia Clifford Lathrop are woven into the very fabric of all that has color and vitality in social work as we know it to-day. The story of her life is recorded wherever record is kept of the distinguished pioneers in such work in America. It was a period that developed a type of scientific philanthropy in what was then a new field, and it marks an important chapter in the rise of American civilization.

Miss Lathrop was born in Rockford, Ill., in 1858, and received her preliminary education at the college in her home town and at Vassar, of which college she later became trustee. But her search for truth, which is knowledge, never ceased, as those will attest who have come within her sphere of influence. Miss Lathrop was one of the early associates of Jane Addams, and combined with that brilliant group when she was still a young woman. Although they learned much by discussion and by their life and work in the neighborhood of Hull House, discussion alone never satisfied, even though we acknowledge it to be a means to broaden knowledge and to quicken skill. Miss Lathrop realized that investigation and adequate study must precede any program of action to bring about a better balance and to stabilize the social machinery of the State. She knew that without accurate presentation of a cause the social energies latent and unexpressed in a community might just go muddling along, and that to bring the kindly instinct and aspirations of people into focus requires intelligent knowledge of facts.

Programs for amelioration of antisocial conditions must be based upon facts ascertainable and subject to intelligent interpretation. But help to children could not disregard environment and the other causes productive of misery and the deformity of life. Her trails led to the establishment of the Chicago School of Civics and Philanthropy; she was its first vice president and very often the acting president. The effectiveness of the school owes much to the participation of Julia Lathrop in its formative days and throughout her life.

Julia Lathrop supplemented through her own efforts the available material about which studies and reports and programs were to develop. She was responsible for the special studies of the care of the insane, and the juvenile court laws. Of these Doctor Meyer and Judge Mack will speak. Several times, officially and unofficially, at her own expense, she visited foreign countries for observation and study of their methods. She was a member of the Illinois Board of Charities, and when membership seemed to give acquiescence to conditions of which she heartily disapproved a resignation was accompanied by frank and forceful comments and had much to do with the effective reform in that community. Resigned in 1901, she boldly declared that the State institutions were subject to political exploitation. She is credited with having stirred Illinois women's clubs to aid in securing a State civil service law for State institutions, whereupon she accepted reappointment in 1905 and served for years.

Miss Lathrop was an active crusader for woman suffrage, and later became an assessor of the child welfare committee of the League of Nations. Many were the honors conferred upon her. Her degrees from colleges included the unusual distinction of a degree from Yale University, worth noting, since the male colleges do not often give evidence of their approval of the good works of women, but in bestowing it they handsomely declared that it was "a recognition of a fearless humanitarian whose career is a public blessing." President Masaryk, of Czechoslovakia, knew her in the old Hull House days, and his Government decorated her in recognition of the remarkable assistance she rendered to that country in organizing its child-welfare activities. President Masaryk had invited her to come to his country and participate in organizing the children's bureau there, and with the consent of our Government she accepted this invitation but defrayed all her own expenses. Poland, too, offered an honorary award in appreciation of her service to that country. Mexico and other countries enlisted her interest in creating plans and programs for dealing comprehensively with the welfare of children.

It is fitting that her very distinguished contributions, particularly in her earlier life, should be noted by those who had the privilege of knowing her personally and intimately in Chicago. But at a memorial meeting in Washington it is appropriate to dwell upon what was the culmination of her long years of preparation, the effective use of her talents in the establishment of a Federal Children's Bureau. In the judgment of President Taft and his advisors, hers was the outstanding personality, and the country owes her a great debt, a priceless debt, for developing a public agency which immediately established lofty standards in its appointments, and from which we have a story of almost unexampled ideals in the working out of a governmental bureau devoted to children.

I question whether any Government bureau anywhere started with such good fortune. She brought a dowry to it which included her years of knowledge and experience, her economy, her devotion, her intellect, and the radiance of her humor; and she brought, too, with it a statesmanlike quality which protected her from rushing into causes, however good or plausible, without knowing who and what was back of them. She knew how to enlist people and, if the cause was right, did not hesitate to exercise her statesmanship to win their help.

With these talents and the small appropriation placed in her hands, she performed miracles of economy, getting across, as one says, that this bureau was functioning for the deepest interest, the most valuable possession of our life and Nation, and in the magnitude of her task she did not lose the realization of the individual. Orders throughout the bureau were definite that a letter from the illiterate mother, written for her by the small hand of an 8-year-old child, was to have as quick and as careful attention as if the letter had come from a governor.

One hundred and twenty million people have recently lost a child, and that poignant sorrow for one child is a measure of the supreme concern for the child. That is true the world over, and it was a basic idea in the founding of the bureau.

When the Federal Government established that bureau lovers of children affirmed their concern for all the children of the Nation and the obligation of the Government to them. The studies that were made under this first chief's direction made her personality felt immediately, for who but one that thought deeply of children, who had had practical experience with measures for their welfare, could so readily have grasped the range of the factors that entered into the protection of children? She who with profound thought and feeling and not sentimentality understood well that really to protect children from exploitation and to give them the opportunity to develop to the highest level possible was appropriately the concern of the Government, stressed the point that prevention rather than remedy was the keynote.

Some of us have very strong feelings about the nuisances of questionnaires that pour upon crowded desks. A questionnaire always seems the first easy tool that is employed by students or promoters. Though Miss Lathrop used scientific methods and

could tabulate her findings in ways immune from statistical criticism, her humor enabled her to see their limitations. I recall a conference in New York on day nurseries. Critics of the day nursery had implied that husbands would more readily desert their wives if there were some place for the children. Miss Lathrop reported that after careful study of the statistics she had found the greatest number of children brought to the day nurseries were fatherless from unavoidable causes, and she thereupon offered the deduction that day nurseries stimulate widowhood.

I think it was to her credit that the two urgent matters that brought her to New York, before she took up her work as Chief of the Children's Bureau, were to talk over the studies that were to be made for the bureau, and to find a good dressmaker, that she might appear becomingly for the bureau.

I wish that one of her intimate colleagues, one of the "great ladies" of Chicago and Hull House, might be here, though Grace Abbott, as one in that honored group, will take up the thread and supply omissions as fully as a presiding officer may. But it would be quite wonderful to have a complete picture of those early days, when the group plotted and consummated the measures that scholars and social workers particularly value as fundamental. Besides Jane Addams herself there were Nisba Breckinridge, Alice Hamilton, Ellen Starr, Mary McDowell, the lamented Florence Kelley, and Grace Abbott, who, of all people in our American life, was ordained to follow Julia Lathrop as Chief of the Children's Bureau.

Julia Lathrop, in any group, with her own staff or in a meeting on any social topic, made a definite contribution. She had a broad vision and understanding, and was, moreover, an original thinker, not satisfied with beaten paths, but never making the mistake of going off at a tangent. She maintained an unusual balance, as her writing, her works show. She was not afraid to initiate work in which she believed, because not to do anything about a conviction was a cardinal social sin. Thoroughness was essential.

When the bureau was first begun the staff numbered only 15. Working in foreign areas, investigating, and reporting it was impossible to obtain accurate data without interpreters. No money for interpreters was included in the Budget, so Miss Lathrop herself paid for their services out of her own money, and, of course, she was never repaid. One of her staff said the other day that Miss Lathrop was an inspiration to those who worked under her. She was interested in their individual development, and helped many of them in the solution of their personal problems.

There will be record to-day of Miss Lathrop's place in the advance in human care that has been achieved for the insane, her participation in the creation of the Mental Hygiene Society, and her share in the development of juvenile court work. But I recall her return to New York from New Haven, where Clifford Beers had introduced himself and had so moved the little group by what was no less than a sensational presentation of his experience. Julia Lathrop came to Henry Street that night excited, exalted, and with renewed vigor for the cause.

I should like to say that, despite her own sturdy power to understand people and affairs, she did not adhere unduly to her own opinions, nor did she think that she was foreordained to be the spokesman. Her modesty was marked, and her wisdom in enlisting the active participation of other people was manifest.

But once the need for action on her part was clear, her courage carried her through. Precipitation at an inopportune time was never her mistake. The steps that marked her way included analysis of a problem and its formulation and presentation; the enlistment of skill and sympathetic support; the formulation of a program which was always to be flexible enough to emerge from too tentative a state to a stable plan of operation, and without undue delay. In short, she had decision, she knew her way, but she had an open mind and she knew how to listen.

I suppose that she could do so much and be so much because she was a woman of three dimensions—breadth, depth, and height. This trinity enabled her intelligence to comprehend the significance of conditions and to enter the lists for the depressed and the offender, to see things that could not have been obvious to anyone who had not the tradition, as well as the inclination, to look up as well as around. What she and her group have done has become the warp and the woof of American social endeavors, but it was Julia Lathrop who, more than anyone else, pulled out from their obscurity the poor beings in almshouses and insane asylums. She was not afraid to tear the curtain from their hidden world, because unless people knew and felt a part of their degradation nothing would be done.

Within a brief time Florence Kelley has gone, and Julia Lathrop. Night before last I had the privilege of addressing a meeting in Washington in Mrs. Kelley's memory. This afternoon I feel that much that we have said and thought about Florence Kelley and Julia Lathrop is identical, though their fields of enterprise were not identical. Both of them gave a lesson that should never be forgotten; namely, that dissatisfaction with social conditions is only an emotional indulgence unless the protest and indignation are translated into constructive measures. Both fulfilled the deepest impulses of their natures. Both had gifts of tongue and gifts of pen, and both had the supreme gift of the capacity to work hard. It is inevitable that at this time they should be united in our minds.

It would mean little, however, to Julia Lathrop or to Florence Kelley to receive credit for what they have done. I think both were peculiarly indifferent to praise that was not accompanied by ready participation. I think that Miss Lathrop would consider any tribute to her as inconsequential if her life of action, her share in helping people to realize responsibility for a more satisfying social relationship were buried with her. The sincerity of those who profited by her life has been tested and will be tested by holding fellowship with the things that were precious to her, by remembering that no one of us can live with self-respect unless we march with the world for a better and fairer distribution of culture, safety, and protection against economic and related disasters of our people.

The times are ripe for tangible assertions of our faith, and Miss Lathrop belongs to a wide circle. Miss Addams, her friend, characterized her as "the most useful woman in the whole country," and the New York Times adds that the civilized world might have been included in that appraisal. And further, her influence in other lands has given her a place among the foremost women of her day on the earth.

The foundation of the Children's Bureau was her greatest interest and the one that focused attention on her rich life. The best that she did lives after in the continuing quality, the unceasing lofty execution of that trust. I think that we may feel that we are inheritors and that we are definitely responsible for treasuring the bequest.

TARIFF ON COPPER

Mr. HAYDEN. Mr. President, on April 19, 1932, the Representative in Congress from Arizona [Mr. DOUGLAS] made a statement of the necessity for a tariff on copper before the Senate Committee on Finance. I ask to have the statement printed in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

THE NECESSITY FOR A TARIFF ON COPPER

Representative DOUGLAS. Mr. Chairman and gentlemen of the committee, I am appearing to-day in behalf of the copper-producing States of the United States; but before I proceed to the main burden of my argument, to demonstrate the effect of foreign competition upon the copper-producing States, I would like to take three or four minutes to refute some of the statements which have heretofore been made.

Mr. Chairman, there has been much loose talk about the table this morning with respect to copper. It has been stated that only 30 per cent of those operating in the United States favor a tariff on copper. Permit me for a minute to analyze that statement. It is true that the Anaconda Copper Co. is not among the group of companies advocating a tariff, but it is equally true, Mr. Chairman, that approximately 60 per cent of the production of the Anaconda Copper Co. originates in South America. It is true, Mr. Chairman, that the Kennecott Copper Co. is not here advocating a tariff on copper, but it is equally true, Mr. Chairman, that a very large part of the production of the Kennecott Copper Co. originates in South America. As a matter of fact, practically every exclusively American producer—by that I mean practically every copper company which produces copper solely within the United States—is here asking you to grant them relief.

It has been stated, Mr. Chairman, that the United States is a net exporter of copper. Permit me just for a moment to recite the following figures: In 1929 the United States was a net importer in the amount of 55,000 tons. In 1930 the United States was a net importer in the amount of 86,000 tons. In 1931 the United States was a net importer in the amount of 61,000 tons. At the present date the United States is a net importer in the amount of over 300,000 tons.

Senator SHORTRIDGE. Does that take into account fabricated products?

Representative DOUGLAS. It does not take into consideration the fabricated products for 1929, 1930, and 1931; but if they were included, we would still be net importers of copper.

It has been stated, Mr. Chairman, that there is practically no difference between the cost of production in the United States and the cost of production abroad. I do not propose to go into that question in detail, but I do propose to state, as a matter of fact, that the foreign reserves contain twice as much copper per ton as do the reserves within the United States. In other words, the foreign reserves are twice as valuable per ton as are the reserves within the United States; and even though the cost per ton of mining, smelting, and concentrating were the same in the United States as abroad, the cost per pound of copper would be substantially greater in the United States for that very reason.

It has been stated here, Mr. Chairman, that the tariff on lead and zinc has resulted in no benefit to the lead and zinc industries. As a matter of fact, Mr. Chairman—with your permission I will insert the exact figures in the RECORD—since the tariff was put upon lead and zinc the differential in favor of the domestic market in both instances has ranged between 40 and 50 per cent.

Mr. Chairman, I was born in Arizona. I was raised in Arizona. The whole history of that State is bound up with copper. It is because of that industry that the great transcontinental trunk lines—the railroad lines—were constructed, and the ramifications, the spurs from those lines were built. It is because of that industry, sir, that agricultural communities have prospered, that Federal reclamation projects have been constructed, and it is because of that industry, Mr. Chairman, that large modern communities have been built up permanently, not temporarily. They are not shack towns, such as one sees occasionally. They are real, modern communities, enjoying all of the facilities of modern life.

I ask you, gentlemen, all to observe this picture [exhibiting a photograph], which is characteristic of the mining community.

These communities, sir, have been built up solely around the mining companies. They have no other reason for existence than the mines. If the mines disappeared, these communities would disappear; they would become desolated.

The CHAIRMAN. The Congressman's five minutes have expired. How much more time would you like?

Representative DOUGLAS. May I have a few minutes?

Senator CONNALLY. Mr. Chairman, I move that, in view of Senator ASHURST'S request, Congressman DOUGLAS be given 15 minutes in all.

The CHAIRMAN. You may continue.

Representative DOUGLAS. In fact, Mr. Chairman, practically every activity in my State is dependent directly or indirectly upon the copper-mining industry. The evidence that has been adduced here this morning shows that because of the great pressure of foreign production the copper-mining industry of the United States, at least almost all of it, is faced with extinction. At least one great State of the Union and all of its people are faced with complete and absolute impoverishment. Permit me to give you a picture of the fiscal condition of the State of Arizona, and here may I interpolate that, though I speak of the State of Arizona solely this morning, what I say is equally true, or true in varying degree, of 13 other States.

I speak of Arizona because I know more of the conditions within that State than elsewhere. The copper mines, the railroads dependent solely upon them, and the communities that have been built up about them in the State of Arizona pay 56 per cent of the total taxes of the State, which represent $12,000,000 toward a total State budget of $21,000,000. If the State of Arizona be deprived of that $12,000,000, there will remain, Mr. Chairman, but $2,000,000 after servicing the public debt of its political subdivisions. Is this not conclusive evidence that at least one State is faced with permanent bankruptcy?

In 1929, Mr. Chairman, the railroads received in revenue on account of freight shipped to the mining communities over $9,000,000. In 1931, during the first six months thereof, that revenue was but $1,500,000. And it is estimated in 1932 that it will fall below $1,000,000. In 1921 the products of the mines resulted in over 6,000,000 tons carried by the railroads, representing 86 per cent of the total tonnage originating in the State of Arizona. That has fallen off to 4,000,000 tons, and it is estimated in 1932 it will fall to 750,000, or almost 90 per cent. Is that no conclusive evidence, at least with respect to that one industry, that hundreds or thousands of men are dependent upon it for their employment, for their livelihood?

In 1929, Mr. Chairman, one reclamation project alone received over $1,500,000 on account of the sale of power to the copper mines. In 1931 their revenue had fallen to $600,000; and if the mines permanently shut down, that revenue will be nothing. Is not that evidence that the farmers who pay water charges are intimately connected with the copper-mining companies? Is not that evidence that to a very large extent their existence depends upon the copper-mining company?

In 1929, Mr. Chairman, the copper-mining communities purchased $16,000,000 worth of products produced in Arizona, lumber and various products produced in the agricultural communities. In 1930 that had fallen to $7,000,000, and in 1931 to $3,000,000, and it is estimated that in 1932 it will not exceed $1,500,000.

The mining communities themselves, Mr. Chairman, have a population of over 130,000. Twenty-one thousand one hundred and forty-two men were employed in the mining industry in the State of Arizona in the year 1929. By May 1 of this year, Mr. Chairman, there will not be in excess of 2,500 men employed, and by July 1, Mr. Chairman, there will not be in excess of 1,600 men employed in the copper-mining communities of the State of Arizona. And by the 1st of July it is estimated that there will be 28,000 destitute people within the State of Arizona. That, sir, gives you some picture of the extent to which my State depends almost exclusively upon the copper-mining industry. It is a real emergency, Mr. Chairman, and I ask you, sir, to deal with the emergency and to grant us our request.

I have listened to the testimony of the American Metals Co. this morning, and I take this occasion, sir, to emphasize upon you that the American Metals Co. is a foreign producer. It owns not one single copper mine within the United States. It is the sales agent for the International Nickel Co., in Canada. It has one refinery in Carteret, a large part of whose capacity in the past has been devoted to foreign copper. It controls one of the greatest producing mines in Rhodesia. It has substantial interests in every great company within Rhodesia. It, sir, is here pleading the cause of the foreign producer, and I am here pleading the cause of the American producer. I am here pleading the cause of the American industry, of American communities that depend entirely upon this great industry. I am here, sir, pleading the cause of the American miner.

OWNER OF BARGE "MARY M"

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1216) for the relief of the owner of the barge *Mary M*, which was, on page 2, line 5, after the word "costs," to insert "but without any allowance for interest prior to the entry of judgment herein."

Mr. COPELAND. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

HOUR OF MEETING AND CONSIDERATION OF THE CALENDAR

Mr. McNARY. Mr. President, I ask unanimous consent that when we shall have concluded our session to-day we adjourn until 11 o'clock to-morrow, and after routine business is concluded that we take up the calendar for the consideration of unobjected bills until 1 o'clock.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. FESS in the chair) laid before the Senate messages from the President of the United States, submitting sundry nominations, which were referred to the appropriate committees.

REPORTS OF COMMITTEES

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

Mr. HEBERT, from the Committee on Post Offices and Post Roads, reported favorably the nomination of Peter L. Creighton to be postmaster at Harrisville, R. I., in place of J. H. Riley.

Mr. JOHNSON, from the Committee on Commerce, reported favorably the nomination of Commander Muller S. Hay to be a captain, to rank as such from June 15, 1932, in place of Capt. Harry G. Hamlet, promoted, and also the nominations of several other officers in the Coast Guard.

The PRESIDING OFFICER. The reports will be placed on the calendar. If there are no further reports, the calendar is in order.

THE JUDICIARY

The Chief Clerk read the nomination of B. B. Montgomery to be United States marshal, northern district of Mississippi.

Mr. McNARY. In the absence of the junior Senator from California [Mr. SHORTRIDGE], I ask that that matter go over this evening. That is understood, I believe, by the Senator from Mississippi [Mr. STEPHENS].

Mr. STEPHENS. I understand, Mr. President, that the Senator from California [Mr. SHORTRIDGE] desires to make a statement about this nomination.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

UNITED STATES TARIFF COMMISSION

The Chief Clerk read the nomination of Edgar Bernard Brossard to be a member of the United States Tariff Commission.

Mr. McNARY. Let that go over.

The PRESIDING OFFICER. The nomination will be passed over.

FEDERAL FARM BOARD

The Chief Clerk read the nomination of C. B. Denman to be a member of the Federal Farm Board.

Mr. McNARY. I ask that that may go over, by request.

The PRESIDING OFFICER. The nomination will be passed over.

THE JUDICIARY

The Chief Clerk read the nomination of Phillip Forman to be United States district judge, district of New Jersey.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Lester O. Gore to be district judge, District of Alaska, division No. 2.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE

The Chief Clerk read the nomination of Albert H. Ladner, jr., to be collector of internal revenue for the first district of Pennsylvania.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. REED. Mr. President, Mr. Ladner's predecessor died in office, and the office has been vacant for a considerable time. The pressure of work is very great; and there has not been any objection, so far as I know, presented to the committee or to the Senate with regard to the confirmation of Mr. Ladner. I ask unanimous consent that the President may be notified.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

POSTMASTERS

The Chief Clerk read the nomination of Charles J. Moos to be postmaster at St. Paul, Minn.

Mr. McNARY. Mr. President, I ask that this nomination may go over.

Mr. ODDIE. Mr. President, with the exception of the nomination of Charles J. Moos, which the Senator from Oregon has requested to have passed over, and the nominations of postmasters in Tennessee, which the senior Senator from Tennessee [Mr. McKELLAR] has asked to have go over, I ask unanimous consent that the rest of the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters on the calendar, with the exceptions indicated, are confirmed en bloc. This completes the calendar.

CHARLES J. MOOS

Mr. SCHALL. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution in behalf of Charles J. Moos, from St. Paul.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

ST. PAUL, MINN., *June 23, 1932.*

Hon. THOMAS D. SCHALL,
Senate Office Building:

Tri-State Postmasters, composed of postmasters from 200 Minnesota post offices and some from North and South Dakota in convention at St. Paul, have found interest in and desire for reappointment Charles Moos as postmaster at St. Paul overwhelming. Because of his long and intimate association with pharmacists of State while secretary of State pharmacy board, his close and intimate contacts with postmasters through both business and social interests and during past year as their president, his close contacts with editors of press in various postmasters' localities, have made reappointment matter of state-wide as well as local concern. The magnificent courtesies accorded this convention by business interests of St. Paul has brought forcibly to our attention the very great esteem in which Charles Moos is held and the insistent demand by said business interests for his retention. The Tri-State Postmasters therefore have unanimously adopted following resolution directing me as secretary to transmit it with earnest request that you use your best efforts that this confirmation be brought about before adjournment: Be it

"*Resolved by the Tri-State Postmasters Association of Minnesota, North Dakota, and South Dakota in convention assembled at St. Paul, Minn., June 21 and 22,* That we express our continuous loyalty to President Herbert Hoover and commend his wise and patriotic administration standing firmly for the right during these trying days. We also commend splendid work of our Minnesota United States Senator THOMAS SCHALL in his protecting the interests of agriculture and the laboring men in the Northwest and express our gratitude for his tireless work on behalf of employees of the Post Office Service; be it further

"*Resolved,* That we do heartily recommend the confirmation at the present session of Congress of appointment of Postmaster Charles Moos, of St. Paul, on account of splendid administration he has given in city of St. Paul as testified to by Postmaster General Brown and First Assistant Postmaster General Arch Coleman."

E. J. MERRY, *Secretary.*

ADJOURNMENT

The Senate resumed legislative session.

Mr. McNARY. I move that the Senate adjourn until 11 o'clock to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock and 55 minutes p. m.), under the order previously entered, adjourned until to-morrow, Friday, June 24, 1932, at 11 o'clock a. m.

NOMINATIONS

Nominations received by the Senate June 23 (legislative day of Wednesday, June 15), 1932

BOARD OF DIRECTORS OF RECONSTRUCTION FINANCE CORPORATION

Gardner Cowles, sr., of Iowa, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of two years from January 22, 1932, vice Charles G. Dawes, resigned.

COAST GUARD

Lieut. Commander (Engineering) Gustavus R. O'Connor to be a commander (engineering), to rank as such from June 15, 1932.

Lieut. Commander (Engineering) Walter M. Troll to be a commander (engineering), to rank as such from June 15, 1932.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 23 (legislative day of Wednesday, June 15), 1932

THE JUDICIARY

Phillip Forman to be United States district judge, district of New Jersey.

Lester O. Gore to be district judge, district of Alaska, division No. 2.

COLLECTOR OF INTERNAL REVENUE

Albert H. Ladner, jr., to be collector of internal revenue for the first district of Pennsylvania.

POSTMASTERS

ARIZONA

William I. Welker, Bowie.

FLORIDA

Esther M. Stewart, Graceville.

ILLINOIS

Charles M. Jacobi, Bunker Hill.
Ernest D. Graeff, Elkville.
Roy W. Stott, Evergreen Park.
Glenn S. Wade, Farina.
Imon A. Bankson, Mound City.
Hugh A. J. McDonald, Rock Island.
William M. Repine, Tiskilwa.

IOWA

John C. Erton, Blairsburg.
Alwin W. Michaelsen, Dow City.
Vern U. Waters, Havelock.
Charles A. Bowman, Iowa City.
Ralph L. Rinehart, Monroe.
Bert Underbakke, Rake.
Ralph R. Fear, Williams.

KANSAS

James W. Busenbark, Belpre.

LOUISIANA

Cassius E. Jolley, Berwick.
Fred E. Callaway, Jonesboro.
Hester M. Clark, Many.
Stephen O. Wilson, Vivian.

MICHIGAN

Joseph J. Voice, Fife Lake.
James Cameron, Parma.
Raymond A. Liken, Sebewaing.
Hugh H. Hanna, Tecumseh.

MISSOURI

Albert L. Owens, Marionville.
Ernest W. Bright, Stockton.

NEW YORK

Fred W. Hettler, Attica.

NEVADA

Dora E. Richards, Sparks.

OHIO

Orea P. Brown, College Corner.
Henry V. Buel, Malvern.

OREGON

Delbert E. Pearson, Carlton.

SOUTH CAROLINA

Mary C. McInerny, Moultrieville.

SOUTH DAKOTA

Martha E. Bates, Lake Preston.